

APPRAISAL OF  
1) PROPOSED LEASED FEE 40 UNIT APARTMENT BUILDING  
2) PROPOSED 40 INDIVIDUAL STRATA UNITS  
LOCATED AT  
9907 94 STREET,  
FORT ST. JOHN, BC  
CROSTOWN APARTMENTS



BY  
EDWINA NEARHOOD, AACI, P. APP  
NEARHOOD APPRAISAL SERVICES LTD.

AS OF  
EFFECTIVE DATE: JULY 14, 2015





# NEARHOOD

APPRAISAL SERVICES

Our File: 15060519

July 17, 2015

Peace Enterprises Ltd.  
11112-100<sup>th</sup> Avenue  
Fort St. John, BC V1J 1Z8

Attention: Ron Brar

**RE: APPRAISAL OF 1) PROPOSED LEASED FEE 40 UNIT APARTMENT BUILDING  
2) PROPOSED 40 INDIVIDUAL STRATA UNITS  
CROSSTOWN APARTMENT – 9907 94 STREET FORT ST. JOHN, BC**

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In accordance with your request, we have inspected the proposed subject site and reviewed the preliminary conceptual plans supplied for the proposed four storey 40 (forty) unit building with 27 stall underground parkade described above and have completed a full narrative appraisal report estimating the current market value under two valuation scenarios: as if 1) a proposed leased fee 40 (forty) unit apartment building and as if 2) proposed 40 (forty) individual strata units to be located at 9907 94 Street and 9304 99 Avenue, Fort St. John, BC and legally described as Lots 1 & 2, Plan BCP28352, Sec 31-83-18, PID# 026-963-515 & PID# 026-963-523. ***The project will be locally known as Crosstown Apartment.***

The **purpose** of this assignment is to estimate the current market value of the interest under two valuation scenarios as if 1) a proposed leased fee 40 (forty) unit apartment building and as if 2) proposed 40 (forty) individual strata units to be located at 9907 94 Street and 9304 99 Avenue, Fort St. John, BC as of the effective date of this appraisal, July 14, 2015. The **function** of this appraisal assignment is for **internal business matters and mortgage financing**. This report has been prepared strictly for the use of Peace Enterprises Ltd. and Ron Brar who are identified as the Intended Users. **The client has requested two valuation scenarios.** One scenario will be the valuation of the proposed 40 (forty) unit apartment building as an income producing 4 storey apartment building; and the second scenario will include 40 (forty) individual values of each strata-titled unit. A full analysis of three (3) styles of individual strata units will be included and a schedule of the remaining units based on the detailed analysis will be completed. The property rights appraised are those of 1) leased fee (Leased fee 40 unit building) and 2) condominium based on strata-ownership (40 individual units). The proposed properties have been appraised as if free and clear of all outstanding debt and encumbrances unless otherwise stated in the Extraordinary Assumptions and Limiting Conditions to which the reader's attention is specifically directed.

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The subject property will be comprised of two parcels with a total area of 1.03 Acres (0.41 Ha.). The proposed subject property will be improved with a 40 (forty) unit 4 (four) storey multi-family apartment building. The building will have a total of 43,127 sq. ft. (4,006.5 sq. m.)± on 4 (four) levels plus a 27 stall underground parkade area. The proposed 40 (forty) unit 4 (four) storey building will contain 32 (thirty-two) two bedroom units, including four different layouts, 7 (seven) one bedroom units, 1 (one) bachelor unit as well as a 27 stall parkade. There will be an 1,888 sq. ft. (175.4 sq. m.)± detached amenity room that will be developed as a gym/game room and guest suite. The apartment building will be constructed of wood frame construction. The roof will be a truss system with asphalt shingles. The foundation will be a full concrete parkade. This building has been designed utilizing the Safer Home Society Guidelines.

The Cost Approach and Income Approach have been utilized for the valuation of the entire proposed leased fee building and the Direct Comparison Approach will be included for the individual strata-titled units under a separate section. The appraiser has not carried out any ecological or environmental studies of the above captioned property and assumes no responsibility for these areas. Should such be a concern, specific ecological and environmental expertise should be sought.

Based on our analysis that included a cursory physical inspection of the following scenarios associated with the subject property, photographing of the site, review of plans and having performed those various tests of value considered appropriate in this instance, we are able to formulate an opinion that the **market value** of the interest in the property legally described for the purpose of the appraisal as Lots 1 & 2, Plan BCP28352, Sec 31-83-18, PID# 026-963-515 & PID# 026-963-523 as of July 14, 2015 and subject to the limiting conditions and assumptions stated elsewhere in this report is:

**1) FINAL ESTIMATE OF VALUE FOR PROPOSED LEASED FEE BUILDING IS:**

**\$8,350,000**

**(EIGHT MILLION THREE HUNDRED & FIFTY THOUSAND DOLLARS)**

*The value conclusions consider a 3 to 6 month exposure time*

**2) FINAL ESTIMATE OF VALUE FOR THE PROPOSED 40 INDIVIDUAL UNITS IS:  
(SEE FOLLOWING PAGE)**

*The value conclusions consider a 90 day exposure time for individual units. \*Not meant to be an absorption period for the entire project.*

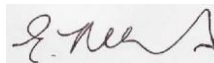
Proposed Strata Unit	Proposed Unit #	Suite Type	Bedrooms	Baths	Exposure	Floor Level	Parking Stalls	Size sq.ft.	Size sq.m.	Final Value Estimated
1	101	C	2	2	SW	1	1 S/S 1 U/G	1,023	103.1	\$285,000
2	102	C1	2	2	NW	1	1 S/S 1 U/G	1,110	103.1	\$295,000
3	103	B	2	2	S	1	1 S/S	949	88.2	\$270,000
4	104	B	2	2	N	1	1 U/G	949	88.2	\$270,000
5	105	A2	Batchelor	1	S	1	1 S/S	372	34.6	\$155,000
6	106	A	1	1	N	1	1 S/S	685	63.7	\$207,500
7	107	B1	2	2	S	1	1 S/S	904	84	\$265,000
8	108	B	2	2	N	1	1 U/G	949	88.2	\$270,000
9	109	C	2	2	SE	1	1 S/S 1 U/G	1,023	95.0	\$285,000
10	110	C1	2	2	NE	1	1 S/S 1 U/G	1,110	103.1	\$295,000
11	201	C	2	2	SW	2	1 S/S 1 U/G	1,023	103.1	\$290,000
12	202	C1	2	2	NW	2	1 S/S 1 U/G	1,110	103.1	\$300,000
13	203	B	2	2	S	2	1 U/G	949	88.2	\$275,000
14	204	B	2	2	N	2	1 U/G	949	88.2	\$275,000
15	205	A1	1	1	S	2	1 S/S	782	72.7	\$220,000
16	206	A	1	1	N	2	1 S/S	685	63.7	\$210,000
17	207	B1	2	2	S	2	1 S/S	904	84	\$255,000
18	208	B	2	2	N	2	1 S/S 1 U/G	949	88.2	\$275,000
19	209	C	2	2	SE	2	1 S/S 1 U/G	1,023	95.0	\$290,000
20	210	C1	2	2	NE	2	1 S/S 1 U/G	1,110	103.1	\$300,000
21	301	C	2	2	SW	3	1 S/S 1 U/G	1,023	103.1	\$290,000
22	302	C1	2	2	NW	3	1 S/S 1 U/G	1,110	103.1	\$300,000
23	303	B	2	2	S	3	1 S/S 1 U/G	949	88.2	\$275,000
24	304	B	2	2	N	3	1 S/S 1 U/G	949	88.2	\$275,000
25	305	A1	1	1	S	3	1 S/S	782	72.7	\$220,000
26	306	A	1	1	N	3	1 S/S	685	63.7	\$210,000
27	307	B1	2	2	S	3	1 S/S	904	84	\$255,000
28	308	B	2	2	N	3	1 S/S 1 U/G	949	88.2	\$275,000
29	309	C	2	2	SE	3	1 S/S 1 U/G	1,023	95.0	\$290,000
30	310	C1	2	2	NE	3	1 S/S 1 U/G	1,110	103.1	\$300,000
31	401	C	2	2	SW	4	1 S/S 1 U/G	1,023	103.1	\$295,000
32	402	C1	2	2	NW	4	1 S/S 1 U/G	1,110	103.1	\$305,000
33	403	B	2	2	S	4	1 S/S 1 U/G	949	88.2	\$280,000
34	404	B	2	2	N	4	1 S/S 1 U/G	949	88.2	\$280,000
35	405	A1	1	1	S	4	1 S/S	782	72.7	\$222,500
36	406	A	1	1	N	4	1 S/S	685	63.7	\$215,000
37	407	B1	2	2	S	4	1 S/S	904	84	\$260,000
38	408	B	2	2	N	4	1 S/S 1 U/G	949	88.2	\$280,000
39	409	C	2	2	SE	4	1 S/S 1 U/G	1,023	95.0	\$295,000
40	410	C1	2	2	NE	4	1 S/S 1 U/G	1,110	103.1	\$305,000
Aggregate Total (not an indication of market value if the development were sold in it's entirety to one buyer)										\$10,715,000

***The final estimate of value is based upon those Extraordinary Assumptions and Limiting Conditions described on Page10 of this report.***

The reader's attention is directed to the following report, which contains the data, analysis and supporting conclusions upon which these value estimates were derived, along with exhibits that are located in the Addendum. We trust you will find the report satisfactory and that it fulfills its intended purpose. Please do not hesitate to contact the undersigned if you have any questions.

Respectfully submitted,  
**NEARHOOD APPRAISALS LTD.**

Signed:



**Edwina Nearhood, AACI, P. APP.**

Dated: July 17, 2015

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# PHOTOGRAPHS



FRONT VIEW



REAR VIEW

# PHOTOGRAPHS



SIDE VIEW



SIDE VIEW



# PHOTOGRAPHS



**PROPOSED AMENITY BUILDING**



**PROPOSED AMENITY BUILDING**



**KITCHEN IN AMENITY BUILDING**



**ENTRY**

# PHOTOGRAPHS



**ENSUITE BATHROOM**



**MAIN BATHROOM**



**MECHANICALS**



**EXISTING OUTBUILDING  
TO BE REMOVED**

# PHOTOGRAPHS



**PROPOSED BUILDING SITE  
LOOKING NORTH**



**LOOKING NORTHEAST**



**EASTERN BOUNDARY**



**LOOKING TOWARDS  
NORTHWEST CORNER**



# PHOTOGRAPHS



**NORTHERN BOUNDARY  
LOOKING WEST**



**LOOKING SOUTH ALONG  
EASTERN BOUNDARY**



**SOUTHWEST CORNER  
LOOKING NORTH**



**NORTHEAST CORNER LOOKING  
TO SOUTHWEST CORNER**

# PHOTOGRAPHS



99<sup>TH</sup> AVENUE LOOKING EAST



93<sup>RD</sup> STREET LOOKING NORTH



93<sup>RD</sup> STREET LOOKING NORTH



94<sup>TH</sup> STREET LOOKING NORTH

# ***PART I***

# ***PREFACE***



# EXECUTIVE SUMMARY

## 9907 94 Street, Fort St. John, BC

<b>Effective date of valuation</b>	July 14, 2014
<b>Property type</b>	1) Proposed leased fee 40 unit apartment building 2) Proposed 40 individual strata units
<b>Rights Appraised</b>	1) Leased Fee (as if leased fee) 2) Condominium (as if individual units)
<b>Intended Use</b>	Internal Business Matters and Mortgage Financing
<b>Purpose</b>	1) To determine the current market value as if leased fee interest of the proposed 40 unit apartment building and 2) To determine the current market value as if proposed 40 strata titled units.

SITE CHARACTERISTICS	SUBJECT
<b>Address</b>	9907 94 Street
<b>Legal Description</b>	Lots 1 & 2, Plan BCP 28352
<b>Zoning</b>	RM-2
<b>Site Area (sq. ft.)</b>	44,867 sq. ft.
<b>Site Area (Sq.m.)</b>	4,100
<b>Site Area (Acres)</b>	1.03
<b>Site Area (Ha)</b>	0.41
<b>Building Area Main</b>	10,826 sq. ft.
<b>Building Area Typical</b>	10,767 sq. ft. x 3
<b>Total Building Area</b>	43,127 sq. ft.
<b>Parkade</b>	10,308 sq. ft.
<b>Permitted Density</b>	52
<b>Site Coverage</b>	28.34%
<b>F.A.R.</b>	1.003
<b>Required Amenity Area</b>	1.323 sq.m.
<b>Required Amenity Area Enhanced Landscaped</b>	661.5 sq.m.
<b>Amenity area provided</b>	662 sq.m.
<b>Parking Required</b>	63.71
<b>Parking Provided Surface</b>	37 Surface
<b>Parking Provided Underground</b>	27
<b>Total Assessment 2014</b>	\$966,000
<b>Total Property Taxes 2014</b>	\$7,559.78

### Description of Improvements

The subject property will be comprised of two parcels with a total area of 1.03 Acres (0.41 Ha.). The proposed subject property will be improved with 1) a 40 (forty) unit 4 (four) storey multi-family apartment building or 2) as if 40 (forty) individual strata units. The building will have a total of 43,127 sq. ft. (4,006.5 sq. m.)± on 4 (four) levels plus a 27 stall underground parkade area. The proposed 40 (forty) unit 4 (four) storey building will contain 32 (thirty-two) two bedroom units, including four different layouts, 7 (seven) one bedroom units, 1 (one) bachelor unit as well as a 27 stall parkade. There will be a 1,888 sq. ft. (175.4 sq. m.)± detached amenity room that will be developed as a gym/game room and guest suite. The apartment building will be constructed of wood frame construction. The roof will be a truss system with asphalt shingles. The foundation will be a full concrete parkade. **See General Contingent Limiting Conditions in the Addendum of this report and Extraordinary Assumptions and Limiting Conditions located on Page 10 of this report.**

### Number of Suites

40 (forty) suites total

### Suite Mix

# Of Units	Type	Bedrooms	sq.ft.	sq.m.
4	A	1	685	63.7
3	A1	1	782	72.7
1	A2	1	372	34.6
12	B	2	949	88.2
4	B1	2	904	84
8	C	2	1023	95
8	C1	2	1110	103.1

### Conformity to Land Use

The RM-2 land use designation dictates development potential for the vacant land. The purpose of the RM-2 is for high density multi-family development. The proposed development will be in conformity to the land use requirements.

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**HIGHEST AND BEST USE**

<b>As Vacant</b>	Developed with improvements that conform to land-use requirements.
<b>As Improved</b>	Use as multi-family apartment development for investment or strata-ownership similar to the proposed property, depending on the investor goals

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<b>Shape</b>	Rectangular
<b>Topography</b>	Mostly level, gently sloping, well drained.
<b>Proposed Site Improvements</b>	Paved road access, with paved parking lot with cold weather plugs, lawn area, ornamental trees/shrubs, sidewalks, park area, play area, interlocking paver paths, amenity room
<b>Minimal parcel size for RM-2 Zone for apartment building more than 10.5m (34 ft.) in height</b>	17,976 sq. ft. (1,670 sq. m.)±
<b>Minimum parcel width for RM-2 Zone for Apartment building more than 10.5m (34 ft.) in height</b>	120 ft. (36.5 m.)±

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**IMPROVEMENTS**

<b>Building Type</b>	A proposed Multi-Family 40 Unit Apartment Building
Main Floor	10,826 sq. ft. (1,005.7 sq. m.)±
Level 2	10,767 sq. ft. (1,000.3 sq. m.)±
Level 3	10,767 sq. ft. (1,000.3 sq. m.)±
Level 4	10,767 sq. ft. (1,000.3 sq. m.)±
<b>Total Building Size</b>	<b>43,127 sq. ft. (4,006.6 sq. m.)±</b>
<b>Parkade</b>	10,308 sq. ft. (957.6 sq.m.)± (27 stalls in total including 2 handicap accessible stalls)
<b>Age</b>	Proposed 2015
<b>Condition</b>	Good
<b>Quality</b>	Good
<b>Exterior Finish</b>	Hardi-siding, Decorative Rock and Dressed up gable ends
<b>Roof</b>	Plywood on engineered wood trusses Poly insulation with protection boards and vapour barriers Asphalt shingle

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## VALUE ASSUMPTIONS

The following Extraordinary Assumptions were considered in this report:

- The appraisal has been based on plans and specifications supplied by client as if 100% complete and with the assumption that full regulatory approval would be granted by all governing agents and subject to a satisfactory final inspection by the appraiser.
  - The address utilized for the report is subject to final approval by the City of Fort St. John. The unit numbering utilized are for illustration purposes only as identified on page 48 of the report.
  - It is the understanding of the appraiser and the client that this report has been completed at the preliminary design phase of the project and is subject to final verification upon finalization of all design details.
  - One existing building on site will be demolished and removed. The existing single family dwelling will be redeveloped and utilized as a games room/gym.
  - The two parcels will be amalgamated into one parcel.
  - Income and expense statements/pro-forma have not been supplied. The information relied upon is based on estimates of projected expenses subject to final verification.
  - At the request of the client two valuation scenarios has been determined. It has been noted that the intent of the client is for the property to be developed as an investment leased fee building. The individual unit values have been included to determine the risk assessment of the project.
  - At the time of this report the client had no plans to strata-title the property. However, if it were to be strata-titled, the report has been completed as if there are no negative influences created by strata-by-laws.
- 

## VALUE CONCLUSIONS

Value by Cost Approach

**\$7,815,000.00**

Value of 40 Unit Leased Fee Building by Income Approach

**\$8,350,000**

Value by Individual Units by Direct Comparison Approach

**PLEASE REFER TO THE TABLE ON PAGE 5 OF THIS REPORT**

**FINAL VALUE CONCLUSIONS BASED ON**

**EFFECTIVE DATE: July 14, 2015**

**1) FINAL ESTIMATE OF VALUE FOR PROPOSED LEASED FEE BUILDING IS:**

**\$8,350,000**

**(EIGHT MILLION THREE HUNDRED & FIFTY THOUSAND DOLLARS)**

*The value conclusions consider a 3 to 6 month exposure time*

**2) FINAL ESTIMATE OF VALUE FOR PROPOSED 40 INDIVIDUAL UNITS IS:**

Proposed Strata Unit	Proposed Unit #	Suite Type	Bedrooms	Baths	Exposure	Floor Level	Parking Stalls	Size sq.ft.	Size sq.m.	Final Value Estimated
1	101	C	2	2	SW	1	1 S/S 1 U/G	1,023	103.1	\$285,000
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Aggregate Total (not an indication of market value if the development were sold in it's entirety to one buyer)										\$10,715,000

***The final estimate of value is based upon those Extraordinary Assumptions and Limiting Conditions described on Page 10 of this report.***

# TERMS OF REFERENCE

## PURPOSE AND INTENDED USE OF REPORT

The purpose of this report is to estimate the current market value as if: 1) Proposed Leased Fee 40 unit Multi-Family Apartment Building and as if 2) Proposed 40 individual strata-titled apartment units to be located at 9907 94 Street, Fort St. John, BC. Peace Enterprises Ltd. and Ron Brar have requested this appraisal to assist with Internal Business Matters and Mortgage Financing. Use of this report by any other party or for any other purpose than state herein is completely unauthorized.

## PROPERTY RIGHTS

The property rights appraised are that of the leased fee and condominium (Strata).

The **fee simple estate** is the most complete form of ownership in Canada and is limited only by the powers of government (i.e. taxation, expropriation, police and escheat). It is an inheritable estate.

“A **leased fee** interest is the lessor’s, or landlords, interest. A landlord holds specified rights that include the right of use and occupancy conveyed by lease to others. The rights of the lessor (the fee simple owner) and the lessee (leaseholder) are specified by contract terms contained within the lease. Although the specific details of leases vary, a lease the ownership interest held by the lessor with the following rights:

- Right to be paid by the lessee under stipulated terms
- Default provision
- The right of disposition, including the rights to sell, mortgage or bequeath the property, subject to the lessee’s rights, during the lease period

The **condominium interest** is a form of fee ownership of separate units or portions of multi-unit buildings that provides for formal filing and recording of a divided interest in real property.

## ENCUMBRANCES

The Certificates of Title CA4428409 and CA4428270 was registered with the Prince George Land Title office June 2, 2015. The title shown as Exhibit “B” in the Addendum of this report shows the charges, liens and interests against the fee simple property.

## EFFECTIVE DATE

The effective date of this valuation is July 14, 2015.

## INSPECTION DATE

The subject property was inspected and photographed July 14, 2015, the effective date of this report.

## MARKET VALUE DEFINITION

For the purpose of this valuation the market value is 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 and knowledgeable, and assuming the price is not affected by undue stimulus.”

Implicit in this definition is the consummation of a sale as of the specific 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 in what he considers his own best interest;
3. A reasonable time is allowed for exposure on the open market;
4. Payment is made in cash in Canadian dollars or in terms of financial arrangements comparable thereto;
5. The price represents a normal consideration for the property sold unaffected by special financing amounts and or terms, services, fees, costs or credit incurred in the transaction.

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2001 ed., p. 47)

### **AGREEMENT WITH THE CLIENT**

A written agreement was reached between the client and Ms. Edwina Nearhood of Nearhood Appraisal Services Ltd. so as to have Nearhood Appraisal Services Ltd. provide an estimate of market value of the subject property located at 9907 94 Street & 9304 99 Avenue, Fort St. John, BC. The agreement was dated April 17, 2015 along with revisions and updates to the original terms of reference via e-mail in July 2015 and includes the terms and completion dates of the Ron Brar will make arrangements to have the report picked up and paid for in full upon completion.

### **EXPOSURE TIME**

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. It is a retrospective function of asking price, property type, and past market conditions and encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable effort. Reasonable exposure time is a necessary element of a market value definition, but is not a prediction of a specific date of sale.

In appraisal theory and practice, there is a distinction relating to the perspective between exposure time and marketing time. Exposure time is presumed to precede the effective date of appraisal whereas marketing time is presumed to succeed the effective date. Marketing time is a prospective function of asking price, property type and anticipated market conditions. The exposure period assumes the following:

- The property was extensively marketed. Potential purchasers could inspect the property at will.
- The owner provided interested agents with any and all relevant property information.
- Negotiations of any offers to purchase were performed in a timely manner.
- The property was maintained at a physical status equivalent to its present condition.
- Market level financing was readily available.
- The seller was not under duress.

### **SCOPE OF THE WORK**

The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied, all based upon the following problem-identifying factors stated elsewhere in this report:

- Client

- Intended Use
- Intended User
- Type of opinion
- Effective date of opinion
- Relevant characteristics about the subject
- Assignment conditions

This is a narrative appraisal report that is intended to comply with the reporting requirements set forth under the Canadian Uniform Standards of Professional Practice. As such, there are discussions to the data, reasoning and analysis that were used in the appraisal process to develop the final estimate of value. While most of the supporting documentation has been included in the report the appraiser has retained some additional information in the working file. The depth of discussions and reporting is specific to the needs of the client and for the intended use state herein.

#### **EXTENT TO WHICH THE PROPERTY IS IDENTIFIED**

Once an agreement was reached for the appraisal of the subject property, several sources were researched for relevant data pertaining to the valuation of the same property. Data was gathered from the BC Northern Real Estate Board, BC Assessment Authority, the City of Fort St. John, Statistics Canada, CMHC and the Province of BC, etc. The data from these sources was verified where possible and is assumed to be correct. Reference has been made to the historical database compiled by Nearhood Appraisal Services Ltd. regarding the subject property and similar properties have been referenced. Specific data pertaining to the subject property was also researched.

#### **EXTENT TO WHICH THE PROPERTY IS INSPECTED**

Nearhood Appraisal Services Ltd. collected the relevant information about the subject property. A cursory inspection and photographs of the subject site was performed on the effective date of the report, (See Extraordinary Assumptions and Limiting Conditions on of this report). Discussions with Ron Brar and Myron Dirks of Peace Holdings Ltd. throughout April thru July 2015 confirmed the construction details. It is the understanding of the appraiser and the client that preliminary development of the project has been approved by the City of Fort St. John and is subject to final verification upon finalization of all design details.

#### **TYPE AND EXTENT OF THE DATA RESEARCHED**

Nearhood Appraisal Services Ltd. reviewed the micro and/or macro market environments with respect to physical and economic factors relevant to the valuation process. This process included interviews with regional and/or local market participants, available published data and other various resources. Nearhood Appraisal Services Ltd. also conducted regional and/or local research with respect to applicable tax data, zoning requirements, demographics, comparable listing, sales and rental information.

#### **TYPE AND EXTENT OF ANALYSIS APPLIED**

Edwina Nearhood, AACI, P. App has completed numerous appraisals on properties similar to the subject therefore affirming that she has the experience and knowledge necessary to complete this valuation assignment.

The appraiser has researched those properties used for sale comparison with the subject and has familiarity with each property. Interviews were held with the owner of the subject property, as well as several owners and market participants dealing with developments similar to the subject property in the area.

Comparable market information was obtained from our information database and local real estate participants including agents, brokers, property managers, etc. knowledgeable in the surrounding land market. This information has been confirmed, when appropriate, with public information at the Land Title Office or the parties involved when there was reason to doubt its accuracy.

Edwina Nearhood, AACI, P. App. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. Approaches to value used included the Cost Approach, the Income Approach (for the development "as if" leased fee) and the Direct Comparison Approach (as if strata-titled). The results were then correlated and reconciled into a reasonable and defensible value conclusion, as defined herein. A reasonable exposure time and marketing time associated with the value estimate presented has also been concluded.

The appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning behind the reconciliation of the final value estimated. The analyses and conclusions developed in this report have been prepared in conformance with our interpretation of the guidelines and recommendations set forth in the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

#### **CONTINGENT AND LIMITING CONDITIONS**

This report is subject to the Limiting Conditions set forth in addition to any specific assumptions that may be stated in the body of the report. **These Conditions are critical to the value stated herein and should be thoroughly read and understood before any reliance on the report is considered.**

General Assumptions and Limiting Conditions stipulate typical guidelines and restrictions pertaining to the appraisal of the subject property. This appraisal was prepared with the General Assumptions and Limiting Conditions. The reader's attention is directed to the **Addenda Exhibit A for the complete description of the General Contingent and Limiting Conditions.**

## EXTRAORDINARY ASSUMPTIONS

An Extraordinary Assumption is an assumption, which if not true, could alter the appraiser's opinions and conclusions. They are required when a Hypothetical Condition is necessary due to circumstances that are not self-evident regarding the appraised property. Hypothetical Conditions include retrospective appraisals, significant renovations to the improvements, completion of improvements, etc. The following Extraordinary Assumptions were invoked within this report:

- The appraisal has been based on plans and specifications supplied by client as if 100% complete and with the assumption that full regulatory approval would be granted by all governing agents and subject to a satisfactory final inspection by the appraiser.
- The address utilized for the report is subject to final approval by the City of Fort St. John. The unit numbering utilized are for illustration purposes only as identified on page 48 of the report.
- It is the understanding of the appraiser and the client that this report has been completed at the preliminary design phase of the project and is subject to final verification upon finalization of all design details.
- One existing building on site will be demolished and removed. The existing single family dwelling will be redeveloped and utilized as a games room/gym.
- The two parcels will be amalgamated into one parcel.
- Income and expense statements/pro-forma have not been supplied. The information relied upon is based on estimates of projected expenses subject to final verification.
- At the request of the client two valuation scenarios has been determined. It has been noted that the intent of the client is for the property to be developed as an investment leased fee building. The individual unit values have been included to determine the risk assessment of the project.
- At the time of this report the client had no plans to strata-title the property. However, if it were to be strata-titled, the report has been completed as if there are no negative influences created by strata-by-laws.

## EXTRAORDINARY LIMITING CONDITION

An Extraordinary Limiting Condition refers to a necessary modification or exclusion of an Appraisal Institute Standard Rule. Such special circumstances include the inability to complete a property inspection, the purposeful exclusion of a relevant valuation technique, etc. No Extraordinary Limiting Conditions were invoked within this report.

Figure 1  
REGIONAL MAP





# REGIONAL AND AREA ANALYSIS

## GENERAL LOCALE

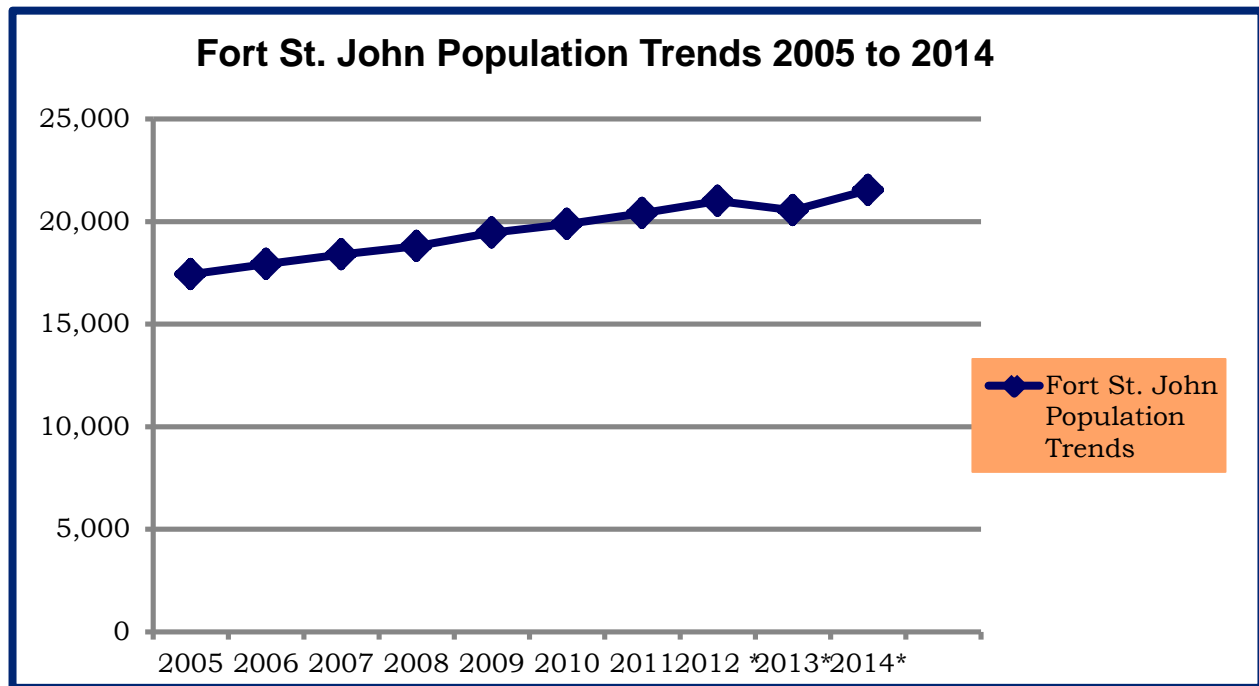
Fort St. John is located in the Peace River Regional District of British Columbia. The city is situated on an extensive plateau northwest of the Peace River. It is approximately 100 kilometers east of the Rocky Mountains and 50 kilometers west of the Alberta-British Columbia border. Fort St. John is located on the Alaska Highway 75 kilometers northwest of Dawson Creek, 408 km north of Prince George and 400 kilometers southeast of Fort Nelson.

## HISTORY AND GROWTH

The City of Fort St. John is situated in north eastern British Columbia. It is located at Mile 47 of the Alaska Highway and is reportedly the largest city in north eastern British Columbia. Since its beginning in 1794 as a trading post, Fort St. John has grown with opportunities like the completion of the Alaska Highway in 1942 that sparked a population boom and the discovery of high-grade oil in 1951 that set the City's course as British Columbia's Oil and Gas Capital. The city was incorporated in 1975.

The following graph illustrates the population trends in Fort St. John over a period of 10 years:

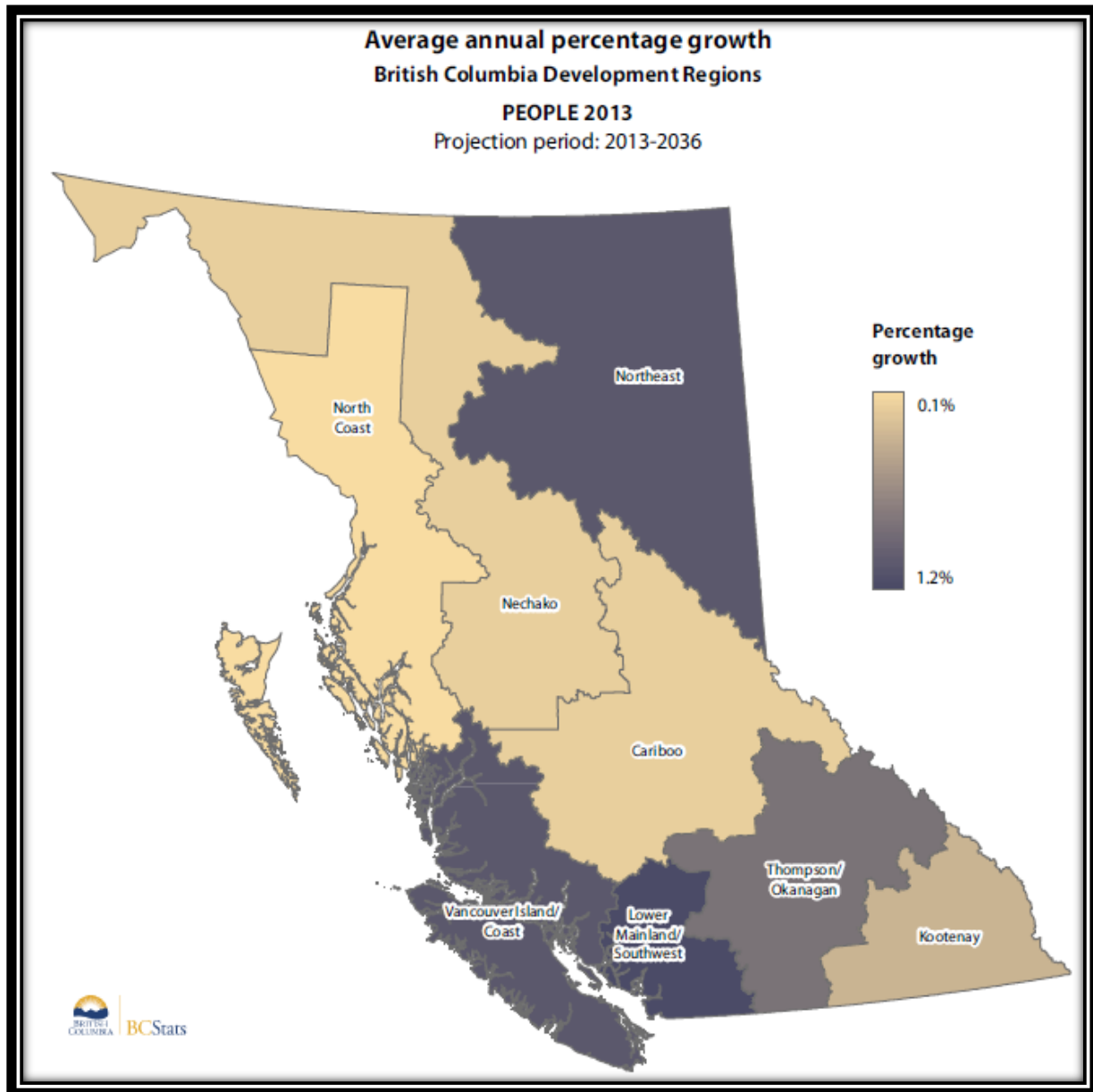
### POPULATION TRENDS



Source: <http://www.bcstats.gov.bc.ca/StatisticsBySubject/SocialStatistics/CommunityFacts.aspx>

*\*2012/2013/2014 City Estimates*





**BC Stats Population Projections 2013-2036**

It is expected that the BC population will grow at an annual rate of 1.3% per year over the next decade from 4,669,022 persons in 2013 to 5,229,463 in 2022. After which growth will slow to just below 1.0% towards the end of the projection period with 6,057,948 persons in 2036. The Northeast development region will see the strongest and most consistent population growth among all development regions outside the lower Mainland.

