



Appraisal of
1680 Field Road
Wilson Creek, BC

January 2019

Values Defined Real Estate Valuation Services

February 19, 2019

Mr. Robert Lister
1680 Field Road
Wilson Creek, BC, V0N 3A1

RE: SHORT NARRATIVE APPRAISAL OF 1680 FIELD ROAD , WILSON CREEK, BC

In accordance with our agreement, we have inspected the subject property and have carried out a valuation analysis in order to estimate the current market value of the C-4 zoned property located at 1680 Field Road, Wilson Creek, BC.

Based on our investigations, it is our opinion that the current market value of the subject property subject to the assumptions set forth herein, and as at January 9, 2018, was:

TWO MILLION THREE HUNDRED AND FIFTY THOUSAND DOLLARS

\$2,350,000

The above value estimate is also predicated on an exposure period of three to twelve months and assumes a sale on a cash to vendor basis.

This report describes the method and approach to value in support of the conclusion and contains the pertinent data gathered in our investigation of the market. Should you have any questions, we would be pleased to discuss the valuation further.

Yours very truly,



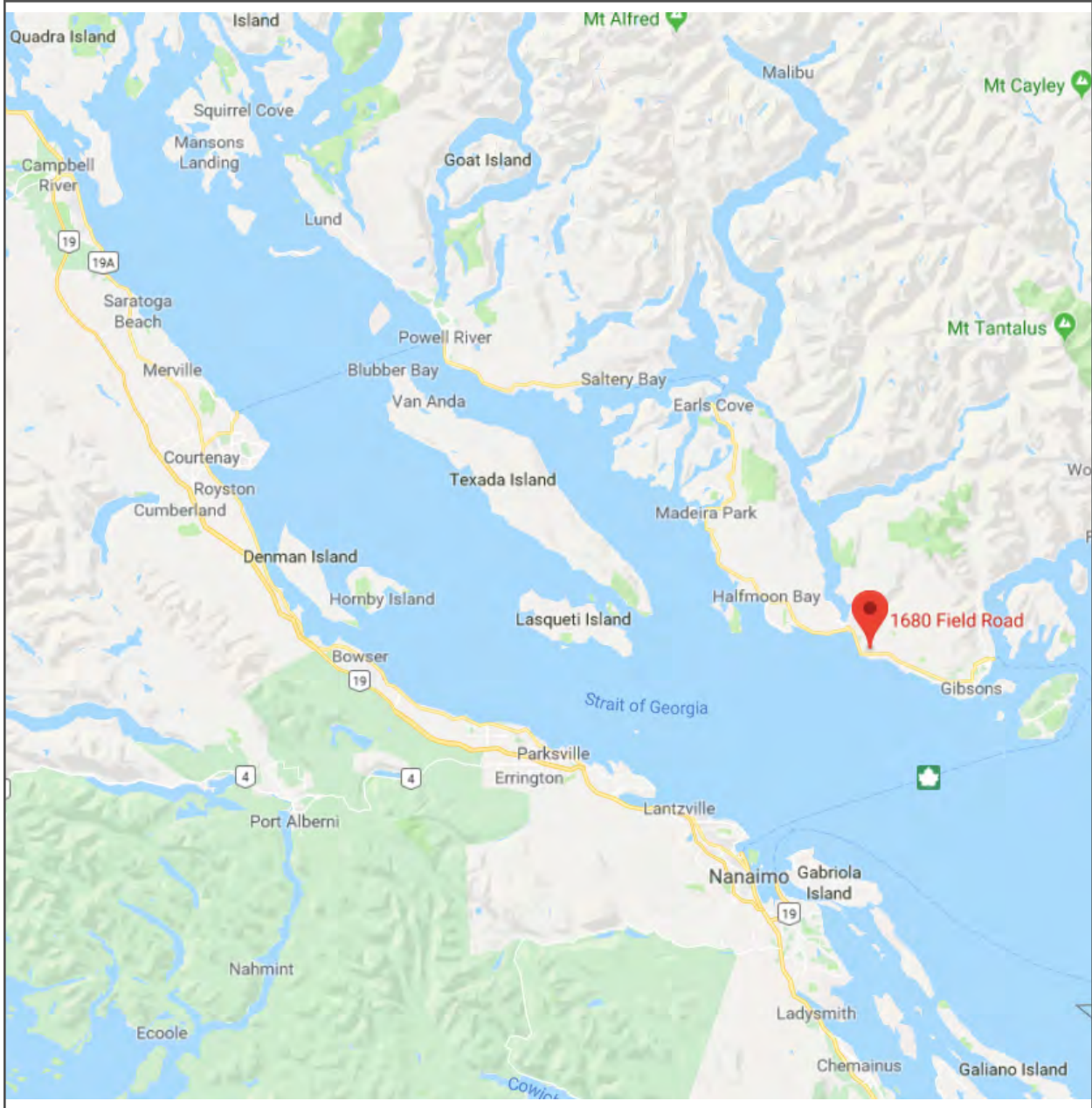
Melanie E. Jones, AACI, P. App
Principal
Values Defined Real Estate Valuation Services

Values Defined Real Estate Valuation Services

Executive Summary	4
Terms of Reference	6
Property Data	10
Land Use/Planning	11
Regional Location Description	14
Site Description	17
Description of the Improvements	20
British Columbia Economic Outlook Fourth Quarter 2018	28
Commercial Market Overview	34
Highest and Best Use	42
Valuation	44
Selection of Relevant Method	44
Cost Approach	45
Income Approach	54
Capitalization	66
Direct Comparison	73
Reconciliation and Final Estimate of Value	80
Certification	81
Appendix A	82
Appendix B	85
Appendix C	88
Appendix C	90

Executive Summary

Date of Appraisal	January 9, 2018
Property Type	Mixed Use
Rights Appraised	Fee Simple
Purpose and Intended Use	Facilitating first mortgage financing
Value Assumptions	See contingent and limiting conditions
Final Value Conclusion	\$2,350,000
Exposure Time	3 to 12 months
Valuation Summary	
Cost Approach	\$2,637,000
Income Approach	\$2,200,000
Going-in Capitalization Rate	5.75%
Direct Comparison Approach	\$2,344,800
No. of Comparable Sales/Lists	4
Property Description	
Location	Wilson Creek
Existing Use	Retail and accessory dwelling unit
Land Use Controls	
Land Use Classification (Zoning)	C-4,
Conformity to Zoning	Currently the subject property conforms to the permitted uses under the current zoning.
Official Community Plan Designation	Regional Centre
Highest and Best Use	
As vacant	Development consistent with the permitted uses under the C-4 zoning and Regional Centre OCP designation.
As improved	Continuation of existing use.



Regional Map

Terms of Reference

Client

The client is Mr. Robert Lister. I am unaware of any additional third parties beyond a Canadian chartered bank or BC credit union other than Mr. Robert Lister, likely to rely on this report, and expressly deny liability in this respect or for any other use.

Intended Use

The intended use of this appraisal is to estimate the current market value of C4 zoned property as of the effective date.

Function:

The function of this report is to provide an estimate of the value facilitating **first mortgage** financing for the client. **Use of this report by any other party or for any other purpose than stated herein is completely unauthorized.**

Property Rights

The property rights appraised are that of the fee simple estate.

Effective Date

The effective date of this valuation is January 9, 2018

Inspection Date

Melanie Jones inspected the property on January 9, 2018. Fieldwork for this assignment was completed in January 2019

Market Value Definition

For the purposes of this valuation, 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 knowledgeably, 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, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in Canadian dollars or in financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

(The Appraisal Institute of Canada "*Canadian Uniform Standards of Professional Appraisal Practice*". 2004 ed., p. 47)

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. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

Ongoing discussions with agents active within the investment real estate market indicated that demand for properties such as the subject is good. The exposure time is dependent on a number of factors including affordability, demand, development potential, location, condition of the improvements, and motivation of the purchaser/vendor. With positive economic forecasts, there is continued interest in real estate, with solid sales volumes and upward trends in values and it is our opinion that for the subject to sell at the market value estimated herein as of the effective date of this report, in the range of 3 to 12 months.

Scope of the Valuation

This is a Short Narrative Appraisal Report and complies with the reporting requirements set forth under the Canadian Uniform Standards of the Appraisal Institute of Canada. As such, all relevant material is provided in this report including the discussion of appropriate data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses are retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein.

During the course of preparing this valuation, the following was completed:

1. A personal inspection of the property on January 9, 2018
2. A review of available data regarding the local market.
3. Verification of current land use and zoning regulations.
4. Review of the site plan.
5. A review of sales and listing data on comparable properties.
6. Interview(s) with market participants.
7. Interview(s) with the owner/developer.

Contingent and Limiting Conditions

The report is subject to the Contingent and Limiting Conditions set forth herein in addition to any specific assumptions that may be stated in the body of the report.

Extraordinary Assumptions

No extraordinary assumptions.

Definitions

Net Lease

A lease where in addition to the contract rent stipulated, the Lessee assumes payment of all operating expenses pertaining to a property such as taxes, insurance, utilities and maintenance but excluding structural repairs. This is commonly referred to as a triple net lease.

Gross Lease

A Gross Lease provides that the Lessor (Landlord) is obligated to pay all or a portion of the operating expenses pertaining to a property including, but not limited to, real estate taxes, insurance, utilities, maintenance and structural repairs

Market Rent

Market Rent may be defined as:

“The rental income that a property would most probably command on the open market as indicated by current rental being paid for comparable space (as of the effective date of valuation).”

Gross Leasable Area

The total area of all leasable premises within the building calculated on the same basis as the Gross Area of the Leased Premises and expressed in square feet.

Statement of Competency

Melanie E. Jones, AACI, P. App, the appraiser responsible for this valuation has previously provided consultation and value estimates for commercial properties in Greater Vancouver and the Province of British Columbia. The appraisers specific qualifications are included within this report and serve as evidence of her competence for the completion of this appraisal assignment in compliance with the competency provision contained in the “Standards” of the Appraisal Institute of Canada. In this regard, the appraiser has both the knowledge and experience to complete this appraisal assignment competently.

Assumptions and Limiting Conditions	
<p>1. This report is prepared at the request of the addressee for the purpose of an appraisal of market value. It is not reasonable for any persons other than the addressee to rely upon this appraisal without first obtaining written authorization from both the appraiser and the addressee. (There may be qualifications, assumptions or limiting conditions in addition to those set out below relevant to that person's identity or their intended use). The report is prepared on the assumption that no other person will rely on it for any other purpose and that all liability to all such persons is denied.</p> <p>2. This report is prepared in accordance with the regulations governing the preparation of all appraisal reports, known as the Canadian Uniform Standards of Professional Appraisal Practice ("the Standards"), as set out by the Appraisal Institute of Canada. As stipulated within the regulations, an appraiser may communicate the results in either a "Narrative" or "Short Narrative" format.</p> <p>This appraisal is considered as a Narrative Appraisal Report as defined within "the Standards."</p> <p>3. In an effort to reduce mortgage appraisal fraud, AIC recommends that any third party users of this report are strongly advised that its authenticity must be confirmed with the author.</p> <p>4. While expert in appraisal matters, the author is not qualified and does not purport to give legal advice. It is assumed that:</p> <ul style="list-style-type: none"> • The existing legal description of the subject property confirmed by the Certificate of Title, is correct • The title is good and if there are any liens or encumbrances, they have been disregarded and the property appraised as through free and clear except as otherwise discussed herein. • The existing uses are legally conforming, which may be continued by a purchaser from the existing owner. • Property rights appraised herein exclude mineral rights. • There are no encroachments, encumbrances, restrictions, leases or covenants that would in any way affect the valuation except as expressly noted herein. • Rights-of-way, easements or encroachments over other real property and leases or other covenants noted herein are legally enforceable. <p>5. Because these covenants have been made, no investigation, legal or otherwise, has been undertaken which would verify these assumptions except as expressly noted herein.</p> <p>6. No legal survey concerning the subject property has been provided. Sketches, drawings, diagrams, photographs etc. are presented in this report for illustration purposes only.</p> <p>7. No soil tests were done in conjunction with the preparation of this report. It is assumed that the site is of adequate bearing quality for buildings as described as representing the highest and best use of the land. The property is assumed to be free of any pollutants whether above or below the surface except as expressly noted herein. The quality of any fill that has been placed on the site is unknown unless expressly stated herein. If concerns exist regarding this items, it is recommended that an environmental audit be completed. The value reported may not reflect the actual market value of the property should the property be found to be contaminated.</p>	<p>8. It is assumed that there are no patent or latent defects in the subject improvements (were applicable), that no questionable materials such as asbestos or Urea Formaldehyde are present, that they are structurally sound and in need of no immediate repairs, unless expressly noted within this report. No tests have been done of the heating, plumbing, electrical, air-conditioning or other mechanical systems and for the purpose of this opinion, they are assumed to be in good working order.</p> <p>9. The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised., including but 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 contaminates, 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.</p> <p>10. 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 client. It shall not be disclosed, quoted from or referred to in whole or in part or published in any manner without the express consent of the appraiser.</p> <p>11. Market data has been obtained, in part, from documents at the land registry office, or as reported by a real estate board or other qualified sources. As well as using such documented and generally reliable evidence of market transactions, it also may have been necessary to rely on hearsay evidence. Except as noted herein, a reasonable attempt has been made to verify all such information.</p> <p>12. Because market conditions, including economic, social and political factors, change rapidly, an on occasion, without warning, the market value expressed as of the date of this appraisal cannot be relied upon to estimate the market value as of any other date except with further advise of the appraiser.</p> <p>13. The compensation for services rendered in this report does not include a fee for court preparation or court appearance, which must be negotiated separately. However, neither this nor any other of these limiting conditions is an attempt to limit the use that might be made of this report should it 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 the report which best serves the administration of justice.</p> <p>14. The business and/or equipment does not form part of this appraisal report.</p> <p>15. Subject to no existing environmental liabilities.</p>

Property Data

Municipal Address

1680 Field Road , Wilson Creek, BC, V0N 3A1

Legal Description

Lot C Block 2 Plan VAP10841 District Lot 1029 Land District 1 Land District 36

Property Assessment

Year: 2019

PID	009-284-958
Land	\$228,400
Improvements	<u>\$553,000</u>
Total	\$781,400
Taxes (2018)	\$6,758

Ownership and History

A search of Certificate of Title number CA4397220 showed that the subject property is registered in the name of RKL Couriers Ltd. Inc. No. BC0751180. Based on information available from BC Assessment and the Vancouver Real Estate Board, the subject was listed under MLS#V1051486 for \$325,000 on March 7, 2014. It sold 90 days later for a consideration of \$310,000. A copy of the listing is included in the addendum.

Land Use/Planning

The subject property is zoned C-4, Commercial Zone 4 under the District of Sechelt Zoning Bylaw No. 25, 1987.

Permitted Uses:

- a) light industry, building supply, transportation, communication;
- b) warehousing;
- c) retail and wholesale;
- d) machine and repair shop;
- e) office and service business;
- f) restaurant;
- g) retail and service of new automobiles and trucks;
- h) retail and service of used automobiles and trucks when in conjunction with (g) above;
- i) marina, including boat servicing and sales;
- j) veterinary hospital;
- k) seaplane base and heliport;
- l) one dwelling unit in conjunction with the permitted uses;
- m) lodge;
- n) shelter residential, ONLY on the property legally described at Lot C (seeN37416), Except Park in Reference Plan 19878, Block G, District Lot 304, Plan 10030 (PID 009-596-305), addressed as 5653 Wharf Avenue;
- o) accessory buildings and uses customarily incidental to the above uses; and
- p) mobile vending

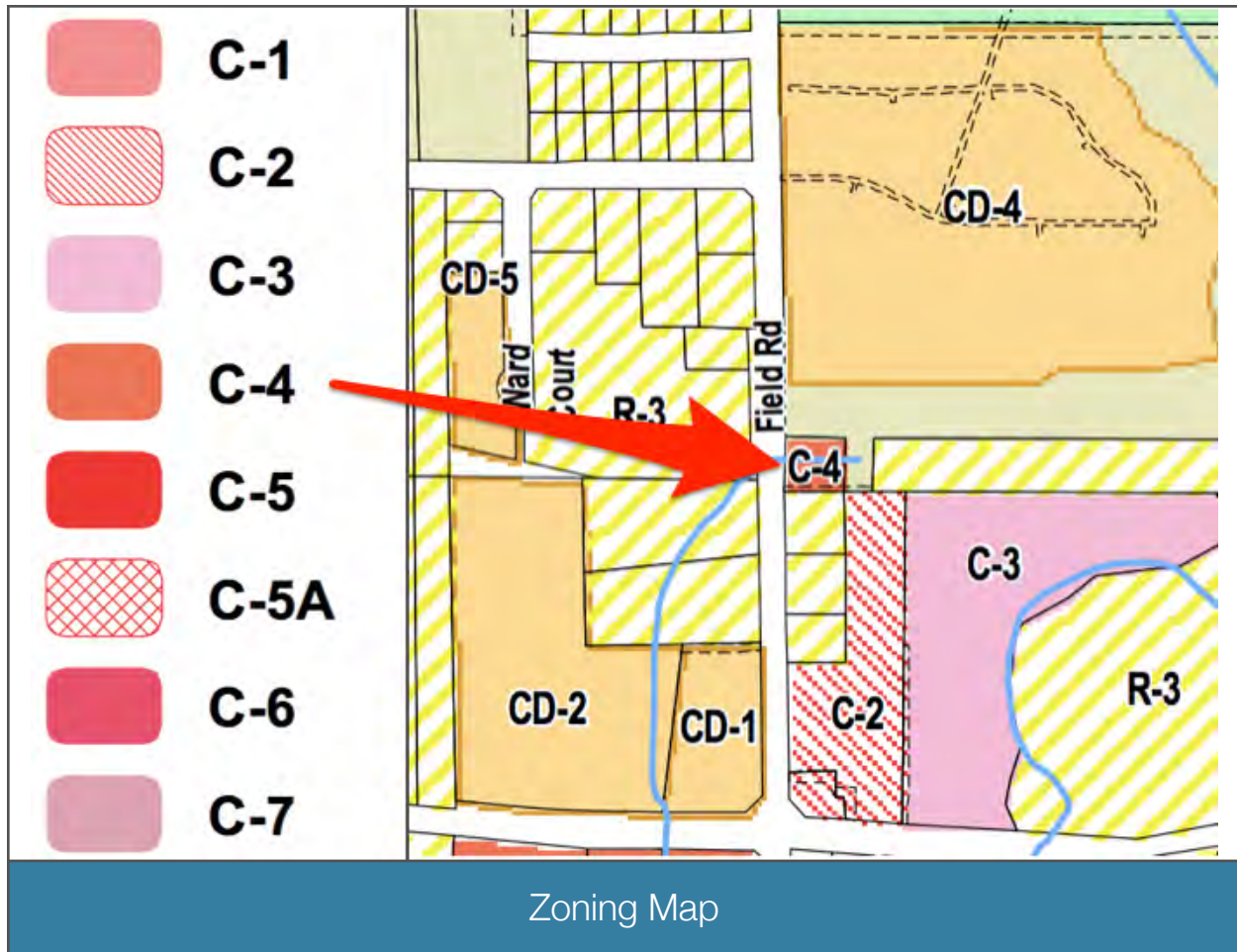
Lot Size

Minimum lot size is 235m²

Lot Coverage

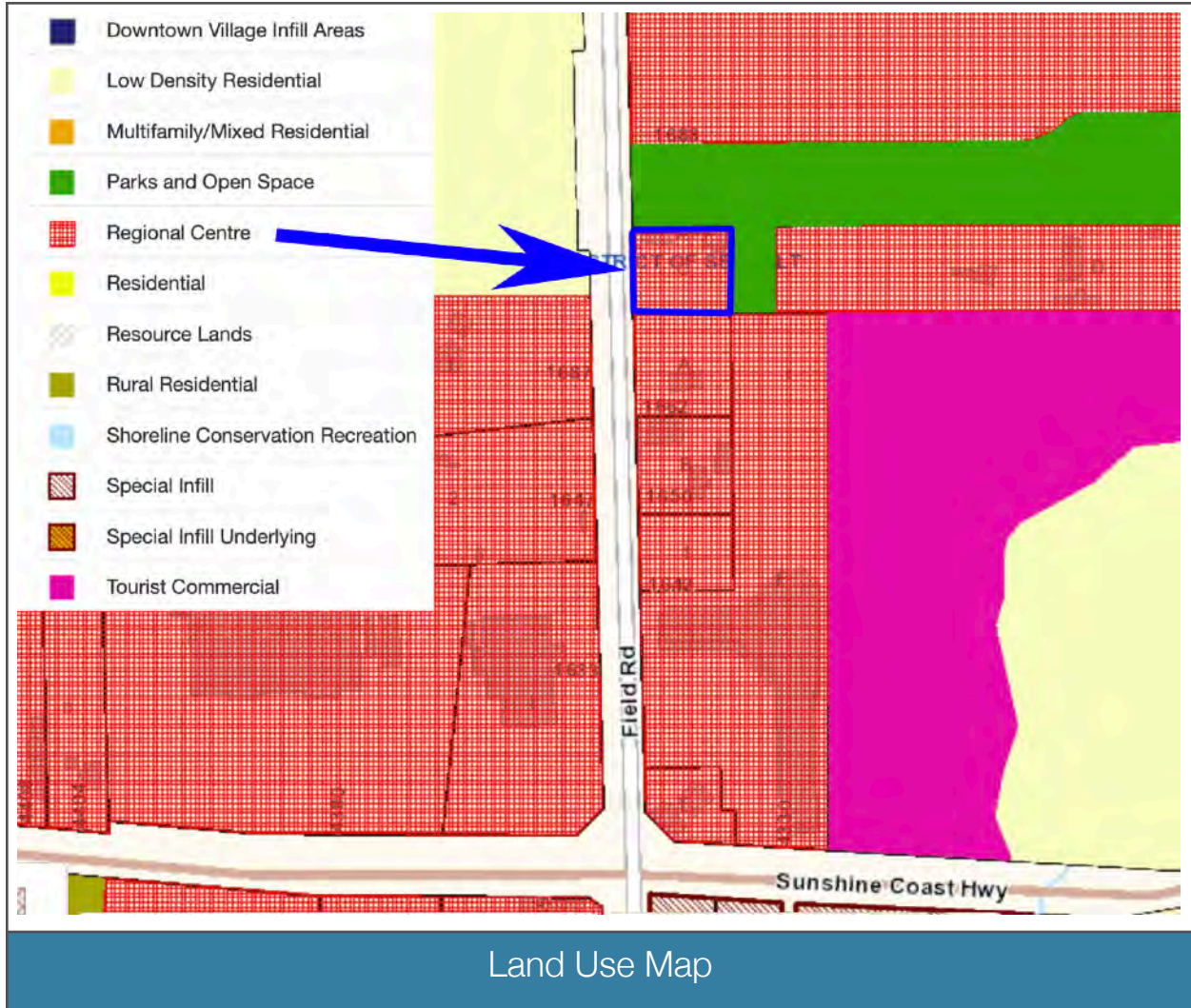
Buildings and structures shall not cover more than 70% of the lot area.

A complete copy of the applicable section of the C-4 zoning By-law that outlines permitted uses and general requirements is contained in the addendum as Appendix "B"



Official Community Plan (OCP)

The OCP is not a zoning bylaw nor does it supersede any existing zoning or land use contracts. It does, however outline the City's planning objectives for the area and places some limitation on the freedom of Council to rezone a property to allow any use other than one contained in the plan designation. Often, within the OCP, there are Neighbourhood Concept Plans (NCP's) that focus on a particular neighbourhood and provide more a comprehensive land use and servicing plan that is intended to guide future rezoning and development of lands in the surrounding neighbourhood. NCP's are an integral part of the Official Community Plan and are established based on public information meetings and detailed planning input from the municipality. There is no NCP for the subject property and it is designated **Regional Centre** under the OCP as indicated below.



The OCP recognizes the role of this area as a Regional Centre. The intent of the **Regional Centre** designation allows for modest expansion of regional commercial uses on Field Road and Highway 101 beyond current development. Some of the sites around this major intersection have potential for larger format commercial uses that serve the broader community. These uses require access to major arterial roads and require large lots that are not available within the Downtown Sechelt boundary.

Mixed residential and commercial uses are supported to create walkable and compact centres. The OCP indicates that regional and neighbourhood centres will likely have a base density of 25 units per hectare or 10 units per acre the a maximum of 60 units per hectare or 24 units per acre with typical heights of 2-4 stories.

Regional Location Description

Wilson Creek is located in the Sunshine Coast Regional District (SCRD) of southern mainland coast, across Georgia Strait from Vancouver Island. It borders the Powell River Regional District to the north, the Squamish-Lillooet Regional District to the east, and across Howe Sound, the Metro Vancouver District to the south.

The majority of the Sunshine Coast is sparsely populated. The Coast Mountains make up the inland area. Population is concentrated along the coast. Midway up the coast beginning at the town of Sechelt, the coastal area forms a peninsula separated from the inland area by Sechelt Inlet. The 2006 census reported a total population of 27,759 persons living on a land area of 3,778.17km² (1,458.75 square miles)

The Sunshine Coast is typically accessed via boat or plane; no roads connect the district with the rest of the province. From Vancouver, ferries run from Horseshoe Bay to Gibsons across Howe Sound. At the northern end of the peninsula, ferries run from Earls Cove to Saltery Bay.

The District Municipality of Sechelt forms the central business centre for the Sunshine Coast. Sechelt is bounded to the west and east by the unincorporated communities of Halfmoon Bay and Roberts Creek. Between these two communities there are several distinct neighbourhoods from east to west these are Wilson Creek, Davis Bay, Selma Park, the original Village of Sechelt, and West Sechelt. The Sechelt Inlet was included in the District of Sechelt in 1986 and includes West Porpoise Bay, East Porpoise Bay, Sandy Hook and Tuwanek. The municipality is adjacent to the municipal government of the Shishalh First Nation, which includes a substantial commercial district immediately east of the downtown village.

Demographics

The current population of Sechelt is ±8,454 (2006). The overall population of the Sunshine Coast is projected to maintain with past growth, adding over 7,000 residents to its population by 2036. The highest growth rates are expected to occur between 2009 and 2012. The Sunshine Coast continues to have a significantly higher proportion of people above the age of 45 (56%) compared to BC (42%). In 2005, the Sunshine Coast's median age was over 8 years older than the provincial median.

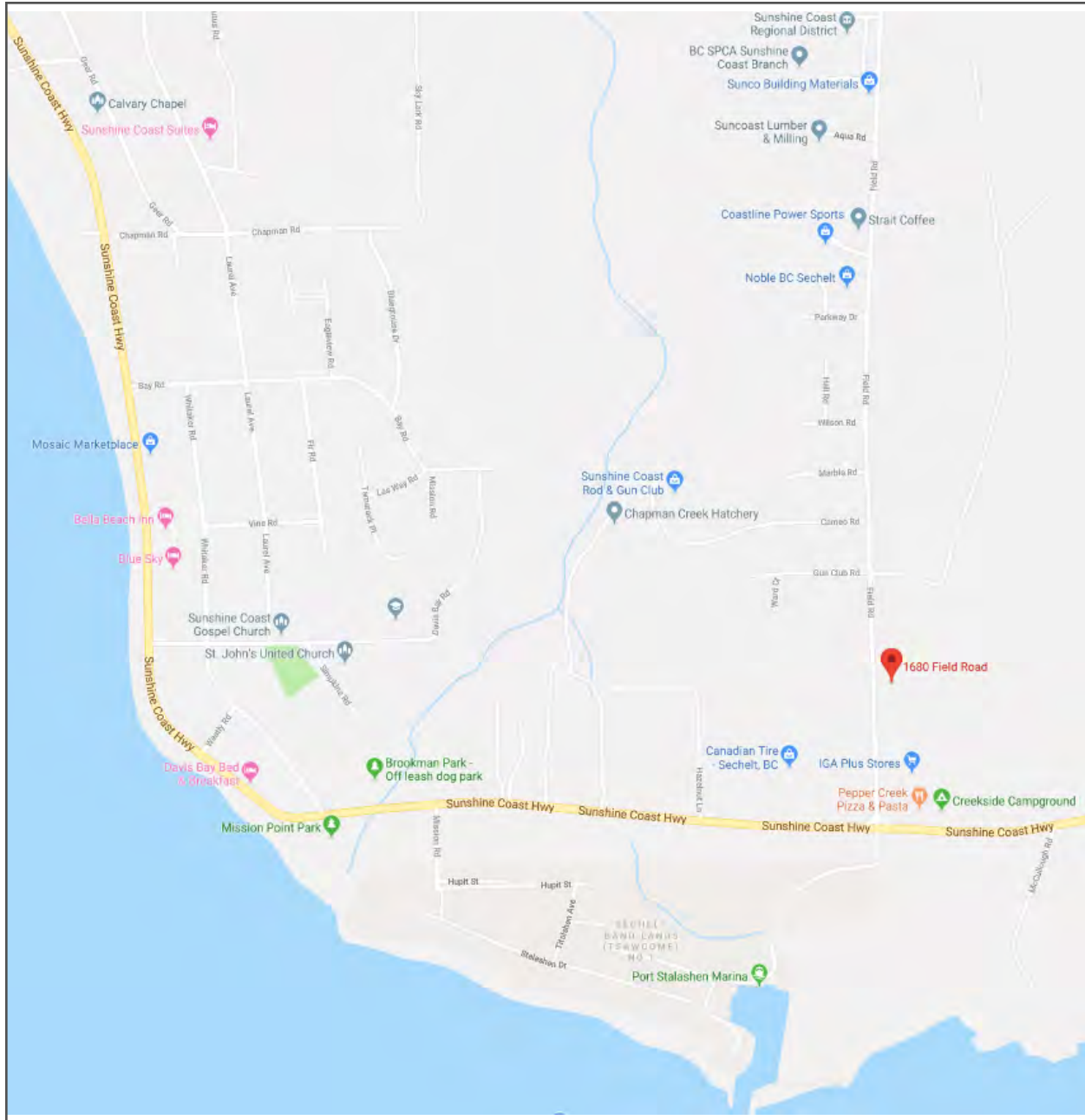
Economic Diversity

The Sunshine Coast has historically depended on forestry and aggregate extraction and the last 7 years has seen a decrease in the proportion of primary industry occupations.

Immediate Neighbourhood

Wilson Creek is located just north of Roberts Creek and south of Davis Bay. Wilson Creek contains a mix of land uses including larger land areas used for industrial, airport, agricultural and resource (forestry) lands. There is also residential neighbourhoods and commercial uses at Field Road and Highway 101.

The main intersection for Wilson Creek is at Field Road and Highway 101, with Wilson Creek Plaza as the focal point with industrial and commercial uses located east and west of the Highway. There are several mobile home parks and a campground fronting on Highway 101, between Wilson Creek and Davis Bay.