\*Estimated population growth in Fort St. John in 2014 was 4.9%, which is considerably higher than the projected estimates.

## ABORIGINAL

The **Treaty 8 Tribal Association** represents five First Nations in Northeastern BC. Its membership consists of a Council of five Treaty 8 Tribal Association Chiefs of member and non-member First Nations. The ethno-linguistic grouping within the eight First Nations includes Sicannie (Sikanni), Slavey, Beaver (Dane-Zaa), Cree, and Saulteau. Each Nation is governed by a Chief and Council, with their mandate deriving from their membership. The approximate aboriginal population of British Columbia Treaty 8 First Nations territory is 2500-3000.

BC Treaty 8 First Nations Chiefs have organized themselves into a unified political body. The purpose of this alliance is to protect and preserve their Treaty and Aboriginal rights. The Chiefs are dedicated to the environmental, social, cultural, educational, and economic development of the Treaty 8 First Nations people. No single organization, whether it's at the local, regional, or national level, represents Treaty 8 First Nations outside of the organization itself.

The following table illustrates the population breakdown for the Treaty 8 First Nations territory:

MEMBER COMMUNITIES	Doig River First Nations	Halfway River First Nations	Prophet River First Nation	Saulteau First Nations	West Moberly First Nations
POPULATION	277	251	253	840	234
OTHER TREATY 8 SIGNATORIES	Blueberry River First Nations	Fort Nelson First Nation	McLeod Lake First Nation		
POPULATION	456	834	618		

## ECONOMIC BACKGROUND

The economic base of north eastern British Columbia is predominately oil and gas. Agriculture, forestry and power generation also contribute to the regions diverse economy. Neighbouring Tumbler Ridge is supported by the mining industry. Tourism is a contributor in the region with a vast area of outdoor recreational opportunities.

## PRIMARY INDUSTRY

Fort St. John's major economic base is the oil and natural gas resource sector. The development of this sector in the early 1970's fuelled a development boom. For several years prior to the 2008 recession, exploration and production activity moved to a record-setting pace, with much of the region's natural gas deposits, estimated at among the largest in North America, still untapped. Natural-gas production greatly exceeds provincial demand, with most of the oil and gas exported to markets in Canada and the U.S. More recently the emergence of LNG has fueled high demand for development of the oil and gas sector in northeastern BC. The Fort St. John industry fuels the service and labour required for growth in the LNG sector. There has been a rapid increase for bi-products of the natural gas due to higher commodity pricing for propane, butane, etc.

The workforce for permanent oil and natural gas resource sector supports approximately 15 percent of the Fort St. John labour force according to the 2006 Census statistics. Expertise in the City of Fort St. John supporting the Oil and Gas industry include energy sector professionals. There are numerous large and small pipelines, well site construction, survey, trucking and seismic companies headquartered out of the city providing crucial support to the industry.

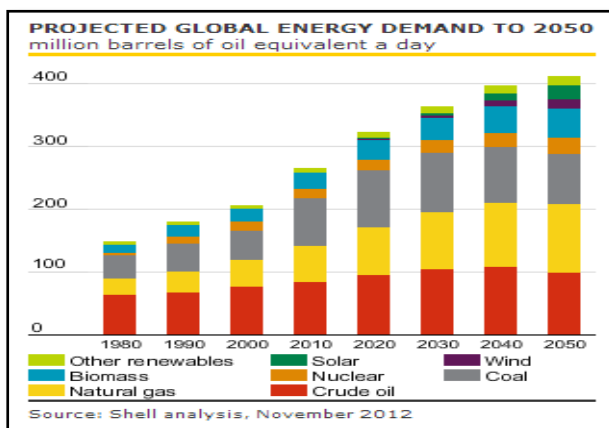
**LIQUEFIED NATURAL GAS (LNG)**

North eastern British Columbia is set to be among the powerhouses of Canada’s energy industry with huge quantities of product available supported by existing and growing infrastructure. The province’s new mother lode is natural gas and it is fueled by industry in Northeastern BC. Natural gas is the world’s cleanest-burning fossil fuel. B.C. exports of liquefied natural gas (LNG) can significantly lower global greenhouse gas emissions by replacing coal-fired power plants and oil-based transportation fuels with a much cleaner alternative.

The domestic natural gas industry has suffered a supply glut and low prices for years. Gas exports from Canada to the US have fallen nearly 25 percent since 2007. A wide pricing gap in global natural gas markets present a massive opportunity for energy companies in BC. US spot prices averaged \$3.70 USD per million British thermal units last year. Customers in Asia, where gas is not as plentiful, often pay four times that. China, Japan, South Korea and Malaysia are among the Asian buyers that are eyeing northeastern BC gas.

An estimated 271 trillion cubic feet of natural gas has been revealed within the BC portion of the Montney play. Shale Gas is a “Game Changer”. Shale and tight gas is natural gas produced from shale and other fine-grained sedimentary rocks. Over the past decade, the development of horizontal drilling, and improvements to hydraulic fracturing have made abundant shale gas recoverable. This has changed the natural gas industry forever, making natural gas an abundant natural resource. It is estimated to be the third largest hydrocarbon resource in North America. It’s enough to keep production flowing for about 100 years. The Liard, Horn River and Cordova plays also boast significant gas reserves. The BC government states economic benefits of approximately 1 trillion dollars and jobs measured by the tens of thousands over the next three decades. The risk for BC is that other competing producers will get to the market first. BC’s fledgling LNG industry will face fierce competition from an array of projects in Australia, Qatar, offshore Africa, Russia, the US Gulf Coast and Alaska.

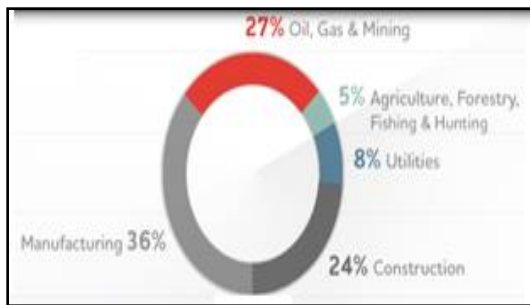
Global energy companies are being lured to BC by the prospect of piping the gas from the north to export terminals they want to build in the Prince Rupert and Kitimat areas on the west coast. Plans call for the prized commodity to be super-cooled into liquefied natural gas, loaded onto ships and exported to LNG customers in Asia. Enormous capital investments are required to bring LNG projects on stream. Consolidation is inevitable to corral costs. To date there has been no firm commitment to go ahead. Currently there are two major players under negotiations to secure LNG plants for Asian export.



Shell expects global demand for natural gas to increase by over 60% by 2030 from its 2010 level, reaching 25% of the energy mix.

The LNG investment in upstream natural gas resources in British Columbia and the downstream LNG facility further solidifies the North Montney as a world-class natural gas asset, and it clearly defines British Columbia and Canada as attractive and competitive destinations for global investment.

Why Pipeline Expansion is Necessary - Without more diverse and better access to markets, the Canadian economy stands to lose more than a \$1 trillion in GDP over the next 25 years, and more than \$270 billion in tax revenue over that same period. More specifically, with better access to Asian markets, and if the current pipeline proposals to the west coast were to be approved, as well as, enhanced access to refining capacity in the U.S. and Eastern Canada, the energy sector could add more than \$51 billion, every year, to Canada's GDP and \$11 billion in tax revenue each year. That's the equivalent of paying for a four-year undergraduate education for more than 492,000 young Canadians or building eight state-of-the art hospitals. It could also be used to pay the annual salaries of 200,000 full-time primary school teachers or it could fund all of Canada's national parks for the next 16 years.



The energy sector contributes significantly to the strength of Canada's overall economy.

In 2012 the oil, gas, pipeline and mining sectors accounted for 27% of Canada's overall GDP. A large portion of this figure is currently centered in the Fort McMurray region with the Northern BC region rapidly growing in support of this industry.

The following is a listing of web sites that will provide up-to-date oil and natural gas projects, projected plans and activity in the Peace River Region:

COMPANY	WEBSITE	COMPANY	WEBSITE
ARC RESOURCES LTD.	<a href="http://www.arcresources.com">www.arcresources.com</a>	HUSKY ENERGY	<a href="http://www.huskyenergy.com">www.huskyenergy.com</a>
ARCIS SEISMIC SOLUTIONS CORP.	<a href="http://www.arcis.com">www.arcis.com</a>	IMPERIAL OIL	<a href="http://www.imperialoil.ca">www.imperialoil.ca</a>
ARTEK EXPLORATION LTD.	<a href="http://www.artekexploration.com">www.artekexploration.com</a>	OLYMPIC SEISMIC	<a href="http://www.olysei.com">www.olysei.com</a>
BC OIL & GAS COMMISSION	<a href="http://www.bcogc.ca">www.bcogc.ca</a>	PROGRESS ENERGY CANADA LTD	<a href="http://www.progressenergy.com">www.progressenergy.com</a>
CANADIAN NATURAL RESOURCES LTD.	<a href="http://www.cnrl.com">www.cnrl.com</a>	SHELL CANADA	<a href="http://www.shell.ca">www.shell.ca</a>
CANBRIAM ENERGY LTD.	<a href="http://www.canbriam.com">www.canbriam.com</a>	SPECTRA ENERGY	<a href="http://www.spectraenergy.com">www.spectraenergy.com</a>
CONOCOPHILLIPS	<a href="http://www.conocophillips.ca">www.conocophillips.ca</a>	STORM RESOURCES LTD.	<a href="http://www.stormresourcesltd.com">www.stormresourcesltd.com</a>
DEVON CANADA CORP.	<a href="http://www.devonenergy.com">www.devonenergy.com</a>	SUNCOR ENERGY	<a href="http://www.suncor.com">www.suncor.com</a>
ENCANA CORP.	<a href="http://www.encana.ca">www.encana.ca</a>	TALISMAN	<a href="http://www.talisman-energy.com">www.talisman-energy.com</a>
EXPLOR GEOPHYSICAL	<a href="http://www.explor.net">www.explor.net</a>	TOURMALINE	<a href="http://www.tourmalineoil.com">www.tourmalineoil.com</a>
HARVEST OPERATIONS CORP.	<a href="http://www.harvestenergy.ca">www.harvestenergy.ca</a>		

## BC OIL AND GAS COMMISSION ACTIVITY REPORTED AS OF JANUARY 2015

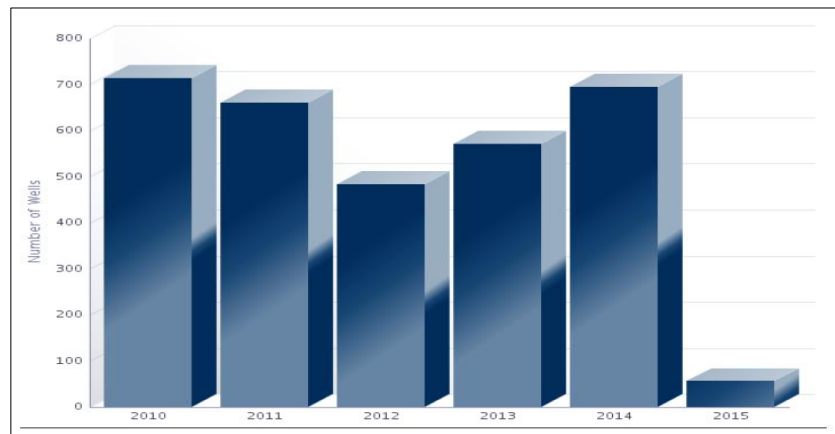
TOP OPERATORS BY NEW ACTIVITY APPROVALS (PAST 12 MONTHS)											
PRIMARY ACTIVITY APPROVALS	#	WELL PERMITS	#	PIPELINE PERMITS	#	FACILITY PERMITS	#	ROAD PERMITS	#	GEOPHYSICAL PERMITS	#
Progress Energy Canada Ltd.	483	Progress Energy Canada Ltd.	316	Progress Energy Canada Ltd.	79	Progress Energy Canada Ltd.	61	Progress Energy Canada Ltd.	24	Progress Energy Canada Ltd.	3
Encana Corp. 335	162	Tourmaline Oil Corp.	123	Encana Corp.	25	Storm Resources Ltd.	13	Tourmaline Oil Corp.	6	Explor GeoPhysical Ltd.	2
Tourmaline Oil Corp.	150	Encana Corp.	120	Canadian Natural Resources Ltd.	20	Artek Exploration Ltd.	13	Crew Energy Ltd.	6	Crew Energy Ltd.	1
Crew Energy Inc.	115	Crew Energy Inc.	90	Artek Exploration Ltd.	19	Canadian Natural Resources Ltd.	13	Encana Corp.	6		
ARC Resources Ltd.	86	ARC Resources Ltd.	72	Storm Resources Ltd.	16	Tourmaline Oil Corp.	11	Nexen Energy ULC	5		
Shell Canada Ltd.	85	Shell Canada Ltd.	71	Crew Energy Inc.	11	Encana Corp.	11	Canbriam Energy Inc.	5		
Canadian Natural Resources Ltd.	75	Murphy Oil Corp.	42	Tourmaline Oil Corp.	20	Harvest Operations Corp.	8	Westcoast Energy Inc.	4		
Storm Resources Ltd.	62	Painted Pony Petroleum Ltd.	42	ARC Resources Ltd.	10	Crew Energy Inc.	7	Plateau Pipe Line Ltd.	4		
Artek Exploration Ltd.	59	Canadian Natural Resources Ltd.	41	Harvest Operations Corp.	7	Canbriam Energy Inc.	7	Other Operators x 3	3		
Canbriam Energy Inc.	55	Endurance BC Gas Ltd.	41	Other Operators x 2	6	Shell Canada Ltd.	5				
TOTALS											
Top Operators Contribution	1332	Top Operators Contribution	958	Top Operators Contribution	209	Top Operators Contribution	149	Top Operators Contribution	69	Top Operators Contribution	6
Total Primary Activity Approvals	1813	Total Well Permits	1258	Total Pipeline Permits	258	Total Facility Permits	197	Total Road Permits	94	Total Geophysical Permits	6

MAJOR PROJECTS ACTIVITY		
PACIFIC TRAIL PIPELINE / COASTAL GAS LINK PIPELINE / KITIMAT LNG		
APPLICATION TYPE	JANUARY 2015	PAST 12 MONTHS
WELL		1
FACILITY		1
PIPELINE		3
ROAD		
LAND ACT AUTHORIZATION	2	59
WATER ACT AUTHORIZATION		13
TOTAL	2	77

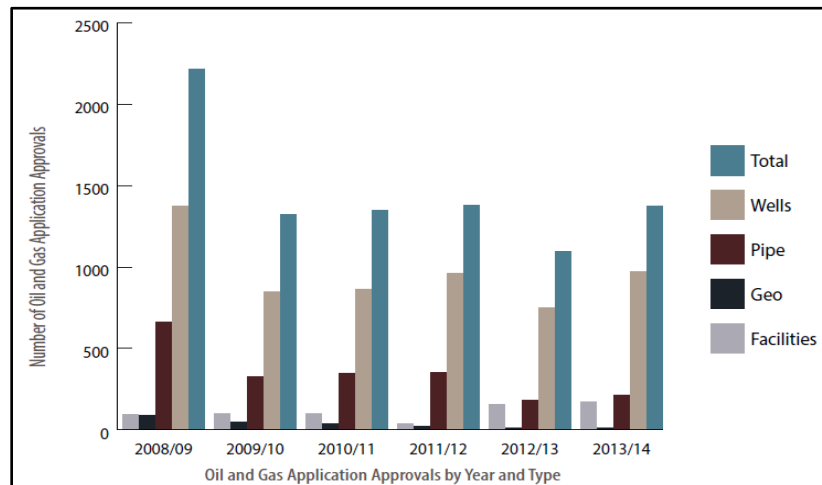
WELLS UNDER DEVELOPMENT		
STATUS	QUANTITY	PERCENTAGE
DRILLING	79	3
CASED	790	34
COMPLETED	1,407	61
GAS TESTING	19	1
TOTAL	2,295	100

DEVELOPED WELL INVENTORY BY STATUS						
FLUID TYPE	ACTIVE		SUSPENDED		ABANDONED	
	QUANTITY	PERCENTAGE	QUANTITY	PERCENTAGE	QUANTITY	PERCENTAGE
GAS	9,589	84	1,780	60	1,375	20
OIL	1,335	12	682	23	359	5
SERVICE	518	5	166	6	167	2
UNDEFINED	1	<1	362	12	5,110	73
TOTALS	11,443	100	2,990	100	7,011	100

**NUMBER OF WELLS DRILLED IN BC ANNUALLY**



**NUMBER OF OIL AND GAS APPLICATIONS APPROVALS**



PIPELINE INVENTORY STATUS - JANUARY 2015			
PIPELINE STATUS	SEGMENTS	LENGTH (KM)	PERCENTAGE (OF LENGTH)
NEW	2,187	1,866	4
ACTIVE	65,739	39,256	86
DEACTIVATED	2,731	1,799	4
ABANDONED	3,013	1,162	3
REMOVED	84	30	<1
OUT OF JURISDICTION	621	1,534	3
TOTAL INVENTORY	74,375	45,645	100
CANCELLED	100,477	59,351	

FACILITY INVENTORY STATUS		
FACILITY TYPE	QUANTITY	PERCENTAGE
BATTERY SITE	545	18
COMPRESSOR DEHYDRATOR	383	13
COMPRESSOR STATION	376	12
DISPOSAL STATION	91	3
GAS DEHYDRATOR	93	3
GAS PLANT	99	3
GAS SALES METER	492	16
INJECTION STATION	35	1
LNG FACILITY	3	<1
OIL SALES METER	88	3
OTHER FACILITIES	2	<1
PIPELINE EQUIPMENT	10	<1
PIPELINE GATHERING	212	7
PROCESSING BATTERY	113	4
SATELLITE BATTERY	292	10
SHARED FACILITIES	183	6
TANK TERMINAL	17	1
TEST FACILITY	16	1
WATER HUB	13	<1
<b>TOTAL</b>	<b>3,063</b>	<b>100</b>



## **SECONDARY INDUSTRY**

### **AGRICULTURE**

There is reportedly over 16 million hectares of active farmland located in the region. Fort St. John's economy is supported with the agriculture industry. The region produces more wheat, barley and grass seed than any other region of the province. The North Peace River regions expansive prairie land base supports 1,700 farms that generate total revenue of over \$70 million per year.

### **FORESTRY**

The forestry industry directly employs more than 600 people and contributes \$90 million per year to the local economy. The City is surrounded by a 4.5 million-hectare timber supply. Peace Valley OSB, a \$200 million oriented-strand board plant, started operations in November of 2005.

International players, such as Canadian Forest Products exemplify the modern era of high-tech, environmentally sustainable forestry practices. The Canfor sawmill near Fort St. John turns out high-quality, finished lumber products. The Canfor Taylor Pulp mill converts sawmill wood waste into saleable wood fibres, marketed as far away as Japan and Germany. More than 350 trucking and logging contractors back up these major operators. Spin-off from the forest sector provides jobs and income for countless local businesses and has established the industry as a key component of Fort St. John's diversified economy.

### **MINING**

BC is one of the leading coal producers in Canada. The available coal resources, including surface and shallow mining, are estimated at 20 billion tonnes. The Peace River coal field, found to the west and south of Tumbler Ridge, has an in-place mineable resource of over one billion tonnes of mostly medium-volatile bituminous coal. This major coal field follows the northwest trending belt of Jura-Cretaceous rocks that follows the Rocky Mountain foothills in the eastern part of British Columbia, the Peace River is part of the Intermontane belt. The coal mining industry is strongly dependant on commodity pricing and is subject to rapid changes.

### **POWER GENERATION**

Hydroelectric power contributes to the local economy with two hydroelectric dams located in the neighboring community of Hudson's Hope.

The BC Hydro Site-C Hydro Dam project has recently been given final approval by the BC government. Site C will create approximately 7,000 person-years of direct construction employment through the 7 year construction period. Each of these industry jobs translate into additional subsidiary employment opportunities within the community. The project is expected to commence in 2015. This is an \$8.5 billion dollar project anticipated to inject a large amount of capital into the local economy.

BC Hydro has capital projects planned and underway for expansion of service in the region. Wind farm electricity generation is quickly gaining popularity in the region with projects completed and new projects proposed in the region.

## TOURISM

The tourism industry plays a significant role in the BC economy in terms of revenue earned by tourism businesses, value added to the economy by tourism activities, and creation of employment opportunities. There are two principal ways of measuring the tourism industry's contribution to the BC economy: Tourism revenue measures the money received by businesses, individuals and governments due to tourism activities. Gross domestic product (GDP) measures the value added to the economy from tourism activities. The costs of supplies and services used to produce goods or services are subtracted from total revenues. This measure highlights the specific contribution the tourism industry makes to the BC economy.

Six percent of BC's tourism businesses are in Northern BC. In 2010, the tourism industry throughout BC generated \$13.4 billion in revenue, an increase of 6% from 2009 and a 44% increase since 2000. While the tourism industry generated \$13.4 billion in total revenue, it contributed \$6.5 billion of added value to the economy in 2010, measured using GDP. This was an increase of 4% compared with 2009. Since 2000, tourism GDP has increased by 23%.



## MAJOR PROJECT INVENTORY

The BC Major Projects Inventory lists 31 new proposed projects over \$15 million for the third quarter of 2014, with available capital cost estimates totaling approximately \$11.7 billion in potential new capital investment, if all projects proceed. The capital cost of all major projects currently under construction in BC is estimated at \$81.7 billion, down slightly from the \$82.6 billion reported in the second quarter of 2014.

Source: [www.jtst.gov.bc.ca/ministry/major\\_projects\\_inventory/pdfs/September\\_2014.pdf](http://www.jtst.gov.bc.ca/ministry/major_projects_inventory/pdfs/September_2014.pdf)

### STATUS: STARTED

#### DAWSON CREEK

##### Peace Region Load Shedding RAS

BC Hydro Ph.: (604) 623-4472 or 1-866-647-3334  
To provide the required load shedding remedial action scheme (RAS) in the Peace Region area to increase the supply capacity for 185MW to 413MW. The project will complete the installation of all infrastructure in order to implement the RAS scheme.

Status: Construction started      Start: Spring 2014  
Est. Cost (\$ million): 21      Finish: Early 2016  
First Entry: Mar 2014      Last Update: Mar 2014  
Project ID: 3265

##### Shell Groundbirch Interconnection

BC Hydro Ph.: (604) 623-4472 or 1-866-647-3334  
Shell intends to electrify five gas processing plants in the Dawson Creek area via a 230kV interconnection to the planned DCAT line. A new switching station will be built at the point of interconnection on a greenfield site approximately 55km west of Dawson Creek. The load is projected to rise from an initial 120MW upon interconnection in 2014 to a total of 280MW by 2021.

Status: Construction started      Start: Early 2014  
Est. Cost (\$ million): 36      Finish: Spring 2015  
First Entry: Mar 2014      Last Update: Mar 2014  
Project ID: 3263

##### Dawson Creek /Chetwynd Area Transmission (DCAT)

BC Hydro PH.: (604) 623-4472 or 1-866-647-3334

The project will expand the Peace Region 230kV transmission system to the Dawson

Creek/Chetwynd Area to supply the high area load growth. The solution will include the construction of new 230kV lines between Dawson Creek and Bear Mountain (BMT), and

from BMT to a new station called Sundance, located approximately 19km east of Chetwynd.

Status: Construction started      Start: Fall 2012  
Est. Cost (\$ million): 296      Finish: Fall 2015  
First Entry: Mar 2009      Last Update: Sep 2014  
Project ID: 2386

#### DAWSON CREEK, POUCE COUPE, TAYLOR

##### Highway 2 and 97N Improvements

BC Ministry of Transportation and Infrastructure  
PH: (250) 387-7787

Improvements to sections of Highway 2 and 97N; Proposed 4 lane projects include Highway 2 from Tupper Creek to Rusheinski Rd (3.3 km); Tupper Creek Bridge & 4-Mile Culvert, 1st St. to 8th St (1.8 km); and Rolla Rd. to 1st St. (3 km); Passing lane projects include Highway 2 at Blockline southbound and Highway 97 at Farmington Fairways northbound (under construction). Realignment/widening projects include Highway 97 at the bottom of the South Taylor Hill (2 km) is expected to start construction in the Fall 2013 and complete by Fall 2015. The widening of Highway 97 (\$26 million) will include improvements to Big Bam and Johnson Road intersections and a large truck chain-up area. The project will be funded by the provincial government (\$15.25 million), and the federal government (\$10.75 million) under the Building Canada Fund - Major Infrastructure Component.

Status: Construction started      Start: Summer 2012  
Est. Cost (\$ million): 111      Finish: Late 2016  
First Entry: Sep 2011      Last Update: Sep 2014  
Project ID: 2870

#### FORT NELSON

##### Sierra Yoyo Desan Road Upgrades

BC Ministry of Energy and Mines  
Ph.: (250) 774-2541 (Northern Rockies RD)  
Upgrades to Sierra Yoyo Desan Road will provide improved access to the Horn River Basin (completed). Upgrades to the Komie Road intersection and road improvements between km

90-121 (\$25 million), located on the Sierra Yoyo Desan Rd. [www.th.gov.bc.ca/tranprojectsbc](http://www.th.gov.bc.ca/tranprojectsbc)

Status: Construction started      Start: Spring 2011  
 Est. Cost (\$ million): 162      Finish: Fall 2014  
 First Entry: Mar 2009      Last Update: Sep 2014  
 Project ID: 2362

## FORT ST. JOHN

### Jedney Debottleneck

Spectra Energy Corp. Ph.: (604) 691-5500  
 Spectra Energy is de-bottlenecking their Jedney processing facility through the expansion of overheads compression capacity. The nameplate processing capacity will remain unchanged and the additional equipment will allow the facility to process liquid rich gas being produced in the region.

Status: Construction started      Start: Early 2014  
 Est. Cost (\$ million):      Finish: Late 2015  
 First Entry: Mar 2014      Last Update: Sep 2014  
 Project ID: 3246

## HUDSON HOPE

### GM Shrum - Units 1 to 5 Rotor Rehabilitation

BC Hydro Ph.: (250) 549-8550  
 The purpose of this project is to improve the reliability of the Units 1 to 5 by rehabilitating the 1 to 5 generator rotor poles.

Status: Construction started      Start: Spring 2011  
 Est. Cost (\$ million): 44      Finish: Summer 2015  
 First Entry: Mar 2012      Last Update: Sep 2014  
 Project ID: 2953

### GM Shrum Units 1 to 5 Turbine Replacement

BC Hydro Ph.: (604) 623-4472 or 1-866-647-3334  
 Replace the Units 1 to 5 turbines to reduce the risk of runner failure, decrease maintenance costs and improve operating efficiency.  
 Status: Construction started      Start: Spring 2010  
 Est. Cost (\$ million): 272      Finish: Summer 2015  
 First Entry: Sep 2010      Last Update: Sep 2014  
 2014 Project ID: 2676

## TUMBLER RIDGE

### Roman Coal Mine

Peace River Coal Inc. Ph.: (604) 684-9288  
 Open pit coal mine with a production capacity from 2 to 4 million tonnes per year. Expected mine life is 10 years. Project has received conditional certification

under the Environmental Assessment Act and a Mines Act permit to commence construction.  
 Website: [www.peacerivercoal.com](http://www.peacerivercoal.com)

Status: Construction started      Start: 2013  
 Est. Cost (\$ million): 180      Finish: 2014  
 First Entry: Mar 2013      Last Update: Sep 2014  
 Project ID: 2042

## STATUS: PROPOSED

### CHETWYND

Pellet Plant  
 Chetwynd Forest Industries Biomass Project  
 Clean Methanol Plant  
 Wildmare Wind Energy Project

### CHETWYND AREA

Wartenbe Wind Energy Project

### CHETWYND REGION

Suska Coal Mine

### DAWSON CREEK

LNG Plant  
 Merrick Mainline Pipeline  
 Coastal GasLink Pipeline Project

### FORT NELSON

Fort Nelson Carbon Capture and Storage Feasibility Project  
 Horn River Basin Light Industrial Park  
 Fortune Creek Gas Plant  
 Horn River Mainline (Komie North Section)

### FORT ST. JOHN

Pellet Plant  
 Townsend Gas Processing Facility  
 Hackney Hills Wind Park  
 Site C Clean Energy Project\* (Not yet updated)  
 Station 44 Town Centre

### HUDSON HOPE

GM Shrum Spillway Chute Interim Upgrade  
 Farrell Creek 88-I South Gas Plant  
 Carbon Creek Mine  
 Gething Coal Project  
 Torwood Lodge Expansion

### NORTH OF MACKENZIE

McGregor River and Herrick Creek Hydroelectric Project

### PEACE RIVER

North Montney Mainline

**TAYLOR**

Taylor Wind Project

**TUMBLER RIDGE**

Sukunka Coal Mine Project  
Sundance Wind Project  
Bullmoose River Coal Project  
Murray River Coal Project  
Wapiti River Coal Project  
Tumbler Ridge Bioenergy Project  
Meikle Wind Energy Project  
Rocky Creek Wind Energy Project  
Thunder Mountain Wind Park  
Tumbler Ridge Wind Energy Project  
Echo Hills Coal Project (Formerly Wapiti Coal Mine)

**TUMBLER RIDGE AREA**

Belcourt/Saxon Coal Mines  
Hermann Coal Mine

**STATUS: ON HOLD**

**FORT NELSON**

Cabin Gas Plant

**TUMBLER RIDGE**

Quintette Coal Mine

**TUMBLER RIDGE AREA**

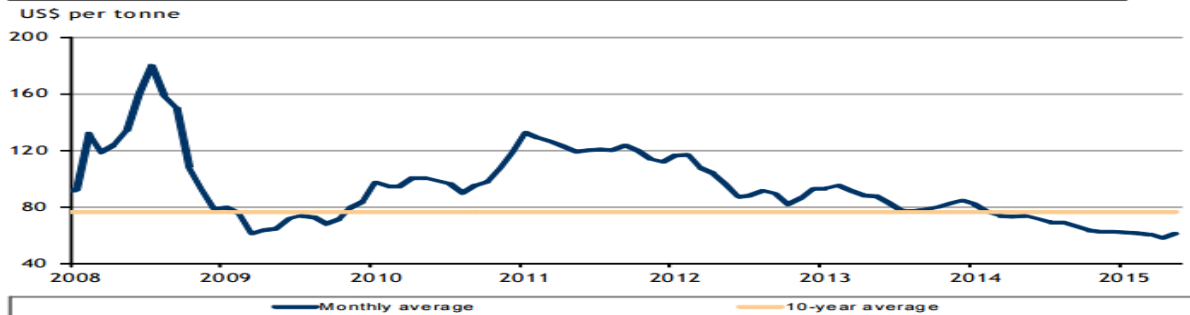
Horizon Coal Mine Project



The following charts illustrate commodity pricing that impact the economy of northeastern British Columbia as of June 2015.