Neighbourhood Map

Site Description

Site Area	17,688 square feet or 0.41 acres	
Municipal Services	Sanitary Sewer:	No, the subject has septic
	Municipal Water:	Yes
	Storm Sewer:	No
	Hydro Electricity:	Yes
	Natural Gas:	Yes
Access	The subject property fronts onto Field Road.	
Topography	The subject property is generally level.	
Environmental	To the best of our knowledge there are no environmental issues impacting the subject property. It is our understanding that any new development must adhere to the required 30 metre set back from the top of bank. A riparian area regulation assessment must be completed by professional engineer in order to support a reduction in the riparian set backs in the event of future development of the subject site, if required.	
Geotechnical	We have not been provided with a geotechnical investigation nor have such services been commissioned by the appraisers. To the best of our knowledge there are no adverse soil conditions in the immediate vicinity of the subject, nevertheless, the appraisers are not qualified in such matters, and in this report we have assumed that soil conditions are conducive to commercial development.	
Contamination	We have not been provided with an Environmental Assessment for the property and no such studies have been commissioned in conjunction with this appraisal. It is assumed in this report that no special preparation resulting from the presence of toxic fill or other environmentally sensitive waste products is necessary. No opinion is expressed by the appraisers with regard to the potential of hazardous materials as this requires the services of a qualified engineer.	
Street Improvements	The subject property fronts onto Field Road, which is a main two lane, asphalt paved road running north-south, and a future bypass road to Sechelt. Gravel shoulders, above ground wiring and street lighting.	



Aerial Photograph



Street Scene looking north on Field Road

Street Scene looking south on Field Road



Description of the Improvements

The subject property was inspected on January 9, 2018 by Melanie Jones. The area calculation is based the architectural plans and is assumed to be correct. The salient construction specifications are summarized below:

Property Type	Commercial
Number of Buildings	1
Number of Stories	1.5
Gross Leasable Area	Retail: 3,560 square feet Caretakers Suite: 1,325 square feet Total: 4,885 square feet
Design and Functionality	The subject is a newly constructed commercial building with two retail units and one caretaker suite. The design is considered functional for the current use with the potential to add one or two more retail units.
Foundation	Concrete foundations and slab.
Construction	Wood frame
Roof	Asphalt Shingle
Exterior	Hardiboard
Fire Protection	The building is fully sprinkled
Heating	Heat Pumps
Doors	Metal doors at the emergency exits, a double metal door in the storage area and the retail units have single glass/aluminium doors.
Ceiling Height	10' ceilings. Smooth painted with exposed water sprinkler pipes on the ground level and smooth painted ceilings in the caretaker suite.
Lighting	Standard Commercial Florescent lighting in the work area, and some decorative track lighting in the retail areas.
Partitions and Interior Walls	Firewalls between units. Painted drywall
Heating	Heat pumps in each unit.
Flooring	Concrete Flooring

Electrical	240 amp multi-phase.
Description of the Units	
Unit 1 Montgomery Hardwood	Unit 1 faces Field Road, with the main entry door leading to an open retail area that is partitioned off with flooring product displays. There is a small office area on the north side as well as two piece bathroom that has marble tile flooring and walls. There is door leading to a newly created space that will be used as future workshop for flooring and tile business. Flooring in the retail area is a mixture of wood laminate, hardwood, ceramic tile and vinyl. Concrete flooring in the workshop. Attractive store front with floor to ceiling windows in wood frame and covered exterior walkway.
Unit 2 Wilson Creek U-Brew	This space fronts on the south side of the building. The glass door entry opens into the retail area, that encompasses the western end of the space. The production area is open with a 12x12 walk-in cooler, two commercial grade washing stations, and ample storage space. There is a double metal door on the north side that allows for delivery.
Unit 3 Caretaker Suite	Accessed on the north side of the building with an entry vestibule and carpeted stairs leading up to the living area. Open concept with kitchen, kitchen island, dining and living area. Good natural lighting with surround windows. There is a gas fireplace. A sliding door leads to a cedar plank deck with glass railing. There are two bedrooms. The master bedroom has a walk-in closet and full 5 piece ensuite with soaker tub, ceramic flooring. The second bedroom is smaller with a closet. There is another full bathroom with walk in shower. Wall to wall carpeting in the bedrooms and hallway, and wood laminate in the living area and kitchen. Standard white cabinetry with granite counter-tops and tile backsplash. Stainless steel appliances include stove, dishwasher and fridge. The kitchen island has a double stainless steel sink. Overall the suite showed well.
Site Improvements	
Parking	There are 15 parking stalls in addition to side parking along the southern perimeter.
Onsite Landscaping	Part paved driveway that circles the building with gravel sides established for parking.
Physical Condition	
Year Built	Completed 2018
Actual Age	1
Condition	Good
Typical Life Expectancy	65
Remaining Economic Life	65













British Columbia Economic Outlook Fourth Quarter 2018

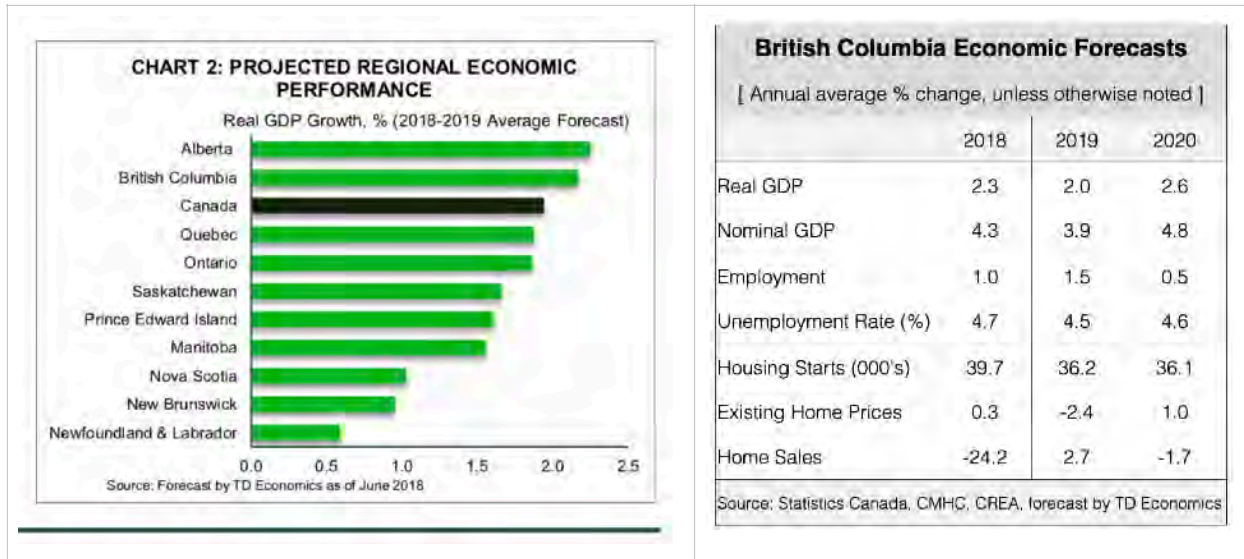
The unanticipated plunge in crude prices since October has delivered a near-term setback to oil-producing provinces that have been struggling to shake off the impacts of the 2015-16 oil shock. In particular, Alberta's 2019 growth forecast has been slashed to 1.4% as elevated Canadian benchmark price differentials prompted the provincial government to announce mandatory production cuts. Prospects for a recovery in oil prices should fuel a rebound in growth in 2020, though to lower levels of activity than envisaged three months ago.

British Columbia's economy has been booming over the past two years with a 3.5% average growth rate. Looking ahead into 2019, this growth is expected to moderate to a still healthy pace of 2.3% in 2019 and 2.00% in 2020. A mix of a slowing housing market activity and growing labour market constraints have been the catalyst for the downshift. 2020 is looking stronger with the confirmation that LNG Canada will press ahead with its \$40 billion investment project.

Growing capacity constraints continue to be a key theme. B.C.'s unemployment rate has averaged around 4.7% in 2018, the lowest among the provinces. A recent slowdown in interprovincial migration, a nation-leading job vacancy rate, and acceleration in wage growth add further credence to this narrative. One positive consequence is that many businesses are likely to confront this challenge by ramping up productivity-enhancing investment, supported partly by tax relief unveiled in the recent federal fiscal update.

Also taking some of the wind out of B.C.'s sails this year is a slowing housing market, which went on another leg down this summer following the implementation of new provincial tax changes. Slower home sales has had knock on effects to areas such as retail spending. On the plus side, home sales appear to be finding a floor as 2018 draws to a close, albeit at a relatively low levels. Some evidence of pent up housing demand is expected to support a modest recovery in home sales and prices over the next few years.

Instead, growth is likely to rotate in the coming quarters towards exports and non-residential investment. The LNG Canada project is expected to deliver a modest boost to growth (0.1%) in 2019, with the bulk of the impact concentrated in 2020 (0.6%). The first gas exports are set for 2023/2024. Other factors supporting a solid investment outlook include the Site C dam project, and as noted, anticipated rising business spending on machinery and equipment.



Home Sales

Home sales are significantly lower year to date, mainly as a result of the recent upward trend in interest rates, the B-20 lending guideline implementation and a number of provincial measures. Additional near term downward pressure is likely as provincial polls continue to weigh, although markets should stabilize in the latter part of the year. Weaker housing demand should result in a slower pace of construction, as builders pull back after two extremely busy years. However, solid population growth and ultra-low supply of unsold inventories should limit the extent of the decline. The charts on the following page indicated that housing starts are expected to decline by 10% from 43,500 units in 2017 to 39,100 units in 2018 and a further declining in 2019 to 33,800 units. At the same time existing home sales will follow the same trend declining 20.3% from 2017 to 82,700 units.

HOUSING STARTS Thousands of units						
	2014	2015	2016	2017	2018F	2019F
CANADA	189.1	193.6	197.9	220.3	205.9	197.5
N. & L.	2.3	1.8	1.6	1.4	1.5	1.2
P.E.I.	0.5	0.5	0.5	1.0	0.7	0.8
N.S.	3.1	3.9	3.7	4.0	4.0	3.6
N.B.	2.3	1.9	1.8	2.3	1.7	1.8
Québec	39.1	36.7	38.6	46.1	48.1	44.6
Ontario	58.6	69.0	74.8	80.1	74.0	74.9
Manitoba	6.2	5.6	5.3	7.6	5.8	4.6
Sask.	8.3	5.2	4.8	5.0	3.0	3.2
Alberta	40.6	37.5	24.6	29.3	28.0	28.9
B.C.	28.3	31.5	42.1	43.5	39.1	33.8

F. Forecast by TD Economics as at June 2018
Source: CMHC / Haver Analytics

EXISTING HOME SALES Thousands of units						
	2014	2015	2016	2017	2018F	2019F
CANADA	484.6	510.7	540.8	515.6	450.1	482.3
N. & L.	4.2	4.2	4.1	3.9	3.8	3.9
P.E.I.	1.4	1.7	2.1	2.1	2.0	2.1
N.S.	9.1	9.4	10.1	10.6	11.4	11.9
N.B.	6.3	6.7	7.4	7.9	7.5	7.6
Québec	70.6	74.1	78.1	82.6	86.7	91.6
Ontario	206.1	226.2	245.4	222.0	178.3	193.4
Manitoba	13.8	14.0	14.5	14.4	13.8	14.5
Sask.	13.5	12.0	11.3	11.1	10.8	11.7
Alberta	75.1	59.3	54.8	57.2	53.1	57.7
B.C.	84.1	102.5	112.2	103.8	82.7	87.8

F. Forecast by TD Economics as at June 2018
Source: Canadian Real Estate Association

AVERAGE EXISTING HOME PRICE						
Thousands of C\$						
	2014	2015	2016	2017	2018F	2019F
CANADA	407.5	441.0	487.1	507.0	483.1	500.3
N. & L.	285.4	277.0	257.8	251.7	243.6	248.6
P.E.I.	165.8	164.0	178.9	204.0	214.1	224.0
N.S.	214.4	218.7	221.7	229.0	240.9	250.9
N.B.	161.0	159.2	161.0	165.7	171.4	178.1
Québec	268.1	271.9	280.5	292.9	305.6	318.8
Ontario	428.8	460.7	531.1	578.3	559.0	580.8
Manitoba	264.7	268.2	276.3	285.7	290.7	302.6
Sask.	303.1	301.2	299.0	292.6	289.8	298.7
Alberta	401.6	393.7	395.0	395.9	385.7	386.1
B.C.	570.5	637.2	681.3	704.6	704.5	726.5

F: Forecast by TD Economics as at June 2018.
Source: Canadian Real Estate Association

Despite rising interest rates and lack of affordability, housing prices are expected to continue rising modestly. The forces of supply and demand will push housing prices modestly higher as the lack of supply and forecasted lower building starts keeps prices moving up. The table opposite is forecasting the average price of detached dwelling in British Columbia to be \$726,500 in 2019, driven by pent up demand in the Lower Mainland.

Economic Trade

While not yet carved in stone, successful ratification of the USMCA (US Mexico Canada Agreement) which is effectively a rebranded NAFTA should help support some much-needed rotation to export- and investment-led growth across Canada, but especially in manufacturing-heavy Ontario and Quebec in the year ahead. Still, recent announcements of job layoffs in the auto and aerospace industries have kept optimism in check.

While the deal has been signed, it is not yet official. Ratification is likely to occur in 2019 under the new, divided U.S. Congress. There are already some Democrats voicing concern that the enforcement of labour and environmental standards does not have sufficient teeth. As well, the deal did not address the imposition of American 'Section 232' tariffs on steel and aluminum.

Business investment will now be further incented by recent tax changes. The federal government's fall economic statement contained significant sweeteners in response to U.S. changes, notably immediate full expensing of several investment categories (see our commentary). Nearly all investment categories will be eligible for accelerated depreciation. On net, the change brings Canadian marginal tax rates back below those in the United States.

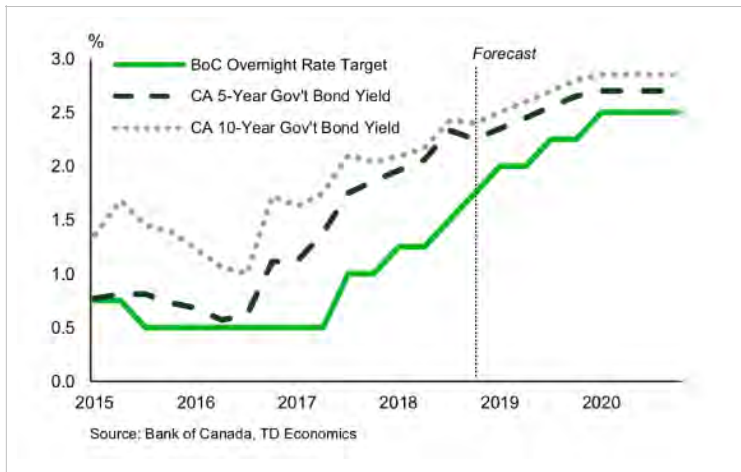
On balance, TD Economics is expecting modest, but positive investment growth in 2019, with activity accelerating in 2020 as the LNG project in B.C. starts to leave its mark on the data.

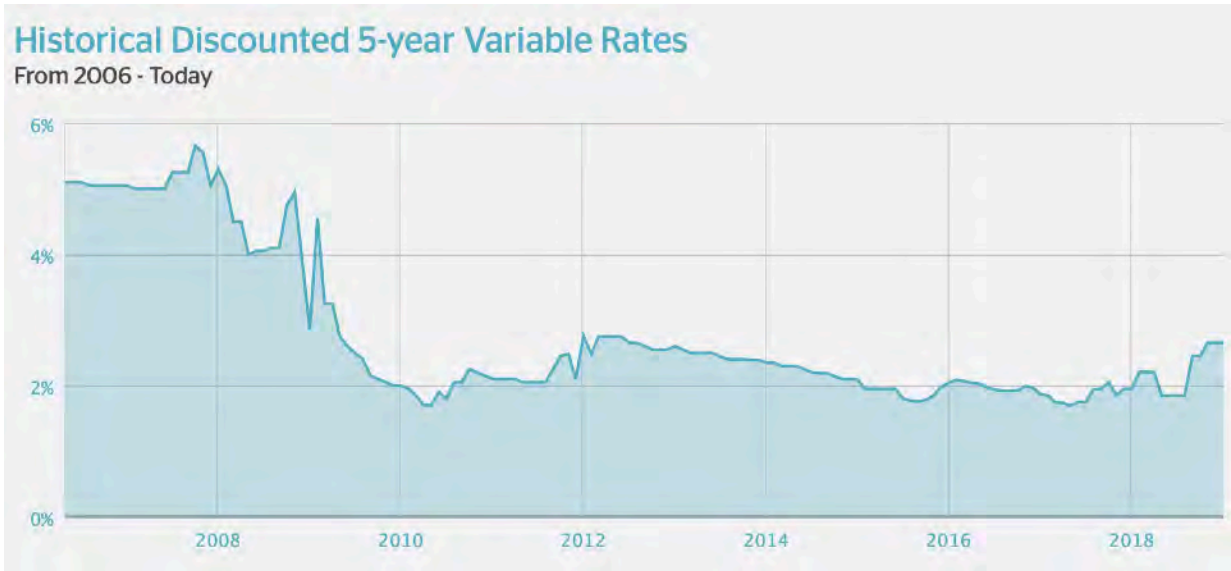
Interest Rate Outlook

The Bank of Canada’s five interest rate in- creases over the past year and a half are already leaving a mark on household spending. Further hikes are anticipated in 2019, but at a cautious pace of only two additional moves. The Bank has cited their estimated neutral range to be 2.50% to 3.50%. Interestingly, this is the same range as that identified by the Federal Reserve for the fed funds rate, but it would be far less likely that the Bank of Canada would move as deep into that range.

	2018				2019				2020			
	Q1	Q2	Q3	Q4*	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Canada												
Overnight Target Rate	1.25	1.25	1.50	1.75	2.00	2.00	2.25	2.25	2.50	2.50	2.50	2.50
3-mth T-Bill Rate	1.10	1.26	1.59	1.66	2.00	2.13	2.25	2.38	2.50	2.50	2.50	2.50
2-yr Govt. Bond Yield	1.77	1.91	2.21	2.06	2.20	2.35	2.45	2.50	2.55	2.55	2.55	2.55
5-yr Govt. Bond Yield	1.96	2.06	2.33	2.07	2.30	2.45	2.55	2.65	2.70	2.70	2.70	2.70
10-yr Govt. Bond Yield	2.09	2.17	2.42	2.12	2.40	2.55	2.70	2.80	2.85	2.85	2.85	2.85
30-yr Govt. Bond Yield	2.23	2.20	2.41	2.27	2.55	2.75	2.95	3.05	3.10	3.10	3.10	3.10
10-yr-2-yr Govt Spread	0.32	0.26	0.21	0.06	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30

The 5 year Government bond has long been a proxy for longer-term mortgage rates. At the same time mortgage rates are continuing to edge up. A historical overview of fixed and variable 5 year mortgage rates is summarized on the following page.





Canadian Dollar Forecast

As the Bank of Canada continues to raise rates and Canadian oil prices improve, the Canadian dollar should strengthen from its current level of around 75 US cents to around 77 US cents by mid-2019. However, this outcome is materially dependent on how event-risk evolves south of the border.

Foreign Exchange Outlook													
Currency	Exchange rate	2018				2019				2020			
		Q1	Q2	Q3	Q4*	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Exchange rate to Canadian dollar													
U.S. dollar	USD per CAD	0.78	0.76	0.77	0.75	0.76	0.77	0.78	0.78	0.79	0.79	0.79	0.79
Japanese yen	JPY per CAD	82.4	84.3	87.8	84.7	84.0	82.3	82.2	82.0	81.9	81.3	81.1	80.8
Euro	CAD per EUR	1.59	1.53	1.50	1.52	1.52	1.53	1.55	1.55	1.55	1.56	1.57	1.58
U.K. pound	CAD per GBP	1.81	1.73	1.69	1.69	1.70	1.70	1.70	1.70	1.70	1.71	1.72	1.73

Commercial Market Overview

According to the Conference Board of Canada, more moderate gains in growth are forecasted for Vancouver's economy after annual average growth of 4.0 per cent between 2014 and 2017. Real GDP growth projections for 2018 are noted to be 2.9 per cent, slightly above the 10-year average of 2.8 per cent, then forecasted to decrease to 2.3 per cent in 2019. Record job gains occurred over 2016-17; however, following a similar trend to economic growth, Vancouver is forecast to slow to 1.6 per cent in employment growth in 2018 and 0.8 per cent in 2019. Unemployment has been trending downward since 2015 and is forecast to decrease to 4.3 per cent in 2018, then stabilize at around 4.4 per cent between 2019 and 2022.

A key component to the more modest outlook in Vancouver's economic forecast is the region's cooling housing market. However, strong employment growth and solid income gains are anticipated to drive strong growth in retail and wholesale trade. In addition, the transportation and warehousing industry, one of Vancouver's most important and top performing sectors, is forecasted to grow 4.2 per cent in 2018 and 2.3 per cent in 2019. Non-residential construction is also expected to remain healthy, with projects such as the replacement of the Pattullo Bridge, the replacement of the Georgia and Dunsmuir viaducts, and Vancouver International Airport's 20-year expansion, which began last year.

Industrial Market

Despite a record amount of new supply being delivered to the market this quarter, the vacancy rate only increased by 0.1% quarter over quarter as many of the projects were significantly, if not completely pre-leased or pre-sold. This strong pre-leasing and pre-sales activity is indicative of the overall strength of demand for space in the Metro Vancouver's Industrial Market as well as the limited supply.

Market Indicators			
Relative to prior period	Q2 2018	Q3 2018	Trend
INVENTORY (SF)	202,810,402	204,460,135	↑
VACANCY	1.4%	1.5%	↑
NET ABSORPTION (SF)	931,295	1,313,282	↑
NEW SUPPLY (SF)	576,335	1,649,733	↑
UNDER CONSTRUCTION (SF)	4,701,644	4,664,064	↓
AVERAGE ASKING NET RENT*	\$10.73	\$10.87	↑

*Average Asking Net Rent is calculated using a weighted average

Industrial Cap Rates

Residential real estate continues to cool off. It is not yet in a full tailspin, although a late October interest rate rise will further cast a shadow over the situation.

Two quarters prior there were the first hints of pricing push back in the residential market, and now we may be seeing some of this in certain areas of the commercial market. To be sure, there is still significant capital chasing limited quality product, but some vendors' pricing expectations have been unrealistic, particular low cap rate offerings with implied underlying redevelopment potential. Again, this is certainly not in all cases, but two words that haven't been seen in many quarters are starting to reappear: "Price Reduction".

INDUSTRIAL					
SINGLE-TENANT A		MULTI-TENANT B		TREND	
LOW	HIGH	LOW	HIGH	A	B
3.50%	4.75%	3.75%	5.00%	▼	▼

Office Market

Vacancy rates continue to trend downward, dropping from 6.1% in Q3 2017 to 5.0% in Q3 2018, with rates tightening slightly across all submarkets. There is now 3.3 million square feet of construction underway across Metro Vancouver, with 2.3 million in the downtown core.

There has been an uptick in the number of strata office projects in 2018, partly in response to the low vacancy; purchasing space is an attractive investment opportunity for owner-occupiers who are struggling to find space in a tight leasing market. In addition, low-rise strata can be brought to market faster than a 30+ storey high-rise, and the option to own rather than rent is very attractive for companies whose space requirements will remain stable for the foreseeable future. Office strata averaged \$800 per square foot only two years ago; today, this product can sell as high as \$1,100 per square foot in Mount Pleasant and \$1,000 in Burnaby and Richmond.

Summary Statistics	2018 Q2	2018 Q3	Trend
New Supply*	302,000	128,000	+
Net Absorption	59,532	488,901	+
Vacancy Rate	5.4%	5.0%	↓
Average Asking Net Rent**	\$25.29	\$25.85	↑
Average Additional Rent	\$15.15	\$16.05	↑

*There are 558 office buildings surveyed in Metro Vancouver.
** Average Asking Net Rent is calculated using a weighted average.

Office Cap Rates

Some examples of significant office buildings that have sold include deals have completed, including Telus Garden, reportedly over \$1,000 per square foot, and a cap rate below 4.00%. 800 Burrard Street was acquired by Crestpoint at approximately \$227 million and a cap rate in the 4.10% range.

SUBURBAN OFFICE					
A		B		TREND	
LOW	HIGH	LOW	HIGH	A	B
4.75%	5.75%	5.25%	6.50%	↑	↑

Retail Market

In the downtown central business district, luxury retailers continued to dominate the news as limited vacancies in the 1000 block of Alberni and 700 block of Burrard constrained the area in which aspirational brands could settle or expand in, causing upward pressure on average asking rents. In the suburbs, the 2nd half of 2017 was dominated by the closure of Sears and the hole that the big box retailer would leave. Nearly every larger suburban shopping centre including Oakridge, Metrotown, Brentwood, Coquitlam Sevenoaks, Guilford and Cottonwood relied on Sears as either their primary or secondary anchor tenant to draw traffic.

VANCOUVER MARKET

STREET SEGMENT	TREND	NET RENT PSF 2018*	TAX & CAM 2018*
Commercial Drive (Venables to 13th Ave)	▲	\$30 - \$45	\$10 - \$15
South Granville (5th Ave to 16th Ave)	▼	\$30 - \$90	\$20 - \$35
Kingsway	◀▶	\$15 - \$35	\$10 - \$15
Main Street (Hastings to 28th Ave)	▲	\$20 - \$55	\$10 - \$15
Cambie Street (2nd Ave to 19th Ave)	▲	\$30 - \$75	\$15 - \$30
Burrard Street	▲	\$35 - \$55	\$15 - \$20
Dunbar Street	▲	\$30 - \$50	\$15 - \$60
East Broadway	▲	\$25 - \$35	\$10 - \$15

STREET SEGMENT	TREND	NET RENT PSF 2018*	TAX & CAM 2018*
Chinatown	▲	\$25 - \$50	\$10 - \$15
West 4th Avenue (Burrard to Alma)	◀▶	\$30 - \$70	\$15 - \$25
West Broadway (Main to Granville)	▲	\$30 - \$65	\$10 - \$20
West Broadway (Granville to Alma)	◀▶	\$30 - \$55	\$15 - \$20
East Hastings Street	▲	\$20 - \$40	\$10 - \$15
Fraser Street (Kingsway to King Edward)	▲	\$25 - \$35	\$10 - \$15
Kerrisdale	▲	\$30 - \$55	\$15 - \$20
Victoria Drive	▲	\$20 - \$35	\$8 - \$15

Retail Cap Rates

RETAIL								
REGIONAL / POWER		COMMUNITY		STRIP MALL		TREND		
LOW	HIGH	LOW	HIGH	LOW	HIGH	R	C	S
3.50%	5.25%	4.00%	5.25%	4.00%	5.00%	▲	▲	▲

Multi-Family Market

Values Defined Real Estate Valuation Services

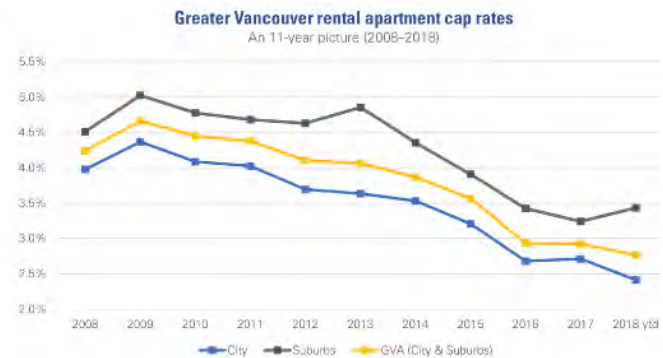
Multi-family investment activity surpassed the billion-dollar mark for only the second time in BC history after registering more than \$1.24B in 88 sale transactions in 2017. While the number of transactions in 2017, 88, marked a new record, dollar volume fell short of the record set in 2015 when 80 properties valued at \$1.41B traded hands. Sales volume in 2018 will remain comparable with 2017 as demand for multi-family assets remains strong, particularly for those sites with redevelopment potential

While cap rates for multi-family assets have remained highly compressed, pricing has moderated slightly as speculative buys have become less frequent due to rising interest rates (actual and forecast) that have made potential purchasers more cautious in their underwriting. Rising interest rates will have a lagging effect on the real estate market and will alter underwriting criteria, which will translate into far fewer ultra low-yield deals closing in 2018

Multi-Family Cap Rates

The average Greater Vancouver cap rate 2018 year to date is 2.8%

SNAPSHOT OF BC VACANCY RATES			
AREA	OCTOBER 2017	OCTOBER 2016	% CHANGE
Vancouver CMA	0.9%	0.7%	0.2%
Abbotsford-Mission CMA	0.2%	0.5%	-0.3%
Kamloops	1.2%	1.1%	0.1%
Victoria CMA	0.7%	0.5%	0.2%
Nanaimo	1.6%	1.5%	0.1%
Kelowna CMA	0.2%	0.6%	-0.4%
British Columbia	1.3%	1.3%	0%



MULTIFAMILY					
HIGH-RISE:		LOW-RISE:		TREND:	
LOW	HIGH	LOW	HIGH	H	L
2.00%	3.00%	2.50%	3.50%	↔	↔

Hotel

The first half of 2018 registered just over \$800 million in lodging transactions nationally, pacing 10% below comparable levels in 2017 (\$893 million) when excluding strategic and M&A transactions — a major component of activity in the first half of last year at \$1.3 billion. Following an influx of foreign and institutional capital into hotel real estate from 2013 to 2017, there is a mix of private domestic buyers driving activity in 2018, supported by a strong hotel operating and economic landscape, motivated buyer pool and dynamic debt markets.

Cap Rates

HOTEL								
URBAN FULL SERVICE		SELECT SERVICE		LIMITED SERVICE		TREND		
LOW	HIGH	LOW	HIGH	LOW	HIGH	U	S	L
4.00%	5.50%	5.50%	7.00%	6.50%	8.00%	↑↑	↑↑	↑↑

Residential Market

Multiple Listing Service (MLS®) residential sales in the province are forecast to decline 23 per cent to 80,000 units this year, after recording 103,768 residential sales in 2017. MLS® residential sales are forecast to increase 12 per cent to 89,500 units in 2019. The 10-year average for MLS® residential sales in the province is 84,800 units. The mortgage stress test on conventional mortgage borrowers cooled housing markets across the country this year. The erosion of affordability and loss of purchasing power induced by the stress test, as well as by moderately rising interest rates, are expected to temper housing demand through 2019.

After several years of chronic supply shortages, total active residential listings across the province are up 30 per cent year-over-year. The combination of fewer home sales and a larger inventory of homes for sale has helped trend most markets to balanced conditions, meaning no advantage for buyers or sellers. As a result, home price growth has slowed considerably, and is expected to more closely reflect overall consumer price inflation. In addition, a record number of homes are under construction in BC, which will provide for much needed expansion of the housing stock and greater price stability. The table on the following page indicates the project growth in the number of sales and the average price of all types of homes throughout British Columbia.