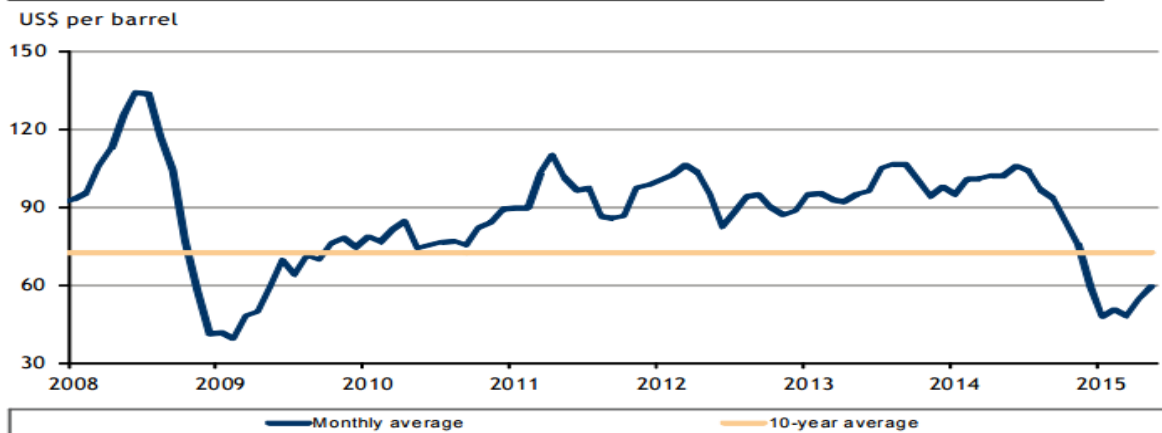
## Energy products

### Coal



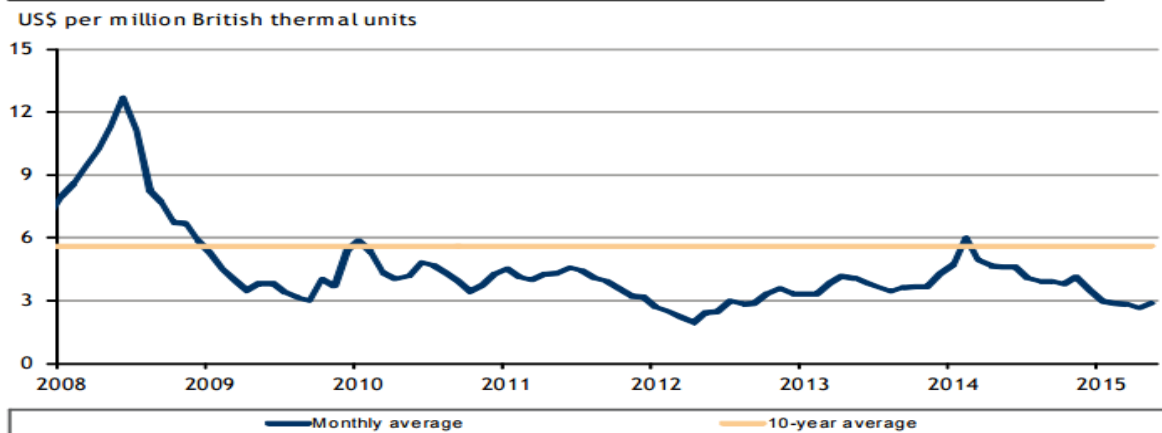
Source: Haver Analytics, RBC Economics Research

### Crude oil (WTI)



Source: Haver Analytics, RBC Economics Research

### Natural gas



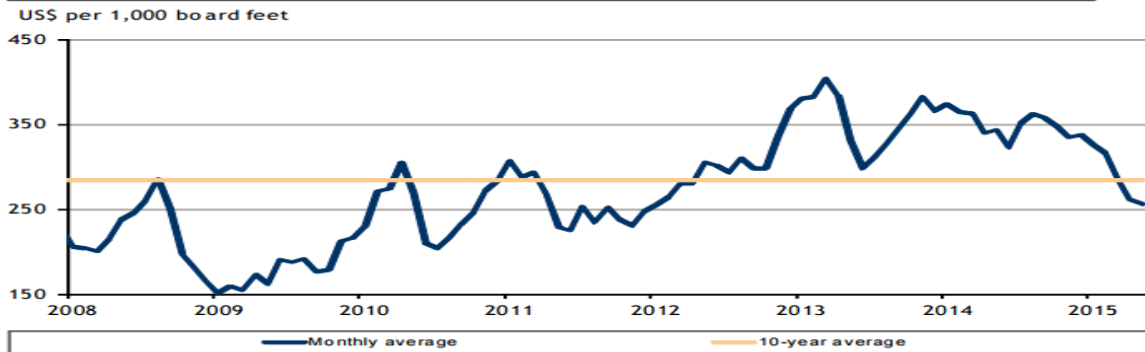
Source: Haver Analytics, RBC Economics Research

Source: <http://www.rbc.com/economics/economic-reports/pdf/other-reports/cpm.pdf> June 2015



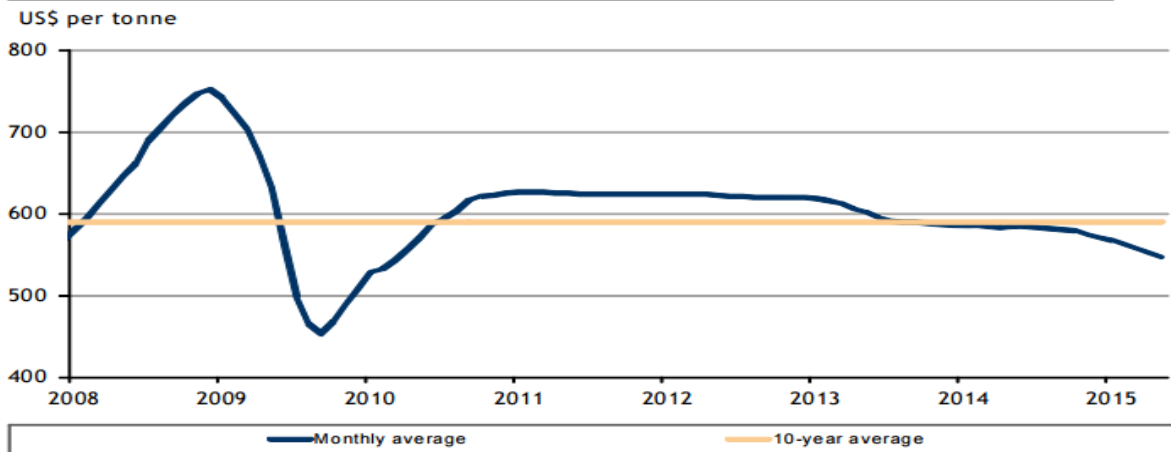
## Forest products

### Lumber



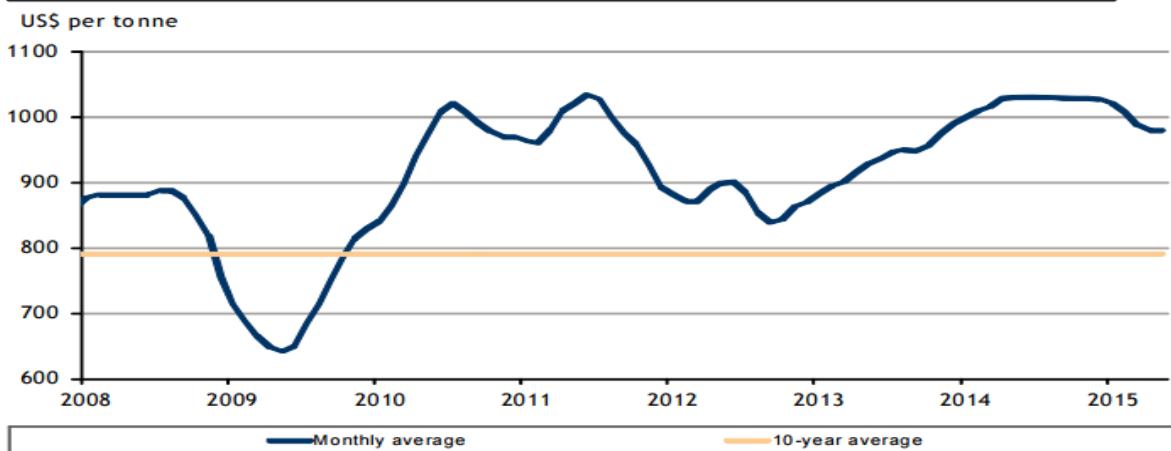
Source: Haver Analytics, RBC Economics Research

### Newsprint



Source: Bloomberg, RBC Economics Research

### Pulp



Source: Bloomberg, RBC Economics Research

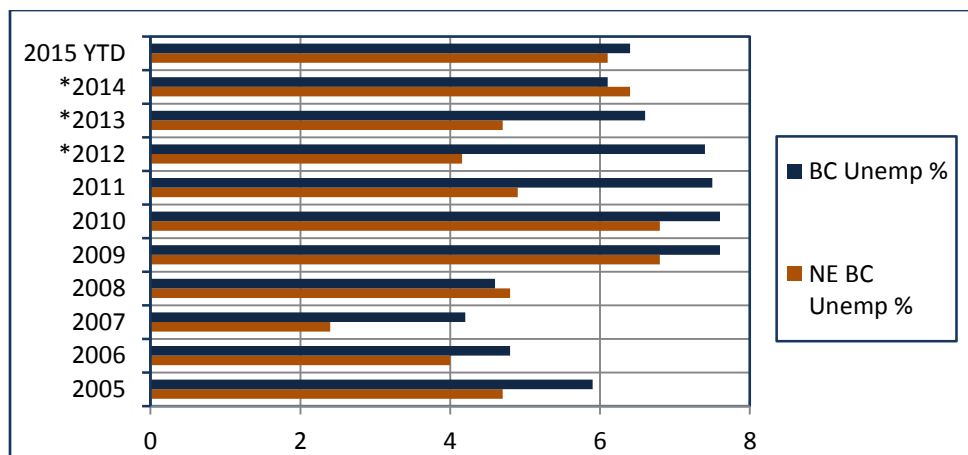
Source: <http://www.rbc.com/economics/economic-reports/pdf/other-reports/cpm.pdf> June 2015

## LABOUR FORCE

The BC Unemployment rate for May 2015 was 6.4%, significantly higher than the rate of 4.9% reported in Northeastern BC. The figures for October, November, December and January in Northeastern BC were unavailable, however there is indication of a labour shortage in the Fort St. John area, while at the same time job lay-offs in the Tumbler Ridge and Fort Nelson areas. The BC rate is slightly up from the rate for December 2014. July and August 2014 show significant declines in the rate for Northeastern BC from 6.3% in June and 8% in May 2014. In the first few months of 2014 the Northeastern BC rate increased as a result of large layoffs due to mine closures in the Tumbler Ridge area.

Many petroleum based projects are on hold awaiting investor commitment.

The following table illustrates the unemployment statistics for NE BC and BC as a whole.



Source: <http://www.bcstats.gov.bc.ca/StatisticsBySubject/LabourIncome/EmploymentUnemployment.aspx>

\*Labour statistics were not reported in Northeastern BC for the final 3 months of 2012, 2013 and 2014 due to labour shortages.

The overall trend for unemployment rates in Northeast BC continues to show an increasing trend over rates experienced over the last four years. There are pockets of unemployment in the northeast as a result of mining closures as well as slowdown in the oil and gas industry. The Northeast is projected to have the highest overall growth in demand for workers in the Province. The increased job creation is expected with construction of large projects like the Site C Dam and continued growth of the LNG sector resulting in high demand for skilled trade people. There has been a greater spring layoff in the oil and gas sector as large companies adjust to the low commodity pricing. This increase is expected to be offset by the increase labour required for the construction of the Site C Dam.

## REAL ESTATE SUMMARY

Fort St. John's major economic base is oil and gas with additional support generated from the forestry, agriculture, hydroelectric generation and mining industries in the area. The trends in the oil and gas industry directly impact the local real estate market in general. The BC Hydro Site C Hydro-Electric dam project was recently announced and is expected to create an increase in housing demand. The project has commenced construction.

The region has experienced several years of rapid expansion in the oil and gas industry. The first half of the 2012 season was very busy with a temporary decline experienced for the 2012/2013 season in the oil and gas industry as a result of the uncertainty at provincial election time. Favorable election results showed a rapid increase in local construction projects in support of anticipated rapid growth in the region.

As the Liquid Natural Gas (LNG) market starts to grow in the Asian markets the trend is expected to increase. The 2014 real estate market has exhibited signs of a declining inventory when correlated with increased building permits. Average sale prices are increasing while marketing periods are declining which indicates a declining inventory. Housing starts are increasing rapidly and are significantly higher than 2011 thru 2013 with numerous multi-family projects under development at this time (see following tables) There is evidence of four new subdivisions under development in the City of Fort St. John for a total of 6 subdivisions under various levels of development. Building permits were down during the first quarter of 2013 as a result to reduced optimism prior to the provincial election. There was a noted significant increase immediately following election results considered favourable for this region. There has been a significant increase in construction in the City for 2014. Early indications show 2015 has had a slight decline in MLS sales while residential building permits continue to remain on par with 2014. Commercial and industrial permits have surpassed previous years to date.

Recent record breaking Crown Petroleum and Natural Gas Public Tender auctions in November 2014 government earned \$209 million in the Crown Petroleum and Natural Gas Public Tender Auctions. This was at prices higher than any year except 2008. This can be correlated into confirmation of confidence in the oil and gas sector which is a huge economic driver to the region. Unfortunately a global oil price drop has the region watching what the international petroleum players will plan for 2015. At this point there is significant uncertainty in the region.

The following charts illustrate the activity in the Fort St. John real estate market over the past several years:

#### NORTHEASTERN BRITISH COLUMBIA BUILDING PERMITS \$'000

Location	2007	2008	2009	2010	2011	2012	2013	2014
Peace River RD	163,740	148,859	92,977	139,131	167,876	162,601	208,968	260,277
Chetwynd, DM	4,958	8,232	2,705	5,020	6,775	5,360	2,177	13,534
Dawson Creek, C	39,904	28,440	33,189	58,659	48,940	35,846	48,040	56,713
Fort St. John, C	86,302	86,518	30,318	45,655	71,270	63,329	115,781	162,092
Peace River-Liard, RDR	22,051	16,123	19,687	16,377	30,383	42,431	36,704	18,111
Pouce Coupe, VL	4,584	795	2,457	2,033	2,818	2,801	1,646	1,895
Taylor, DM	1,541	1,487	1,497	3,382	594	3,140	1,739	5,374
Tumbler Ridge, DM	4,400	7,264	3,124	8,005	7,096	9,694	2,881	2,558
Northern Rockies			54,223	20,299	27,512	15,258	18,396	5,550
Fort Nelson, T		7,491	140					
Northern Rockies, RM		10772	54223	20,299	27,512	15,258	18,396	5,550

Fort St. John Annual Building Permits				
Year	Residential		Non-Residential	Total
	Number of Units	Value \$'000	Value \$'000	Value \$'000
	Ft St. John	Ft St. John	Ft St. John	Ft St. John
2007	359	46,717	39,585	86,302
2008	105	24,488	62,030	86,518
2009	99	22,096	8,22	30,318
2010	132	33,230	12,425	45,655
2011	138	36,007	302,867	338,874
2012	222	55,445	7,884	63,329
2013	317	79,918	55,736	135,654
2014	530	117,435	39,358	156,793
*2015	124	42,276	15,296	57,572

\*YTD: May 30, 2015

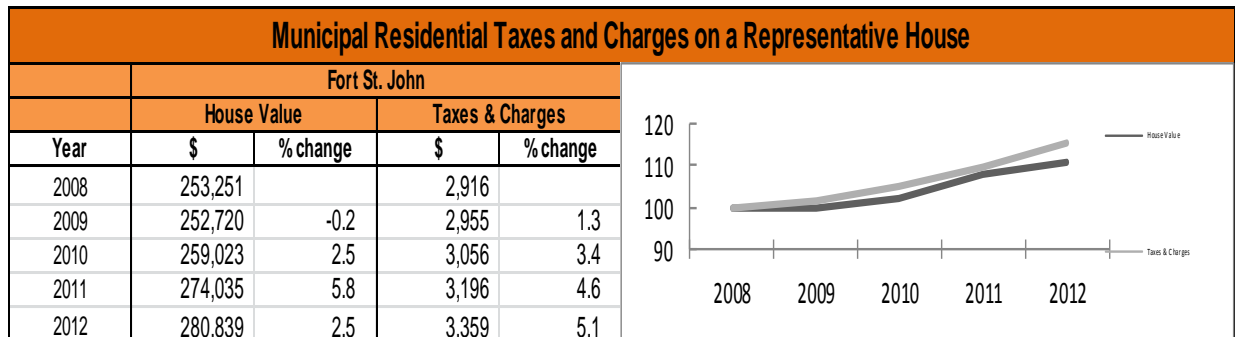
Source: <http://www.bcstats.gov.bc.ca/StatisticsBySubject/Economy/BuildingPermitsHousingStartsandSales.aspx>

2015 Value of Monthly Building Permits					
	Residential			Non Residential	Total
	# of Permits	# of Dwellings	Value \$'000	Value \$'000	Value \$'000
January	9	15	4,378	4,565	8,943
February	20	7	3,768	2,055	5,823
March	31	78	23,616	440	24,056
April	13	15	5,979	5,985	11,964
May	20	9	4,535	2,251	6,786
2015 YTD	112	124	42,276	15,296	57,572

Source: <http://www.fortstjohn.ca/sites/default/files/report/Building%20Report%20-%20May%202015.pdf>

\*YTD May 30, 2015

**TAXES ON A REPRESENTATIVE FORT ST. JOHN HOUSE**



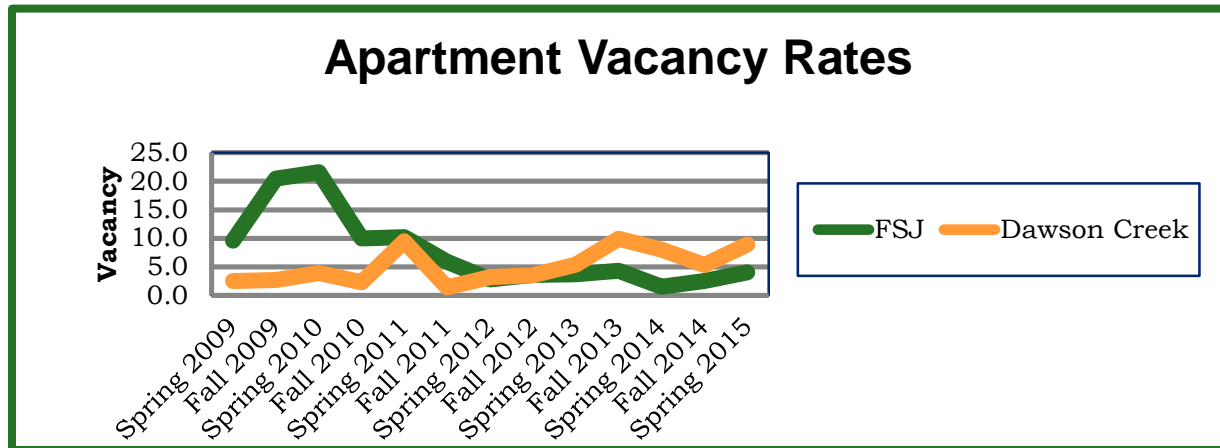
Source: <http://www.bcstats.gov.bc.ca/StatisticsBySubject/SocialStatistics/CommunityFacts.aspx>

**FORT ST. JOHN MLS STATISTICS**

Fort St. John Attached & Detached Residential Listings				
Year	# Sold	Avg. L.P	Avg. S.P.	Avg DOM
2007	679	253,258	246,595	55
2008	684	266,193	258,195	76
2009	567	268,581	259,324	86
2010	625	265,109	256,630	84
2011	652	304,431	296,234	74
2012	654	332,688	324,425	56
2013	712	356,003	347,666	48
2014	765	389,702	381,595	48
2015 YTD*	206	375,899	367,800	56

\*360 Active Listings as of June 1, 2015      \*\*YTD = Jan 1 to June 1

**VACANCY RATES**



Source: <http://www.cmhc-schl.gc.ca>

Vacancy rates have increased slightly from the fall of 2014, as a result of a significant increase in strata-titled units and new apartment buildings in the area in preparation of an anticipated influx of temporary construction workers in support of the Site C Dam construction and anticipated growth in support of LNG industry. Dawson Creek appears to experience large fluctuations, partially as a result of numerous high-density developments as they are absorbed into the market, changing construction projects in the region and impact by resource pricing in the coal, lumber and gas industry.

There is a lot of growth potential due to the abundance of natural resources located in the area and this should trend should translate into strong population growth over the long-term. Net migration is forecast to remain positive which is supported by the aforementioned vacancy data.

**TRANSPORTATION FACILITIES**

The City of Fort St. John is served by road, air and rail transportation. The Alaska Highway is a paved all-weather road and is the major connecting highway in the region. This corridor connects to Highway 97 south, Highway 29 and Highway 2 on to Alberta. A recent announcement confirms that Highway 97 will be twinned from the Alberta Border to Fort St. John. CN Rail provides rail transportation in the region.

Commercial transport is an important part of the economic growth of the north. There are numerous expediting companies with head office or franchise offices located within the community. The service required to support this industry reaches far into the community and includes all services, supplies, cartage storage and delivery, etc. The oil and gas industry is strongly dependant on the commercial transport sector to keep resources moving and exploration active.

### **AIRPORT FACILITIES**

The North Peace Regional Airport is an all-weather facility that provides daily scheduled flights and charters from several airlines. Recent expansions include the addition of 200 new stalls to the parking lot, relocation of the snow storage area and allowed for installation of a new pay parking system. These are just part of a \$4.8 million two-phase airport improvement project that also includes water and sewer upgrades plus the addition of 1-2 more baggage carousels. Northern Development Initiative Trust contributed a \$250,000 grant toward this project.

In June 2013 WestJet launched its regional Encore service between Fort St. John and Vancouver and Air Canada has beefed up flight offerings on this route. Already, the expansion is proving too little to meet the surging demand. The airport is forecast to handle more than 200,000 passengers in 2014, up from an estimated 144,000 in 2013 and 121,000 in 2012.

### **GOVERNMENT PLANNING POLICIES AND SERVICES**

The City of Fort St. John is represented by the elected mayor and six councillors. There is a public school board represented by School District No. 60 as well as the Northern Health Authority. The community has numerous public elementary, junior secondary and one high school as well as a private school serving Grades K to 12. Northern Lights College is a post-secondary regional college that offers certificate and diploma courses as well as provision for university transfer courses and apprenticeship programs for trade's people.

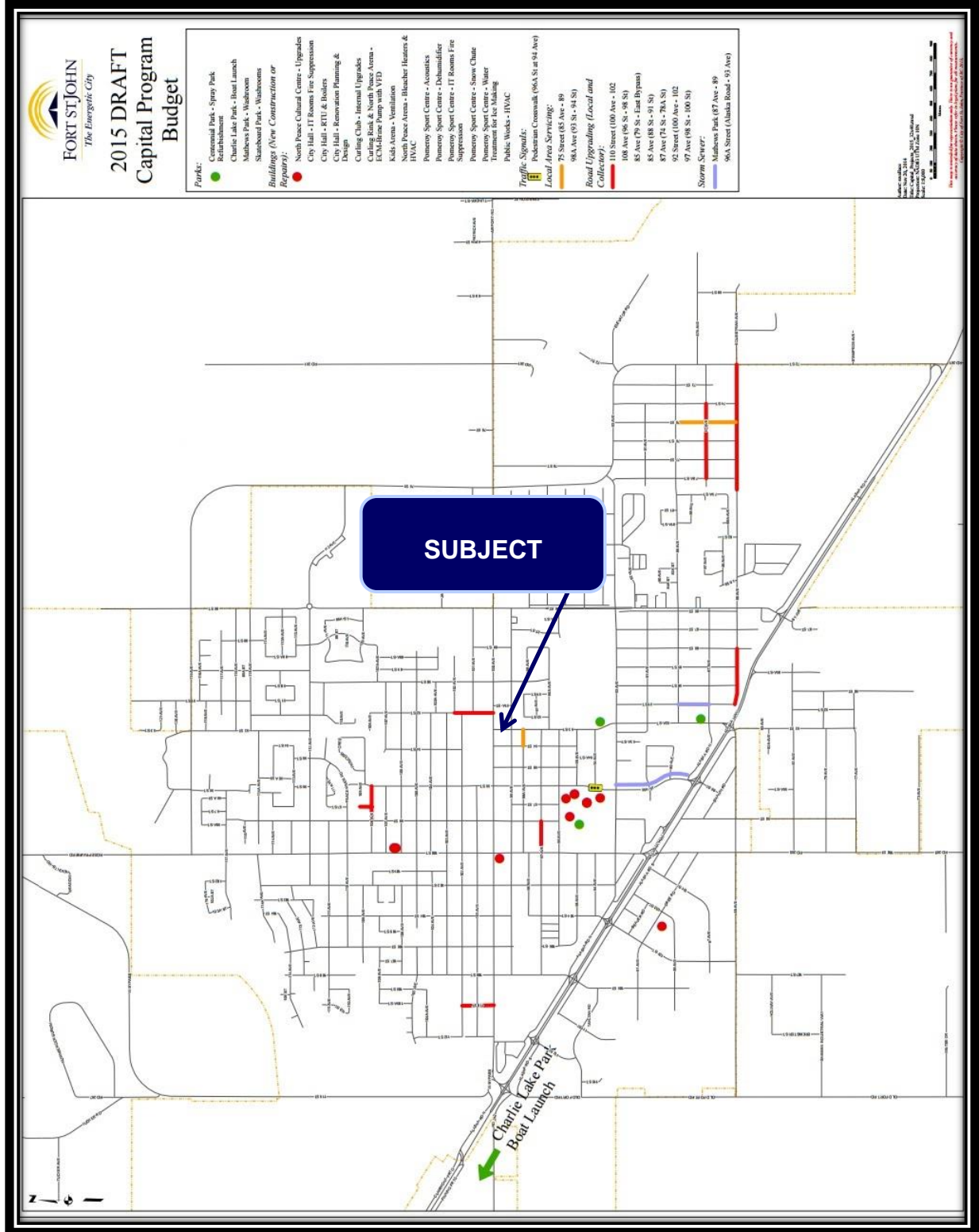
Health services include the Fort St. John Hospital and Health Centre, Fort St. John Mental Health and Addiction Services, North Peace Care Centre, Home Support as well as a broad spectrum of community based and acute care health services. The City has a fully equipped fire department as well as paramedic and ambulance service.

### **CHALLENGES FACING THE CITY**

- Fringe growth is placing additional pressures on City services.
- BC Hydro has purchased over 200 acres adjacent to the City boundaries on 85th Avenue for the purpose of providing fill for the proposed Site C project. Adjacent property owners have expressed concern about the impact of this activity on their properties. The City can only guide the development of these lands if they are in the City.
- Growth in the fringe area is developed to rural standards. The City of Fort St. John has the regulatory tools to ensure development within City boundaries is established to an urban standard.
- Some property owners have petitioned the City to be included within City boundaries.
- The City has recently expanded the boundaries to incorporate larger parcels for future growth.



Figure 2  
CITY OF FORT ST. JOHN MAP



# NEIGHBOURHOOD DATA

## BOUNDARIES AND LOCATION

The downtown core is located in the surrounding areas of 100<sup>th</sup> Street and 100<sup>th</sup> Avenue which are the two main streets running north and south and east and west through the city. The area is developed predominately with retail, office and service commercial type developments. The hospital, police station, city hall, fire hall and government buildings are also located along this corridor.

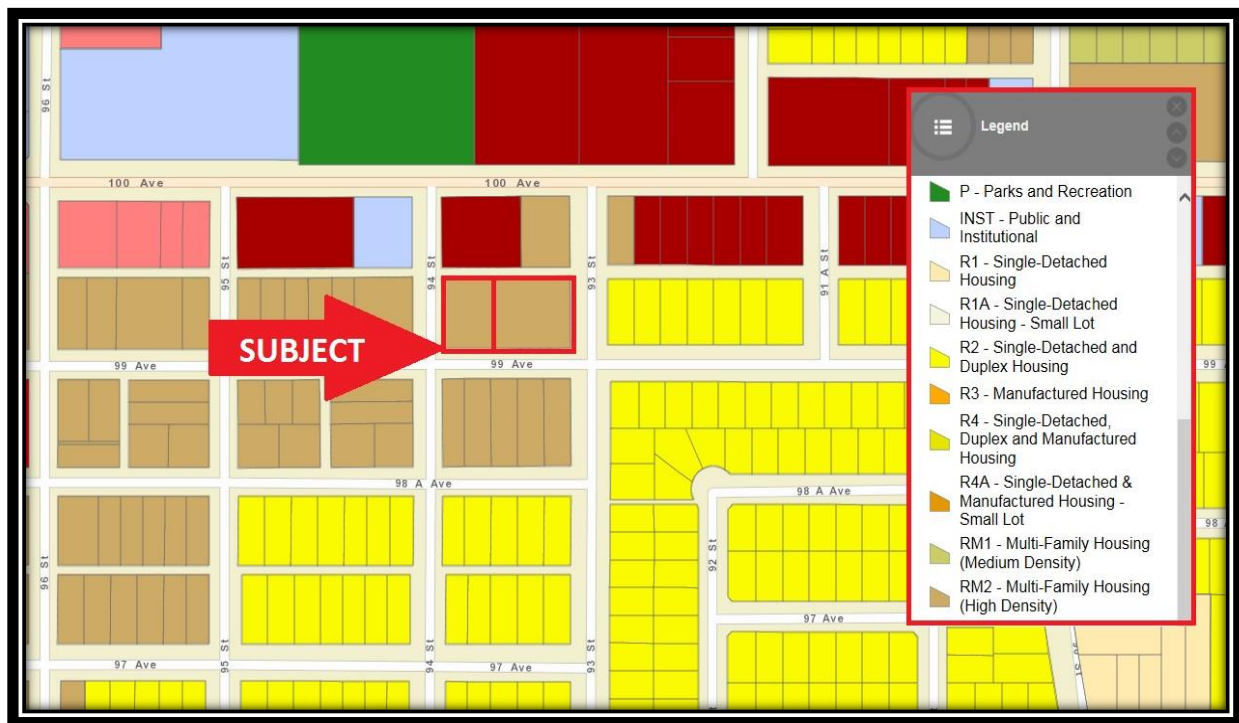
## AGE AND HISTORY

The City of Fort St. John was incorporated in 1975 and the downtown core has been in existence since the late 1940's. The downtown core is approximately 85% developed at the present time and is currently experiencing redevelopment. Some older buildings have been demolished and there are large parcels of land suitable for holding properties for larger scale higher density development.

## LAND USE

Reference is made to the Land-Use Section of this report for the specific details as they pertain to the property being appraised. The subject property is zoned RM-2 (Multi-Family Residential High Density). The purpose of the RM-2 zone is to diversify housing stock by permitting large scale multi-family development up to 125 units per hectare in appropriate locations within the City. In addition to the zoning of the subject property the zoning in the near-by areas include the following:

**Figure 3**  
**ZONING MAP**



## SOURCES OF EMPLOYMENT

The immediate neighbourhood offers employment in the commercial and service industry that include government, health care, schools, retail, clerical, managers, engineers and service industry employment that includes restaurants, service stations, service type developments, hotel and casino.

The area is in close proximity to schools, commercial developments and multi-family residential developments. Fort St. John services a large regional employment base that requires the services of skilled trade's people as well as unskilled labourers. Trades people in the region include welders, electricians, millwrights, mechanics, machinists, plumbers, gasfitters and pipefitters.

## TRANSPORTATION FACILITIES

Most transportation within the downtown core is by automobiles providing courier service. The North Peace Regional Airport is located approximately 7 km east of the subject neighbourhood. Public transportation is supplied by BC Transit and private taxi companies.

There is good access from anywhere in the neighbourhood to the major traffic arteries that include 100<sup>th</sup> Avenue that go on to connect to the Alaska Highway.

## NEIGHBOURHOOD SUMMARY

The immediate area is an older area southeast of the downtown core. Numerous buildings in the area have been demolished and are currently held for future development or in the process of redevelopment. There is evidence of new development of higher density residential, retail and office type structures in the immediate area. The properties that are leased are mostly occupied. There is evidence of minimal vacancy in the area in buildings that are both older and newer, with new tenants available to fill vacancies. In addition there is evidence of commercial type developments being purchased for investment purposes. Higher density residential developments are located on the fringe areas of the downtown core as the developments move from commercial, to higher density residential and then residential developments.

## PROPERTY DATA

### MUNICIPAL ADDRESS

The subject site is situated at 9907 94 Street, Fort St. John, BC. The development will be known as Crosstown Apartments with the municipal address subject to final verification by the City of Fort St. John.

### LEGAL DESCRIPTION

The subject property is comprised of two parcels legally described as Lots 1 & 2, Plan BCP28352, Sec 31-83-18, PID# 026-963-515 & PID# 026-963-523.

### OWNERSHIP HISTORY AND ENCUMBRANCES

#### CURRENT OWNERSHIP

A search of Land Title Certificate numbers CA4428270 and CA4428409 on July 3, 2015 indicate that the property is currently registered in the name 93<sup>rd</sup> Street Apartment FSJ Title Ltd., Inc. No. BC1037316.

#### OWNERSHIP HISTORY

The subject property was registered to the current owner on May 29, 2015.