Board Area	Unit Sales			Average MLS® Price (\$)		
	2017	2018F	2019F	2017	2018F	2019F
Victoria	8,464 -15.6%	6,720 -20.6%	6,980 3.9%	652,928 25.2%	693,400 6.2%	697,800 0.6%
Vancouver Island	10,038 -4.7%	8,200 -18.3%	8,640 5.4%	\$431,255 26.9%	\$483,500 12.1%	\$484,800 0.3%
Powell River Sunshine Coast	406 -2.6%	360 -11.3%	380 5.6%	\$316,773 28.4%	\$374,000 18.1%	\$390,000 4.3%
Greater Vancouver	36,604 -10.5%	25,780 -29.6%	31,400 21.8%	1,031,546 14.3%	1,050,000 1.8%	1,080,000 2.9%
Fraser Valley	21,436 -7.1%	15,520 -27.6%	17,850 15%	\$701,842 21.5%	\$752,000 7.1%	\$790,000 5.1%
Chilliwack and District	3,983 -7.5%	3,100 -22.2%	3,210 3.5%	\$464,897 38.4%	\$519,800 11.8%	\$520,900 0.2%
Kamloops and District	3,345 5.2%	3,080 -7.9%	3,150 2.3%	365,184 11.9%	388,000 6.2%	402,000 3.6%
Okanagan Mainline	9,053 -9.8%	7,450 -17.7%	7,800 4.7%	\$497,604 21.8%	\$539,000 8.3%	\$565,000 4.8%
South Okanagan*	2,430 -1.2%	1,970 -18.9%	2,050 4.1%	\$399,972 22.2%	\$421,000 5.3%	\$423,200 0.5%
Northern Lights	438 67.8%	375 -14.4%	400 6.7%	\$248,429 -7.8%	\$240,000 -3.4%	\$252,500 5.2%
Kootenay	3,274 10.8%	3,060 -6.5%	3,000 -2%	\$307,051 11.5%	\$321,500 4.7%	\$335,500 4.4%
BC Northern	4,293 5.5%	4,400 2.5%	4,650 5.7%	\$274,131 3.6%	\$289,800 5.7%	\$320,000 10.4%
BC Total	103,764 -7.5%	80,015 -22.9%	89,510 11.9%	709,577 11.5%	718,600 1.3%	760,000 5.8%

*Source: BCREA Housing Forecast November 2018

Sunshine Coast Commercial Market

The commercial real estate market on the Sunshine Coast is a very small market compared to Metro Vancouver and outlying communities in the Fraser Valley. There is limited statistical data available on which to base an opinion as to the strength of the market. One can look at Metro Vancouver for an indication of the direction that the market is trending and it is reasonable to expect that the local market is trending in the same general direction, albeit at a slower pace.

In Metro Vancouver, overall investment skyrocketed in 2015 with a total of \$4.25 billion in sales over all asset classes compared to \$3.06 billion in 2014. The Metro Vancouver market has been increasingly active with many landlords, retailers, and investors experiencing the benefits and drawbacks of a high-priced market.

Multi-family was the most desirable investment vehicle in the market, increasing in value of volume by 111%. Cap rates are falling to unprecedented lows never seen before. Low vacancy rates, a weak Canadian dollar and corresponding low interest rates have created a flurry of investing with unrelenting demand from local and international buyers in certain markets areas.

The Commercial market on the Sunshine Coast has been consistent with historical averages mainly because there has been limited new product coming to the market. The table below summarizes the total number of commercial, industrial and retail sales, the average number of days on the market as well as the average price and median price.

Year	Total Number of Sales	Average # of Day of Market	Average Price	Median Price
2018	9	273	\$412,000	\$370,000
2017	8	147	\$709,375	\$665,000
2016	13	133	\$974,538	\$658,000
2015	13	155	\$607,346	\$499,500
2014	8	463	\$444,487	\$398,700
2013	11	321	\$869,334	\$410,000

Highest and Best Use

The principle of highest and best use is fundamental to the concept of value in real estate. Highest and best use, in general, may be defined as follows:

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

Many factors and appraisal principles become a consideration in the determination of “highest and Best Use.” These include: government regulations, supply, demand, anticipation, balance, surplus productivity, contribution, competition etc. The definition also includes the presumption that the use is in keeping with the zoning and legal requirements.

The concept of Highest and Best Use recognized that land use patterns can change over a given period and that the optimum use of a site is determined by need or demand at any given point in time. Elements affecting value that are dependent upon events or a combination of occurrences which, while within the realm of possibility, are not shown to be reasonably probable, and should be excluded from consideration. This is also the case if the intended use is dependent on the uncertain act of another person.

When a site is improved, the integrated unit of land and building must be continued in the use for which the improvement was designed, adapted, or could readily be converted, so long as the land and building in combination have a higher market value than the land alone, if vacant and available for a better use. If follows, therefore, that provided the subject improvements contribute value to the whole, over and above the value of the land alone, they represent the “Highest and Best Use” of the site for the remainder of their economic life.

Legally Permissible

The subject is currently zoned with C-4. Minimum lot size under the C-4 zoning is 235m². The predominate land use in the immediate neighbourhood is a mixture of residential and commercial. To the north is a large tract of vacant land, with green space adjacent to the subject property and to the east. To the south is commercial uses, with Wilson Creek Plaza at the main intersection of Highway 1 and Field Road. To the east and west is mainly vacant and residential. The current use of the subject property as a mixed use retail/caretaker suite is a legally permissible use under the current zoning. The C-4 uses permit a wide range of uses including retail and wholesale, light industrial and warehousing.

Physical Possibility

The subject property has a total site area of 17688 square feet. It is generally square in shape with frontage of ±125 feet on Field Road. The site has septic, with space for a second septic system. Community water services the site. The site area is sufficient to support a commercial use.

Financial Feasibility and Maximum Profitability

These items are considered similar and will be dealt with under a single heading. To establish the most feasible and profitable use, it is necessary to consider market influences of the subject location and potential demand for the lands under consideration.

The subject is located in Wilson Creek, just north of Highway 1, in a growing commercial regional centre with the Wilson Creek Plaza as the focal point. Demand is considered to be good as evidenced by the limited number of current listings and the small number of sales over the past few years. The subject is a newly constructed commercial building with one dwelling unit in conjunction with the permitted uses. It provides solid retail space and capable of generating a good income. Future development in the surrounding neighbourhood plus the potential for a Gibsons to Sechelt Bypass Road with Field Road being a major connector would result in increased exposure in the long term.

The Property - As if Vacant

The subject site is zoned C-4, which permits a range of commercial and light industrial uses. The site is generally square in shape, with good frontage on Field Road. The surrounding land uses are a mixture of parkland and residential uses to the north and east, and residential to the west, commercial to the south. The site area meets the minimum site area for commercial development and the surrounding land uses are consistent with a mixed uses. We are of the opinion that the Highest and Best Use of the subject property as if vacant is a development consistent with the permitted uses under the C-4 zoning and Regional Centre OCP designation.

The Property - If Improved

The subject is improved with a newly constructed 1.5 storey mixed use commercial building with retail/wholesale on the ground floor and one residential unit on the top floor. The improvements are capable of generating a good income. The highest and best use as improved is a continuation of the existing use.

Valuation

Valuation Methodology

The appraisal process involves a systematic analysis of the factors that bear upon the value of real estate. In considering an appropriate method of appraisal, we have taken into account the unique characteristics of the local real estate market and our terms of reference. In estimating the Market Value of the subject property, the following conventional methods of appraisal have been considered:

1. The Cost Approach to value is based on the premise that an informed purchaser will not pay more for a property than the cost of producing a substitute property. This approach involves an estimate of the cost to build a new building identical to the subject at current prices, subtracting accrued depreciation which is a measurement of the loss in value from reproduction cost new, and adding the estimate of land value as if vacant. This approach is best suited for special purpose properties or improved properties which have been recently constructed and the depreciation of the improvements is more easily measurable.
2. The Direct Comparison Approach to value implies the Principal of Substitution, which states that a prudent purchaser will not pay more for a property than the price to acquire an equally desirable substitute property. Direct Comparison Approach involves the comparison of the subject to comparable properties available under similar conditions.
3. The Income Approach to value is a method of estimating the value of a property based on the present, or discounted worth of the anticipated income benefits that it may reasonably be expected to produce during the course of its remaining economic life. The process of converting an income stream into an estimate of present worth is known as “capitalization.”

The basic steps involved in the Income Approach are as follows:

1. Calculate the annual stabilized net operating income
2. Research, analyze, and select an appropriate capitalization rate
3. Select an appropriate method of capitalization

Selection of Relevant Method

The subject is considered capable of generating income over its remaining economic life. Typically, a prudent purchaser would consider an investment property’s potential income and return on investment when determining its market value. The Income approach will be undertaken and supported by the Direct Comparison Approach. Our research indicates that there are very few if any comparable buildings located on the Sunshine Coast that have sold recently. The Cost Approach is often used when the improvements are new and/or there are very few comparable sales. We have considered all three approaches to value in order to provide support for a reasonable market value

Cost Approach


The Cost Approach to value assumes that a prudent purchaser will not pay more for a property than the cost to recreate it in its present condition provided there are no costly delays or economic factors which might influence value. The approach involves the determination of the replacement cost of the improvements, less depreciation, plus the value of the land as though vacant.


Value of the Land

The direct comparison approach is the most reliable valuation method for vacant land. The Direct Comparison Approach implies the Principle of Substitution, which states that a prudent purchaser will not pay more for a property than the price to acquire an equally desirable substitute property. The properties selected for comparison must be similar in most respects to the one being appraised.


Market Data available for analysis is considered to effectively bracket the market value for the subject; therefore, the Direct Comparison Approach is considered to provide good market support for the Income Approach. While the comparable properties are not identical to the subject, they are, nonetheless, considered to provide a general index of value for the subject. The properties vary from the subject in terms of building age, quality of construction, building size, and location. Typically, a unit of comparison is used to facilitate the analysis. In the case of properties similar to the subject, the price per square foot of land is the most common used unit of comparison. It is necessary to make the required adjustments in order to equate with the subject property.

Our research indicates there are a very few comparable commercially zoned vacant sites that have sold. We have considered light industrial zoned and some dated sales. A summary of the comparable properties is shown in chart form on the following pages indicating important information such as property address, sale date and sale price, as well as price per square foot.

Comparable 1									
624 Farnham Road, Gibsons									
Sale Summary									
Sale Date	May 2018	Site Area (acres)	0.46	Price/acres (land)	\$1,663,043				
Sale Price	\$765,000	Zoning	C-1	OCP	Mixed Use Commercial				
PID									
006-535-402									
Legal Description									
Lot H Block 2 Plan VAP12401 District Lot 1328 Land District 1 Land District 36									
Assessment	2019								
Land	\$572,000								
Improvement	\$173,000								
Total	\$745,000								
Comments									
<p>Located in Upper Gibsons, 19,000 sf, C1 zoned property with great future redevelopment potential. There is a well maintained 1375sf building, with ample parking, currently operates as a retail business. Located steps away from Hwy 101. This commercial area has motels, a shopping centre and many condo complexes nearby which offer a convenient location with good foot and vehicle traffic.</p>									
Analysis									
<p>Time Adjustment: This comparable sold in May 2018. Our research indicates that on average, real estate markets on the Sunshine Coast have been relatively stable, and not experiencing the level of pull back as that on the Lower Mainland. The benchmark price of a detached home on the Sunshine Coast is down ±3% over the past 6 months. Little in the way of a time adjustment is warranted.</p>									
<p>Location Adjustment: The subject is located in Wilson Creek with good exposure on Field Road and easy access to Highway 1. This comparable is located in Upper Gibson, just south of Highway 1 on a secondary road. The location is slightly superior given the closer access to BC Ferries, and the commercial corridor along Gibsons Way. .</p>									
<p>Site Area Adjustment: Generally, smaller lots sell for a higher per unit rate than larger lots. The subject has a site area of 0.41 acres. This comparable is slightly larger with 0.46 acres, pointing to an upward adjustment.</p>									
<p>Zoning: The subject is zoned C-4, which permits retail, wholesale and light industrial uses. This comparable is zoned C1, Upper Gibsons Commercial District, and apartment use above the ground floor is permitted. This is considered to be superior to the C-4, where only one dwelling unit is permitted above the ground level. A downward adjustment is warranted.</p>									

Comparable 2									
672 North Road, Gibsons									
Sale Summary									
Sale Date	April 2018	Site Area (acres)	0.44	Price/acres (land)	\$1,293,182				
Sale Price	\$569,000	Zoning	C1	Other	Medium Density Residential				
PID									
010-636-056									
Legal Description									
Lot 11 Block 7 Plan VAP7392 District Lot 688 Land District 36 OF LOT 1									
Assessment	2019								
Land	\$536,100								
Improvement	\$32,100								
Total	\$568,200								
Comments									
<p>Prime Commercial C-1 Zoning holding property with a 2 bedroom cottage currently rented and a tenant would like to stay. Central location beside Heritage Theatre, close to elementary and high school, shopping and recreation. Walking distance to Lower Gibsons' beautiful waterfront area and marina. OCP designation is medium density residential and possibility of ocean views make this a great investment.</p>									
Analysis									
<p>Time Adjustment: This comparable sold in April 2018. Our research indicates that on average, real estate markets on the Sunshine Coast have been relatively stable, and not experiencing the level of pull back as that on the Lower Mainland. The benchmark price of a detached home on the Sunshine Coast is down $\pm 3\%$ over the past 6 months. Little in the way of a time adjustment is warranted.</p>									
<p>Location Adjustment: The subject is located in Wilson Creek with good exposure on Field Road and easy access to Highway 1. This comparable is located in Upper Gibsons with good exposure on North Road. The location and exposure is considered to be superior to that of the subject. A downward adjustment is warranted.</p>									
<p>Site Area Adjustment: Generally, smaller lots sell for a higher per unit rate than larger lots. The subject has a site area of 0.41 acres. This comparable is slightly larger with 0.44 acres, pointing to an upward adjustment.</p>									
<p>Zoning: The subject is zoned C-4, which permits retail, wholesale and light industrial uses. This comparable is zoned C1, Upper Gibsons Commercial District, and apartment use above the ground floor is permitted. This is considered to be superior to the C-4, where only one dwelling unit is permitted above the ground level. A downward adjustment is warranted.</p>									

Comparable 3					
Lot F, Gibsons Way					
Sale Summary					
Sale Date	June 2016	Site Area (acres)	0.90	Price/acres (land)	\$731,111
Sale Price	\$658,000	Zoning	C-3	Other	
PID					
016-118-405					
Legal Description					
Lot F Plan VAP22825 District Lot 684 Land District 36 OF LOT 3					
Assessment	2019				
Land	\$911,000				
Improvement	\$0				
Total	\$911,000				
Comments					
<p>Prime level commercial site in the Heart of Gibsons Commercial District with 140 feet of Highway Frontage. Cleared with high visual exposure adjacent to the Curling Rink. Environmental Development Permit requirement at the rear of the property has been satisfied. The property is zoned C-3 for Automotive & Marine - Sales, Service and Repair. However, the OCP - recommends Commercial, Retail, Office, & Restaurant, with residential above the main floor. This bare land site is .9 acres and measures 140' X 283' (39580 Sq. Ft.). Easy to build level site.</p>					
Analysis					
<p>Time Adjustment: This comparable sold in July 2018. Our research indicates that on average. Real estate markets on the Sunshine Coast have been relatively stable, and not experiencing the level of pull back as that on the Lower Mainland. The benchmark price of a detached home on the Sunshine Coast is down $\pm 3\%$ over the past 6 months. Little in the way of a time adjustment is warranted.</p>					
<p>Location Adjustment: The subject is located in Wilson Creek with good exposure on Field Road and easy access to Highway 1. This comparable is located in Upper Gibsons with good exposure on Gibsons Way. The location and exposure is considered to be superior to that of the subject. A downward adjustment is warranted.</p>					
<p>Site Area Adjustment: Generally, smaller lots sell for a higher per unit rate than larger lots. The subject has a site area of 0.41 acres. This comparable is larger with 0.90 acres, pointing to an upward adjustment.</p>					
<p>Zoning: The subject is zoned C-4, which permits retail, wholesale and light industrial uses. This comparable is zoned C3, Automobile Commercial and designated for Mixed Commercial. The C-3 zone has more restricted uses, and is considered to be inferior to the C-4 zoning of the subject. An upward adjustment is warranted.</p>					