#### PENDING SALES CONTRACT

Canadian Uniform Standards of Professional Appraisal Practice require the consideration and analysis of any current agreement for sale, option, or listing of the property being appraised, if such information is available in the normal course of business. The two parcels were purchased from two separate owners in the amount of \$1,170,000

#### ENCUMBRANCES

As of the July 3, 2015, there was 1 (one) charge registered against title CA4428270. The charges include the following:

#### Title# CA4428270 - Lot 1 - PID# 026-963-515 - 9907 94 Street:

Charge Number	Charge Type	Registered Owner	Date
BB473896	Mortgage	Canadian Imperial Bank of Commerce	27-Feb-15

It has been assumed that this charge does not negatively impact the

# ASSESSMENT AND PROPERTY TAX INFORMATION

Assessment and property tax information, as provided by the BC Assessment Authority is provided below:

## LOT 1

Tax Report - 9907 94TH Street Record Updated - 06/29/2015								
<b>Jurisdiction</b>	420-FORT ST JOHN - CITY OF			<b>Roll Number</b>	01098250		<b>Property ID</b>	026-963-515
<b>Property Addr</b>	9907 94TH ST							
<b>Municipality</b>	SJ-CITY OF FORT ST JOHN			<b>Board Code</b>	N			
<b>Neighborhood Area</b>	004-S E MULTI/RESID TRANSITION							
<b>Sub Area</b>							<b>More PID's</b>	
<b>Gross Taxes</b>	\$4137.73		(2014)		<b>Water Conn</b>			
<b>Tax Amount Updated - 06/01/15</b>								
Owner Name & Mailing Address Information								
<b>Owner(s) 1 Name &amp; Address</b>				<b>Owner(s) 2 Name &amp; Address</b>				
** NOT AVAILABLE **								
9907 94 ST FORT ST. JOHN BC  V1J 3L2								
Legal Information								
<b>Plan #</b>	<b>Lot</b>	<b>Block</b>	<b>Dist Lot</b>	<b>Land Dist</b>	<b>Section</b>	<b>Township</b>	<b>Range</b>	<b>Meridian</b>
BCP28352	1			44	31	83	18	6
<b>Legal Description</b>	PL BCP28352 LT 1 LD 44 SEC 31 TWP 83 RNG 18 MER 6 Meridian W6.							
Land & Building Information								
<b>Width</b>	154.9		<b>Depth</b>	116.1		<b>Lot Size</b>	FEET	
<b>Land Use</b>						<b>Actual Use</b>	SINGLE FAMILY DWELLING	
<b>BCA Description</b>	1 ST SFD AFTER 1930 STANDARD					<b>Zoning</b>		
<b>BCAA Data Updated - 06/01/15</b>								
Total Value Information								
<b>Actual Totals</b>			<b>Municipal Taxable Totals</b>			<b>School Taxable Totals</b>		
<b>Land</b>	\$149,000		<b>Gross Land</b>	\$149,000		<b>Gross Land</b>	\$149,000	
<b>Improvement</b>	\$323,000		<b>Gross Improve</b>	\$323,000		<b>Gross Improve</b>	\$323,000	
			<b>Exempt Land</b>			<b>Exempt Land</b>		
			<b>Exempt Improve</b>			<b>Exempt Improve</b>		
<b>Actual Total</b>	\$472,000		<b>Municipal Total</b>	\$472,000		<b>School Total</b>	\$472,000	
Sale History Information								
<b>Date</b>	<b>Price</b>		<b>Document #</b>		<b>Type of Sales Transaction</b>			
02/01/2007	\$0		BB462615		REJECT NOT SUITED SALE ANALYSIS			
<b>Tax Detail View</b>	The enclosed information while deemed to be correct is not guaranteed.					<b>07/03/15</b>	<b>12:55 PM</b>	

**LOT2**

Tax Report - 9304 99TH Avenue Record Updated - 06/25/2015								
<b>Jurisdiction</b>	420-FORT ST JOHN - CITY OF	<b>Roll Number</b>	01098500	<b>Property ID</b>	026-963-523			
<b>Property Addr</b>	9304 99TH AV							
<b>Municipality</b>	SJ-CITY OF FORT ST JOHN	<b>Board Code</b>	N					
<b>Neighborhood Area</b>	004-S E MULTI/RESID TRANSITION							
<b>Sub Area</b>				<b>More PID's</b>				
<b>Gross Taxes</b>	\$3422.05	(2014)						
<b>Tax Amount Updated - 06/01/15</b>								
Owner Name & Mailing Address Information								
<b>Owner(s) 1 Name &amp; Address</b>				<b>Owner(s) 2 Name &amp; Address</b>				
** NOT AVAILABLE **								
9903 106 ST FORT ST. JOHN BC  V1J 6N5								
Legal Information								
<b>Plan #</b>	<b>Lot</b>	<b>Block</b>	<b>Dist Lot</b>	<b>Land Dist</b>	<b>Section</b>	<b>Township</b>	<b>Range</b>	<b>Meridian</b>
BCP28352	2			44	31	83	18	6
<b>Legal Description</b>	PL BCP28352 LT 2 LD 44 SEC 31 TWP 83 RNG 18 MER 6 Meridian W6.							
Land & Building Information								
<b>Width</b>	154.9	<b>Depth</b>	171.1	<b>Lot Size</b>	FEET			
<b>Land Use</b>				<b>Actual Use</b>	MULTI FAM VACANT			
<b>BCA Description</b>				<b>Zoning</b>				
<b>BCAA Data Updated - 06/19/15</b>								
Total Value Information								
<b>Actual Totals</b>		<b>Municipal Taxable Totals</b>		<b>School Taxable Totals</b>				
<b>Land</b>	\$494,000	<b>Gross Land</b>	\$494,000	<b>Gross Land</b>	\$494,000			
<b>Improvement</b>	\$0	<b>Gross Improve</b>	\$0	<b>Gross Improve</b>	\$0			
		<b>Exempt Land</b>		<b>Exempt Land</b>				
		<b>Exempt Improve</b>		<b>Exempt Improve</b>				
<b>Actual Total</b>	\$494,000	<b>Municipal Total</b>	\$494,000	<b>School Total</b>	\$494,000			
Sale History Information								
<b>Date</b>	<b>Price</b>	<b>Document #</b>	<b>Type of Sales Transaction</b>					
06/29/2012	\$400,000	CA2631204	VACANT SINGLE PROP CASH TRANSA					
02/01/2007		BB462616	REJECT NOT SUITED SALE ANALYSIS					
<b>Tax Detail View</b>	The enclosed information while deemed to be correct is not guaranteed.					07/03/15	12:53 PM	



## SITE DESCRIPTION

The subject site is comprised of two parcels that include an 1888 sq. ft. existing home that will be redeveloped to accommodate a gym/game room and visitors suite on Lot 1. Lot 2 is currently vacant and undeveloped. These parcels will be amalgamated for development. They are presently zoned RM-2 (Multi-Family Residential High Density) and will be comprised of 1.03 Acres (0.41 Ha.)±. They are located in the southeast downtown sector of the City of Fort St John.

<b>Frontage</b>	This is a rectangular shaped parcel with frontage on 93 <sup>rd</sup> and 94 <sup>th</sup> Street and 99 <sup>th</sup> Avenue
<b>93<sup>rd</sup> and 94<sup>th</sup> Street Frontage</b>	154.92 ft. (47.220 m)±
<b>99<sup>th</sup> Avenue Frontage</b>	287.23 ft. (87.547 m)±
<b>Lane Frontage (north)</b>	290.35 ft. (88.498 m)±
<b>Site Area</b>	1.03 acres (0.41 Ha.)± 44,866.8 sq. ft. (4,100 sq. m.)
<b>Configuration</b>	Rectangular
<b>Land Use Classification</b>	RM-2 (Multi-Family - High Density)
<b>Services</b>	The site will be serviced with municipal water and sewer; Underground hydro services the area; 2 Fire Hydrants will service the property Gas Telephone, internet and cable service will service the property.
<b>Site Improvements</b>	Paved road access Paved parking lot for 37 surface electrified stalls Lawn area, ornamental trees/shrubs Concrete sidewalks Garbage enclosure Play areas Fencing
<b>Adjacent Roadways</b>	Fronts 93 <sup>rd</sup> and 94 <sup>th</sup> Street as well as 99th Avenue The streets are paved with curbs, sidewalks and street lights.
<b>Access</b>	Good access to through streets and all amenities offered by the City of Fort St. John. Both 93 <sup>rd</sup> and 94 <sup>th</sup> Street access to 100 <sup>th</sup> Avenue and onto the Alaska Highway. Ninety-third street is an arterial street servicing the southern portion of the city. The parcel backs onto a gravel laneway.

<b>Topography</b>	The parcel is predominately cleared. Topography is comparatively level to gently sloping.
<b>Soil Conditions</b>	The subject property is predominately cleared and levelled with the exception of the existing dwelling. Although the soil type is not confirmed it is believed to be suitable for many development options. Further investigations would be required to determine any development challenges associated with this soil type. There is evidence of new development in the area, with no reports of design challenges as a result of soil conditions.
<b>Hazardous Waste</b>	<p>A physical inspection for valuation purposes revealed no obvious signs of contamination or toxic materials. However we are not experts in hazardous waste detection.</p> <p>The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including, but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that part is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.</p>
<b>Right of Ways, Easements</b>	There were no registered right-of-ways or easements at the time of the report.
<b>Light and Air</b>	The appraiser is unaware of any adverse effects relating to light or air quality.
<b>Comments</b>	Good access to through streets and all amenities offered by the City of Fort St. John. There are no known adverse influences in the area. The subject property is located in a well-established residential subdivision in the southeast sector of Fort St. John, located within the fringe area of the downtown core. There is evidence of redevelopment of older homes to higher density residential use in the immediate area.

Figure 4  
AERIAL PHOTOGRAPH – CITY VIEW



Figure 5  
AERIAL PHOTOGRAPH – SITE VIEW

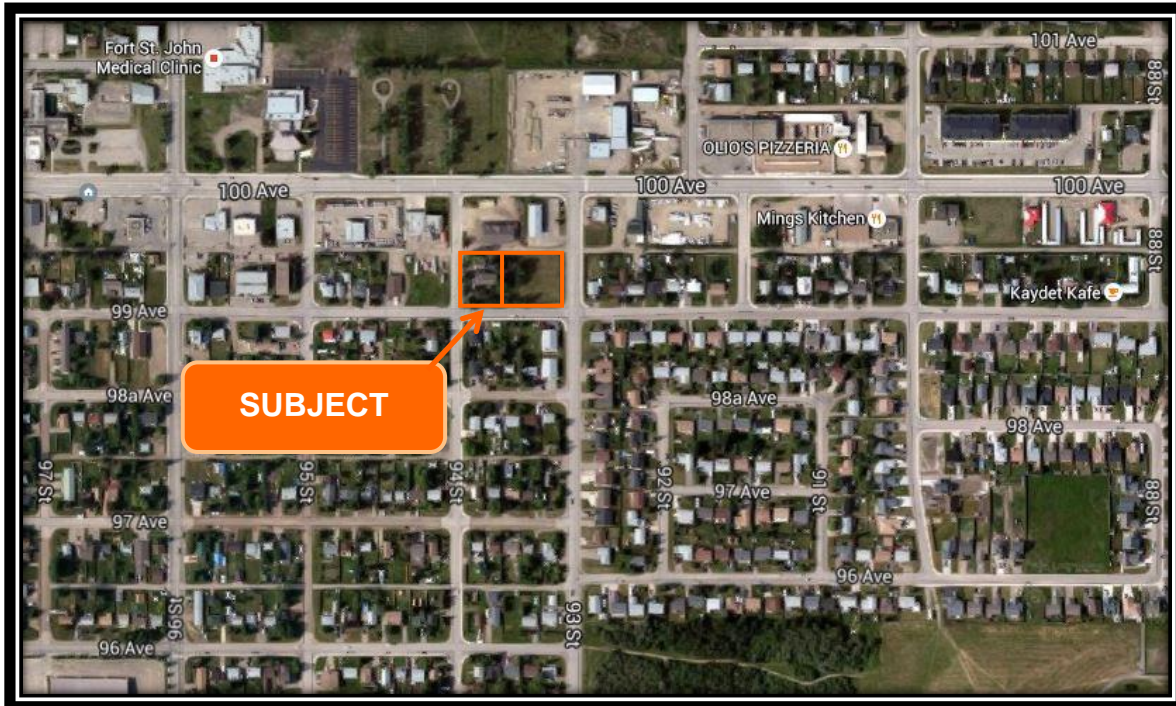
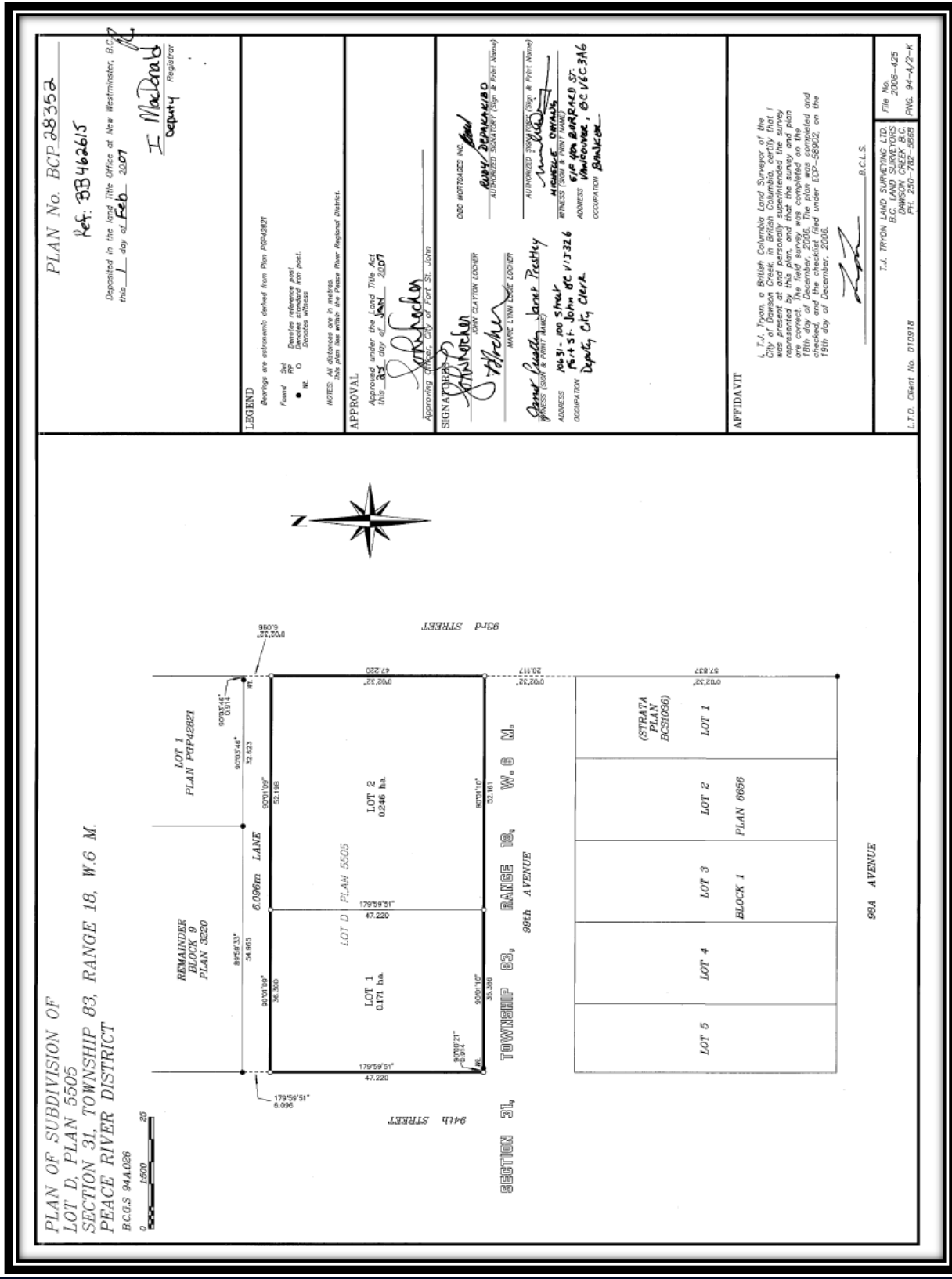


Figure 6  
SURVEY PLAN



Peace Enterprises Ltd.  
Crosstown Apartments 9907 94 Street 11205 105 Avenue, Fort St. John, BC  
Prepared by: Edwina Nearhood, AACI, P. APP







# LAND USE INFORMATION

<b>Location</b>	* The subject property is located within the City of Fort St. John.
<b>Land Use Classification</b>	* According to the current land-use by-law, the subject site is zoned RM-2 (Multi Family - High Density).
<b>Purpose of Land Use</b>	* The general purpose of the RM-2 (Multi Family - High Density) is to allow for higher density residential housing options.
<b>Site Provisions</b>	* For a complete list of permitted and discretionary uses, your attention is directed to a copy of the RM-2 (Multi Family - High Density) land use bylaw included in the Appendix as Exhibit "C" of this report.
<b>Development Regulations</b>	* The subject site has been valued according to RM-2 (Multi Family - High Density) zoning regulations (Please see Extraordinary Assumptions and Limiting Conditions). The following regulatory requirement based on land-use by-law are as follows:
<b>Minimal parcel size for RM-2 Zone for apartment building more than 10.5m (34 ft.) in height</b>	17,976 sq. ft. (1,670 sq. m.)±
<b>Minimum parcel width for RM-2 Zone for Apartment building more than 10.5m (34 ft.) in height</b>	120 ft. (36.5 m.)±
<b>Permitted Density</b>	.4169 x 125 = 52
<b>Site Coverage</b>	28.34%
<b>Off Street Parking Required</b>	63.71
<b>Off Street Parking Provided</b>	37 Surface 27 Underground 64 Total
<b>Future Land Use</b>	* The subject site is located in a developed residential area. As per conversations with the City of Fort St. John, the majority of the land in the immediate area is zoned R-2 (Single-Detached Housing and Duplex Housing) and RM-2 (Multi Family High Density). There is no evidence or known plans of changes to the land use in the area at this time. The existing use is expected to continue in the immediate area.



**Statement of Conformity**

- \* Based on the present vacant status the subject site is in conformity to RM-2 (Multi Family - High Density). The proposed development

**SUMMARY AND CONCLUSION OF SITE**

The subject property is comprised of two parcels with a total area of 1.03 Acres (0.41 Ha.). The proposed subject property will be improved with 1) a 40 (forty) unit 4 (four) storey multi-family apartment building or 2) 40 (forty) individual strata units. The building will have a total of 43,127 sq. ft. (4,006.5 sq. m.)± on 4 (four) levels plus an 10,308 sq. ft. parkade. The proposed building will contain 32 (thirty-two) two bedroom units, including four different layouts, 2 (two) one bedroom units, 1 (one) bachelor unit as well as a parkade developed with 27 stalls. The building will be constructed of wood frame construction. The roof will be an engineered truss system with asphalt shingles. The existing residential development will be redeveloped to accommodate a 1,888 sq. ft. amenity building with guest suite. The development will be in conformity with all regulatory agents and the neighbourhood as it presently exists.

## DESCRIPTION OF IMPROVEMENTS

The site of the proposed 40 unit development is currently zoned RM-2 (Multi Family - High Density) comprising of 1.03 acres (0.4162 ha) in the downtown fringe sector of the City of Fort St John. It will be developed with a 40 unit 43,127 sq ft. (4,006.5 sq.m.) apartment building with a 10,308 sq. ft (957.6 sq.m.) ± underground parkade and 1,888 sq.ft (175.4 sq.m.)± amenity building. The development has been named Crosstown Apartments and will be located at 9907 94<sup>th</sup> Street (civic address subject to city of FSJ approval) in the downtown core area within the City of Fort St. John, BC. The description that follows is based on a review of plans and specifications available at the effective date of this report as well as information supplied by Myron Dirks of Peace Enterprises Ltd.

### TYPE, CLASS, ARCHITECTURAL STYLING

The subject property is comprised of a total area of 1.03 Acres (.42 Ha.)±. A portion of the subject site will be improved with a 40 unit 4 storey apartment building with a 27 stall underground parkade. There will be 32 - 2 bedroom suites, 7 – 1 Bedroom suites and 1 Bachelor suite with various sizes. The building will have a total area of 43,127 sq. ft. (4,006.5 sq. m.)±and have a full concrete parkade below grade. The building will be constructed of wood frame and concrete construction on a full concrete foundation.. The roof will be a truss system with asphalt shingles. The building will be serviced with one elevator. There is an existing 1,888 sq. ft. (175.4 sq. m.)± home that will be redeveloped and utilized as an amenity room and visitor suite.

### AGE & GENERAL CONDITION

The proposed 40 unit building will be new. It will show evidence of average to good quality workmanship and materials throughout. The existing dwelling will be redeveloped and utilized as an amenity room that will have a guest suite and is anticipated to have an effective age of 15 years and will be classified in good condition.

### ACTUAL – EFFECTIVE AGE – ECONOMIC LIFE

Through consultation with the City of Fort St. John Planning and Development department and local developers and contractors as well as reference to cost guide software, the economic life of the individual units is estimated at fifty (50) years. Thus, the effective age of the individual proposed units is estimated at new and the remaining economic life is estimated at fifty (50) years.

The amenity room has a remaining economic life of 35 years and is considered to be in overall good condition.

### SIZE OF TYPICAL UNITS

# Of Units	Type	Bedrooms	sq.ft.	sq.m.
4	A	1	685	63.7
3	A1	1	782	72.7
1	A2	1	372	34.6
12	B	2	949	88.2
4	B1	2	904	84
8	C	2	1023	95
8	C1	2	1110	103.1

**SIZE OF BUILDING PER FLOOR**

Main Floor	10,826 sq. ft. (1,005.7 sq. m.)±
Level 2	10,767 sq. ft. (1,000.3 sq. m.)±
Level 3	10,767 sq. ft. (1,000.3 sq. m.)±
Level 4	10,767 sq. ft. (1,000.3 sq. m.)±

**Total Building Size**                    **43,127 sq. ft. (4,006.6 sq. m.)±**

**Underground Parkade**                    **10,308 sq. ft. (27 stalls in total including 2 handicap accessible stalls)**

**STRUCTURAL DETAIL**

<b>Foundation</b>	Concrete strip footing 10 ft. concrete walls 12 in. concrete ceiling Concrete ramp leading to the underground parkade with a concrete retaining wall and in-slab heater
<b>Floors</b>	1 <sup>st</sup> floor 12 in. concrete slab 2/3/4 <sup>th</sup> Floors TJI (Engineered) ¾" T & G Floor Sheeting glued and screwed 1-1/2" Concrete skim coat
<b>Roof</b>	Plywood on engineered wood trusses Cover will be asphalt shingles with poly insulation (with protection boards and vapour barriers etc.)
<b>Exterior Walls</b>	
<b>Siding</b>	First floor – Cultured rock/Hardi-plank siding Second to Fourth floor – Hardi-plank siding with james hardi architectural shakes
<b>Insulation</b>	R-22 fibreglass
<b>Balconies</b>	
1 <sup>st</sup> level	Concrete suspended slab balcony
2/3/4 <sup>th</sup> levels	Vinyl decking 3/4 "Fir T & G screwed and glued
<b>Interior Walls</b>	Painted drywall All common walls to have sound barrier and insulation

<b>Interior wall height</b>	
<b>Suites Main, Second &amp; Third Level</b>	8 ft. (2.4m.)±
<b>Fourth Level</b>	8 ft. (2.4m.)±
<b>Common Area</b>	8 ft. (2.4m.)±
<b>Ceiling</b>	
<b>Suites</b>	Textured drywall
<b>Common Area</b>	Combination of painted and textured drywall
<b>Electrical</b>	
	Individual meters for each unit
	Emergency lighting/signs on battery packs
	Block heater receptacles to parking stalls
	3 phase power with onsite transformer
<b>HVAC</b>	
<b>Suites</b>	Baseboard heaters with individual HRV in each unit
<b>Common Area</b>	Forced air, pressurized hallways Boiler for parkade ramp
<b>Units Finish</b>	
	Typical residential finish dependent on the floor plan of each unit
<b>Lighting</b>	
	Residential grade
<b>Finish Flooring</b>	
	Living and Dining: Laminate
	Kitchen and Bath: Tile
	Bedrooms: laminate
	Corridors: Glue down carpet (commercial grade)
	Lobbies: Tile
<b>Windows</b>	
	PVC dual pane with grills
<b>Doors</b>	
	Exterior balcony: Steel clad with interior blinds
	Exterior main entry: Double doors with vestibule
	Exterior exit doors: Steel frame, fire rated
	Main suite doors: Fire rated wood doors
	Interior passage doors: Craftsman, hollow core doors
<b>Plumbing</b>	
	Kitchen: Sink, dishwasher
	Bath: a mixture of 1 and 2 bathroom units
	Fire suppression system throughout
<b>Bathroom Finish</b>	
	1 (one) main bathroom – tub, sink and toilet
	1 en-suite bathroom (only in some units) – tub, sink, and toilet

<b>Kitchen</b>	<p>Cabinets/Countertops: Birch plywood cabinets, moulded laminate countertops with double stainless steel sink and plumbed for dishwasher</p> <p>Appliances: Fridge, Stove, Washer, Dryer, Dishwasher and Range Microwave</p>
<b>Interior Finishes</b>	Painted drywall typical
<b>Window Coverings</b>	White Faux 2"
<b>Mirrors</b>	1 in each bathroom
<b>Elevator</b>	5 Stop elevator
<b>Site Improvements</b>	<p>Paved road access</p> <p>Concrete or paved driveways</p> <p>Lawn area</p> <p>Ornamental trees/shrubs</p> <p>paved pathways</p> <p>Play Ground</p>
<b>Typical suite finish</b>	Laminate and tiled floors, 4 in. baseboard, 3 in. door and window casing, taymor door levers, wire shelves in closets, bathroom towels bars and toilet paper holders
<b>Amenity building</b>	<p>This is an existing 1,888 sq. ft. (175.4 sq.m.)± partial basement residential home that will be incorporated as an amenity building developed with two bedrooms, two full baths and laundry area. It will accommodate a games room, gym and guest suite. It has 200 amp electrical service, a newer FHANG furnace, newer windows, siding, doors, etc. This building is an older home that has had extensive renovations and updates. Flooring is engineered hardwood or slate. Walls are drywall. The kitchen has new quality cabinets, counter tops, etc. The 4 piece ensuite has a custom slate shower. The building will be renovated to incorporate a Games Room, Gym Area and maintain the kitchen with a guest suite. The reader's attention is directed to the extraordinary assumptions and limiting conditions earlier in this report.</p>

**Comments:** The unit numbering has been selected for illustration purposes only as indicated on Page 49 of this report. The following table on Page 54 will summarize additional amenities and features details of the typical units:

Figure 8  
PROPOSED UNIT NUMBER MAIN FLOOR PLAN

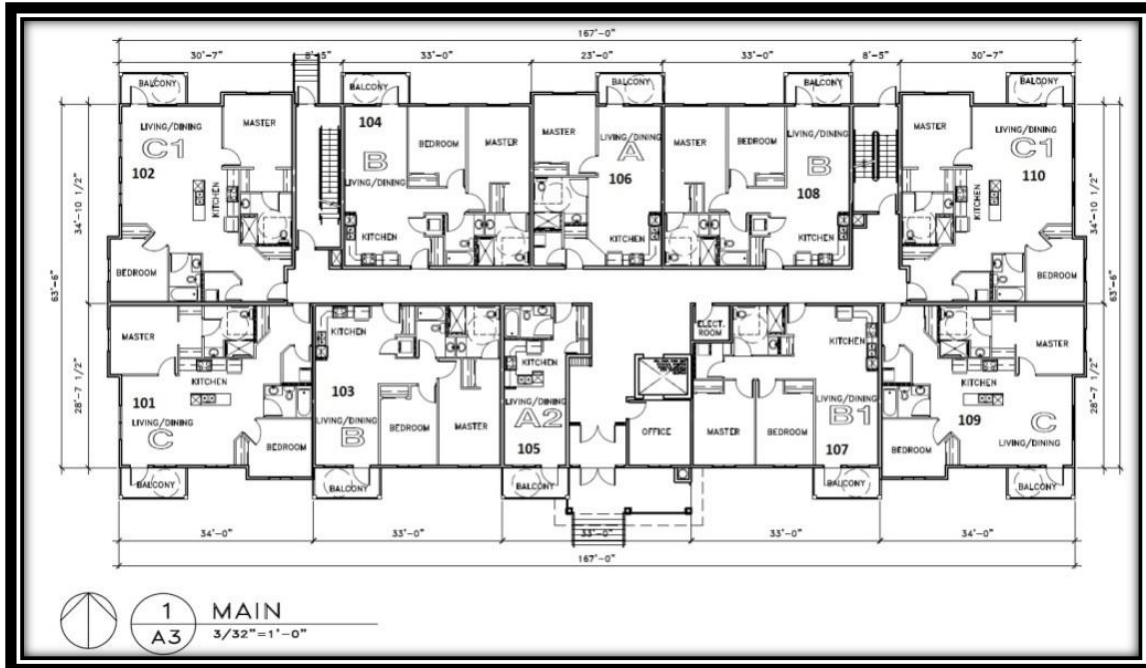


Figure 9  
PROPOSED UNIT NUMBER FOR TYPICAL FLOOR PLANS

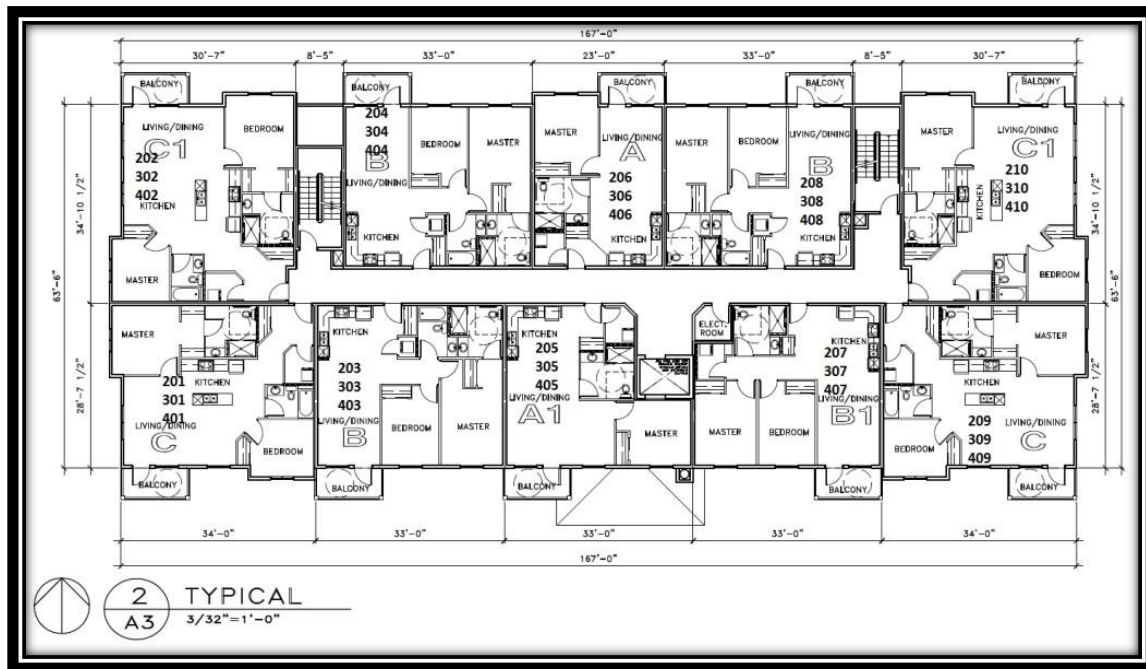




Figure 10  
1 BEDROOM TYPE A

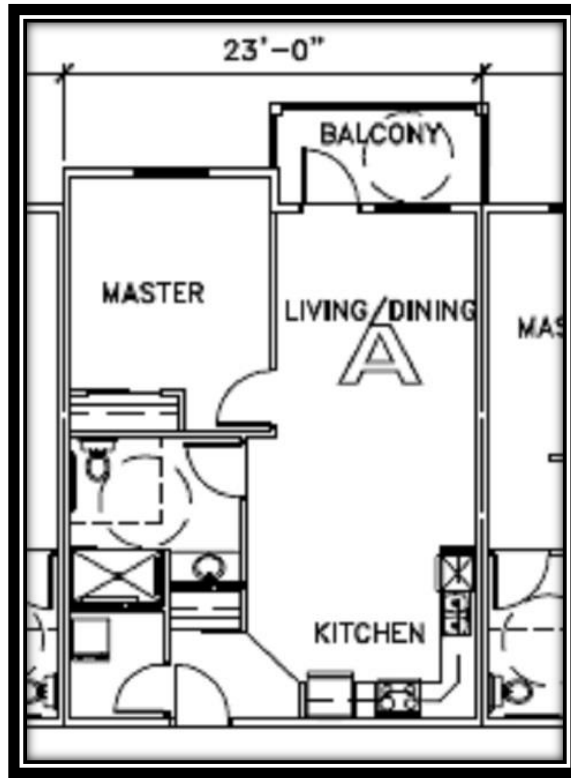


Figure 11  
1 BEDROOM TYPE A 1

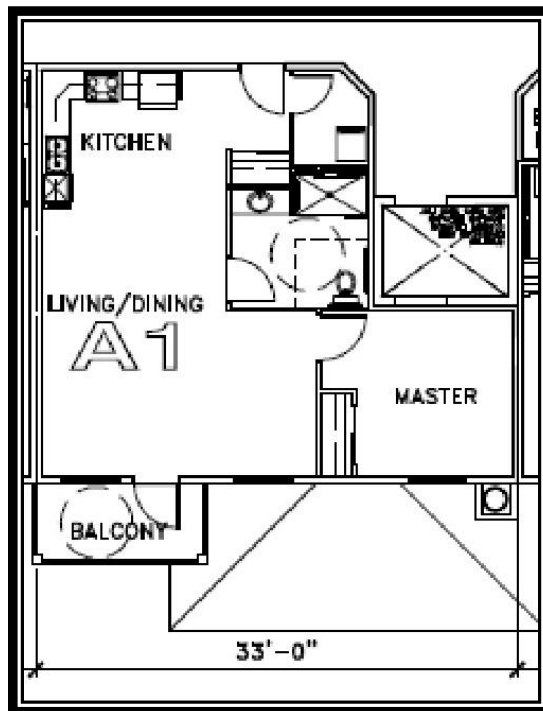


Figure 12  
1 BEDROOM TYPE A-2

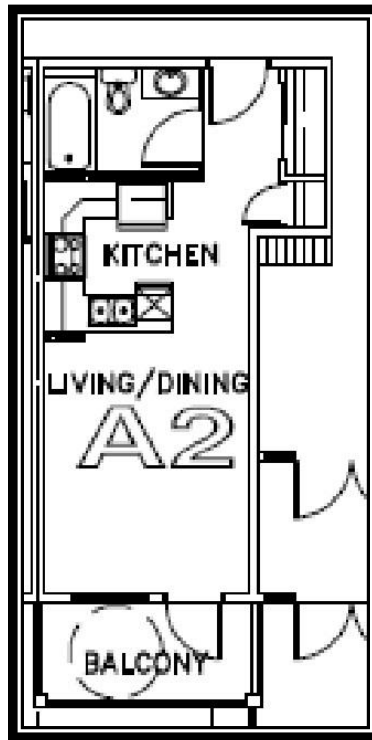


Figure 13  
2 BEDROOM TYPE B

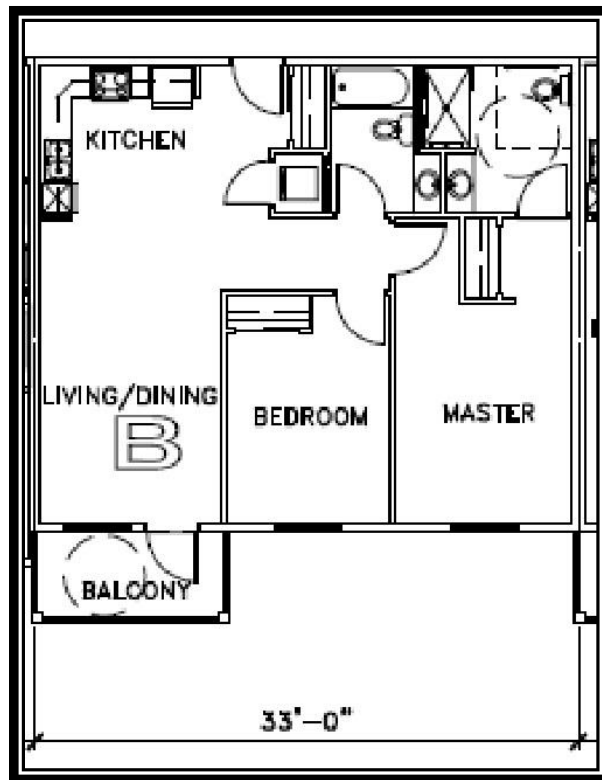


Figure 14  
2 BEDROOM TYPE B1

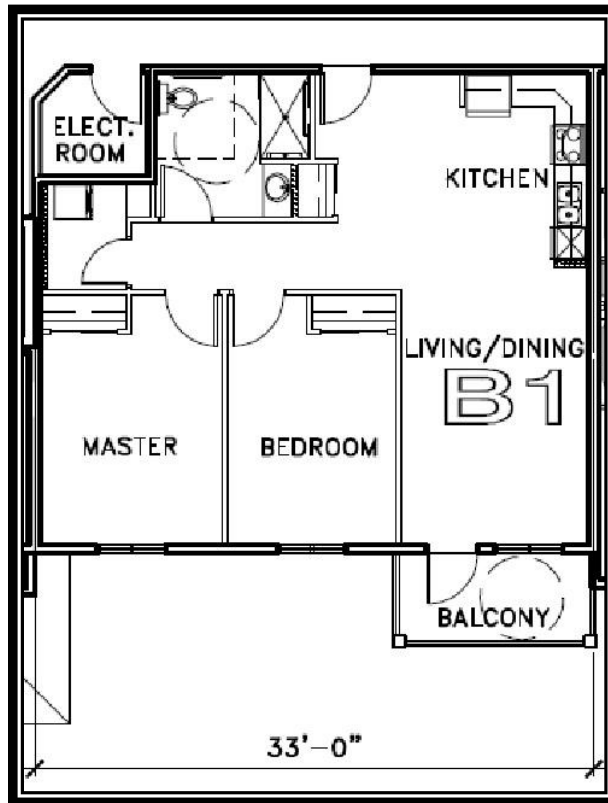


Figure 15  
2 BEDROOM TYPE C

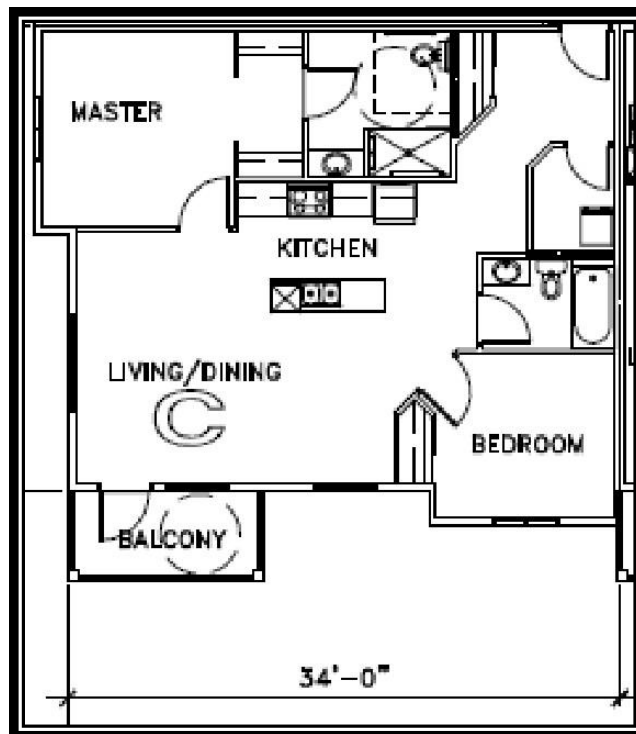


Figure 16  
2 BEDROOM TYPE C1

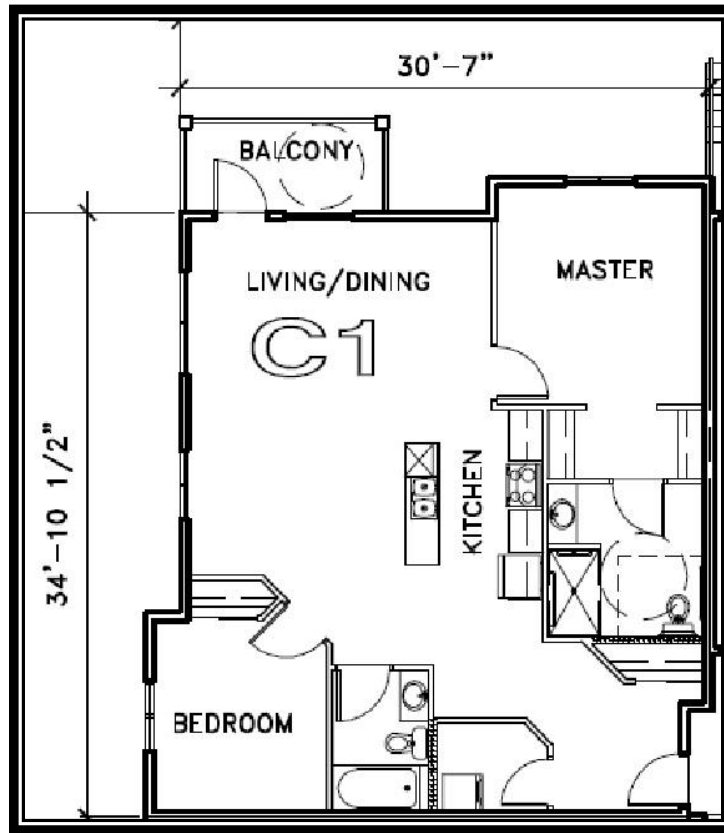
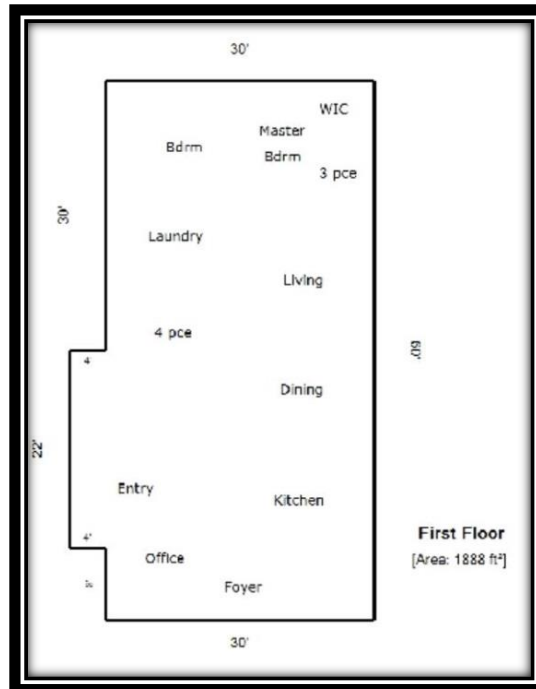


Figure 17  
AMENITY BUILDING MAIN LEVEL (CURRENT CONFIGURATION)



**Table 1  
INDIVIDUAL UNIT BREAKDOWN**

Proposed Unit #	Suite Type	Bedrooms	Baths	Exposure	Floor Level	Parking Stalls	Size sq.ft.	Size sq.m.
101	C	2	2	SW	1	1 S/S 1 U/G	1,023	103.1
102	C1	2	2	NW	1	1 S/S 1 U/G	1,110	103.1
103	B	2	2	S	1	1 S/S	949	88.2
104	B	2	2	N	1	1 U/G	949	88.2
<b>105</b>	<b>A2</b>	<b>Batchelor</b>	<b>1</b>	<b>S</b>	<b>1</b>	<b>1 S/S</b>	<b>372</b>	<b>34.6</b>
<b>106</b>	<b>A</b>	<b>1</b>	<b>1</b>	<b>N</b>	<b>1</b>	<b>1 S/S</b>	<b>685</b>	<b>63.7</b>
107	B1	2	2	S	1	1 S/S	904	84
108	B	2	2	N	1	1 U/G	949	88.2
109	C	2	2	SE	1	1 S/S 1 U/G	1,023	95.0
110	C1	2	2	NE	1	1 S/S 1 U/G	1,110	103.1
201	C	2	2	SW	2	1 S/S 1 U/G	1,023	103.1
202	C1	2	2	NW	2	1 S/S 1 U/G	1,110	103.1
203	B	2	2	S	2	1 U/G	949	88.2
204	B	2	2	N	2	1 U/G	949	88.2
205	A1	1	1	S	2	1 S/S	782	72.7
206	A	1	1	N	2	1 S/S	685	63.7
207	B1	2	2	S	2	1 S/S	904	84
208	B	2	2	N	2	1 S/S 1 U/G	949	88.2
209	C	2	2	SE	2	1 S/S 1 U/G	1,023	95.0
210	C1	2	2	NE	2	1 S/S 1 U/G	1,110	103.1
301	C	2	2	SW	3	1 S/S 1 U/G	1,023	103.1
302	C1	2	2	NW	3	1 S/S 1 U/G	1,110	103.1
<b>303</b>	<b>B</b>	<b>2</b>	<b>2</b>	<b>S</b>	<b>3</b>	<b>1 S/S 1 U/G</b>	<b>949</b>	<b>88.2</b>
304	B	2	2	N	3	1 S/S 1 U/G	949	88.2
305	A1	1	1	S	3	1 S/S	782	72.7
306	A	1	1	N	3	1 S/S	685	63.7
307	B1	2	2	S	3	1 S/S	904	84
308	B	2	2	N	3	1 S/S 1 U/G	949	88.2
309	C	2	2	SE	3	1 S/S 1 U/G	1,023	95.0
310	C1	2	2	NE	3	1 S/S 1 U/G	1,110	103.1
401	C	2	2	SW	4	1 S/S 1 U/G	1,023	103.1
402	C1	2	2	NW	4	1 S/S 1 U/G	1,110	103.1
403	B	2	2	S	4	1 S/S 1 U/G	949	88.2
404	B	2	2	N	4	1 S/S 1 U/G	949	88.2
405	A1	1	1	S	4	1 S/S	782	72.7
406	A	1	1	N	4	1 S/S	685	63.7
407	B1	2	2	S	4	1 S/S	904	84
408	B	2	2	N	4	1 S/S 1 U/G	949	88.2
<b>409</b>	<b>C</b>	<b>2</b>	<b>2</b>	<b>SE</b>	<b>4</b>	<b>1 S/S 1 U/G</b>	<b>1,023</b>	<b>95.0</b>
410	C1	2	2	NE	4	1 S/S 1 U/G	1,110	103.1

# HIGHEST AND BEST USE

## Theory and Principle of Highest and Best Use

The concept of Highest and Best Use is based on the principle of fundamental human nature, that one will attempt to use any given commodity to its most productive and profitable use, to optimize the benefits of the use of the asset.

Due to its characteristic as a concept, there is no absolutely correct, complete and appropriate definition for it. Therefore, there exist several widely accepted definitions for Highest and Best Use as it relates to the valuation of real property. One that is widely recognized today is found in *“The Appraisal of Real Estate”, Second Canadian Edition, 2005*. It reads as follows:

***“The reasonably probable and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value”.***

In addition to being reasonably probable, the Highest and Best Use of both the land as though vacant and the property as improved must meet four criteria. The Highest and Best Use must be:

1. *Physically possible.*
2. *Legally permissible.*
3. *Financially feasible.*
4. *Maximally productive.*

## Physically Possible Use

In order for a use to be considered the highest and best use, the first test it must withstand is that of physical possibility. The shape and size of the site, soil bearing capacity and topography are essential concerns. In addition, the infrastructure of the neighborhood, such as water, sewer, gas and hydro must support the use. Other important factors are location and access/egress.

## Legally Permissible Use

Ideally, the use should conform to all zoning restrictions, land use regulations (OCP), and to any restrictions placed upon the title. Any pollution or environmental restrictions that may be in effect must also be considered. It must be recognized that the legal use is not necessarily absolute, due to the fact that zoning bylaws may amend other land use controls such as the Official Community Plan.

## Financially Feasible Use

The highest and best use of a site must be financially feasible. Each alternative use must be evaluated in terms of its financial feasibility. There are two steps used to determine financially feasible uses:

1. *Marketability*
2. *Financial analysis*

## Marketability

In order for a use to be considered the highest and best use, a market must exist for that use. There must be a demand for the use being considered. Such data as demographic statistics, vacancy rates and absorption rates must be analyzed, in addition to the planned and proposed developments in a particular area.



## Financial Analysis

Data for a financial analysis such as income and expense statements, vacancy rates, construction period, construction costs, lease-up period, etc., must be gathered. The income must be projected to occur over a finite investment horizon, and discounted using an appropriate rate to show the Net Present Value (NPV) in terms of current dollars. The use that shows the highest NPV of the subject site is normally the highest and best use.

## Maximum Productive Use

Highest and Best Use is said to equate to most profitable use in the context of investment value. When analyzing property as an investment, such as a multi-family property, the investor's view, the highest and best use is synonymous with most profitable use.

Central to the concept of Highest and Best Use are the Principles of Supply and Demand. It is the market that determines the price of a particular commodity, based upon the demand for and the supply of that commodity. When the demand for a particular commodity increases, so does the unit price of that commodity. The increase in price inevitably results in more supply, which pushes the unit price down. The point at which the demand for and the supply of a product intersect, its known as market equilibrium. At this point, any increase in supply results in lower per unit price, and any decrease in supply results in higher per unit price. For a highest and best use analysis, the principles of supply and demand will determine those uses that are financially feasible as well as which use is the most maximally productive.

***Within any Highest and Best Use analysis, two separate conclusions are usually derived:***

- 1. The Highest and Best Use of the land as if it was vacant.***
- 2. The Highest and Best Use of the property as improved.***

## Highest and Best Use of Land as Though Vacant

For an improved site, the contributory nature of the improvements must be evaluated in relation to the Highest and Best Use of the site as if it were vacant. This relates to the optimal use that can be made of the property with consideration given to the existing improvements. Specifically, this pertains to the use that should be made of an improved property in light of the ***existing improvements*** and the ***ideal improvements*** as concluded in the analysis of Highest and Best Use "as though vacant".

The Highest and Best Use "as improved" may involve renovation or rehabilitation, expansion, adaptation or conversion to another use, partial or total demolition, or some combination of these alternatives.

**In determining the Highest and Best Use for the subject property, the following factors were taken into consideration:**

### Location

The subject property is located in the southeast sector of the City of Fort St. John, with access gained via 93 Street, 94 Street and 99 Avenue. Ninety-third street is an arterial street. This parcel has lane access to the north. Good access, exposure and proximity to downtown, schools, bus routes and shopping.

### Land Area and Site Characteristics

The subject property is comprised of 1.03 Acres (0.41 Ha.)± . The subject site is a proposed multi-family residential development that will be locally known as Crosstown Apartments. The site will have the following characteristics:

SITE CHARACTERISTICS	SUBJECT
Address	9907 94 Street
Legal Description	Lots 1 & 2, Plan BCP 28352
Site Area (sq. ft.)	44,867 sq. ft.
Site Area (Sq.m.)	4,100
Site Area (Acres)	1.03
Site Area (Ha)	0.41
Building Area Main	10,826 sq. ft.
Building Area Typical	10,767 sq. ft. x 3
Total Building Area	43,127 sq. ft.
Parkade	10,308 sq. ft.
Permitted Density	52
Site Coverage	28.34%
F.A.R.	1.003
Required Amenity Area	1.323 sq.m.
Required Amenity Area Enhanced Landscaped	661.5 sq.m.
Amenity area provided	662 sq.m.
Parking Required	63.71
Parking Provided Surface	37 Surface
Parking Provided Underground	27

### Soil Capability

A geotechnical study has not been reviewed. It is assumed that there are no development or soil challenges associated with construction on this site based on the construction of similar properties in the immediate area.

### Applicable Zoning

The size/configuration of the site allows for numerous development options based on land-use regulations that include the proposed development. The subject property is zoned RM-2 (Multi-Family High Density).

### Improvements Present

At the date of inspection there was one existing structure that was a single family residence. The client has indicated that this building will be renovated to be utilized as an amenity area with a visitor's suite.

### Supply and Demand

There is presently strong demand for residential development in the City of Fort St. John, while the supply of this property type is relatively low. Vacancy rates are currently at 4% according to the most recent CMHC data. Vacancy rates reported by local property management indicate 5 to 8%. The construction of the Site C Hydro Dam has commenced and there is preliminary planning in place in support of the anticipated rapid growth supporting the LNG industry. There are currently close to 300 multi-family units that have recently been developed or currently under development in the area with anticipation of long-term absorption for both tenant and owner occupancy. In addition there is an anticipation of an additional 300 strata units approved for phased development as needed.

**Marketability**

- The subject property is well located within a residential area; good access and egress.
- Few competing units available or under development offer similar quality and amenities:
- The building will offer tenant occupancy
- Individual metered utilities and water
- Low building maintenance cost offers good income investment opportunity
- Suite mix would appeal to more stable occupants
- Building amenities include elevator, gym/ game / guest suite amenity building, underground parkade accommodating 27 spaces.
- Exterior amenity space

**Maximum Productivity**

The proposed development as a **40 unit strata-titled** building would generate the maximum productivity.

The proposed development as a **leased fee** building would offer long-term investment productivity.

Both options offer opportunity based on the clients individual objectives.

**HIGHEST AND BEST USE CONCLUSION**

***The Highest and Best Use of the subject site as-if vacant, is one of the conforming developments as outlined in the permitted uses of the RM-2 Zoning Bylaw, similar to the proposed development for the subject site.***

**The Ideal Improvement**

***In reference to the Principle of Conformity and the current zoning designation, the nature of the subject neighborhood and the current level of market supply and demand, the most likely development would entail a strata-titled multi-family residential development or leased-fee multi-family apartment for long-term investment income.***

# APPROACHES TO MARKET VALUE

## VALUATION METHODOLOGY

It is generally accepted appraisal practice to use three separate approaches to real estate value, commonly known as the Cost Approach, the Income Approach and the Direct Comparison Approach. Theoretically, each of these approaches is a method or technique based on factual data, extracted from the market, by which as appraiser evolves separate indications of market value. These indications are then correlated, reconciled and weighed in order to reach a final estimate of value.

The **Cost Approach** is based on the premise that an informed purchaser would not pay more than the cost to produce a substitute property with equal utility as the subject would. This approach is particularly useful when the property being appraised involves relatively new improvements that are consistent with the Highest and Best Use of the land. The **Cost Approach** is also applicable in the valuation of unique or specialized improvements on the site. With these unique properties, there are seldom any properties to compare with in the market and the **Cost Approach** becomes a valuable tool for the appraiser.

In the **Income Approach**, consideration is given to the stream of net income that the subject property is likely to produce for an investor, or its equivalent to a user, during its probable remaining economic life. This income stream is compared with income derived from similar properties, and the resulting probable return on the investment is compared with the return on similar properties or other types of investment. Various techniques are employed for the development of interest and capitalization rates to be used in projecting the estimated net income stream of a subject property into an indication of its market value. In comparing the subject property with other similar properties, particularly as to rent, the same fundamental, physical, functional, and economic factors are considered as in the Direct Comparison Approach.

The **Direct Comparison Approach** rests primarily on a comparison of the subject property with other similar properties that recently have sold, been offered for sale, rented or been offered for rent, thereby establishing a marketability of the subject property. In the process of comparison, adjustments are usually made to the actual sale prices of properties, in either dollars or percentages, to account for the differences in the properties. Use of the Paired Sales Technique frequently furnishes the most logical basis for the various adjustments.

## SELECTION OF RELEVANT METHODOLOGY

The primary argument in favour of the three approach concept is that when sufficient market data is not available within one or more of the relevant categories, it may be found in another, and the three value indications may be correlated accordingly to produce a reliable estimate of value. For example, the value of the land, ascertained in the Direct Comparison Approach by comparing it with the recent sales of similar land, furnishes the land value estimate for the Cost Approach. Thus, the approach or approaches in which the most convincing factual data is available will usually be given the greatest weight in arriving at a final value estimate.

## VALUATION OF THE SUBJECT PROPERTY

At the request of the client this report will include two valuation scenarios as follows:

- 1) The valuation of the proposed **leased fee 40 unit apartment building** requires consideration of:
  - a) The cost approach of the entire project including the land and proposed improvements
  - b) The value of the income stream and
- 2) The valuation of the **proposed 40 individual strata-units**
  - a) A comparison with other strata title individual properties in the Fort St. John area that are similar to the subject property and that have recently sold or are offered for sale.

These concepts are represented in this report as the **Cost Approach and the Income Approach** for scenario 1 and the **Direct Comparison Approach** for the valuation of the individual units. The **Cost Approach** is not applicable for the valuation of individual units.

These approaches will be dealt with separately in the Analysis and Conclusions section(s) following.

***PART II***

***ANALYSIS & CONCLUSIONS***



***SECTION 1***

***VALUATION OF THE  
PROPOSED LEASED FEE  
BUILDING***

## COST APPROACH

The Cost Approach to Value is based upon the principle of substitution, which states a property is replaceable up to its upper limit of value. This means that a purchaser would pay no more than the cost of an equally desirable property.

Cost and value are not usually considered alike. Cost is the amount of money or amenities necessary to produce a product, while value is the relationship between something desired and a potential purchaser.

The **Cost Approach** consists of the following steps:

- 1) Estimate the land value as if vacant.
- 2) Estimate the current cost of reproducing the improvements as if new.
- 3) Estimate and deduct accrued depreciation from all sources.
- 4) Estimate the depreciated value of the site improvements.
- 5) Add the land value and the depreciated reproduction cost of the improvements to arrive at an indication of value.

### Land Value

There are six methods available to estimate the value of land. They are as follows:

- Direct Comparison
- Abstraction
- Extraction
- Subdivision Development
- Land Residual
- Ground Rent Capitalization

### Method Selected

Market participants typically utilize the Direct Comparison Method of Site Valuation when there are suitable comparable vacant land sales available. This is the preferred method herein.

### DIRECT COMPARISON METHOD OF SITE VALUATION

The Direct Comparison Approach is based on the Principle of Substitution which maintains that a prudent purchaser would not pay more for a property than what it would cost to purchase a suitable alternative property that exhibits similar physical characteristics, land use, location, etc. Within this approach, the subject site, as if vacant, is compared to properties that have sold recently or are currently listed and are considered to be relatively similar to the subject. Typically, a unit of comparison (i.e. sale price per square foot, sale price per acre) is used to facilitate the analysis. In the case of the subject property land similar to the vacant subject site, the sale price per square foot is the most commonly used unit of comparison.

The task of establishing an appropriate unit rate is most appropriately served by way of an analysis of recently concluded transactions on properties considered similar to the subject in terms of developmental appeal. A number of sales and listings of vacant land in Fort St. John were reviewed to determine an appropriate unit rate for the subject property. Typically a price per square foot is the preferred unit used for measuring RM-2 (Multi-Family Residential High Density) land in the City of Fort St. John.

## COMPARABLE MARKET TRANSACTIONS

The following sales indices outline information relating to four (4) vacant land sales that were considered to provide evidence towards the selection of an appropriate unit rate (price per square foot) for the subject properties as if vacant. Following this information, is a narration that sets out the appraiser's rationale in the comparison and adjustment process leading to the final estimate of value.

A map showing the location of the comparable properties is provided in Figure 18 in this report.

**Table 2**  
**VACANT LAND COMPARABLES**

	Index #1	Index #2	Index #3	Index #4	SUBJECT
Address	11703 102 Street	10112 96 Avenue	7908 96 Avenue	10115 98 Street	9907 94 Street & 9304 99 Ave
Legal Description: Plan(s)	EPP25274	PGP4746	PGP8520	PGP40271	BCP28352
Block(s)			4	-	
Lot(s)	1	8 & 9	7	A	1 & 2
Sale Date	03-Oct-14	10-May-14	15-Jan-15 Reg.	29-Oct-14 Reg.	Reg June 2015
Sale Price	\$3,000,000	\$349,900	\$354,000	\$520,000	\$1,170,000
Zoning	RM-2	RM-2	RM-1	RM-2	RM-2
Land Size (Sq. Ft.)	223,027.2	15,000.0	23,031.0	21,344.4	44,867.0
Land Size (Sq. M.)	20,719.9	1,393.6	2,139.6	1,983.0	4,100.0
<b>Unadjusted Price per (Sq. Ft.)</b>	<b>\$13.45</b>	<b>\$23.33</b>	<b>\$15.37</b>	<b>\$24.36</b>	<b>\$26.08</b>
Unadjusted Price per (Sq. M.)	\$144.79	\$251.08	\$165.45	\$262.23	\$285.37
<b>Adjustments</b>					
Conditions of Sale		-5%	10%		
Market conditions		10%			
Adjusted Sale Price	\$3,000,000	\$367,395	\$389,400	\$520,000	\$1,170,000
Property Rights					
Legal Encumbrances					
Financing Terms					
Location	10%	5%	20%	-5%	
Physical Characteristics	40%	5%	15%	5%	
Available Utilities					
Zoning			10%		
Highest & Best Use					
Total Adjustments	50%	10%	45%	0%	0%
<b>Adjusted Sale Price</b>	<b>\$4,500,000</b>	<b>\$404,135</b>	<b>\$564,630</b>	<b>\$520,000</b>	<b>\$1,170,000</b>
Adjusted \$/Sq. Ft.	\$20.18	\$26.94	\$24.52	\$24.36	\$26.08

## Index #1

Property Address:

11703 102 Street,  
Fort St. John, BC

<b>LEGAL DESCRIPTION:</b>	Lot 1, Plan EPP25274, Section 12-84-19, PID# 029-035-481
<b>DATE OF TRANSACTION:</b>	3-Oct-14
<b>DATE OF REGISTRATION:</b>	3-March-15
<b>SALE PRICE:</b>	\$3,000,000
<b>LAND SIZE:</b>	223,027.2 sq.ft. (20,719.9 sq.m.)
<b>LAND USE CLASSIFICATION:</b>	RM-2 (Multi-family (High Density))
<b>SALE PRICE/SQ.FT.:</b>	\$13.45
<b>SALE PRICE/SQ.M.:</b>	\$144.79

**Narration:** This is a prime development lot located in Garrison Landing. It is a 5 acre parcel flanking onto walking trails. Newly developing subdivision. Purchased for the development of phased multi-family residential.

**Index #1 – comments on adjustments**

**Market Conditions** - Similar

**Conditions of Sale** – Similar

**Property Rights** – Similar

**Legal Encumbrances** – Similar

**Financing Terms** – Similar

**Location** – Inferior distance to downtown core

**Physical Characteristics** – Inferior – larger parcels will sell for less per unit. The subject property was improved with an 1890 sq. ft single family dwelling. This improvement will be remodelled and incorporated to the development plan as amenity space. An adjustment has been NOT considered for this improvement for the land as vacant.

**Available Utilities** – Similar

**Use** - Similar

**Highest and Best Use** – Similar

## INDEX #2

Property Address:

10112 96 Avenue, Fort St. John



<b>DATE OF TRANSACTION:</b>	May 10, 2014
<b>DATE OF REGISTRATION:</b>	July 17, 2014
<b>SALE PRICE:</b>	\$349,900
<b>LEGAL DESCRIPTION:</b>	Lots 8 & 9, Plan PGP4746, Section 36-83-19, PID#s 005-222-389 & 005-820-081
<b>LAND SIZE:</b>	15,000 sq. ft. (1,393.6 sq. m.)±
<b>LAND USE CLASSIFICATION:</b>	RM-2 (Multi-Family High Density)
<b>SALE PRICE/SQ.FT.:</b>	\$23.33
<b>SALE PRICE/SQ.M.:</b>	\$251.08

**Narration:** This is 2014 sale of two RM-2 lots improved with an older single family dwelling. The building was damaged by fire and required demolition and debris removal. Good location within walking distance to downtown and all amenities. These two lots were amalgamated prior to redevelopment.

**Index #2 – comments on adjustments**

**Market Conditions** – There has been a slight increase in demand for multi-family lots since this sale transpired.

**Conditions of Sale** – Inferior – existing improvements required demolition and debris removal

**Property Rights** – Fee Simple

**Legal Encumbrances** – Similar

**Financing Terms** – Similar

**Location** - Inferior

**Physical Characteristics** – This is a smaller lot that has good utility. Typically a smaller lot will sell for more per unit. Larger parcels allow for higher density development. The subject property was improved with an 1890 sq. ft single family dwelling. This improvement will be remodelled and incorporated to the development plan as amenity space. An adjustment has been NOT considered for this improvement for the land as vacant.

**Available Utilities** – All utilities available

**Highest and Best Use** – Available for similar development.

**Comments** – This is a recent sale of a smaller lot. It did require demolition and debris removal. Overall it is considered superior on a price per unit mostly due to size.



## INDEX #3

**Property Address:** 7908-96 Avenue, Fort St. John



<b>DATE OF TRANSACTION:</b>	November 25, 2014
<b>DATE OF REGISTRATION:</b>	January 15, 2015
<b>SALE PRICE:</b>	\$354,000.00
<b>LEGAL DESCRIPTION:</b>	Lot 7, Block 4, Plan PGP8520, Section 32-83-18, PID# 013-267-761
<b>LAND SIZE:</b>	23,031 sq.ft. (2,139.6 sq.m.)+
<b>LAND USE CLASSIFICATION:</b>	RM-1 (Multi-Family Medium Density)
<b>SALE PRICE/SQ.FT.:</b>	\$15.37
<b>SALE PRICE/SQ.M.:</b>	\$165.45

**Narration:** This parcel was purchased for redevelopment. It was rezoned to RM-1 as a condition of purchase. This site area consists of a total area of 23,031 sq. ft.. It is a corner lot on a non-thru street, abutting onto a busy arterial by-pass road, adjacent to a light industrial area. There is an existing building in the property that will require demolition and debris removal.

#### **Index #3 – comments on adjustments**

**Market Conditions** – Similar– limited evidence supporting any significant change in market conditions since this sale transpired.

**Conditions of Sale** – This parcel required demolition and debris removal.

**Property Rights** – Fee Simple

**Legal Encumbrances** – None known

**Financing Terms** – Cash/Mortgage

**Location** – Inferior, the subject is located close to the downtown core with good access to all amenities.

**Physical Characteristics** – This is a smaller parcel. Typically smaller parcels will sell for more per unit, however there is added advantage of amalgamation for the purpose of higher density development. Density permitted on a larger parcel with RM-1 is inferior to that of RM-2. A slight adjustment has been applied for size. The subject property was improved with an 1890 sq. ft single family dwelling. This improvement will be remodelled and incorporated to the development plan as amenity space. An adjustment has been NOT considered for this improvement for the land as vacant.

**Available Utilities** – All utilities available

**Use** – The property has been rezoned to RM-1. RM-2 allows for higher density. Index #3 is considered inferior in terms of zoning.

**Comments** – This is a recent sale of a smaller parcel available for inferior development. The location is considered to be slightly inferior. Overall this sale is considered significantly inferior to the subject property.



## INDEX #4

Property Address:

10115 98 Street, Fort St. John, BC



<b>DATE OF TRANSACTION:</b>	Unknown
<b>DATE OF REGISTRATION:</b>	October 29, 2014
<b>SALE PRICE:</b>	\$520,000
<b>LEGAL DESCRIPTION:</b>	Lot A, Plan PGP40271, Sec 6-84-18, PID# 023-548-673
<b>LAND SIZE:</b>	21,344.4 sq.ft. (1,983.0 sq.m.)±
<b>LAND USE CLASSIFICATION:</b>	RM-2 (Multi-Family High Density)
<b>SALE PRICE/SQ.FT.:</b>	\$24.36
<b>SALE PRICE/SQ.M.:</b>	\$262.23

**Narration:** This is a 2014 sale of a centrally located 21,344.4 sq.ft. RM-2 (Multi-Family High Density) zoned lot located within walking distance to numerous amenities.

**Index #4 – comments on adjustments**

**Market Conditions** – Similar

**Conditions of Sale** – Similar

**Property Rights** – Similar

**Legal Encumbrances** – N/A

**Financing Terms** – Cash/Mortgage

**Location** – Slightly superior

**Physical Characteristics** – Slightly inferior

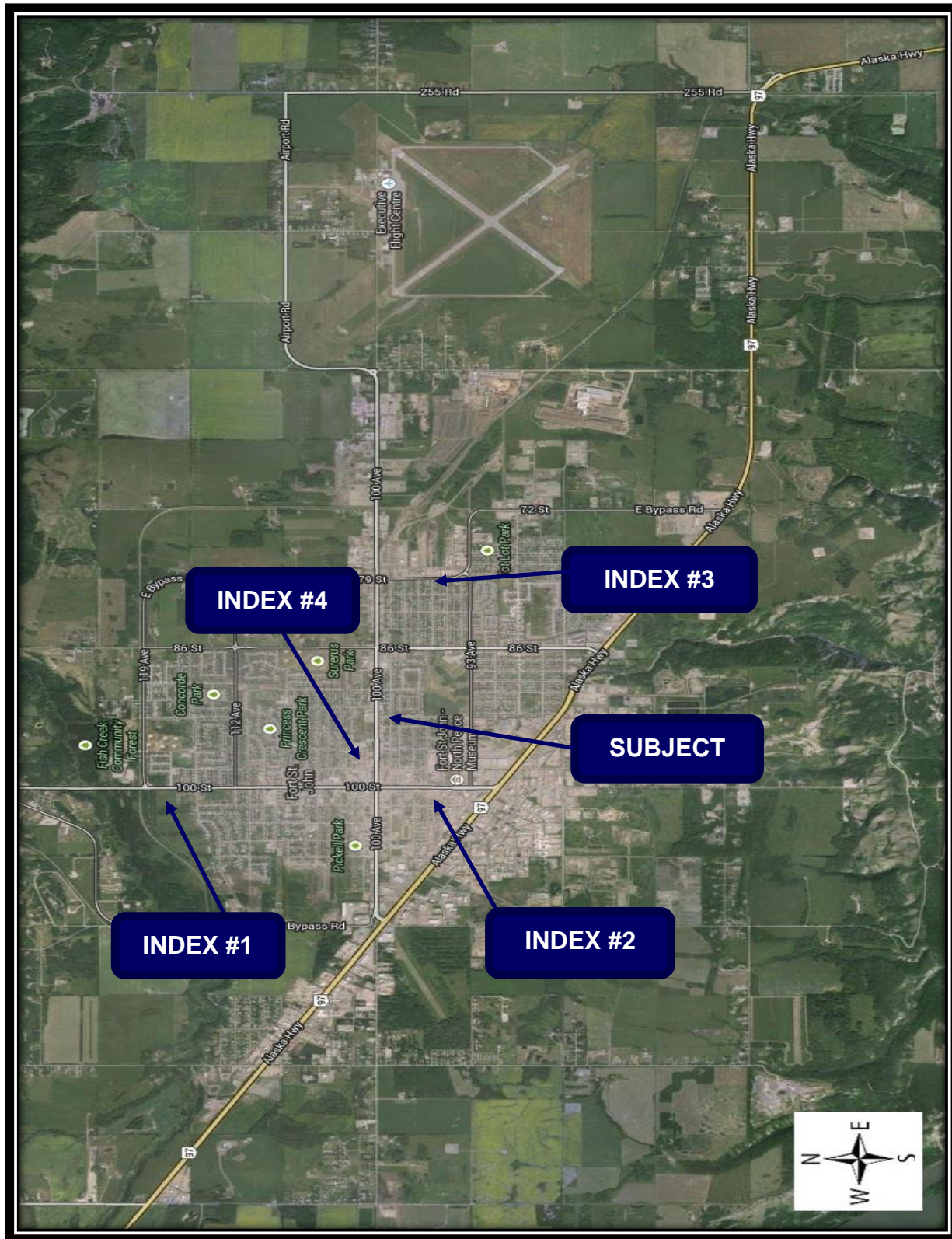
**Available Utilities** – Similar

**Use** – Similar

**Highest and Best Use** – Similar

**Comments** – Overall this sale is very similar to the subject property. It is smaller in size, which does reduce the maximum productivity potential. The location is slightly superior. Overall similar.