Comparable 4									
5523 Sechelt Inlet Crescent									
Sale Summary									
Sale Date	Jan 2018	Site Area (acres)	0.50	Price/acre (land)	\$700,000				
Sale Price	\$350,000	Zoning	I-6	Other					
PID									
027-719-227									
Legal Description									
Lot 3 Plan BCP38917 District Lot 1438 Land District 1 Land District 36									
Assessment	2018								
Land	\$233,000								
Improvement	\$0								
Total	\$233,000								
Comments									
Vacant site located in the Sechelt Industrial Park. 0.50 acres. Full Services available. Sold previously in April 2017 for \$260,000 and in May 2016 for \$225,000. Provides support for an upward time adjustment.									
Analysis									
Time Adjustment: This comparable sold in January 2018. Our research indicates that on average, commercial and industrial properties have increased $\pm 2.84\%$ per month from May 2016 to January 2018. A slight upward time adjustment is warranted.									
Location Adjustment: The subject is located in Wilson Creek with good exposure on Field Road and easy access to Highway 1. This comparable is located in the Sechelt Industrial park off Porpoise Bay Road. The location and exposure is considered to be inferior to that of the subject. An upward adjustment is warranted.									
Site Area Adjustment: Generally, smaller lots sell for a higher per unit rate than larger lots. The subject has a site area of 0.40 acres. This comparable is slightly larger with 0.50 acres, leading to an upward adjustment.									
Zoning: The subject is zoned C-4, which permits retail, wholesale and light industrial uses. This comparable is zoned C3, Automobile Commercial and designated for Mixed Commercial. The I-6 zone has more similar uses but limited commercial service uses. It is reasonable to make a slight upward adjustment to reflect the superior uses of the C-4 zoning.									

Comparable Property Chart						
No.	Address	Sale Date	Sale Price	Site Area	Price/acre	Adj. Price/acre
1	624 Farnham Road, Gibsons	May 18	765000	0.46	\$1,663,043	\$725,694
2	672 North Road, Gibsons	Apr 18	569000	0.44	\$1,293,182	\$1,006,010
3	Lot F, Gibsons Way, Gibson	Jun 16	658000	0.90	\$731,111	\$770,000
4	5523 Sechelt Inlet Cres, Sechelt	Jan 18	350000	0.50	\$700,000	\$616,000

In selecting comparable properties, we have researched market data for similar commercial and light industrial sized and zoned properties on the Sunshine Coast. Adjustments were based on the date of sale, location, site area, and zoning.

Prior to the adjustments, the comparable sales reflected a wide range from a low of \$700,000 per acre to a high of \$1,663,000 per acre (rounded). Each of the comparables has been discussed in detail in the previous section with justification for adjustments made. Our findings are summarized below:

Time Adjustment

The first adjustment to consider is a time adjustment. With a limited number of commercial and industrial sales on the Sunshine Coast, to support the upward trend we have relied on resales of both industrial and commercial over the past 5-10 years. Our findings are summarized below:

Address	Sale Date 1	Sale Price 1	Sale Date 2	Sale Price 2	Total % Increase	Time (months)	Monthly % Increase
Industrial							
5523 Sechelt Inlet	Apr 17	\$260,000	Jan 18	\$360,000	38%	9	4.27%
	May 16	\$225,000	Apr 17	\$260,000	16%	11	1.41%
					27%		2.84%
Commercial							
5665 Teredo Street,	May 15	\$400,000	Jan 17	\$557,000	39%	19	2.07%
5601 Wharf Avenue	Jun 13	\$580,000	Oct 17	\$888,000	53%	52	1.02%
316 Gower Point Road	Dec 14	\$678,000	Nov 17	\$1,650,000	143%	35	4.10%
					79%		2.39%

The industrial re-sales indicate an average monthly increase of 2.81% from May 2016 to January 2018. Similarly the commercial resales indicate an average monthly increase of 2.39% for June 2013 to November 2017. It is reasonable to interpret this in terms of the overall real estate market over the past 10 years with the industrial market along with all other real estate markets being flat for several years following the global financial crisis in 2008-2009 before starting to see some gains from 2013 onward with unprecedented growth and historically high values leading into 2017 before the market started to return to more historical growth rates in 2017-2018. This is further supported by the sale of **5523 Sechelt Inlet Way**, which sold twice within 2 years and indicated an average of 2.84% per month between May 2016 and January 2018. In conclusion, the comparable sales have sold between June 2016 and May 2018, and it is reasonable to apply an $\pm 2\%$ per month time adjustment.

Location Adjustment

Indices 1-3 are located in Upper Gibsons, closer to the ferry, which is considered to be superior, leading to downward adjustments. **Index 4** is located in the Sechelt Industrial Park off Porpoise Bay Road. The subject's location in Wilson Creek is superior.

Site Area

Generally smaller lots sell for a higher per unit rate than larger lots. The subject has a site area of 0.41 acres. The comparables range in size from 0.44 acres to 0.90 acres. Appropriate upward adjustments have been applied.

Zoning Adjustment

The subject is zoned C-4, which permits retail, light industrial, service commercial uses and one accessory dwelling unit. **Indices 1 & 2** are zoned C-1, which permits residential above ground level commercial. This zoning resulting in a higher allowable density, which is superior to the subject. Downward adjustments are warranted. **Index 3** is zoned C-3, which is an automobile commercial zone with more restricted uses. The subject's C-4 zonings superior. **Index 4** is zone I-6, Industrial with more restricted retail uses. An upward adjustment is warranted.

Estimate of Value by the Direct Comparison Approach

After making the necessary adjustments to each comparable an adjusted range of \$1,510,000 per acre to \$2,104,000 per acre. Taking a value near the mid-point, or \$1,827,000 per acre is considered reasonable for the subject.

Area Acres	X	Price Per Acres	=	Estimate of Value
0.41	X	\$1,827,000.00	=	\$749,070.00

Valuation of the Improvements

Replacement cost of a building is the total cost of construction required to replace the subject building with a substitute of like or equal utility using current standards of material and designs. These costs include labour, materials, supervision, contractors's profit an overhead, architects' plans and specifications, sales taxes and insurance. Estimates for each of these components, where applicable, plus value for the land (as if vacant) must also be accounted for in the value by the cost Approach. Estimating the Replacement Cost of the improvements can be completed utilizing local contractor quotes, construction cost guides or the Marshall and Swift Cost Services Method which involves the use of standardized costing manuals.

Construction Cost Guides

We have reviewed two cost manuals: Altus Group Construction Cost Guide 2019 and BYT Intelligence Report 2019. These manuals use construction costs with Vancouver being the base at 100. Location multipliers are added or subtracted from the base depending on the location. Our research indicates that construction costs on the Sunshine Coast are slightly higher than the Vancouver for residential product given cost of transportation of building materials.

Cost Manual	Type	Cost per square foot	Subject Area	Indicated Replacements Cost
Altus	Retail	193	3,560	\$687,080
	Residential	275	1,325	\$364,375
	Surface Parking	30	1,150	\$34,500
				\$1,085,955
BTY	Retail	268	3,560	\$954,080
	Residential	202	1,325	\$267,650
	Surface Parking	30	1,150	\$34,500
				\$1,256,230
Burnt Construction	Mixed Use	325	4,885	\$1,587,625
Core/Logic Costing	Commercial With Residential Above	234.16	4,885	\$1,148,771

Summary of the Cost Approach

We have considered the value of the land and utilized two cost manuals and one costing software. The following indicated value of the improvements is summarized as follows:

Altus	\$1,085,955
BTY	\$1,256,230
Replacement Cost Provided by Client	\$1,587,625
Core Logic Costing	\$1,148,771

Land Value	\$750,000
Replacement Cost of the Improvements	\$1,587,000
DCC's	\$100,000
Servicing Agreements	\$200,000
Total	\$2,637,000

Income Approach

The income approach to value is a method of estimating the value of a property based on the present, or discounted worth of the anticipated income benefits that it may reasonably be expected to produce during the course of its remaining economic life. The process of converting an income stream into an estimate of present worth is known as “capitalization”.

The basic steps involved in valuation by this approach are as follows:

1. Estimate the gross annual income of the property less any allowances for bad debts and vacancy.
2. Estimate the total annual operating expenses.
3. Calculate the annual net operating income (gross income less expenses).
4. Select an appropriate capitalization rate.
5. Select an appropriate method of capitalization.
6. Using a suitable procedure, convert the anticipated annual net operating income stream into an indication of the capital value of the property.

Estimate of Net Operating Income

As discussed, the first three steps in the Income Approach result in an estimate of annual net operating income for the property being appraised. This may include the actual rent payable under a lease (“contract rent”) as determined by analysis of existing lease agreements covering the property, or it may be the appraisers’ estimate of the rent obtainable in the market for similar properties (“economic” or “market” rent). In estimating “economic” or “market” rent, attempt is made to determine the rent that a tenant is warranted in paying. In analyzing income potential, the quality and durability of the income stream, not just the quantity are valid concerns since these factors are reflected in the thinking and actions of the prudent investor.

Most commercial and industrial leases in the local market are based on triple net terms (NNN), where the tenant pays basic rent, and a proportionate share of all expenses related to operating the property.

Contract Rent

As of the effective date of valuation, the subject is fully occupied. Copies of the leases were provided by the owner and they are summarized below:

Unit 1

Tenant:	Montgomery Hardwood
Leased Area:	1,490 square feet
Leased Commencement:	May 1, 2018
Term:	5 years
Lease Expiry:	April 30, 2023
Lease Rate:	\$16.02 triple net
Monthly Rent:	\$1,990
Annual Rent	\$23,880

Unit 2/3

Tenant:	Wilson Creek U Brew
Leased Area:	2037 square feet
Leased Commencement:	April 1, 2018
Term:	5 years
Lease Expiry:	March 31, 2020
Lease Rate:	\$36.52 triple net
Monthly Rent:	\$6,200
Annual Rent	\$74,400


Estimate of Economic Rent


The market rents of comparable commercial space are researched in order to establish the “economic” or “market” rent that the subject could achieve if it was to be leased on the open market. The primary factors affecting market rental rates are:


- Location
- Accessibility and street exposure
- Overall building size
- Building quality, design, and layout
- Age and condition of building


Our findings are summarized below:

Comparable Leases

Confidential, Sunshine Coast Highway, Gibsons				
	Status	Leased	Lease Date	month to month
	GLA	1,372	Lease Term	
	Lease Rate/sf	\$14.00	Net	xx Gross
	Comments		OE/sf	\$5.00
	Industrial parts distributor. Front sales/service area with warehouse storage and single overhead door.			


Confidential, Sunshine Coast Hwy, Gibsons				
	Status	Leased	Lease Date	Month to month
	GLA	1,225	Lease Term	
	Lease Rate/sf	\$15.67	Net	xx Gross
	Comments		OE/sf	\$5.00
	Auto-repair use, 2 overhead doors, minimal interior finish			

316 Gower Point Road				
	Status	Leased	Lease Date	
	GLA	1,800	Lease Term	60 months
	Lease Rate/sf	\$21.00	Net	xx Gross
	Comments		OE/sf	\$4.82
	Currently used as the sales centre for the new waterfront development called "The George." Open retail/reception area with ceramic tile flooring with two enclosed offices/boardroom.			


Unit 1B Confidential, Gibsons				
	Status	Leased	Lease Date	
	GLA	500	Lease Term	60 months
	Lease Rate/sf	\$17.00	Net	xx Gross
	Comments		OE/sf	\$3.35
	Small light industrial unit located in Upper Gibsons. Located off Gibsons Way.			


Unit 2, Confidential, Gibsons				
Status	Leased	Lease Date		
GLA	700	Lease Term	60 months	
Lease Rate/sf	\$16.00	Net	xx	Gross
Comments	OE/sf		\$3.35	
Small light industrial unit located in Upper Gibsons. Located off Gibsons Way. Mezzanine				


Unit 1A, Confidential, Gibsons				
Status	Leased	Lease Date	April 2018	
GLA	200	Lease Term		
Lease Rate/sf	\$34.50	Net	xx	Gross
Comments	OE/sf			
Small space located in a light industrial building with a small mezzanine.				


5500 Trail Avenue, Sechelt					
	Status	Leased	Lease Date	2017	
	GLA	1,054	Lease Term	60 months	
	Lease Rate/sf	\$15.50	Net	xx	Gross
	Comments	OE/sf			
	Bistro in downtown Sechelt in the Trail Bay Centre, next door to Source for Sports.				

101-641 Mahan Road, Gibsons					
	Status	Leased	Lease Date	January 2015	
	GLA	800	Lease Term		
	Lease Rate/sf	\$18.00	Net	xx	Gross
	Comments	OE/sf		\$6.90	
	New retail space in the Blue Heron Village. This lease rate is reflective of the new construction with a motivated tenant.				

819-821 Gibsons Way, Gibsons					
	Status	Leased	Lease Date	2013	
	GLA	800	Lease Term		
	Lease Rate/sf	\$13.56	Net	xx Gross	
	Comments	OE/sf			\$5.10
	Office and retail/show room commercial units in the re-purposed Arbutus Village. Offering units from 300 sf to 11,000 sf.				

2-1059 Roberts Creek Road, Roberts Creek					
	Status	Leased	Lease Date	Jan 2017	
	GLA	1050	Lease Term	48 months	
	Lease Rate/sf	\$11.96	Net	xx Gross	
	Comments	OE/sf			\$5.75
	Retail unit in Roberts Creek. New lease in place with Ambrosia Organic Living.				


5672 Cowrie Street, Sechelt					
	Status	Leased	Lease Date		
	GLA	950	Lease Term		
	Lease Rate/sf	\$18.95	Net	xx Gross	
	Comments	OE/sf			
	Street front retail on Cowrie Street. Good exposure				

101 5631 Inlet Avenue, Sechelt					
	Status	Available	Lease Date		
	GLA	1,140	Lease Term		
	Lease Rate/sf	\$13.00	Net	xx Gross	
	Comments	OE/sf			
	Prime downtown Sechelt retail/commercial location surrounded by a busy area of business and university campus. Space is currently unimproved and there will be an allowance for Tenant improvements.				