Figure 18  
MAP OF SUBJECT PROPERTY AND VACANT LAND COMPARABLE SALES





**ANALYSIS**

The foregoing comparable vacant land sales indicate an unadjusted range in unit values between \$13.45 per square foot to \$24.36 per square foot and relate to the four comparable sales in the Fort St. John area with similar characteristics to the subject site. The mean average for the land value for the unadjusted comparables is \$19.13/sq. ft. and the median is \$19.35/sq. ft.

**ELEMENTS OF COMPARISON**

Each of the following elements of comparison were considered and discussed for each of the comparable sales. These elements were considered when making adjustments and consideration applied to selecting an appropriate unit rate on a price per square foot.

**Conditions of Sale** – Adjustments for conditions of sale usually reflect the motivations of the buyer and seller. In many situations, the conditions of sale significantly affect transaction prices. To the best of our knowledge none of the vendors were in a “forced sale” position and the buyers in each transaction appear to have been informed and prudent purchasers.

**Index #2 and 3 required demolition and debris removal of existing dwellings prior to development.**

**Market Conditions** – Adjustments are necessary if there has been an increase or decrease in sale prices between the dates of the sales and the effective date of the appraisal. Changes in market conditions may also result from other factors such as changes in income tax laws, lengthy approval processes, and fluctuations in supply and demand. Several methods can be used to determine whether or not a Market Condition adjustment is required. These include the Re-sales Method, the Paired Sale Method, interviews with buyers and sellers, researching MLS data, researching changes in assessment and factoring in changes in both rental and vacancy rates over a given period of time.

**Market conditions appear to have stabilized in late 2014 to the present. There has been a 10% increase in conditions from early 2014.**

**Property Rights** – A transaction price is always predicated on the real property interest conveyed. Many types of Real Estate, particularly income-producing property, are sold subject to existing leases. The revenue generating potential of a property is often fixed or limited by the terms of existing leases. The transaction price of a property that is sold subject to existing leases reflects the contract rent that it will generate during the term of each lease and the market rent that will likely be achieved thereafter.

**Each of the sales were fee simple sales. No adjustment necessary.**

**Legal Encumbrances** – An interest or right in real property which diminishes the value of the fee, but does not prevent conveyance of the fee by the owner. Mortgage, taxes, and judgements are encumbrances known as liens. Restrictions, easements and reservations are encumbrances, though not liens.

**N/A**

**Financing Terms** – The transaction price of one property may differ greatly from that of an identical property due to different financing arrangements. In some cases, the purchaser of a comparable property is able to assume an existing mortgage at a favourable interest rate. In other cases, the seller may arrange a buy-down, paying cash to the lender so that a mortgage with a below market interest rate could be offered. In both cases, the buyers probably paid higher prices for the properties to obtain below market financing. In cash equivalency analysis, an investigation is undertaken of the sale prices of comparable properties that were sold with apparent non-market financing to determine whether adjustments to reflect typical market terms are warranted. There are precise mathematical calculations for analyzing cash equivalency, but the financing adjustments derived from these calculations must be

tested against market evidence. Many times the cash discount indicated by the calculations is not fully recognized by buyers and sellers.

***Each of the comparable sales utilized are considered to be cash/mortgage transactions. An adjustment is not necessary.***

***Location*** – When giving consideration to location, it must be kept in mind that sites with good access and visibility command higher values than do these sites with more difficult access and less visibility. For the purpose of this report, “utility” is defined as “something, such that more of it is always desirable”. Presently, the utility to which the average investor attributes the highest degree of importance relates to the location factor. In a broader sense, a good location is one that aids the user in obtaining a satisfactory return on his investment. Considerations in this regard center on accessibility of the parcel, corner influence, visibility and exposure, accessibility to services, and proximity to amenities or any negative influences.

***The subject property is located in an established neighbourhood in close proximity to the downtown core. It has a strong corner influence with good access and egress. Overall the subject is considered slightly superior to each of the Indices with the exception of Index #4.***

***Physical Characteristics*** – Because the size of the site is a major consideration when acquiring land, it is considered a factor in this instance. Although it is very difficult to quantify the effect that size has on price, in many cases smaller parcels of land generally sell for a higher price per unit than do larger parcels. Other “physical” factors of the site that must be considered include shape and its degree of functional utility, amount of frontage, topography, and soil characteristics.

***Index #2 is considerably smaller than the subject property. Typically smaller lots will sell for considerably higher per unit than larger parcels. Index #1 is a larger parcel. Adjustments have been applied for size. However, there is added advantage for amalgamation that allows for higher density development. The subject property was improved with an 1888 sq. ft. single family dwelling. This improvement will be remodelled and incorporated to the development plan as amenity space. An adjustment has NOT been considered for this improvement to determine the unit rate for the land as if vacant.***

***Available Utilities*** – The servicing of a site is a major cost to the developer and forms part of the final price paid for the site. A land parcel that is without services or that is only partially serviced will result in an additional cost to the purchaser after the acquisition of the land. Typical municipal utilities include electrical power, natural gas, telephone, cable, municipal water, sanitary sewer and storm sewers.

***No adjustment necessary to each of the comparable sales.***

***Zoning*** – Is defined as “the public regulation of the character and intensity of the use of the real estate through employment of police power”. This is accomplished by the establishment of districts or areas in each of which uniform restrictions relating to improvements, structure heights, building setbacks, densities, and other limitations are imposed upon the use and development of private property.

***Index #1, 2 and 4 were each zoned RM-2. No adjustment necessary. A 10% adjustment has been applied to Index #3, which is an RM-1 zoned parcel. Density of development is superior for RM-2 parcels.***

***Highest and Best Use*** – The Highest and Best Use is defined as “that use which at the time of valuation is most likely to produce the greatest net return in terms of money or amenities over a given period of time”.

***Similar – no adjustment applied.***

The following table details the comparability to the subject property in terms of investor appeal in the selection of a unit value for the subject vacant parcel.

**Table 3  
COMPARABILITY OF INDICIES**

	Index #1	Index #2	Index #3	Index #5
<b>Property Location</b>	<b>11703 102 Street</b>	<b>10112 96 Avenue</b>	<b>7908 96 Avenue</b>	<b>10115 98 Street</b>
<b>Date of Sale</b>	03-Oct-14	10-May-14	15-Jan-15 Reg.	29-Oct-14 Reg.
<b>Unit Value (Per sq. m.)</b>	\$13.45	\$23.33	\$15.37	\$24.36
<b>Unit Value (Per sq. ft.)</b>	\$144.79	\$251.08	\$165.45	\$262.23
<b>COMPARABILITY</b>				
<b>Conditions of Sale</b>	Similar	Superior	Inferior	Similar
<b>Market conditions</b>	Similar	Inferior	Similar	Similar
<b>Property Rights</b>	Similar	Similar	Similar	Similar
<b>Legal Encumbrances</b>	Similar	Similar	Similar	Similar
<b>Financing Terms</b>	Similar	Similar	Similar	Similar
<b>Location</b>	Inferior	Inferior	Inferior	Superior
<b>Physical Characteristics</b>	Inferior	Inferior	Inferior	Inferior
<b>Available Utilities</b>	Similar	Similar	Similar	Similar
<b>Zoning</b>	Similar	Similar	Inferior	Inferior
<b>Highest &amp; Best Use</b>	Similar	Similar	Similar	Similar
<b>Comparison Conclusion</b>	<b>INFERIOR</b>	<b>INFERIOR</b>	<b>INFERIOR</b>	<b>SIMILAR</b>

Properties with good configurations, holding income, and/or good proximity to dense property uses and arterials tend to trade at high unit values compared to those sites with irregular configurations, significant demolition costs, and/or inferior adjacent properties/exposure. Also relevant is the size of the site. In general, unit values tend to increase as site sizes decrease, unless the parcel/project would benefit from assemblage.

#### **POSITIVE DEVELOPMENT FEATURES**

- Good access, configuration and topography that support numerous development options
- Good access to through streets and all amenities offered by the City of Fort St. John
- Increased economic activity in area. Demand for housing continues to be strong
- Limited availability of comparable parcels available for purchase for development, high density parcels are held for developer
- Continued demand for both rental units and strata titled developments
- Demand for parcels with underground parking options

#### **NEGATIVE DEVELOPMENT FEATURES**

- Any changes in local economy impact housing prices
- Uncertainty with development of LNG industry – no confirmed projects at this time
- Competing developments in the area
- Absorption at a time when vacancy rates are rising

## CONCLUSION

The market was researched for recent RM-2 (Multi-Family Residential High Density) vacant land sales. There is a limited amount of vacant land available suitable for the development of RM-2 (Multi-Family Residential High Density). Demand for large vacant parcels available for multi-family development in the area is strong. The existing inventory of vacant parcels available for immediate development has declined significantly. There are numerous large scale economic projects currently under way or in various stages of planning in the area that include the Site C Dam project under development as well as plans for a 5 billion dollar pipeline project securing LNG market, expanding natural gas field development supporting the pipeline, etc. These items are explained in greater detail in the Regional Analysis section of this report.

Indicators reviewed include vacancy rates, rental rates and unemployment rates. There is evidence of a slight increase in the vacancy rates in the region. There was a reported 4.9% population growth in the area in 2014 while vacancy rates are beginning to show an increase as numerous projects are completed or nearing completion and being offered for occupancy. This allows for more inventory and availability for relocating population. There is an anticipation of a rapid population influx into the region over the next 12 to 36 months and a greater inventory of housing is required. At this time there is evidence of a pocket of oversupply. Reported unemployment rates have recently increased to 6.1% in the region despite a downturn in the petroleum industry, however the level of self-employed contractors in the region that are unemployed is rising.

At this time market conditions have stabilized with an optimistic anticipation of continued growth in the petroleum sector. The forestry and construction sector will remain strong over the next 12 to 36 months.

Index #1 was purchased for phased development. Index #2 is located in the downtown core and purchased for development of an eight-plex. Index #3 is a smaller parcel suitable for lower density development. Index #4 is a smaller parcel with lower-density potential. Market conditions have improved since Index #2 transpired. The comparable sales utilized are considered the best available with most consideration applied to Index #3 and #4.

The subject site was recently purchased with an indication of \$26.30 per sq. ft. This price per unit considers the existing improvements on site that will be redeveloped. These improvements have NOT been considered in the selection of a final unit rate of the land as if vacant. The comparables were adjusted for conditions of sale, market conditions, location and physical characteristics (excluding the existing improvements). The adjusted comparables indicate a range of value from \$20.18/sq. ft. to \$26.94/sq. ft. with a median of \$24 per sq. ft. and a mean of \$24.44/sq. ft.

In consideration of the location of the subject site, the relative size, configuration, a vacant land value in the range of \$24.00 to \$24.50/sq. ft. is considered reasonable. Applying the mid-point of this unit value to the site size of the subject property based on the effective date of the report:

$$44,867 \text{ sq. ft. @ } \$24.25 \text{ per sq. ft.} = \$1,088,025$$

Rounded to \$1,090,000.00



# SUMMARY REPORT

Estimate Number : 75  
 Estimate ID : 14080419  
 Property Owner : Peace Holdings  
 Property Address : 9907 94 Street CrossTown Apartments  
 Property City : Fort St. John  
 State/Province : BC  
 ZIP/Postal Code : V1J 4M6

## Section 1

Occupancy	Class	Height	Rank
100% Apartment	Wood or steel framed exterior walls	9.00	2.0
Total Area	: 43,127		
Number of Stories (Section)	: 4.00		
Shape	: 2.00		
Effective Age (years)			

Components	Units/%	Other
Miscellaneous:		
Balcony	3,200	
HVAC (Heating):		
Forced Air Unit	5%	Climate : 3
Hot Water	5%	Climate : 3
Electric Wall	95%	Climate : 3
Sprinklers:		
Sprinklers	53,435	
Elevators:		
Passenger #	1	Stops : 5

## Section 2

Occupancy	Class	Height	Rank
100% Underground Prkg Structure	Fireproof structural steel frame	8.00	2.0
Total Area	: 10,308		
Number of Stories (Section)	: 1.00		
Shape	: 2.00		

Components	Units/%	Other
HVAC (Heating):		
Package Unit	100%	Climate : 3
Cost as of	07/2015	

	Units/%	Cost	Total
Basic Structure			
Basic Structure Cost	53,435	107.58	5,748,596
Superstructure			
Balconies	3,200	38.67	123,744
Total Superstructure Cost	53,435	109.90	5,872,340
Extras			
Appliances	40	3,500.00	140,000
Replacement Cost New	53,435	112.52	6,012,340

Rounded to \$6,015,000.00

## SITE IMPROVEMENTS

- Paving, concrete work, curbing, gravel base, site prep for 37 stalls
- Cold weather plugs, light standards
- Fencing
- Landscaping including top soil, sod, trees and shrubs (Existing trees to remain by the amenity building)
- Amenity space
- Storm system

The estimated site improvements would be approximately \$365,000.

## DEPRECIATION

The physical life of the property is often longer than its economic life, that period over which a property will yield both a return on, and a recapture of the investment. Depreciation of buildings normally bought and sold in the market is accelerated by completion. The physical depreciation is taken from the Marshall & Swift depreciation tables. The definition of depreciation as defined in **The Appraisal of Real Estate Third Canadian Edition 2010** “Depreciation is the difference between the market value of an improvement and its reproduction or replacement cost at the time of the appraisal. The depreciated cost of the improvement can be considered an indication of the improvement’s contribution to the property’s market value.” There are three types of depreciation considered in this report:

*Physical Depreciation* – components of physical deterioration include items of deferred maintenance, short lived items and long-lived items. A more detailed review of accrued, curable and incurable depreciation follows.

*Functional Depreciation* –is caused by a flaw in the structure, materials or design of the improvement when compared with the highest and best use and most cost-effective functional design requirements at the time of appraisal. It may be caused by a deficiency or a super adequacy. Some forms are curable and others are incurable. The subject property does not display any significant functional depreciation.

*External Depreciation* – is a loss in value caused by factors outside a property. It is often incurable. It can be either temporary (e.g. an oversupplied market) or permanent (e.g. proximity to an environmental disaster). External factors frequently affect both the land and building components. It is not usually considered curable on the part of the owner, landlord or tenant. It may be estimated by allocation of market extracted depreciation, market data analysis or capitalization of income loss.

The subject development is well located within the City of Fort St. John. Fort St. John has experienced an increase in demand for housing to support a diverse strong resources based economy.

## DEPRECIATION ANALYSIS

### *Accrued Depreciation*

Accrued depreciation is the difference between the Replacement Cost New and the present day market value. However, as in most cases, if a property receives normal maintenance over a period of time, it tends to extend its actual age to a more effective age.

***The 40 unit apartment has not yet been constructed, therefore will exhibit no accrued depreciation.***

*Curable Depreciation*

Curable depreciation consists of those items of physical and functional depreciation, which are economically feasible to cure at the present time. This depreciation is not applicable to the subject property.

*Incurable Depreciation*

Incurable depreciation consists of the elements of physical and functional depreciation, which cannot be corrected; or if possible to correct, cannot be corrected except at a cost in excess of their contribution to the value of the property.

***There is no evidence of any potential items that would be considered incurable depreciation.***

*The existing amenity room that is an older residential development that has had extensive renovations and updates has been valued utilizing typical replacement costs new based on contractor quotes as follows:*

**AMENITY BUILDING**

Gross Living Area (finished livable floor area above grade)	1888 @	\$	250	\$472,000	
Basement Development	900 @		\$25	<u>\$22,500</u>	
Total Replacement Cost				\$494,500	
LESS					
Depreciation Age/Life Method			30%	<u>\$148,350</u>	
Depr. Cost					<b>\$346,150</b>

<b>TOTAL REPRODUCTION COST NEW:</b>		\$6,015,000
<b>LESS:</b>		
Physical Depreciation	\$0	
Functional Depreciation	\$0	
External Depreciation	<u>\$0</u>	
		\$0
<b>TOTAL DEPRECIATED VALUE OF BUILDING</b>		\$6,015,000
<b>PLUS: SITE &amp; MISC. IMPROVEMENTS</b>		
Concrete walks, asphalt parking, cold weather plugs, trees, shrubs, lawn, etc.	\$365,000	
Depr. Value of Amenity Building	<u>\$346,150</u>	
		<u>\$711,150</u>
<b>TOTAL DEPRECIATED VALUE OF BUILDING &amp; SITE IMPROVEMENTS</b>		\$6,726,150
<b>PLUS: Land Value</b>		\$1,090,000
<b>TOTAL INDICATED VALUE BY COST APPROACH</b>		\$7,816,150
<b>ROUNDED</b>		\$7,815,000

**TOTAL PROPOSED VALUE AS INDICATED BY  
THE COST APPROACH IS:**

**\$7,815,000**

**(SEVEN MILLION EIGHT HUNDRED & FIFTEEN THOUSAND DOLLARS)**

***\*\*It should be noted that the cost approach has been utilized from a costing service. The actual replacement cost of the subject, given the location and prevailing economic climate are subject to fluctuations that reflect constant changing local conditions. This figure should not be utilized for insurance purposes.***

## INCOME APPROACH

The Income Approach to value is estimated based on the present or discounted worth of the future net earnings that can be expected from a property. This annual net income is that which is left from the gross income after allowance to cover vacancies, bad debts and cost of operating the property has been deducted. The mathematical process of converting the net income into value is called Capitalization. The Income Approach involves six (6) basic steps:

1. Estimate the total annual gross income of the property, less likely future vacancies and bad debts.
2. Estimate the potential annual operating expense.
3. Calculate the annual net operating income.
4. Select an appropriate method of capitalization
5. Select the appropriate capitalization rate.
6. Using a suitable procedure; convert the anticipated annual net operating income stream into an indication of the capital value of the property.

The Income Approach to Value is an intrinsic part of the valuation process when considering revenue properties. Because the subject property can be tenant occupied, a major criterion for measurement of value is the ability of the property to produce a net income, and the potential for increasing that income over the economic life of the building. In this respect, value is wholly associated with the ability of the property to produce a sound, attractive and competitive yield in comparison to other investment opportunities of a similar nature.

The proposed property has not yet been constructed; therefore market rents will be utilized to determine the potential gross annual income for the income and expense pro-forma.

The appraiser has researched rental rates for other residential rental properties in Fort St. John. Nearhood Appraisal Services Ltd. regularly tabulates rental rates of residential type properties similar to the subject in the area. Only those properties that were deemed to be most similar to the subject are shown and utilized for rental comparison purposes. A list of those properties follows.

**Table 4  
MARKET RENTAL RATES**

Comp #	Description	Lease rate	Amenities	Comments
A	2 Bdrm/1 Bath	\$1,400/mth + \$700 Deposit	Heat, hot water, basic cable, token laundry on each floor.	Kilarney Court - Located within walking distance to North Peace High School and Duncan Cran Elementary.
B	2 Bdrm 1 Bath	\$1,500/mth	Utilities included, Elec heat, insuite laundry, 5 appliances, elevator	Woodsmere Park
C	1 & 2 Bdrm/2 Bath	\$1,350 - \$1,450/mth corner units with 2 patios	Hot Water included; other utilities not included, 2 Baths, Insuite laundry	Phoenix -new apartment building with unfurnished units . Close walking distance to grocery stores, theatre, mall and other downtown amenities.
D	2 Bdrm 1 Bath	\$1,470/mth	Unfurnished, includes maple cabinets, s/s appl, insuite laundry, hot water and parking	Centurion Estates - close to parks, public transit, schools, shopping & convenience store
E	2 Bdrm/1 Bath	\$2,095/mth	Fully Furnished, includes maple cabinets, s/s appl, insuite laundry, hot water and parking	Centurion Estates - close to parks, public transit, schools, shopping & convenience store
F	2 Bdrm/2 Baths	\$1,895/mth	5 appliances, amenity room	New Signature Pointe Condo, strata-titled buiding, good amenities
G	2 Bdrm 2 Baths	\$2,600/mth	Fully Furnished, Insuite laundry 5 appliances	Includes all utilities and fully furnished, amenity room, new building, 2 surface stalls
H	2 Bdrm	\$2,000/mth	Dishwasher, Washer and Dryer, Heat, Hot Water	Furnished - 2 bedrooms, 1 baths

## MARKET ANALYSIS

The City of Fort St. John is experiencing an increase in vacancy rates. Over the past several months there has been a large number of new rental units become available. There has been a large influx of population into the region a result of continued economic activity in the area despite low commodity pricing. There has been a decline in sales volumes from that experienced in 2014, although the number of new construction starts of single family units has increased significantly. To date there is a reasonable absorption on the market. New construction growth is at its highest level since 2007. Absorption of the new product is declining and the market is beginning to exhibit evidence of saturation. New developments with good amenities will absorb well on the market.

According to the most recent CMHC Spring 2015 report, the current Fort St. John apartment vacancy rate is at 4%, up slightly from the the fall of 2014. Local property management companies are reporting a slow-down in the rental market to the existing inventory as the new units are absorbed. Local companies report a 5 to 8% vacancy rate.

There are currently numerous multi-family buildings in the Fort St. John area that offer desirable rental accommodations in the range of \$1,350 to \$1,850 per month and higher if they are rented as furnished and fully self-contained

The local economy is strongly supported by the oil and gas industry that include exploration, development, production and transportation of the various petroleum products in northeastern British Columbia. Fort St. John is the service center for many of the companies that support the industry in the region. The Oil and Gas Commission is centered in the area. Anticipation of growth in support of the LNG industry has investors preparing for a rapid influx of residents in support of this industry, at the same time the market is volatile and uncertain, with indicators exhibiting saturation levels in the market.



Currently there is interest in the region due to the commencement of construction of a new hydroelectric dam, locally known as the BC Hydro Site C dam project. The project is currently in the process of hosting job fairs for contractors to hire labour force.

Progress Energy, Shell Canada and Encana have an aggressive exploration and development projects underway north of Fort St. John. Additional regional information has been reported earlier in the report.

Market rental comparables have been selected for residential one and two bedroom units that offer similar utility to the proposed property. Each of the rental rates and asking rental rates of the comparable properties have been compared with the proposed units of the subject property. More emphasis has been placed on those rental properties which are most indicative of a market rental rate for the proposed subject property individual units.

Adjustments have been applied to the comparable rental rates for the differences that exist between them and the subject property. Differences considered are age, condition, parking options, size, exposure, access, etc. The largest differences for the similar units in the newer building are larger suite size difference, room count, superior construction quality, downtown location and one/two designated parking stalls. Adjustments are based primarily on interviews with market participants as well as historical rental data. Consideration has been applied to anticipated increasing vacancy rates and absorption.

Each of the subject units will have 5 appliances that include a range microwave, built-in dishwasher, fridge, stove, and in suite laundry.

It should be noted that the rental data used for the most part are current rental rates or asking rates indicative of the market conditions presently experienced in the City of Fort St. John. Discussions have been held with various managers and owners of residential rental properties in Fort St. John to actual and anticipated rental rates being achieved and market rental rates for properties such as the subject.

The proposed 40 (forty) unit 4 (four) storey building will contain 32 (thirty-two) two bedroom units, including four different layouts, 2 (two) one bedroom units and 1 (one) bachelor unit. The area has a large population of temporary skilled trades people as well as engineers and managers working in the area and residing in other places. Based on the location and physical characteristics of the subject property and based on the market research and analysis completed, it appears as though a rate of \$1,750 to \$1,850 per month for two bedroom/2 bath units, \$1,550 to \$1,650 per month would be reasonable for the one bedroom units and \$1,100 per month for the bachelor unit. A rate of \$75 per month will be considered for the second underground parking stall with a \$25 premium if there is a single underground stall as well as a \$25 premium for floors 2 and 3 and another \$25 for the 4<sup>th</sup> floor.

The following table illustrates the suite mix and monthly revenue potential. The unit numbers have been assigned for illustration purposes only based on final suite allocation for Crosstown Apartments. These numbers have not been formally assigned as such. The reader's attention is directed to the Extraordinary Assumptions and Limiting Conditions of this report.

Therefore: (See following page)

**Table 5**  
**Potential Individual Unit Rental Rates**

Proposed Unit #	Suite Type	Bedrooms	Baths	Exposure	Floor Level	Parking Stalls	Size sq.ft.	Size sq.m.	Rental Rate
101	C	2	2	SW	1	1 S/S 1 U/G	1,023	103.1	\$1,875
102	C1	2	2	NW	1	1 S/S 1 U/G	1,110	103.1	\$1,900
103	B	2	2	S	1	1 S/S	949	88.2	\$1,750
104	B	2	2	N	1	1 U/G	949	88.2	\$1,775
105	A2	Bachelor	1	S	1	1 S/S	372	34.6	\$1,100
106	A	1	1	N	1	1 S/S	685	63.7	\$1,550
107	B1	2	2	S	1	1 S/S	904	84	\$1,750
108	B	2	2	N	1	1 U/G	949	88.2	\$1,775
109	C	2	2	SE	1	1 S/S 1 U/G	1,023	95.0	\$1,875
110	C1	2	2	NE	1	1 S/S 1 U/G	1,110	103.1	\$1,900
201	C	2	2	SW	2	1 S/S 1 U/G	1,023	103.1	\$1,900
202	C1	2	2	NW	2	1 S/S 1 U/G	1,110	103.1	\$1,925
203	B	2	2	S	2	1 U/G	949	88.2	\$1,800
204	B	2	2	N	2	1 U/G	949	88.2	\$1,800
205	A1	1	1	S	2	1 S/S	782	72.7	\$1,625
206	A	1	1	N	2	1 S/S	685	63.7	\$1,575
207	B1	2	2	S	2	1 S/S	904	84	\$1,775
208	B	2	2	N	2	1 S/S 1 U/G	949	88.2	\$1,850
209	C	2	2	SE	2	1 S/S 1 U/G	1,023	95.0	\$1,900
210	C1	2	2	NE	2	1 S/S 1 U/G	1,110	103.1	\$1,925
301	C	2	2	SW	3	1 S/S 1 U/G	1,023	103.1	\$1,900
302	C1	2	2	NW	3	1 S/S 1 U/G	1,110	103.1	\$1,925
303	B	2	2	S	3	1 S/S 1 U/G	949	88.2	\$1,875
304	B	2	2	N	3	1 S/S 1 U/G	949	88.2	\$1,875
305	A1	1	1	S	3	1 S/S	782	72.7	\$1,625
306	A	1	1	N	3	1 S/S	685	63.7	\$1,575
307	B1	2	2	S	3	1 S/S	904	84	\$1,775
308	B	2	2	N	3	1 S/S 1 U/G	949	88.2	\$1,850
309	C	2	2	SE	3	1 S/S 1 U/G	1,023	95.0	\$1,900
310	C1	2	2	NE	3	1 S/S 1 U/G	1,110	103.1	\$1,925
401	C	2	2	SW	4	1 S/S 1 U/G	1,023	103.1	\$1,925
402	C1	2	2	NW	4	1 S/S 1 U/G	1,110	103.1	\$1,950
403	B	2	2	S	4	1 S/S 1 U/G	949	88.2	\$1,900
404	B	2	2	N	4	1 S/S 1 U/G	949	88.2	\$1,900
405	A1	1	1	S	4	1 S/S	782	72.7	\$1,650
406	A	1	1	N	4	1 S/S	685	63.7	\$1,600
407	B1	2	2	S	4	1 S/S	904	84	\$1,800
408	B	2	2	N	4	1 S/S 1 U/G	949	88.2	\$1,875
409	C	2	2	SE	4	1 S/S 1 U/G	1,023	95.0	\$1,925
410	C1	2	2	NE	4	1 S/S 1 U/G	1,110	103.1	\$1,950
<b>Gross Potential Monthly Rent</b>									<b>\$ 72,025</b>
<b>Gross Potential Annual Rent</b>									<b>\$ 864,300</b>

Potential investors would place emphasis on the rental rate that is most likely to be achieved in the market place. Taking all factors into account including current market rents in the Fort St. John area, it appears as though **\$864,300** would be a reasonable estimate of gross potential annual income to be used in the Normalized Income and Expense Statement.

**TOTAL GROSS POTENTIAL ANNUAL INCOME** **\$864,300**

The proposed subject property has not yet been constructed. There is demand for tenant occupancy for newer buildings in the area either to corporate companies requiring temporary employee housing or to individual professionals, contractors or trades people requiring housing in the area for both short term and long-term occupancy. Demand has declined slightly. The building will have 40 units available for residential occupancy.

The following income and expense pro-forma illustrates the estimated net income of the proposed building.

**NORMALIZED INCOME AND EXPENSE PROFORMA**  
(Based on Market Rents)

Estimated Potential Gross Income		\$864,300
*Less: Vacancy & Credit Loss (Stabilized)	7.00%	\$60,501
<b>EFFECTIVE GROSS INCOME (EGI)</b>		<b>\$803,799</b>
<b>Less: Stabilized Expenses</b>		
Advertising		\$300
Garbage		\$6,000
Insurance		\$10,000
Janitor		\$12,000
Landscaping & Snow Removal		\$18,000
Legal & Accounting		\$3,000
Painting & Decorating		\$6,000
Property Management @7% of EGI		\$56,266
Property Taxes (Estimate Only - based on leased fee ownership)		\$45,000
Repairs & Maintenance (Stabilized)		\$8,000
Reserve		\$12,000
Utilities (Common Areas Electricity, Gas)		\$20,000
Water & Sewer (Common Areas only)		\$1,800
Total Expenses	24.68%	\$198,366
<b>ESTIMATED NET INCOME</b>		<b>\$605,433</b>

\*The overall reliability of the estimation of the utility expense is reduced as there are few buildings in the area that have a similar size from which to establish an accurate estimate. The value given is believed to be reasonable.

## VACANCY

Income producing properties cannot be operated at full financial efficiency throughout their economic lives. For this reason, an allowance that measures the long-term loss resulting from vacancy, tenant turnover and credit loss is generally applied.

The subject property will be a new building in the City of Fort St. John. There are several new multi-family developments under construction in the area at this time. Demand for rental and strata-occupancy does not appear to have stabilized. There is new inventory that requires absorption into the market. The majority of existing remaining inventory of multi-family units is aging and there is evidence of redevelopment of existing buildings to maximize return on investment.

The 2015 CMHC Spring Rental Market report indicates a significant decline in vacancy rates from 10.5% in the fall of 2010 to 5.9% in the fall of 2011, to 3.6% in the fall of 2012, 1.5% in the spring of 2014 and an recent increase to 4% in the spring of 2015 as a result of numerous new rental units and strata-units offered for rent. This low vacancy continues despite the construction of a total of 1,193 residential units (both attached and detached) over the past three and one half years and record breaking MLS sales that have only recently shown a slight decline. Taking a deeper look into the rental market shows an early indication of absorption periods increasing as the market nears an anticipated temporary saturation point.

There is currently more pressure on the rental market due to continued economic activity in the area. This economic trend is expected to continue over the next several years. Newer buildings tend to have lower vacancy rates. Fort St. John is subject to cyclical vacancies as a result of reduced economic and maintenance projects on a seasonal basis, however the trend is stabilizing. Considering the location and physical characteristics of the subject property a stabilized vacancy and bad debt rate of 7% has been applied against the estimated gross potential income of the subject property. This rate considers the long term fluctuation in vacancies typically experienced the area.

## EXPENSES

Expenses have been estimated and stabilized based on what similar properties in the area generally experience as well as actual fees applied where available. The building will have 40 units available for occupancy.

Advertising considers what similar properties incur on an annual basis.

Garbage has been estimated based on what similar size developments incur. Garbage fees can fluctuate depending on usage.

Insurance expenses are based on a rate quoted for the new building. Insurance rates can fluctuate significantly based on numerous factors. This figure is subject to a firm quote

Janitor expenses based on \$1,500 per month to clean common areas.

Landscaping and snow removal have been calculated at \$18,000 per annum and consider sidewalk, parking lot snow removal, lawn area, etc.

Legal and accounting based on similar developments in the area.

Management expenses have been considered based on 7% of the effective gross income.

Painting and decorating is generally lower over the first several years based on average usage. This expense has been calculated based on \$150 per annum per unit.

Property taxes are an estimate only based on amounts of similar rental buildings. It is estimated to be \$45,000 per annum.

Repairs and maintenance include typical repairs required throughout the course of a year. When a building is newer there will be fewer repairs required than that of an older building. Higher tenant turnover often results in more repairs and maintenance as well. This expense has been calculated based on \$200 per annum per unit and considers elevator maintenance/repair.

Reserve considers reserve for replacements of appliances, heating equipment, etc. This builds up a fund for maintenances and repair on structural portions of the building. This expense has been calculated at \$25 per month per unit, to build up reserve for future maintenance.

Utilities were included in the calculation of net income based on common area heating costs and house electrical. This is an estimate only. The individual units will be metered separately. Each unit will be heated with electric baseboard heat.

Water and sewer fees are based on common area costs only. Individual units will be metered.

## Capitalization of Net Income

In the valuation of real property, the market place has proven that there is a relationship between income and value. In light of this, appraisal methodology has several techniques available to measure this relationship resulting in an estimate of value to the property through the capitalization of the net income. Two methods have been widely accepted which may yield an estimate of value; the Direct Capitalization Method and the Mortgage Equity Capitalization Method.

### ***Direct Capitalization Method***

An Overall Capitalization Rate (OCR) can be extracted from the market place. It is the annual rate, which expresses the relationship between Net Operating Income and Sale Price. It contains provision for a return on investment, as well as provision for capital recovery. The overall rate is applied directly to income, resulting in a value indication. Under this method of selecting an OCR, the appraiser ascertains the sales price and net operating income of a number of comparable properties and from this data, computes for each an overall rate. Property sales are comparable to the subject and this extends into areas such as component ratios, gross and net operating incomes, age, condition, motivation of parties and financing arrangements.

The construction of the Site C Dam has commenced. Contracts have been awarded and job fairs are in process for hiring the labourers necessary. There is anticipation of an increase in the petroleum industry in support of the anticipated LNG industry. At this time there is no formal project in place.

Fort St. John can experience seasonal and market fluctuations impacted by low commodity pricing. Attention to tenant occupancy would assist in overall risk reduction by reducing exposure supported by one industry. The strength of the proposed subject property is the design, amenities, occupancy options, location, access, egress and accessibility as well as underground parking option.

There are few similar properties in the immediate and surrounding areas to derive OCR rates. The following table represents OCR rates derived from Fort St. John. Fort St. John has not had any recent sales of newer large multi-family buildings with the exception of Index #9 which is an older sale that has been included for the clients convenience. There are several older multi-family properties in the Fort St. John area to derive OCR rates. The following table represents OCR rates derived from the Fort St. John

multi-family residential market. These rates have been derived from walk-up units that offer a different residential investment model. The effective income and expense figures have remained in the appraisers working files for preservation of privacy. The sales utilized are older, smaller buildings with the exception of a 2007 sale of two new 50 unit multi-family buildings included for illustration purposes.

**Table 6**  
**OVERALL CAPITALIZATION RATES**

	Index #5	Index# 6	Index# 7	Index# 8	Index# 9
<b>Address</b>	9528 99 Avenue	10203-98 Street	*9712/9714-97 Street	9811 110 Avenue	8920/8924-100 Avenue
<b>Sale Price</b>	965,000	\$850,000	\$850,000	\$925,000	\$11,008,893
<b>Date</b>	05-May-15	25-Sep-14 Reg.	Oct-13	09-Aug-13	01-Aug-07
<b>Building Type</b>	11 Unit Multi-Family Walk-up	Multi Family Walk Up Apartment	Sixplex	Multi Family Two Storey Walk Up	two 50 unit buildings with elevators
<b>Income/Expense Ratio (%)</b>	35%	38.06%	25.00%	31.83%	35.00%
<b>OCR (%)</b>	6.54%	6.76%	7.47%	7.21%	6.20%

The following is a brief description of each of the apartment buildings utilized for the calculation of the OCR.

*9528 99 Avenue, Fort St. John – This is a recent sale of an 11 x 1 BR unit building in a central location. This is a three storey walk-up building. It was constructed in 1981 and is significantly inferior to the subject. The rents at the time of the sale were significantly lower than market rents. The OCR was calculated based on the estimated actual rents based on discussion with the seller.*

*10203 98 Street, Fort St. John – The subject property is improved with an older 7 (seven) unit three storey plus full basement Multi-Family Walk-up Apartment. The building has a total of 5,478 sq. ft. (508.9 sq. m.)± on three levels with a full basement containing 2,130 sq. ft. (197.9 sq.m.)±. The building contains six (6) two bedroom units (including one basement unit and one penthouse unit) and one (1) one bedroom basement unit. It is an older building constructed of wood frame construction. The building has been updated and renovated over the years. Common laundry. Units have been updated. The OCR was calculated based on actual rents and expenses at time of purchase.*

*9712/9714-97 Street, Fort St. John Centrally located new sixplex developed by investor. OCR was calculated based on appraised value at time of completion and actual rent received.*

*9811-110<sup>th</sup> Avenue, Fort St. John – This is a sale of a 7 unit two storey nil basement row-house. The building required cosmetic updates, however was overall in good condition. Purchaser completed numerous upgrades after purchase. OCR was calculated based on actual rental rates at time of purchase.*

*8920/8924-100<sup>th</sup> Avenue, Fort St. John – two 50 unit three storey walk-up new buildings with a full basement. Expenses are based on actual expenses and are in the range considered reasonable for newer buildings. Although this is an older sale, the market conditions are very similar to those experienced in 2007 for vacancy and rental rates. Would offer a reasonable OCR comparison to the subject property. It has been included for the clients' convenience; however, overall reliability has been reduced due to age of sale.*



The OCR comparables available consider investment rates for older buildings with the exception of the 2007 sale of a new building that was purchased by a REIT. These are older buildings that are considered to be mid-life and inferior to the proposed subject. Very recently there has been an increase in investor type purchasers and additional developments are underway in the area on several large multi-family projects. Discussions with local property managers, commercial lenders and developers have confirmed that there has been a continuous demand for investment of multi-family residential units in the area.

With consideration to the rental conditions as they currently exist, along with the above market analysis, an Overall Capitalization Rate of 6.5% to 7.5% would be considered reasonable. This rate considers the overall condition and revenue stream of the property. There are perceived risks involved in investing in a smaller community, therefore a higher return would be anticipated. Discussions with local investors are in agreement with this risk return assessment.

### **MORTGAGE EQUITY CAPITALIZATION METHOD**

The Mortgage Equity Concept is a discounting process. The mortgage equity rate is simply a composite overall capitalization rate which, when applied to the annual net operating income, has the effect of discounting all future receivables in a single step. The overall capitalization rate used in this method blends the contract yield, which will be received by the mortgagee with the speculative yield to be received by the equity holder. Recapture of capital in this method is accomplished through amortization of the borrowed capital.

The quality of an income stream is a major factor in determining the ability to attract capital, and conversely, the equity rate may be interpreted in terms of risk.

The real estate market competes for investment capital against alternative opportunities. In each case, the rate of return is weighted against risks in the investment. There is no precise, fixed relationship between the real estate market and the rate of return of other investments such as the bond market, but since all are rooted in the same national economy, there will be a tendency for them to be similarly affected during any specific trend pressure.

***The Government of Canada marketable bonds average yield over 10 years is 1.65% as of July 14, 2015. The Government of Canada benchmark bond yield for a 3 year term is .43%. The Bank of Canada prime business interest rate is 2.85%. As of July 8, 2015. RBC Conventional fixed mortgage residential rates on a 5 year term is 4.64%.***

All pertinent factors including the quality of income, certainty of return on equity, marketability, mortgage interest rates and potential appreciation/depreciation are considered in the selection of the capitalization rate.

Local lenders in the area who deal with commercial and industrial type properties indicate a range of loan to value ratio of 65% to 75% for properties such as the subject depending on the circumstances of the individual application and the client involved. In relation to the subject property it appears as though 65% would be the most reasonable loan to value ratio and the equity ratio would be 35%.

Our research indicates that an interest rate of approximately **6.0% (3.0%+ over prime)** would be reasonable for an extended period of time in financing a property such as the subject. Based on our periodic discussion with local lenders of commercial and industrial type properties, an amortization period of **15 years** has been estimated for the subject property and takes into account the age, use, construction standards and remaining economic life of the subject property.

The Equity Dividend Rate is the ratio of annual Before-Tax Cash Flow to the original equity investment. Factors affecting the expected equity dividend rate for the subject property would include the age and condition of the subject building, the condition, maintenance, and estimated remaining economic life of the property, and the site coverage that exists. Other factors that affect typical dividend rates include interest rates and yield rates from other investment opportunities. Based on these factors and based on interviews with market participants, it appears as though an Equity Dividend Rate of 4% to 6% would be reasonable. Considering the risk as well as the current economic conditions in Fort St. John, a rate of 5% is considered reasonable.

**CALCULATION OF THE OVERALL CAPITALIZATION RATE  
(Mortgage Equity Method)  
(M x Rm) + E x Re = Ro**

Loan Ratio:	= 65%
Equity Ratio:	= 35%
Annual Mortgage Constant:	= .1007856 based on 6.0% interest rate and 15 year amortization
Equity Dividend Rate	= 5%
R <sub>o</sub>	= (.65 x .1007856) + (.35 x .05)
	= .0655106 + .0175
	= .0830
R <sub>o</sub>	= 8.30%

**SELECTION OF OVERALL CAPITALIZATION RATE**

<b>OCR BY DIRECT CAPITALIZATION METHOD</b>	<b>6.5 to 7.5%</b>
<b>OCR BY MORTGAGE EQUITY CAPITALIZATION METHOD</b>	<b>8.30%</b>

The Direct Capitalization Method takes into account local tendencies of investors and associated risk factors that exist. Typically, the Direct Capitalization Method has been the method most relied upon by investors in the Fort St. John area. Since there are few strong indicators of a market derived OCR for the subject property from this method, the Mortgage Equity Capitalization Method has also been considered in estimating market OCR for the subject property. An Overall Capitalization Rate of 7.25% is thought to be reasonable and the rate utilized to capitalize the Normalized Net Operating Income.

Therefore:

<u>NOI</u>	<u>\$605,433</u>		
OCR	7.25%	=	\$8,350,800

It is the appraiser's opinion that the value of the subject property by the Income Approach is **\$8,350,000** (Rounded).

**THEREFORE VALUE OF THE SUBJECT PROPERTY BY THE  
INCOME APPROACH TO VALUE IS:**

**\$8,350,000**

**(EIGHT MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS)**

***This appraisal report is subject to the Extraordinary Assumptions and Limiting Conditions  
located on Page 10 of this report.***

## RECONCILIATION AND FINAL ESTIMATE OF VALUE OF PROPOSED LEASED FEE BUILDING

In the appraisal process, the “final reconciliation” refers to the focusing of the various estimates of value arrived at by the Approaches to Value, in this instance the Cost Approach and Income Approach to Value. These valuation approaches have produced the following results:

### Estimate of Value by Cost Approach

**\$7,815,000.00**

### Estimate of Value by Income Approach

**\$8,350,000**

Given the fact that the proposed subject property is a new building the cost approach does offer a reasonable test of value and confirm the feasibility of the investment.

An income and expense statement has been normalized based on current market rents and expenses compared with what similar properties have experienced in the area. A stabilized vacancy/bad debt rate has had consideration applied to the historical vacancy rates as well as market trends in the area. Expenses have been normalized and applied based on the actual expense amounts of other similar properties with the assistance of information gathered from interviews with property owners and managers. Capitalization of the net income was undertaken by the Direct Capitalization Method and the Mortgage Equity Capitalization Method and underscores the additional risks associated with the Fort St. John area.

The Cost Approach and Income Approach have been utilized to determine the market value of the subject property as if a leased fee building. In determining the Highest and Best Use of the property it has been concluded that individual strata units would offer the maximum potential of the property. For this purpose the value of the proposed individual units have also been included in the next section of this report. Demand is strong for affordable housing options in the area at this time as well as for investment purposes.

**Exposure time** is always presumed to precede the effective date of the appraisal. It may be defined as:

“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. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market.”

An exposure time is estimated in the valuation of the subject property. A reasonable exposure time is different for various types of real estate under various market conditions. Exposure time estimates is based on statistics gathered from the local MLS as well as interviewing market participants. There is limited market evidence of similar properties in the area from which to derive a reasonable marketing period. Discussions with market participants, developers and local property managers indicate properties similar to the proposed subject property require approximately 3 to 6 months (for the entire leased fee building) to achieve a full market value selling price under current market conditions.

Considering the current market conditions, occupancy options, overall quality of the proposed development as well as overall market perception of Crosstown Apartments, the marketing conditions for the proposed subject property are rated as average to good. The exposure time related to the estimate of value concluded for the building as leased fee is estimated to be **3 to 6 months**.

#### Final Estimate of Value

In summary, in a “market value”, more weight is usually given to the one approach to value which best reflects the actions of buyers and sellers in the marketplace.

The data and conclusions from the two approaches to value have been reviewed. These valuation approaches reflect the actions of investors and developers in the market place. The data available to these approaches is believed to be comprehensive enough to provide a reliable base on which to formulate a value.

Potential buyers in the area are purchasing/building developments with potential for the purpose of investment properties or for individual strata ownership. The market has been analyzed and there is sufficient market rental data to derive a reasonable conclusion by the Income Approach.

The final estimate of value of the entire building as is has been considered utilizing the Cost Approach and the Income Approach. The Income Approach to value analyses the current revenue stream and is considered to be a good indicator of the final value. Full weight will be placed on this approach.

In order to equitably take market conditions into consideration, it is this appraiser’s opinion that the proposed subject property that will be located at 9907 94 Street subject to the limiting conditions contained elsewhere in the report will have an estimated value based on a 3 to 6 month marketing period as at the effective date of this report July 14, 2015.

#### **FINAL ESTIMATE OF VALUE IS:**

**\$8,350,000 (PROPOSED LEASED FEE BUILDING)**

**(EIGHT MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS)**

**The final estimate of value is based upon those Extraordinary Assumptions and Limiting Conditions described on Page 10 of this report**

**SECTION 2**

**VALUATION OF THE  
PROPOSED 40 INDIVIDUAL  
“AS IF” STRATA TITLED UNITS**

# VALUATION OF PROPOSED INDIVIDUAL STRATA UNITS

The valuation of the individual strata-titled units requires consideration of:

- 1) Comparison with other properties that are considered similar to the subject property that have recently sold or are offered for sale.

This concept is represented in this report as the **Direct Comparison Approach**. This approach will be dealt with separately in the following residential appraisal forms. The omission of the Cost Approach and the Income Approach will not result in a report that is misleading. The Cost Approach is not applicable when appraising individual strata-titled units.

The Direct Comparison Approach involves the gathering and analysis of similar properties that have sold recently, have been offered for sale, rented or have been offered for rent. This approach basically applies the principal of substitution, which affirms that a prudent person will not pay more for a property than it would cost to buy an equally desirable substitute in the same market. When there are a sufficient number of comparable properties, it is a good test of value.

When sales are used, all data is based on transactions which have already occurred, so it is historic in nature, and assumes that the market will continue to behave in the future as it did in the past. In a market value appraisal, this approach has direct pertinence and importance as it involves the study of actions of buyers and sellers in the market place. The reliability of the results is directly attributable to the quality of the sales data available.

## VALUATION OF THE SUBJECT PROPERTY

For the purpose of this appraisal, detailed analysis will be completed on four individual units that represent the 7 (seven) typical unit types. The unit numbers identified in the report have been utilized for illustration purposes only. (Please see Pages 49 & 50 for the corresponding unit schedule) The following units will have detailed valuations completed on each unit. Unit 106 – Type A, one bedroom 685 sq.ft. (63.7 sq.m.), Unit 102 – Type A2, bachelor 372 sq.ft. (34.6 sq.m.), Unit 303 – Type B, two bedroom 949 sq. ft. (88.2 sq. m.), Unit 409 – Type C, two bedroom 1,023 sq. ft. (95 sq. m.),. From the 4 (four) detailed valuations, the remaining units will be valued and illustrated in a spreadsheet that considers and differences in room count, floor level, exposure, size, parking, etc. for each unit. The following tables illustrate the sales used for comparison for each typical unit type.

A map showing the location of the comparable properties is provided in Figure 19 of this report.

The following pages will illustrate the four detailed analysis of the aforementioned units. The spreadsheet with the analysis of each unit will follow



**Table 7**  
**COMPARABLE BUILDING SALES CHART FOR UNIT# 105**  
**(Bachelor, 372 sq. ft. 1 Surface Stall)**  
**TYPICAL A2 UNIT**

	SUBJECT	Index# 1	Index# 2	Index# 3
Address	Proposed 105, 9907 94 Street TYPICAL A2 UNIT	#404, 8507 86 Street	205-10303-112 Street The Hudson (Under Construction)	310, 10216 102 Avenue Altomar Estates
	Fort St. John	Fort St. John	Fort St. John	Fort St. John
Location	Inside/Main	Upper/Inside	Inside	Corner/Upper
MLS Listing No. (if appl)		N241421	N243311	N237805
Days on Market		184	114	9
Date of Sale		17-Jun-15	Active Listing	05-Jul-14
Sale Price		200,000	270,800	140,000
Site Size	Proposed Strata Plan	Strata	Strata Plan	Strata Plan
Size L.F.A	372 SQ. FT.	780 sq. ft.	841 sq. ft.	690 sq. ft.
Age / Condition	Proposed	2007/Avg.	New/Good	1978/Avg
Building Type & Style	Bachelor	2 BR Apartment	2 BR Apartment	1 BR Apartment
Room Count	3/0/1	5/2/1F	5/2/2F	4/1/1F
Basement	N/A	N/A	N/A	N/A
Garage / Parking	1 Surface Stall	2 Surface Stalls	1 Surface Stall	1 Surface Stall
Other	Patio	Balcony	Balcony	Balcony
Adjusted Values		\$155,000	-\$45,000	\$159,300
			-\$111,500	\$147,000
				\$7,000

The proposed main floor bachelor unit will have 372 sq. ft. It will contain an in-suite laundry, one 4 piece bath, and open concept living area with a garden door opening onto a patio. It will have 1 parking stall. The patio will be concrete. The unit will have birch wood grade cabinets, laminate counter top, laminate and ceramic tile flooring. The kitchen will have a fridge, stove, range microwave and dishwasher. Washer and dryer are included in the unit. It will be decorated with a modern décor including a garden door with built-in blinds accessing the main floor patio.

The market has been researched for recent sales of bachelor units. There are very few sales of this type of unit available for analysis. The comparables utilized include an active listing of a two bedroom unit in a new building as well as one recent sale of a one bedroom strata-titled unit in an older building and an older sale of a one bedroom unit in the downtown core. There is a limited inventory of available sales or listings of newer or existing bachelor apartment units similar to the proposed subject property.

The comparable sales have been adjusted for differences that include gross floor area, location, room count, overall age/condition as well as parking. An adjustment has been applied for changes in market conditions and include a 10% adjustment for Index #2 which is an active listing of a unit that is not yet constructed. Purchasers include investors for tenant occupancy, companies for staff housing as well as first-time home buyers.

There is a shortage of affordable housing units priced under \$200,000 at this time. Demand is strong. The adjusted comparables range in value from \$147,000 to \$159,300. The final estimate of value of the subject property has been selected from the approximate mid-point of this range with consideration applied to a 90 day selling period.

## FINAL ESTIMATE OF VALUE FOR

**Proposed Unit #105 (372 sq. ft., 1 surface stall bachelor main floor unit)      \$155,000**

**Table 8**  
**COMPARABLE BUILDING SALES CHART FOR UNIT# 106**  
**(1 BR/1 Bath 685 sq. ft 1 Surface Stall.)**  
**TYPICAL UNIT A**

	SUBJECT	Index# 4		Index# 5		Index# 6	
Address	Proposed 106, 9907 94 Street, TYPICAL A UNIT Fort St. John	#404, 8507 86 Street Fort St. John		205-10303-112 Street The Hudson (Under Fort St. John		310, 10216 102 Avenue Altomar Estates Fort St. John	
Location	Inside/Main/North	Upper/Inside	10,000	Inside	-2500	Corner/Upper	10,000
MLS Listing No. (if appl)		N241421		N243311		N237805	
Days on Market		184		114		9	
Date of Sale		17-Jun-15		Active Listing	-27,000	05-Jul-14	\$14,000
Sale Price		200,000		270,800		140,000	
Site Size	Proposed Strata Plan	Strata		Strata Plan		Strata Plan	
Size L.F.A	685 sq. ft.	780 sq. ft.	-10,000	841 sq. ft.	-16,000	690 sq. ft.	
Age / Condition	Proposed/Good	2007/Avg.	25,000	New/Good	-10,000	1978/Avg	40,000
Building Type & Style	1 BR Apartment	2 BR Apartment		2 BR Apartment		1 BR Apartment	
Room Count	4/1/1F	5/2/1F	-5,000	5/2/2F	-10,000	4/1/1F	5,000
Basement	N/A	N/A		N/A		N/A	
Garage / Parking	1 Surface Stall	2 Surface Stalls	-10,000	1 Surface Stall		1 Surface Stall	
Other	Patio	Balcony		Balcony		Balcony	
Adjusted Values		\$210,000	\$10,000	\$205,300	-\$65,500	\$209,000	\$69,000

The proposed one bedroom one bath unit will have 685 sq. ft. It will contain an in-suite laundry, one 4 piece bath, and kitchen, one bedroom and patio doors in the living room opening onto a patio. It will have 1 surface parking stall. The patio will be concrete. The unit will have birch wood grade cabinets, laminate counter top, laminate and ceramic tile flooring. The kitchen will have a fridge, stove, range microwave and dishwasher. Washer and dryer are included in the unit. It will be decorated with a modern décor including a garden door with built-in blinds accessing the main floor patio.

The market has been researched for recent sales of one bedroom newer units. There are very few sales of this type of unit available for analysis. The comparables utilized include an active listing of a two bedroom unit in a new building as well as one recent sale of a one bedroom strata-titled unit in an older building and an older sale of a one bedroom unit in the downtown core. There is a limited inventory of available sales or listings of newer or existing one bedroom apartment units similar to the proposed subject property.

The comparable sales have been adjusted for differences that include gross floor area, location, room count, overall age/condition as well as parking. An adjustment has been applied for changes in market conditions and include a 10% adjustment for Index #5 which is an active listing of a unit that is not yet constructed. Market conditions have increased by approximately 10% since Index #6 transpired. Purchasers include investors for tenant occupancy, companies for staff housing as well as first-time home buyers.

There is a shortage of affordable housing units priced under \$205,300 at this time. Demand is strong. The adjusted comparables range in value from \$205,300 to \$210,000. The final estimate of value of the subject property has been selected from the approximate mid-point of this range with consideration applied to a 90 day selling period.

## FINAL ESTIMATE OF VALUE FOR

**Proposed Unit #106 (685 sq. ft. 1 BR 1 Bath 1 surface stall Typical A)**

**\$207,500**

**Table 9**  
**COMPARABLE BUILDING SALES CHART FOR UNIT# 303**  
**(2 BR/2 Bath, 949 sq. ft. 1 surface stall & 1 underground stall)**  
**TYPICAL B UNIT**

	SUBJECT	Index# 7	Index# 8	Index# 9
Address	Proposed 303, 9907 94 Street, TYPICAL B UNIT	#307, 11203-105 Avenue Signature Pointe I	#1, 10224-97 Avenue	#404, 8507 86 Street
	Fort St. John	Fort St. John	Fort St. John	Fort St. John
Location	Inside/Main/North	Inside /East/3rd -12,500	Main -5000	Upper/Inside 12,500
MLS Listing No. (if appl)		N236866	N236510	N241421
Days on Market		154	247	184
Date of Sale		04-Nov-14	01-Feb-15	17-Jun-15
Sale Price		285,900	296,000	200,000
Site Size	Proposed Strata Plan	Strata Plan	Strata Plan	Strata
Size L.F.A	949 sq. ft.	969 sq. ft.	1,318 sq. ft. -37,000	780 sq. ft. 17,000
Age / Condition	Proposed/Good	New/Good -5,000	New/Good -15,000	2007/Avg. 25,000
Building Type & Style	2 BR Apartment	2 BR Apart	2 BR Apartment	2 BR Apartment
Room Count	5/2/2F	5/2/2F	5/2/2F 5,000	5/2/1F 5,000
Basement	N/A	N/A	N/A	N/A
Garage / Parking	1 S/S 1 U/G	2 Surface Stalls 15,000	1 Surface Stall 25000	2 Surface Stalls 15,000
Other	Balcony	Balcony	Patio	Balcony
Adjusted Values		\$283,400 -\$2,500	\$269,000 -\$27,000	\$274,500 \$74,500

The proposed two bedroom two bath unit will have 949 sq. ft. It will contain an in-suite laundry, one 4 piece bath, 1 3 piece ensuite, kitchen, two bedrooms and living room. It will have 1 surface parking stall and 1 underground stall. The unit will have birch wood grade cabinets, laminate counter top, laminate and ceramic tile flooring. The kitchen will have a fridge, stove, range microwave and dishwasher. Washer and dryer are included in the unit. It will be decorated with a modern décor including a garden door with built-in blinds accessing the balcony vinyl covered balcony.

The market has been researched for recent sales of two bedroom two bath units. There are a few sales of new units available for analysis. The comparables utilized include a slightly dated sale a two bedroom two bath unit in a new building. Index #8 is a sale of a main floor strata-unit in a fourplex of a sixteen unit strata development. Index #9 is a recent sale of a two bedroom unit in a slightly older strata-development

The comparable sales have been adjusted for differences that include gross floor area, location, room count, overall age/condition as well as parking. There is limited evidence supporting any significant changes in market conditions since each of the sales transpired. Purchasers include investors for tenant occupancy, companies for staff housing as well as first-time home buyers.

There is a shortage of affordable housing units at this time. Demand continues as rental rates are higher than the cost of mortgage payments. The adjusted comparables range in value from \$269,000 to \$283,400. The final estimate of value of the subject property has been selected from the approximate mid-point of this range with consideration applied to a 90 day selling period.

## FINAL ESTIMATE OF VALUE FOR

**Proposed Unit #303 (949 sq. ft. 2 BR/2 Bath 1 S/S 1 U/G TYPICAL B UNIT)    \$275,000**

**Table 10**  
**COMPARABLE BUILDING SALES CHART FOR UNIT# 409**  
**(2 BR/2Bath 1,023 sq. ft. Corner Unit 1 Surface Stall 1 Underground Stall)**  
**TYPICAL C UNIT**

	SUBJECT	Index# 10		Index# 11		Index# 12	
Address	Proposed 409, 9907 94 Street, TYPICAL C UNIT Fort St. John	Proposed #410, 11205-105 Avenue Signature Pointe II Fort St. John		Rproposed #411, 11205-105 Avenue Signature Pointe II Fort St. John		#307, 11203-105 Avenue Signature Pointe I Fort St. John	
Location	Inside/Main/North	Corner/Fourth	-15,000	Corner/Fourth	-15,000	Inside /East/3rd	-7,500
MLS Listing No. (if appl)						N236866	
Days on Market						154	
Date of Sale		Firm		Firm		04-Nov-14	
Sale Price		314,900		314,900		285,900	
Site Size	Proposed Strata Plan	Strata Plan		Strata Plan		Strata Plan	
Size L.F.A	1,023 sq. ft.	1068	-4,500	1057	-4,500	969 sq. ft.	5,500
Age / Condition	Proposed/Good	Proposed/Good	-5,000	Proposed/Good	-5,000	New/Good	-5,000
Building Type & Style	2 BR Apartment	2 BR + Den Apart		2 BR + Den Apart		2 BR Apart	
Room Count	5/2/2F	6/2/2F	-7,500	6/2/2F	-7,500	5/2/2F	
Basement	N/A	N/A		N/A		N/A	
Garage / Parking	1 S/S 1 U/G	2 Surface Stalls	15,000	2 Surface Stalls	15,000	2 Surface Stalls	15,000
Other	Balcony	Balcony		Balcony		Balcony	
Adjusted Values		\$297,900	-\$17,000	\$297,900	-\$17,000	\$293,900	\$8,000

The proposed two bedroom two bath corner unit will have 1023 sq. ft. It will have 1 surface parking stall and 1 underground stall. The unit will have birch wood grade cabinets, laminate counter top, laminate and ceramic tile flooring. The kitchen will have a fridge, stove, range microwave and dishwasher. Washer and dryer are included in the unit. It will be decorated with a modern décor including a garden door with built-in blinds accessing the balcony vinyl covered balcony.

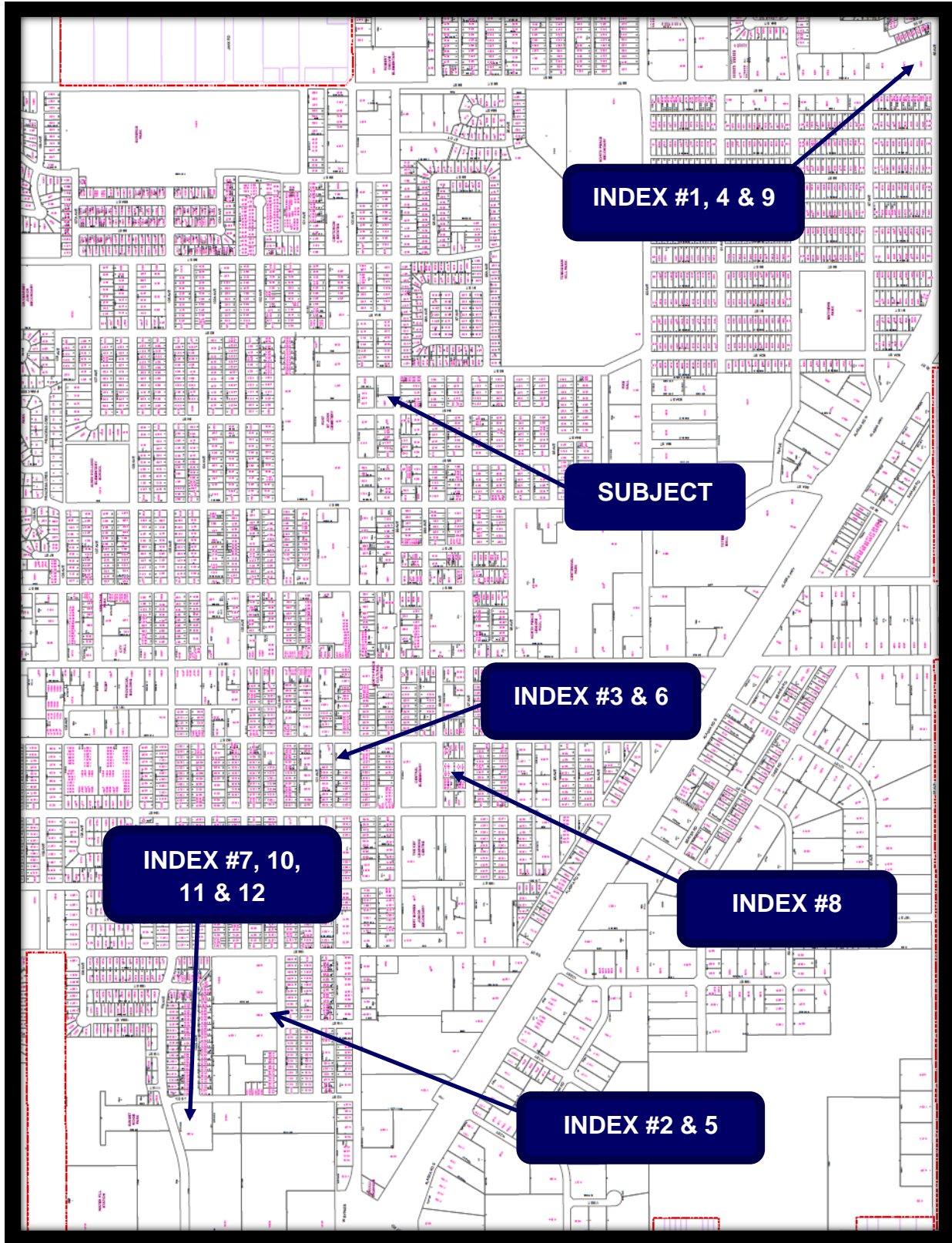
The comparables utilized include two firm presales of a similar fourth floor units in Signature Pointe II building as well as a recent sale of a strata-titled unit in Signature Pointe I. Signature Pointe II is under construction with an anticipated completion date in the early fall of 2015. To date there is approximately a 30% presale. There is a limited inventory of available sales or listings of newer or existing two bedroom apartment units similar to the subject property.

There is a shortage of affordable housing units priced under \$300,000 at this time. Demand continues with a number of competing developments. The adjusted comparables range in value from \$293,900 to \$297,900. The final estimate of value of the subject property has been selected from the approximate mid-point of this range with consideration applied to a 90 day selling period.

#### FINAL ESTIMATE OF VALUE FOR

**Proposed Unit #409 (1,023 sq. ft. 2 BR/2Bath corner unit, 1 S/S 1 U/G)                      \$295,000**

Figure 19  
MAP OF COMPARABLE PROPERTIES





## MARKET CONDITIONS

The Fort St. John area has been researched for recent sales of new strata-titled apartment units similar to the proposed subject units. There are currently numerous projects available or under development that have been marketed as strata units that include Signature Pointe II, Trump Gardens (Multi-phased development with proposed 35 townhouse and 50 unit apartment building marketed as a rental pool). The Hudson – (5 storey with underground parkade) MacKenzie Place (68 unit Townhouse Development), Hillcrest Village (156 unit two phase development). Both Signature Pointe and Hillcrest have plans for a second building. Hillcrest Village has been marketed as a purpose built rental development. There is also a multi-building development recently constructed (Azure) for a REIT that has a total 189 rental units.

Woodsmere is a six year old three building development inferior in age/quality to the subject. In addition to this building, the appraiser has reviewed current listings, recent sales/price increasing of strata-units that include units above commercial space, units in an older well maintained buildings as well as townhouse units.

Altomar Estates is an older building that does offer some one bedroom units.

Vacancy rates in the city are currently reported by local property managers to be in the range of 5 to 8%. There is indication of a labour shortage in some sectors, although unemployment rates have recently increased to 6.1% in the region. There continue to be projections for rapid economic growth in the region in support of the oil and gas industry and Site C Dam development. MLS sales volumes are down compared to the same period over 2014, however there has been a noted increase in private sales with rough estimates of approximately 25% of all residential sales a private. New construction volumes have increased. Overall the total number of units trading appears to have stabilized at this time. Growth continues in the city and demand for strata units most often purchased as investment properties continues.

The number of new home starts is increasing over those experienced over the past several years as illustrated in the Regional Analysis earlier in this report. The City is experiencing a period of rapid expansion and requires more housing to support the influx of new residents into the area in support of increased and continued economic activity. There are currently 5 large subdivisions under development in the city with some smaller subdivision development as well as in-fill.

The city has recently approved boundary expansion which has incorporated a larger land base for additional development.

Adjustments have been applied to the comparable sales for location (that consider the development, level and exposure), overall gross floor area, age, condition, quality of development and room count. Given the limited amount of new strata-titled apartment developments in the area, in some cases large adjustments were considered necessary. The comparable indices utilized offer a reasonable value conclusion, however the overall reliability is reduced. Consideration has been applied to the proposed projects under development.

***The proposed Crosstown Apartment development offers bachelor, one and two bedroom units. Items of consideration are suite size and mix, and building amenities that include underground parking, gym & amenity space. The larger suites do offer superior higher density housing options which is an important consideration for development in extreme northern climates. It has been the appraiser's experience that the overall quality of a project in this type of climate does offer a stable suite mix and attracts a stable working class occupant.***



At this time the Site C is commencing construction. There is anticipation for numerous several large scale economic projects that will commence over the next 1 to 2 years, pending approval. These projects include the 5 Billion dollar LNG pipeline to the west coast. Both of these projects along with numerous other smaller projects will have considerable impact on the local housing market.

**Currently the demand for housing in the area has moved from a shortage of supply to a more balanced with potential to offer a larger inventory to potential purchasers. The market is slower than that experienced over the past several years. The values selected for the proposed units consider the current market conditions and have not factored any anticipated changes in the market conditions.**

There currently are few developments in the Fort St. John area similar to the subject property. The comparable sales selected offer a reasonable value conclusion. The typical marketing period for each individual unit would be less than 90 days. **This marketing period is not expected to be the absorption period for the entire project.**

The final step in the application of the Direct Comparison Approach is to reconcile the data so as to derive a single indication of value for each individual unit. The reliability and degree of similarity of the data has been reviewed with most consideration is given to those sales that have transpired recently and have the highest degree of comparability with the subject.

Consideration has been applied to the detailed analysis of the four individual units for the selection of an appropriate estimate of value for the remaining 36 units. Adjustments were applied for differences in exposure and location within the development. The final estimate of value for each unit is displayed in the following table and chart. Those units in bold have had detailed analysis completed on the previous pages.

**VALUE OF INDIVIDUAL UNITS AS INDICATED BY  
THE DIRECT COMPARISON APPROACH IS:**

Proposed Strata Unit	Proposed Unit #	Suite Type	Bedrooms	Baths	Exposure	Floor Level	Parking Stalls	Size sq.ft.	Size sq.m.	Final Value Estimated
1	101	C	2	2	SW	1	1 S/S 1 U/G	1,023	103.1	\$285,000
2	102	C1	2	2	NW	1	1 S/S 1 U/G	1,110	103.1	\$295,000
3	103	B	2	2	S	1	1 S/S	949	88.2	\$270,000
4	104	B	2	2	N	1	1 U/G	949	88.2	\$270,000
5	105	A2	Bachelor	1	S	1	1 S/S	372	34.6	\$155,000
6	106	A	1	1	N	1	1 S/S	685	63.7	\$207,500
7	107	B1	2	2	S	1	1 S/S	904	84	\$265,000
8	108	B	2	2	N	1	1 U/G	949	88.2	\$270,000
9	109	C	2	2	SE	1	1 S/S 1 U/G	1,023	95.0	\$285,000
10	110	C1	2	2	NE	1	1 S/S 1 U/G	1,110	103.1	\$295,000
11	201	C	2	2	SW	2	1 S/S 1 U/G	1,023	103.1	\$290,000
12	202	C1	2	2	NW	2	1 S/S 1 U/G	1,110	103.1	\$300,000
13	203	B	2	2	S	2	1 U/G	949	88.2	\$275,000
14	204	B	2	2	N	2	1 U/G	949	88.2	\$275,000
15	205	A1	1	1	S	2	1 S/S	782	72.7	\$220,000
16	206	A	1	1	N	2	1 S/S	685	63.7	\$210,000
17	207	B1	2	2	S	2	1 S/S	904	84	\$255,000
18	208	B	2	2	N	2	1 S/S 1 U/G	949	88.2	\$275,000
19	209	C	2	2	SE	2	1 S/S 1 U/G	1,023	95.0	\$290,000
20	210	C1	2	2	NE	2	1 S/S 1 U/G	1,110	103.1	\$300,000
21	301	C	2	2	SW	3	1 S/S 1 U/G	1,023	103.1	\$290,000
22	302	C1	2	2	NW	3	1 S/S 1 U/G	1,110	103.1	\$300,000
23	303	B	2	2	S	3	1 S/S 1 U/G	949	88.2	\$275,000
24	304	B	2	2	N	3	1 S/S 1 U/G	949	88.2	\$275,000
25	305	A1	1	1	S	3	1 S/S	782	72.7	\$220,000
26	306	A	1	1	N	3	1 S/S	685	63.7	\$210,000
27	307	B1	2	2	S	3	1 S/S	904	84	\$255,000
28	308	B	2	2	N	3	1 S/S 1 U/G	949	88.2	\$275,000
29	309	C	2	2	SE	3	1 S/S 1 U/G	1,023	95.0	\$290,000
30	310	C1	2	2	NE	3	1 S/S 1 U/G	1,110	103.1	\$300,000
31	401	C	2	2	SW	4	1 S/S 1 U/G	1,023	103.1	\$295,000
32	402	C1	2	2	NW	4	1 S/S 1 U/G	1,110	103.1	\$305,000
33	403	B	2	2	S	4	1 S/S 1 U/G	949	88.2	\$280,000
34	404	B	2	2	N	4	1 S/S 1 U/G	949	88.2	\$280,000
35	405	A1	1	1	S	4	1 S/S	782	72.7	\$222,500
36	406	A	1	1	N	4	1 S/S	685	63.7	\$215,000
37	407	B1	2	2	S	4	1 S/S	904	84	\$260,000
38	408	B	2	2	N	4	1 S/S 1 U/G	949	88.2	\$280,000
39	409	C	2	2	SE	4	1 S/S 1 U/G	1,023	95.0	\$295,000
40	410	C1	2	2	NE	4	1 S/S 1 U/G	1,110	103.1	\$305,000
Aggregate Total (not an indication of market value if the development were sold in its entirety to one buyer)										<b>\$10,715,000</b>

*The value conclusions consider a 90 day exposure time for individual units. (Not to be considered an absorption period for the entire project)*

**The final estimate of value is based upon those Extraordinary Assumptions and Limiting Conditions described on Page 10 of this report.**

## FINAL ESTIMATE OF VALUE

At the request of the client this report considers two valuation scenarios. Section II of this report considers the valuation of the proposed 40 individual strata units as of the effective date of this appraisal, July 14, 2015.

The data and conclusions from the Direct Comparison Approach to Value have been reviewed for the purpose of individual unit valuation. The Cost Approach to Value is not utilized for individual strata units. The data available is believed to be comprehensive enough to provide a reliable base on which to formulate a value for the individual units.

The proposed Crosstown Apartments development will be comprised of 40 unit strata-titled units, located in a proposed 4 level Multi-Family Residential development. Discussions with local property managers and people involved with the real estate profession confirm statistical trends that there continues to be demand for new affordable housing options in the area at this time.

Potential buyers in the area are purchasing/building strata units for the purpose of investment properties, for employee housing or for owner occupancy. It has been noted that numerous out of town investors are purchasing the affordable housing stock for investment purposes which does put added pressure on affordable housing options for owner occupancy.

***The proposed Crosstown Apartments development offers bachelor, one bedroom and two bedroom units. Items of consideration for the two bedroom units are suite size and building amenities that include parkade, gym and amenity space. The larger suite sizes and parkade options do offer superior higher density housing options which is an important consideration for occupancy in extreme northern climates. It has been the appraiser's experience that this type of suite mix attracts a stable working class occupant.***

Detailed analysis has been completed on each of the three typical units. The aggregate value of the entire project is not meant to be an estimate of value if sold as a single development. There is anticipated commencement of several strata-apartment developments over the next 2 years with each project offering a different target market and suite mix. There is potential for saturation based on the communities current needs. ***Exposure time*** is always presumed to precede the effective date of the appraisal. It may be defined as:

“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. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market.”

An exposure time is estimated in the valuation of the subject property. A reasonable exposure time is different for various types of real estate under various market conditions. Exposure time estimates is based on statistics gathered from the local MLS as well as interviewing market participants. After reviewing recent sales of similar properties it has been determined that a marketing period less than 90 days would be considered reasonable for the individual units. Discussions with market participants, developers and local property managers indicate properties similar to the proposed individual units would require less than 90 days to achieve a full market value selling price under current market conditions.

In order to equitably take market conditions into consideration, it is this appraiser's opinion that the proposed individual 40 strata-titled units that will be located at **Crosstown Apartments, 9907 94 Street &**

**9304 99 Avenue, Fort St. John, BC** and subject to the limiting conditions contained elsewhere in the report will have an estimated value based on a marketing period less than 90 days for individual units as at the effective date of this report July 14, 2015. **The marketing period is not considered to be an absorption period for the entire 40 individual units.**

The Direct Comparison Approach to Value has produced the following results:

**Value of Proposed Individual Units by Direct Comparison Approach**

Proposed Unit #	Suite Type	Bedrooms	Baths	Exposure	Floor Level	Parking Stalls	Size sq.ft.	Size sq.m.	Final Value Estimated
101	C	2	2	SW	1	1 S/S 1 U/G	1,023	103.1	\$285,000
102	C1	2	2	NW	1	1 S/S 1 U/G	1,110	103.1	\$295,000
103	B	2	2	S	1	1 S/S	949	88.2	\$270,000
104	B	2	2	N	1	1 U/G	949	88.2	\$270,000
105	A2	Bachelor	1	S	1	1 S/S	372	34.6	\$155,000
106	A	1	1	N	1	1 S/S	685	63.7	\$207,500
107	B1	2	2	S	1	1 S/S	904	84	\$265,000
108	B	2	2	N	1	1 U/G	949	88.2	\$270,000
109	C	2	2	SE	1	1 S/S 1 U/G	1,023	95.0	\$285,000
110	C1	2	2	NE	1	1 S/S 1 U/G	1,110	103.1	\$295,000
201	C	2	2	SW	2	1 S/S 1 U/G	1,023	103.1	\$290,000
202	C1	2	2	NW	2	1 S/S 1 U/G	1,110	103.1	\$300,000
203	B	2	2	S	2	1 U/G	949	88.2	\$275,000
204	B	2	2	N	2	1 U/G	949	88.2	\$275,000
205	A1	1	1	S	2	1 S/S	782	72.7	\$220,000
206	A	1	1	N	2	1 S/S	685	63.7	\$210,000
207	B1	2	2	S	2	1 S/S	904	84	\$255,000
208	B	2	2	N	2	1 S/S 1 U/G	949	88.2	\$275,000
209	C	2	2	SE	2	1 S/S 1 U/G	1,023	95.0	\$290,000
210	C1	2	2	NE	2	1 S/S 1 U/G	1,110	103.1	\$300,000
301	C	2	2	SW	3	1 S/S 1 U/G	1,023	103.1	\$290,000
302	C1	2	2	NW	3	1 S/S 1 U/G	1,110	103.1	\$300,000
303	B	2	2	S	3	1 S/S 1 U/G	949	88.2	\$275,000
304	B	2	2	N	3	1 S/S 1 U/G	949	88.2	\$275,000
305	A1	1	1	S	3	1 S/S	782	72.7	\$220,000
306	A	1	1	N	3	1 S/S	685	63.7	\$210,000
307	B1	2	2	S	3	1 S/S	904	84	\$255,000
308	B	2	2	N	3	1 S/S 1 U/G	949	88.2	\$275,000
309	C	2	2	SE	3	1 S/S 1 U/G	1,023	95.0	\$290,000
310	C1	2	2	NE	3	1 S/S 1 U/G	1,110	103.1	\$300,000
401	C	2	2	SW	4	1 S/S 1 U/G	1,023	103.1	\$295,000
402	C1	2	2	NW	4	1 S/S 1 U/G	1,110	103.1	\$305,000
403	B	2	2	S	4	1 S/S 1 U/G	949	88.2	\$280,000
404	B	2	2	N	4	1 S/S 1 U/G	949	88.2	\$280,000
405	A1	1	1	S	4	1 S/S	782	72.7	\$222,500
406	A	1	1	N	4	1 S/S	685	63.7	\$215,000
407	B1	2	2	S	4	1 S/S	904	84	\$260,000
408	B	2	2	N	4	1 S/S 1 U/G	949	88.2	\$280,000
409	C	2	2	SE	4	1 S/S 1 U/G	1,023	95.0	\$295,000
410	C1	2	2	NE	4	1 S/S 1 U/G	1,110	103.1	\$305,000
Aggregate Total (not an indication of market value if the development were sold in it's entirety to one buyer)									\$10,715,000

\*Detailed analysis completed on units in bold.

**The final estimate of value is based upon those Extraordinary Assumptions and Limiting Conditions described on Page 10 of this report**

# ***SUMMARY OF CONCLUSIONS***

***1) PROPOSED LEASED FEE  
APARTMENT BUILDING***

***2) PROPOSED INDIVIDUAL 40  
STRATA-TITLED UNITS***

At the client's request, the report considers two separate scenarios estimating the current market value of: 1) the proposed leased fee 40 unit apartment building and 2) Value of proposed 40 individual strata units of the proposed development known as Crosstown Apartments.

The preceding report has determined the following conclusions:

**Proposed Lease Fee 40 Unit Apartment Building** **\$8,350,000**  
**(Eight Million Nine Hundred & Twenty-five Thousand Dollars)**

**Proposed Individual 40 Units**

Proposed Unit #	Suite Type	Bedrooms	Baths	Exposure	Floor Level	Parking Stalls	Size sq.ft.	Size sq.m.	Final Value Estimated
101	C	2	2	SW	1	1 S/S 1 U/G	1,023	103.1	\$285,000
102	C1	2	2	NW	1	1 S/S 1 U/G	1,110	103.1	\$295,000
103	B	2	2	S	1	1 S/S	949	88.2	\$270,000
104	B	2	2	N	1	1 U/G	949	88.2	\$270,000
105	A2	Bachelor	1	S	1	1 S/S	372	34.6	\$155,000
106	A	1	1	N	1	1 S/S	685	63.7	\$207,500
107	B1	2	2	S	1	1 S/S	904	84	\$265,000
108	B	2	2	N	1	1 U/G	949	88.2	\$270,000
109	C	2	2	SE	1	1 S/S 1 U/G	1,023	95.0	\$285,000
110	C1	2	2	NE	1	1 S/S 1 U/G	1,110	103.1	\$295,000
201	C	2	2	SW	2	1 S/S 1 U/G	1,023	103.1	\$290,000
202	C1	2	2	NW	2	1 S/S 1 U/G	1,110	103.1	\$300,000
203	B	2	2	S	2	1 U/G	949	88.2	\$275,000
204	B	2	2	N	2	1 U/G	949	88.2	\$275,000
205	A1	1	1	S	2	1 S/S	782	72.7	\$220,000
206	A	1	1	N	2	1 S/S	685	63.7	\$210,000
207	B1	2	2	S	2	1 S/S	904	84	\$255,000
208	B	2	2	N	2	1 S/S 1 U/G	949	88.2	\$275,000
209	C	2	2	SE	2	1 S/S 1 U/G	1,023	95.0	\$290,000
210	C1	2	2	NE	2	1 S/S 1 U/G	1,110	103.1	\$300,000
301	C	2	2	SW	3	1 S/S 1 U/G	1,023	103.1	\$290,000
302	C1	2	2	NW	3	1 S/S 1 U/G	1,110	103.1	\$300,000
303	B	2	2	S	3	1 S/S 1 U/G	949	88.2	\$275,000
304	B	2	2	N	3	1 S/S 1 U/G	949	88.2	\$275,000
305	A1	1	1	S	3	1 S/S	782	72.7	\$220,000
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308	B	2	2	N	3	1 S/S 1 U/G	949	88.2	\$275,000
309	C	2	2	SE	3	1 S/S 1 U/G	1,023	95.0	\$290,000
310	C1	2	2	NE	3	1 S/S 1 U/G	1,110	103.1	\$300,000
401	C	2	2	SW	4	1 S/S 1 U/G	1,023	103.1	\$295,000
402	C1	2	2	NW	4	1 S/S 1 U/G	1,110	103.1	\$305,000
403	B	2	2	S	4	1 S/S 1 U/G	949	88.2	\$280,000
404	B	2	2	N	4	1 S/S 1 U/G	949	88.2	\$280,000
405	A1	1	1	S	4	1 S/S	782	72.7	\$222,500
406	A	1	1	N	4	1 S/S	685	63.7	\$215,000
407	B1	2	2	S	4	1 S/S	904	84	\$260,000
408	B	2	2	N	4	1 S/S 1 U/G	949	88.2	\$280,000
409	C	2	2	SE	4	1 S/S 1 U/G	1,023	95.0	\$295,000
410	C1	2	2	NE	4	1 S/S 1 U/G	1,110	103.1	\$305,000
Aggregate Total (not an indication of market value if the development were sold in it's entirety to one buyer)									<b>\$10,715,000</b>



# CERTIFICATION

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

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 my personal, impartial and unbiased professional analysis, opinions and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in and compensation for this assignment was not contingent upon developing or reporting predetermined results, the amount of the value estimate or a conclusion favouring the client.

I developed my analysis, opinions and conclusions contained in this report in conformity with the Canadian Uniform Standards of Appraisal Practice.

I have the knowledge and experience to complete the assignment competently.

No one provided significant professional assistance to the person signing this report.

As at the date of this report the undersigned has fulfilled the requirements of the Appraisal Institutes Continuing Professional Development Recertification program for designated members.

The undersigned personally inspected the subject property on the effective date of the report .

Based upon the data, analysis and conclusions contained herein, the market value of the interest in the property described as Lots 1 & 2, Plan BCP28352, Sec 31-83-18, PID# 026-963-515 & 026-963-523 at July 14, 2015 based on less than 90 days for individual units and 3 to 6 months for the entire leased fee building marketing is estimated at:

- |   |                    |
|---|--------------------|
| 1) Proposed Lease Fee 40 Unit Apartment Building                  | <b>\$8,350,000</b> |
| <b>(Eight Million Three Hundred &amp; Fifty Thousand Dollars)</b> |                    |
| 2) Proposed Individual 40 Units (see following table)             |                    |

***The value conclusions consider a 90 day exposure time for individual units. This is not meant to be an absorption period for the entire development.***

**The final estimate of value is based upon those Extraordinary Assumptions and Limiting Conditions described on Page 10 of this report.**

Proposed Unit #	Suite Type	Bedrooms	Baths	Exposure	Floor Level	Parking Stalls	Size sq.ft.	Size sq.m.	Final Value Estimated
101	C	2	2	SW	1	1 S/S 1 U/G	1,023	103.1	\$285,000
102	C1	2	2	NW	1	1 S/S 1 U/G	1,110	103.1	\$295,000
103	B	2	2	S	1	1 S/S	949	88.2	\$270,000
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109	C	2	2	SE	1	1 S/S 1 U/G	1,023	95.0	\$285,000
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208	B	2	2	N	2	1 S/S 1 U/G	949	88.2	\$275,000
209	C	2	2	SE	2	1 S/S 1 U/G	1,023	95.0	\$290,000
210	C1	2	2	NE	2	1 S/S 1 U/G	1,110	103.1	\$300,000
301	C	2	2	SW	3	1 S/S 1 U/G	1,023	103.1	\$290,000
302	C1	2	2	NW	3	1 S/S 1 U/G	1,110	103.1	\$300,000
303	B	2	2	S	3	1 S/S 1 U/G	949	88.2	\$275,000
304	B	2	2	N	3	1 S/S 1 U/G	949	88.2	\$275,000
305	A1	1	1	S	3	1 S/S	782	72.7	\$220,000
306	A	1	1	N	3	1 S/S	685	63.7	\$210,000
307	B1	2	2	S	3	1 S/S	904	84	\$255,000
308	B	2	2	N	3	1 S/S 1 U/G	949	88.2	\$275,000
309	C	2	2	SE	3	1 S/S 1 U/G	1,023	95.0	\$290,000
310	C1	2	2	NE	3	1 S/S 1 U/G	1,110	103.1	\$300,000
401	C	2	2	SW	4	1 S/S 1 U/G	1,023	103.1	\$295,000
402	C1	2	2	NW	4	1 S/S 1 U/G	1,110	103.1	\$305,000
403	B	2	2	S	4	1 S/S 1 U/G	949	88.2	\$280,000
404	B	2	2	N	4	1 S/S 1 U/G	949	88.2	\$280,000
405	A1	1	1	S	4	1 S/S	782	72.7	\$222,500
406	A	1	1	N	4	1 S/S	685	63.7	\$215,000
407	B1	2	2	S	4	1 S/S	904	84	\$260,000
408	B	2	2	N	4	1 S/S 1 U/G	949	88.2	\$280,000
409	C	2	2	SE	4	1 S/S 1 U/G	1,023	95.0	\$295,000
410	C1	2	2	NE	4	1 S/S 1 U/G	1,110	103.1	\$305,000
Aggregate Total (not an indication of market value if the development were sold in it's entirety to one buyer)									\$10,715,000



Signed: \_\_\_\_\_  
Edwina Nearhood, AACI, P. APP.

File Number: 15060519

Dated: July 17, 2015

# CURRICULUM VITAE FOR EDWINA NEARHOOD

## CAREER EXPERIENCE

- 2010-Present President, Nearhood Appraisal Services Ltd. Involved in appraisal and consulting for all types of real property including Residential, Industrial, Commercial and Investment (IC&I). Servicing north eastern British Columbia. Communities of service included Fort St. John, Taylor, Dawson Creek, Tumbler Ridge, Chetwynd, Hudson's Hope, Fort Nelson and surrounding rural areas.
- 2008-2010 Commercial Appraiser, Chalifour Denis & Associates Responsible for IC&I appraisal and consulting assignments in the Fort McMurray area.
- 1990-2008 Residential and Commercial Appraiser, McDonald Appraisals Inc. Involved in residential and commercial appraisal and consulting assignments servicing the Peace Liard Region of north eastern British Columbia. Communities of service included Fort St. John, Taylor, Dawson Creek, Tumbler Ridge, Chetwynd, Hudson's Hope, Fort Nelson and surrounding rural areas.

## ACADEMIC QUALIFICATIONS AND CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

- Accredited Appraiser Canadian Institute (**AACI**), Appraisal Institute of Canada 2008
- Diploma in Urban Land Economics, University of British Columbia 2008
- Professional Appraiser (P. App), Appraisal Institute of Canada 2008
- Canadian Residential Appraiser, Appraisal Institute of Canada 1999
- 2010, 2012, 2015 AIC Annual Conference (CPD)
- Valuation for Financial Reporting IFRS – CPD 2009
- 2015 AIC Standards Seminar - CPD
- Mortgage Fraud Awareness – RECA 2009
- BUSI 443 Foundation of Real Property Assessment and Mass Appraisal - UBC
- 130 CPD requirements filled for period 2002-2007 (Period requirement is 60)
- Diploma in Office Administration, Northern Lights College 1990

## MEMBERSHIPS

- Appraisal Institute of Canada Since 1991
- Fort St. John and District Chamber of Commerce
- UBC Alumni
- Peace Country Construction Association

**APPRAISAL ASSIGNMENTS**

- Absorption studies for multi-family development projects and subdivision development
- Appraisal for International Financial Reporting Standards (IFRS)
- Appraisals for amalgamation purposes
- Appraisals for assessment review
- Consulting reports for insurance purposes
- Commercial appraisals for mortgage purposes
- Appraisals of self-storage structures
- Appraisals of improved and vacant parcels of residential, commercial, recreational and industrial use
- Appraisals of proposed large multi-family condominium projects
- Appraisals of market values of agriculture land with and w/o oil lease revenue
- Appraisals of mixed-use commercial and multi-family developments
- Appraisals of multi-family, commercial and industrial properties including retail stores, office buildings, condominium complexes, light and medium industrial properties
- Appraisals of single family dwellings, duplex, fourplex residential properties
- Current market value, replacement cost new and retrospective historical valuation appraisals
- Estate planning
- Feasibility studies
- Highest and Best Use Studies
- Insurance Consulting
- Litigation (Matrimonial Dispute)
- Market analysis consulting
- Market rent studies
- Real property appraisals for expropriation purposes
- Residential appraisals for mortgage purposes
- Residential appraisals for foreclosure purposes
- Employee relocation appraisals
- Valuation of oil lease revenue

**CLIENTELE**

A partial clientele list includes but not limited to the following:

Accountants - MNP

Airport Authority (Fort McMurray)

Financial Institutions including: RBC, CIBC, Scotiabank, TD Bank, First National, (reports completed for individual clientele that were forwarded to BMO)

Churches, Fort McMurray Catholic Church, Fort St. John Alliance, Fort St. John United, etc.

Commercial and Residential Land Developers

Credit Unions (North Peace Savings and Credit Union, Lakeview Credit Union, Integris, Servus)

Developers – Peace Holdings, Dave Wolstenholme, Various Fort McMurray Developers,

Employee Relocation Companies (Brookfield Asset Management)

First Nations (Blueberry River First Nations, Doig River, Fort McKay First Nations, West Moberly First Nations)

Lawyers for litigation, mediation, probate

Local Government (Cities, Villages, Municipalities, Districts)

Provincial Government including Ministry of Transportation, Ministry of Natural Resources

Private Individuals

Private Investors

Regional Municipality of Wood Buffalo

North Peace Seniors Housing Societies

South Peace River Social Housing Societies

BC Hydro for passive acquisition

Urban Land Systems

Ministry of Transportation

BC Housing

# ***ADDENDUM***



# ***EXHIBIT 'A'***

## GENERAL CONTINGENT AND LIMITING CONDITIONS

1. It is a term of this agreement that no person or entity other than Peace Enterprises Ltd. and Ron Brar may rely upon this report for any purpose including lending without first obtaining written permission from the appraiser. Without the written permission as described, the appraiser shall not be held liable for any loss or damage that may occur to any person other than the client by reason of their reliance on this report, and the appraiser expressly disclaims legal liability.
2. This report has been prepared at the request of Peace Enterprises Ltd. and Ron Brar for the exclusive use of the recipient as named herein and for the specific purpose and function as stated herein. All copyright is reserved to the author and this report is considered confidential by the author and the client. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content or any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement prospectus or offering memorandum of the client or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose form and content of such dissemination, disclosure, quotation or reference.
3. The estimated market value of the real estate that is the object of this appraisal pertains to the value of the fee simple ownership. The property rights appraised herein exclude mineral rights, if any.
4. The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort, but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal that prefaces this report.
5. The estimate of value contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain enquiries were outside the scope of this mandate. For these reasons, the analysis, opinions and conclusions contained in this report are subject to the following Contingent and Limiting Conditions:
6. The property has been valued on the basis that title to the real estate herein appraised is good and marketable.
7. The author of the report cannot accept responsibility for legal matters, questions of survey, opinions of title, hidden or unapparent conditions of the property, toxic wastes or contaminated materials, soil or sub-soil conditions, environmental, engineering or other technical matters that

might render this property more or less valuable than as stated herein. If it came to our attention as the result of our investigation and analysis that certain problems may exist, a cautionary note has been entered in the body of the report.

8. The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.
9. The legal description of the property and the area of the site were obtained from the British Columbia Land Title Office. Further, the plans and sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.
10. The property has been valued on a basis that the real estate is free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as may be noted in this report and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described herein.
11. The property has been valued on the basis that there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the subject property or any portion thereof.
12. The interpretation of the leases (if any) and other contractual agreements pertaining to the operation and ownership of the property as expressed herein, is solely the opinion of the author and should not be construed as a legal interpretation. Further, the summaries of these contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
13. The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated in all material respects, in full compliance with all requirements of law, including all land use, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process.

14. Investigations have been undertaken in respect of matters that regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented in this report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.
15. The property has been valued on the basis that the present use is a legally conforming use and has all of the necessary approval for continuation of the existing use from all regulatory agencies.
16. Right-of-ways, easement or encroachments over other real property and leases or other covenants noted herein are legally enforceable.
17. The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate herein appraised.
18. The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, this data is not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible.
19. The estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
20. Unless otherwise noted, the estimated market value of the property referred to herein is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report "as is" and "where is", without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
21. Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made beforehand, including provisions for additional compensation to permit adequate time for preparation and for any appearances which may be required. The appraiser reserves the right to refuse such participation. However, neither this nor any other of these assumptions and limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body that will decide the use of this report that best serves the administration of the justice.
22. Where the property has been valued based on certain conditions stated previously, no investigation, legal or otherwise has been undertaken which would verify these assumptions unless expressly noted herein.

## GENERAL CONTINGENT AND LIMITING CONDITIONS

23. Because market conditions, including economic, social and political factors change rapidly and on occasion without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as of any other date without subsequent advice of the author of this report.
24. 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 whole or in part, or published in any manner without the express written consent of the appraiser.
25. Neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public through the advertising media, public relations media, news media, sales media or other means of communication without the prior consent and approval of this firm.
26. The value expressed herein is in Canadian dollars.
27. This report is only valid if it bears the original signature of the author be it ink with a sealed stamp or a valid secure electronic signature.

# ***EXHIBIT 'B'***



**LOT 1**

**TITLE SEARCH PRINT**

2015-07-03, 09:33:54

File Reference:

Requestor: Edwina Nearhood

Declared Value \$550000

**\*\*CURRENT AND CANCELLED INFORMATION SHOWN\*\***

**Land Title District**

Land Title Office

PRINCE GEORGE

PRINCE GEORGE

**Title Number**

From Title Number

CA4428270

BB462615

**Application Received**

2015-05-29

**Application Entered**

2015-06-02

**Registered Owner in Fee Simple**

Registered Owner/Mailing Address:

93RD STREET APARTMENT FSJ TITLE LTD., INC.NO. BC1037316

303 - 1080 HOWE STREET

VANCOUVER, BC

V6Z 2T1

**Taxation Authority**

CITY OF FORT ST. JOHN

**Description of Land**

Parcel Identifier:

026-963-515

Legal Description:

LOT 1 SECTION 31 TOWNSHIP 83 RANGE 18 WEST OF THE 6TH MERIDIAN

PEACE RIVER DISTRICT PLAN BCP28352

**Legal Notations**

NONE

**Charges, Liens and Interests**

Nature:

MORTGAGE

Registration Number:

BB473896

Registration Date and Time:

2007-03-05 11:40

Registered Owner:

CANADIAN IMPERIAL BANK OF COMMERCE

**Duplicate Indefeasible Title**

NONE OUTSTANDING

**Transfers**

NONE

**Pending Applications**

NONE

**Corrections**

NONE

Title Number: CA4428270

TITLE SEARCH PRINT

Page 1 of 1

**LOT 2**

<b>TITLE SEARCH PRINT</b>	2015-07-03, 09:33:54
File Reference:	Requestor: Edwina Nearhood
Declared Value \$620000	
**CURRENT AND CANCELLED INFORMATION SHOWN**	
<b>Land Title District</b> Land Title Office	PRINCE GEORGE PRINCE GEORGE
<b>Title Number</b> From Title Number	CA4428409 CA2631204
<b>Application Received</b>	2015-05-29
<b>Application Entered</b>	2015-06-02
<b>Registered Owner in Fee Simple</b> Registered Owner/Mailing Address:	93RD STREET APARTMENT FSJ TITLE LTD., INC.NO. BC1037316 303 - 1080 HOWE STREET VANCOUVER, BC V6Z 2T1
<b>Taxation Authority</b>	CITY OF FORT ST. JOHN
<b>Description of Land</b> Parcel Identifier: Legal Description:	026-963-523 LOT 2 SECTION 31 TOWNSHIP 83 RANGE 18 WEST OF THE 6TH MERIDIAN PEACE RIVER DISTRICT PLAN BCP28352
<b>Legal Notations</b>	NONE
<b>Charges, Liens and Interests</b>	NONE
<b>Duplicate Indefeasible Title</b>	NONE OUTSTANDING
<b>Transfers</b>	NONE
<b>Pending Applications</b>	NONE
<b>Corrections</b>	NONE
Title Number: CA4428409	TITLE SEARCH PRINT
	Page 1 of 1

# ***EXHIBIT 'C'***

LAND USE CLASSIFICATION RM-2 (MULTI-FAMILY RESIDENTIAL HIGH DENSITY)

RM-2 Permitted Uses:

- Single-detached as per the R-1 zone requirements
- Suite in a single detached dwelling
- Duplex as per the R-2 zone requirements
- Townhouse as per RM-1 zone requirements
- Large scale multi family
- Condominium; and
- Bare land Strata
- Home Occupation, minor

RM-2 - Multi-family High Density (High Density)

Intent of the RM-2 zone is to diversify housing stock by permitting large scale multi-family development up to 125 units per hectare in appropriate locations within the City.

**Minimum Parcel Area**

- apartment building of 10.5 m or less in height: 900 sq. m.
- apartment building more than 10.5 m in height: 1,670 sq. m.

**Minimum Parcel Width**

- apartment building of 10.5 m or less in height: 24 m
- apartment building more than 10.5 m in height: 36.5 m

SCHEDULE A - BYLAW NO. 2181, 2014

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Zoning By-law 2014

<b>Minimum Setbacks</b>	<ul style="list-style-type: none"> <li>• Front: 6.0m</li> <li>• Rear: 10.5 m with a height less than 21m 10.5 m plus 3 m for every 3 m of height for a building that is greater than 21 m in height when abutting a residential zone</li> <li>• Side: 4.5 m if the height less than 10.5 m 10.5m if height is greater than 10.5 m</li> </ul>
<b>Maximum Parcel Coverage</b>	75%
<b>Floor Area Ratio</b>	3
<b>Width of Principle Building</b>	6.4m
<b>Additional Requirements</b>	<p>Landscaping Pg. 49 Amenity space requirements for multi-family dwellings</p> <p>For each unit in a small scale apartment with 4 units or greater (townhouses exempt) as set out under the RM-1 zone the following amenity space must be provided:</p> <ul style="list-style-type: none"> <li>• bachelor 9.5 sq. m.</li> <li>• 1 bedroom 18.5 sq. m.</li> <li>• 2 or greater bedroom 37 sq. m.</li> </ul> <p>Where enhanced landscaping is proposed, a reduction of open space of 50% may be permitted where the proposed enhanced landscaping achieves the "Enhanced Landscaping requirements". Required setbacks are not considered amenity space.</p> <p>Parking Pg. 51 Development Permit Pg. 57</p>

Amenity space does not include the landscape screening and buffering requirements in this bylaw or the parking lot islands. Required setbacks are not considered amenity space. Balconies are not included as amenity space.

Amenity space as defined by this bylaw means a space on the site of a multi family dwelling to provide for passive enjoyment and active recreational needs of the residents and may include landscaped areas, recreational facilities, communal lounges and other similar facilities.

SCHEDULE A - BYLAW NO. 2181, 2014



City of Fort St. John

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