104-875 Gibsons Way, Gibsons					
	Status	Leased	Lease Date		
	GLA	867	Lease Term		
	Lease Rate/sf	\$19.00	Net	xx	Gross
	Comments		OE/sf	\$4.50	
<p>This ground floor space has a high profile location with good sidewalk access, lots of parking and a location/ building that is second to none. Great location for any retail or office space.</p>					


101-875 Gibsons Way, Gibsons					
	Status	Leased	Lease Date		
	GLA	1054	Lease Term		
	Lease Rate/sf	\$19.00	Net	xx	Gross
	Comments		OE/sf	\$5.00	
<p>This ground floor space has a high profile location with good sidewalk access, lots of parking and a location/ building that is second to none. Great location for any retail or office space. Unit 102 is available for lease @ \$19.00 triple net for 1,854 square feet.</p>					


101-5530 Wharf Avenue, Sechelt					
	Status	Available	Lease Date		
	GLA	2,283	Lease Term		
	Lease Rate/sf	\$25.00	Net	xx	Gross
	Comments		OE/sf		
<p>Street front downtown location for easy public access and maximum visibility. This west facing space is currently configured with 4 individual private offices and a larger main area in front.</p>					


Unit C, Molly's Lane					
	Status	Available	Lease Date		
	GLA	1,750	Lease Term		
	Lease Rate/sf	\$13.00	Net		Gross xx
	Comments		OE/sf		
Molly's Lane - high traffic location. Perfect for a retail space, workshop or artist studio.					

7-819 Gibsons Way, Gibsons					
	Status	For Lease	Lease Date		
	GLA	1,583	Lease Term		
	Lease Rate/sf	\$19.00	Net	xx	Gross
	Comments		OE/sf		\$6.00
Great location in a busy Strip Mall Lawyer and Vancouver Coastal Health are anchor tenants so this space lends itself to a professional or someone in the medical field. Good highway exposure and parking. Call for an info pack today!					

624 Farnham Road, Gibsons					
	Status	For Lease	Lease Date		
	GLA	1375	Lease Term		36 months
	Lease Rate/sf	\$22.00	Net	xx	Gross
	Comments		OE/sf		\$6.85
624 Farnham Rd is centrally located in upper Gibsons next to Gibsons Elementary and just off Gibsons Way. This C-1 zoned property has many updates including newer lighting, windows, flooring, baseboard heating and plumbing. Ample parking with wheel chair access. The building would make a great office, retail location, daycare or healthcare centre.					

101 12808 Madeira Park Road				
	Status	Leased	Lease Date	June 2017
	GLA	940	Lease Term	5 years
	Lease Rate/sf	\$16.60	Net	xx Gross
	Comments	OE/sf		\$2.44
Retail unit in Madeira Park at the corner of Sunshine Coast Highway and Madeira Park Road. Newer buildings with ground level commercial and live/work on the second level.				

102 12808 Madeira Park Road				
	Status	Leased	Lease Date	June 2017
	GLA	1680	Lease Term	5 years
	Lease Rate/sf	\$14.57	Net	xx Gross
	Comments	OE/sf		\$2.44
Retail unit in Madeira Park at the corner of Sunshine Coast Highway and Madeira Park Road. Newer buildings with ground level commercial and live/work on the second level.				

747 North Road, Gibsons				
	Status	Leased	Lease Date	Jan 2017
	GLA	1,150	Lease Term	60 months
	Lease Rate/sf	\$17.00	Net	xx Gross
	Comments	OE/sf		\$3.52
Small strip mall on North Road. Good street exposure				

Summary of Comparable Market Rents					
	Address	Status	GLA	Lease Rate	CAMs
1	Confidential, Sunshine Coast Highway, Gibsons	Leased	1,372	\$14.00	\$5.00
2	Confidential, Sunshine Coast Highway, Gibsons	Leased	1,225	\$15.67	\$5.00
3	316 Gower Point Road, Gibsons	Leased	1,800	\$21.00	\$4.82
4	Unit 1B, Confidential, Gibsons	Leased	500	\$17.00	\$3.35
5	Unit 2, Confidential, Gibsons	Leased	700	\$16.00	\$3.35
6	Unit 1A, Confidential, Gibsons	Leased	200	\$34.50	
7	5500 Trail Avenue, Sechelt	Leased	1,054	\$15.50	
8	101-641 Mahan Road, Gibsons	Leased	800	\$18.00	\$6.90
9	819-821 Gibsons Way, Gibsons	Leased	800	\$13.56	\$5.10
10	2-1059 Roberts Creek Road,	Leased	1,050	\$15.00	
11	5762 Cowrie Street, Sechelt	Leased	950	\$18.95	
12	101 5631 Inlet Avenue	For Lease	1,140	\$13.00	
13	102 5631 Inlet Avenue	For Lease	1,485	\$13.00	
14	104-875 Gibsons Way, Gibsons	Leased	1,054	\$19.00	\$4.50
15	101-875 Gibsons Way, Gibsons	Leased	1,054	\$19.00	\$5.00
16	101 5530 Wharf Avenue, Sechelt	For Lease	2,283	\$25.00	
17	Molly's Lane Unit C	For Lease	1,750	\$13.00	
18	7-819 Gibsons Way, Gibsons	For Lease	1,583	\$19.00	\$6.00
19	624 Farnham Road, Gibsons	For Lease	1,375	\$22.00	\$6.85
20	105-106 12808 Madeira Park Road	Leased	1,680	\$14.57	\$2.44
21	101 12808 Madeira Park Road	Leased	940	\$16.50	\$2.44
22	102 12808 Madeira Park Road	Leased	940	\$16.50	\$2.44
23	747 North Road, Gibsons	Leased	1,150	\$17.00	\$3.52

Market Rental Data Analysis

Our research indicated that there are a limited number of recent lease comparables. It has been necessary to rely on some dated lease information and information provided by local realtors active in the leasing market, as well as some retail/service lease rate in order to provide a support for an achievable lease rate for the subject units. Based on discussions with realtors, there is a definitive lease rate range of ±\$12.00 to \$19.00 per square foot triple net for retail space on the Sunshine Coast. Factors influencing the high and low range are size, exposure, age of the building and location. Generally, newer buildings achieve a higher per unit rate. Exposure in strip malls with an anchor tenant also results in lease rates at the upper end of the range.

The lease comparables summarized above reflect commercial and light industrial uses in Gibsons and Sechelt and one in Roberts Creek. The range of \$10.30 to \$34.50 per square foot is consistent with the indicated market rate range. The high end of the range is set by **Lease 4**, which reflects 200sf of flex industrial space with parking in front. Generally smaller units achieve higher per unit rates than larger units. A lower rate would be applicable to the subject. **Lease 3** reflect prime commercial space on Gower Point Road in Lower Gibsons. The subject has an inferior location compared to Lower Gibsons, thus a lower per unit rate would be applicable. **Lease 14 & 15** have a lease rate of \$19.00 per square foot and reflect newly constructed commercial space fronting on Gibsons Way. The subject also is new construction, but the location of these two lease comparable is considered superior, thus a slightly lower per unit rate would be likely for the subject. **Lease 16 & 17** reflect current asking rates of \$19.00 to \$22.00 per square foot for commercial use. These two comparables provide support for the upper end of the lease rate range, but given that they are active listing, little weight will be given.

Conclusion

The subject property is recently constructed retail building with one accessory dwelling. The overall construction quality is considered to be above average. Newer buildings tend to achieve higher per unit rates than older buildings. Thus it is our opinion that the market rental range is \$16.00 to \$19.00 per square foot. **Unit 1** is currently achieving a lease rate of \$16.42 per square foot, which is reflective of market rents.

Unit 2/3 is owner occupied and the rate is reflective of a non-arms length lease with a rate of \$36.42 per square foot. If the subject property were to be leased on the open market a lower per unit rate would likely result. Based on the comparables summarized above, a lease rate in the range of \$19.00 per square foot would be reflective of an achievable market rent for this unit. The income analysis will factor in the added risk of a non-arms length lease below:

Operating Statement

The rents represent total amounts of net rent payable to the property owner. The property owner of an investment property generally incurs income loss due to vacancies and collection expenses, and they are generally responsible for structural repair and maintenance. These amounts must be deducted from rental revenues to reflect a net income the typical owner could expect from the property and, consequently, the return that the investment yields. The following statement provides an estimate of stabilized Net Economic Income based on a typical year of operation.

Unit	Leasable Area	Triple Net Rent (Market)	Annual Income	Market Rent for Unit 3	Annual Income
Unit 1	1490	\$16.02	\$ 23,869.80		\$ 23,869.80
Unit 2/3	2072	\$36.42	\$ 75,462.24	\$19.00	\$ 39,368.00
Caretaker Suite		\$2,150	\$ 25,800.00		\$ 25,800.00
Potential Gross Income			\$ 125,132.04		\$ 89,037.80
Less Vacancy	2%		\$ 2,503		\$ 1,781
Effective Gross Income			\$ 122,629		\$ 87,257
Ex-pen ses					
Less Non-recoverable Ex-penses			\$ 313		\$ 313
Less Structural Maintenance	2%		\$ 2,453		\$ 1,745
Stabilized Net Operating In-come			\$ 119,864		\$ 85,199 \$34,664.91

The difference between the stabilized net operation income with the non-arms length lease of Unit 3 and the stabilized net operating income with a market rent of \$19.00 per square foot results in a difference of \$34,664.91.

Comments on the Operating Statement

Vacancy and Collection Loss Allowance

The vacancy allowance provides for loss in income through uncollected rents and associated occupancy charges (bad debt), in addition to allowing for actual vacancies that may occur. These adjustments are required, as a building cannot be expected to be occupied fully throughout its useful life. Vacancy allowances are local in application and will vary from time to time, and location to location. The magnitude of the vacancy and rent loss allowances is estimated by analyzing the local real estate market for this particular type of property. We have reviewed market reports provided by major real estate agencies in Metro Vancouver - Colliers International, CB Richard Ellis, and Cushman, Wakefield LePage and Avison Young.

Non-Recoverable Expenses

Net income is stabilized after deducting non-recoverable items such as operating costs on normalized vacancies and structural repairs. Generally Common Area Maintenance costs (CAMs) include operating costs such as real estate taxes, property insurance, and utilities. Structural maintenance is also included in the CAMs. The owner has provided the following operating expenses:

Property tax	\$6,748
Utilities	\$7,800
Insurance	\$1,104
	\$15,652
Expenses per square foot	\$3.20

The operating expenses equate to \pm \$3.20 per square foot. Our research indicates that average market rates for CAMs range from \$3.20 per square foot to \$6.00 per square foot. It is our opinion that a rate of \$3.20 per square foot for CAMs is reasonable and supported by the market.

Structural Maintenance

Operating Expenses

Under net leases, the expense recovery covenants in the leases usually provide that virtually all expenses are recoverable from the tenants, except for structural maintenance and management for which allowances must be made. Estimated structural maintenance and management is 2%.

As suggested, the estimate of Net Economic Income that is derived accounts for only those expenses necessary to ensure the continued income productivity of the property. This net income estimate forms the base income to be converted to an estimate of value through Direct Capitalization.

Capitalization

Capitalization is defined in “*Introduction to Real Estate Appraising*” published by the Appraisal Institute of Canada, as follows:

“Capitalization, in the appraisal of real estate, may be defined as the process of converting into a present worth a series of anticipated future instalments of income by the application of a factor, referred to either as a capitalization rate or a present worth factor, depending upon the process used”.

A capitalization rate is a conversion factor, appropriate to the property being appraised that is applied to the income stream to convert it into an indication of the market value of a property. Capitalization rates or expected rates of return are governed by the following factors:

- Inflation
- Risk
- Management
- Pure Rate of Return

All investors seek to achieve defined investment objectives both short term and long term. In general, there are four main investment objectives:

1. Safety of Principal
2. Income
3. Growth of Capital
4. Liquidity

Historically, the pure rate of return has been roughly 3%, representing the value at which someone will lend their capital in a riskless, management free investment, net of inflation. Heading into 2018, Cap rates were showing signs of a flattening trend across most asset classes as capital continues to flow and there is a continued expectation of relatively cheap debt and low interest rates. Direct Capitalization is calculated by division of the net operating income of the property by the sale price. This is a commonly used and highly regarded method of capitalization where sufficient comparable properties are available to derive a reliable overall rate. Obtaining financial information is often difficult and in most cases the information is confidential and not included in sales information. We have considered research on capitalization rates by major

commercial real estate brokerage firms like CB Richard Ellis and Colliers International. A summary of their 1st Quarter Capitalization Rates are summarized below:

CBRE Q1 2018 Cap Rates	Colliers International Q4 2018 Cap Rates																																																																																																																																																																																													
<h3 style="color: #00728f;">Q4 2018 CAP RATES</h3> <p>DOWNTOWN OFFICE ΔQ/Q</p> <table border="1"> <tr> <td>AA</td> <td>3.75% - 4.00%</td> <td>◀▶</td> </tr> <tr> <td>A</td> <td>3.75% - 4.25%</td> <td>◀▶</td> </tr> <tr> <td>B</td> <td>4.00% - 4.50%</td> <td>◀▶</td> </tr> </table> <p>SUBURBAN OFFICE</p> <table border="1"> <tr> <td>A</td> <td>4.75% - 5.50%</td> <td>◀▶</td> </tr> <tr> <td>B</td> <td>5.25% - 6.00%</td> <td>◀▶</td> </tr> </table> <p>INDUSTRIAL</p> <table border="1"> <tr> <td>A</td> <td>3.50% - 4.00%</td> <td>◀▶</td> </tr> <tr> <td>B</td> <td>4.25% - 4.75%</td> <td>◀▶</td> </tr> </table> <p>RETAIL</p> <table border="1"> <tr> <td>Regional</td> <td>4.00% - 4.50%</td> <td>◀▶</td> </tr> <tr> <td>Power</td> <td>5.00% - 5.00%</td> <td>◀▶</td> </tr> <tr> <td>Neighbourhood</td> <td>5.00% - 5.50%</td> <td>◀▶</td> </tr> <tr> <td>Strip</td> <td>4.00% - 5.00%</td> <td>◀▶</td> </tr> <tr> <td>Strip (non-anchored)</td> <td>5.00% - 5.50%</td> <td>◀▶</td> </tr> <tr> <td>Urban Streetfront</td> <td>3.75% - 4.25%</td> <td>◀▶</td> </tr> <tr> <td>High Street</td> <td>3.50% - 4.00%</td> <td>◀▶</td> </tr> </table> <p>MULTIFAMILY</p> <table border="1"> <tr> <td>High Rise A</td> <td>2.50% - 3.00%</td> <td>◀▶</td> </tr> <tr> <td>High Rise B</td> <td>3.00% - 3.50%</td> <td>◀▶</td> </tr> <tr> <td>Low Rise A</td> <td>2.75% - 3.25%</td> <td>◀▶</td> </tr> <tr> <td>Low Rise B</td> <td>3.25% - 4.25%</td> <td>◀▶</td> </tr> </table> <p>HOTEL</p> <table border="1"> <tr> <td>Downtown Full Service</td> <td>4.50% - 6.00%</td> <td>◀▶</td> </tr> <tr> <td>Suburban Limited Service</td> <td>6.50% - 7.50%</td> <td>◀▶</td> </tr> <tr> <td>Focused Service</td> <td>6.00% - 7.50%</td> <td>◀▶</td> </tr> </table>	AA	3.75% - 4.00%	◀▶	A	3.75% - 4.25%	◀▶	B	4.00% - 4.50%	◀▶	A	4.75% - 5.50%	◀▶	B	5.25% - 6.00%	◀▶	A	3.50% - 4.00%	◀▶	B	4.25% - 4.75%	◀▶	Regional	4.00% - 4.50%	◀▶	Power	5.00% - 5.00%	◀▶	Neighbourhood	5.00% - 5.50%	◀▶	Strip	4.00% - 5.00%	◀▶	Strip (non-anchored)	5.00% - 5.50%	◀▶	Urban Streetfront	3.75% - 4.25%	◀▶	High Street	3.50% - 4.00%	◀▶	High Rise A	2.50% - 3.00%	◀▶	High Rise B	3.00% - 3.50%	◀▶	Low Rise A	2.75% - 3.25%	◀▶	Low Rise B	3.25% - 4.25%	◀▶	Downtown Full Service	4.50% - 6.00%	◀▶	Suburban Limited Service	6.50% - 7.50%	◀▶	Focused Service	6.00% - 7.50%	◀▶	<h3 style="color: #00728f;">Q4 2018 CAP RATES</h3> <p>DOWNTOWN OFFICE</p> <table border="1"> <thead> <tr> <th colspan="2">A</th> <th colspan="2">B</th> <th colspan="2">TREND</th> </tr> <tr> <th>LOW</th> <th>HIGH</th> <th>LOW</th> <th>HIGH</th> <th>A</th> <th>B</th> </tr> </thead> <tbody> <tr> <td>3.50%</td> <td>4.25%</td> <td>3.50%</td> <td>4.50%</td> <td>▶▶</td> <td>▶▶</td> </tr> </tbody> </table> <p>SUBURBAN OFFICE</p> <table border="1"> <thead> <tr> <th colspan="2">A</th> <th colspan="2">B</th> <th colspan="2">TREND</th> </tr> <tr> <th>LOW</th> <th>HIGH</th> <th>LOW</th> <th>HIGH</th> <th>A</th> <th>B</th> </tr> </thead> <tbody> <tr> <td>4.75%</td> <td>5.75%</td> <td>5.25%</td> <td>6.50%</td> <td>▶▶</td> <td>▶▶</td> </tr> </tbody> </table> <p>INDUSTRIAL</p> <table border="1"> <thead> <tr> <th colspan="2">SINGLE-TENANT A</th> <th colspan="2">MULTI-TENANT B</th> <th colspan="2">TREND</th> </tr> <tr> <th>LOW</th> <th>HIGH</th> <th>LOW</th> <th>HIGH</th> <th>A</th> <th>B</th> </tr> </thead> <tbody> <tr> <td>3.25%</td> <td>4.75%</td> <td>3.50%</td> <td>5.00%</td> <td>▶▶</td> <td>▶▶</td> </tr> </tbody> </table> <p>RETAIL</p> <table border="1"> <thead> <tr> <th colspan="2">REGIONAL / POWER</th> <th colspan="2">COMMUNITY</th> <th colspan="2">STRIP MALL</th> <th colspan="3">TREND</th> </tr> <tr> <th>LOW</th> <th>HIGH</th> <th>LOW</th> <th>HIGH</th> <th>LOW</th> <th>HIGH</th> <th>R</th> <th>C</th> <th>S</th> </tr> </thead> <tbody> <tr> <td>3.50%</td> <td>5.25%</td> <td>4.00%</td> <td>5.75%</td> <td>4.00%</td> <td>5.00%</td> <td>▶▶</td> <td>▶▶</td> <td>▶▶</td> </tr> </tbody> </table> <p>MULTIFAMILY</p> <table border="1"> <thead> <tr> <th colspan="2">HIGH-RISE</th> <th colspan="2">LOW-RISE</th> <th colspan="2">TREND</th> </tr> <tr> <th>LOW</th> <th>HIGH</th> <th>LOW</th> <th>HIGH</th> <th>H</th> <th>L</th> </tr> </thead> <tbody> <tr> <td>2.00%</td> <td>3.00%</td> <td>2.50%</td> <td>3.50%</td> <td>▶▶</td> <td>▶▶</td> </tr> </tbody> </table> <p>HOTEL</p> <table border="1"> <thead> <tr> <th colspan="2">URBAN FULL SERVICE</th> <th colspan="2">SELECT SERVICE</th> <th colspan="2">LIMITED SERVICE</th> <th colspan="3">TREND</th> </tr> <tr> <th>LOW</th> <th>HIGH</th> <th>LOW</th> <th>HIGH</th> <th>LOW</th> <th>HIGH</th> <th>U</th> <th>S</th> <th>L</th> </tr> </thead> <tbody> <tr> <td>4.00%</td> <td>5.50%</td> <td>5.50%</td> <td>7.00%</td> <td>6.50%</td> <td>8.00%</td> <td>▶▶</td> <td>▶▶</td> <td>▶▶</td> </tr> </tbody> </table>	A		B		TREND		LOW	HIGH	LOW	HIGH	A	B	3.50%	4.25%	3.50%	4.50%	▶▶	▶▶	A		B		TREND		LOW	HIGH	LOW	HIGH	A	B	4.75%	5.75%	5.25%	6.50%	▶▶	▶▶	SINGLE-TENANT A		MULTI-TENANT B		TREND		LOW	HIGH	LOW	HIGH	A	B	3.25%	4.75%	3.50%	5.00%	▶▶	▶▶	REGIONAL / POWER		COMMUNITY		STRIP MALL		TREND			LOW	HIGH	LOW	HIGH	LOW	HIGH	R	C	S	3.50%	5.25%	4.00%	5.75%	4.00%	5.00%	▶▶	▶▶	▶▶	HIGH-RISE		LOW-RISE		TREND		LOW	HIGH	LOW	HIGH	H	L	2.00%	3.00%	2.50%	3.50%	▶▶	▶▶	URBAN FULL SERVICE		SELECT SERVICE		LIMITED SERVICE		TREND			LOW	HIGH	LOW	HIGH	LOW	HIGH	U	S	L	4.00%	5.50%	5.50%	7.00%	6.50%	8.00%	▶▶	▶▶	▶▶
AA	3.75% - 4.00%	◀▶																																																																																																																																																																																												
A	3.75% - 4.25%	◀▶																																																																																																																																																																																												
B	4.00% - 4.50%	◀▶																																																																																																																																																																																												
A	4.75% - 5.50%	◀▶																																																																																																																																																																																												
B	5.25% - 6.00%	◀▶																																																																																																																																																																																												
A	3.50% - 4.00%	◀▶																																																																																																																																																																																												
B	4.25% - 4.75%	◀▶																																																																																																																																																																																												
Regional	4.00% - 4.50%	◀▶																																																																																																																																																																																												
Power	5.00% - 5.00%	◀▶																																																																																																																																																																																												
Neighbourhood	5.00% - 5.50%	◀▶																																																																																																																																																																																												
Strip	4.00% - 5.00%	◀▶																																																																																																																																																																																												
Strip (non-anchored)	5.00% - 5.50%	◀▶																																																																																																																																																																																												
Urban Streetfront	3.75% - 4.25%	◀▶																																																																																																																																																																																												
High Street	3.50% - 4.00%	◀▶																																																																																																																																																																																												
High Rise A	2.50% - 3.00%	◀▶																																																																																																																																																																																												
High Rise B	3.00% - 3.50%	◀▶																																																																																																																																																																																												
Low Rise A	2.75% - 3.25%	◀▶																																																																																																																																																																																												
Low Rise B	3.25% - 4.25%	◀▶																																																																																																																																																																																												
Downtown Full Service	4.50% - 6.00%	◀▶																																																																																																																																																																																												
Suburban Limited Service	6.50% - 7.50%	◀▶																																																																																																																																																																																												
Focused Service	6.00% - 7.50%	◀▶																																																																																																																																																																																												
A		B		TREND																																																																																																																																																																																										
LOW	HIGH	LOW	HIGH	A	B																																																																																																																																																																																									
3.50%	4.25%	3.50%	4.50%	▶▶	▶▶																																																																																																																																																																																									
A		B		TREND																																																																																																																																																																																										
LOW	HIGH	LOW	HIGH	A	B																																																																																																																																																																																									
4.75%	5.75%	5.25%	6.50%	▶▶	▶▶																																																																																																																																																																																									
SINGLE-TENANT A		MULTI-TENANT B		TREND																																																																																																																																																																																										
LOW	HIGH	LOW	HIGH	A	B																																																																																																																																																																																									
3.25%	4.75%	3.50%	5.00%	▶▶	▶▶																																																																																																																																																																																									
REGIONAL / POWER		COMMUNITY		STRIP MALL		TREND																																																																																																																																																																																								
LOW	HIGH	LOW	HIGH	LOW	HIGH	R	C	S																																																																																																																																																																																						
3.50%	5.25%	4.00%	5.75%	4.00%	5.00%	▶▶	▶▶	▶▶																																																																																																																																																																																						
HIGH-RISE		LOW-RISE		TREND																																																																																																																																																																																										
LOW	HIGH	LOW	HIGH	H	L																																																																																																																																																																																									
2.00%	3.00%	2.50%	3.50%	▶▶	▶▶																																																																																																																																																																																									
URBAN FULL SERVICE		SELECT SERVICE		LIMITED SERVICE		TREND																																																																																																																																																																																								
LOW	HIGH	LOW	HIGH	LOW	HIGH	U	S	L																																																																																																																																																																																						
4.00%	5.50%	5.50%	7.00%	6.50%	8.00%	▶▶	▶▶	▶▶																																																																																																																																																																																						


The capitalization rates summarized above indicate a cap rate range of 3.50%- 5.50% retail (non-anchored) These cap rates reflect Vancouver and the surrounding municipalities. In support of the capitalization rate range indicated in the tables above, we have researched the market for similar mixed use/retail sales. There are a very limited number of cap rate comparables for the Sunshine Coast, making it necessary to consider

other locations with a similar sized commercial market such as Chilliwack the Fraser Valley. We selected the following sales which are summarized on the following pages.

5670 & 5674 Teredo Street, Sechelt				
	Sale Date	Oct 2015	Cap Rate	4.50%
	Sale Price	\$1,020,000	NOI	\$45,900
	Circa	1985	Site Area	13,777
	Building Size	10,000		
	Comments			
Mid Coast Dental Building. This prime Retail/Office building is centrally located on the corner of Inlet and Teredo Streets, across from the new Watermark building. The building is 10,000 square feet in total, with a mix of retail and office space. The NOI would be higher after the vacancies are filled.				


5712 & 5714 Cowrie Street, Sechelt				
	Sale Date	Jan 2017	Cap Rate	6.14%
	Sale Price	\$655,000	NOI	\$40,194
	Circa	OT	Site Area	4,800
	Building Size	2,596		
	Comments			
Right on Sechelt's main street in the downtown core area. This nicely renovated building is one of Sechelt's mainstay buildings. There are 2 commercial units with excellent street exposure and access. Both units are leased to solid businesses. There is also ample on-site parking at the rear of the building.				

675 Industrial Way, Gibsons				
	Sale Date	April 2016	Cap Rate	5.60%
	Sale Price	\$985,000	NOI	\$55,200
	Circa	1989	Site Area	21,780
	Building Size	5,000		
	Comments			
Rarely available industrial zoned 1/2 acre property in Gibsons. Presently, a majority of the 5000 sqft building is utilized for vehicle maintenance and repair. Some interior office space is presently tenanted and some of the parking area is being leased as boat storage so you can enjoy immediate cash flow.				

1059 Roberts Creek Road, Roberts Creek				
	Sale Date	July 2017	Cap Rate	5.98%
	Sale Price	\$2,275,000	NOI	\$136,034
	Circa	1914	Site Area	42,079
	Building Size	10,301		
	Comments			
Heart of the Creek. Roberts Creek commercial centre.				

7239 192 Street, Surrey				
	Sale Date	April 2018	Cap Rate	4.80%
	Sale Price	\$8,460,000	NOI	\$405,878
	Circa	2014	Site Area	45,218
	Building Size	18,209		
	Comments			
Single Tenant Investment Opportunity. Sale involves a high exposure, fully leased commercial building in the heart of Cloverdale at the intersection of 72 Avenue and 192 Street. Clayton Hills Learning Centre offers a long-term 20-year lease with rents escalating every 5 years. Brightpath Early Learning Inc.				

2651 Kingsway, Vancouver				
	Sale Date	August 2018	Cap Rate	4.62%
	Sale Price	\$2,338,000	NOI	\$108,000
	Circa	1972	Site Area	45,218
	Building Size	3,200		
	Comments			
High exposure building on Kingsway which was completely renovated in 2017. Street level and upper level office. Generates a 4.50% Cap with \$108K net income. Leases good until 2019/2020. Two level office/retail building fully remodeled from bare stud walls				

22471 Lougheed Highway, Maple Ridge				
	Sale Date	June 2018	Cap Rate	4.53%
	Sale Price	\$5,200,000	NOI	\$235,695
	Circa	1972	Site Area	15,077
	Building Size	13,420		
Comments				
Sale involves a 100% fully leased and newly renovated mixed use building located in the heart of Maple Ridge. The building recently went through a \$1,300,000 dollar renovation that includes the addition of a main level and second floor lobby, an elevator, new second floor washrooms, increased water upgrades to the building, 5 new second floor offices, a modern exterior upgrade and much more.				

Summary of Capitalization Rate Comparables

	Address	Sale Date	Sale Price	NOI	Indicated Cap Rate
1	5670 & 5674 Teredo Street, Sechelt	Oct-15	\$1,020,000	\$45,900	4.50%
2	5712 & 5714 Cowrie Street, Sechelt	Jan-17	\$655,000	\$40,194	6.14%
3	675 Industrial Way, Gibsons	Apr-16	\$985,000	\$55,200	5.60%
4	1059 Roberts Creek Road, Roberts Creek	July 2017	\$2,275,000	\$136,034	5.98%
5	7239 192 Street, Surrey	April 2018	\$8,460,000	\$405,878	4.80%
6	2651 Kingsway, Vancouver	August 2018	\$2,338,000	\$108,000	4.62%
7	22471 Lougheed Highway, Maple Ridge	June 2018	\$5,200,000	\$235,695	4.53%

The comparable sales selected above all reflect a wide capitalization rate range from 4.59% to 6.14% (rounded). Cap rates are influenced by many factors, including:

- Land/Building ratio
- Building age/condition
- Investment liquidity

Values Defined Real Estate Valuation Services

- Anticipated changes to income
- Market perception of risk

We considered each comparable in relation to the subject in terms of overall condition, income generating capacity, strata or non strata and locational perception of risk

Conclusion

We have selected a large enough sample of capitalization rates to provide a supporting range for the subject property. The comparables indicate a capitalization rate range from a low of 4.53% to a high of 6.14%. The subject is a mixed use retail on the ground level and one dwelling unit on the upper level. It is located in Wilson Creek a regional centre on the Sunshine Coast with , which has the population base to support comprehensive developments such as the subject which offers services and amenities to the surrounding neighbourhoods. It is our professional opinion that the subject could achieve a Cap rate range of between 5.00% and 5.25%. Taking a rate at the upper end of the range or 5.25% is considered reasonable for the subject property given the overall condition, and location of the building.

As mentioned previously, the current non-arms length lease for Unit 3 is not reflective of market value and therefore presents a higher risk to a potential purchaser because it is unlikely the same rate could be achieved with another tenant. We have considered the following indicators of value based on the income approach:

1. Using the indicated stabilized net operating income with the non-arms length lease with a higher cap rate to reflect the added risk.

		1
Net Operating Income	=	\$119,864
Overall Capitalization Rate	=	5.75%
Capitalized Value	=	\$2,084,594

2. Using market rents of \$19.00 per square foot for Unit 3 and a marketing supported cap rate

		2
Net Operating Income	=	\$85,199
Overall Capitalization Rate	=	5.00%
Capitalized Value	=	\$1,703,985

Values Defined Real Estate Valuation Services

3. Taking the difference between the net operating income with a without the non-arms length lease and using a higher cap rate to reflect the risk associated with non-arms length leases.

		3
Net Operating Income	=	\$34,665
Overall Capitalization Rate	=	7%
Capitalized Value	=	\$495,213

4. The resulting indicated value of the subject with market rents plus the difference of the non-arms length lease amount

Value at Market Rates		3		
\$1,703,985	+	\$495,213	=	\$2,199,198

Summary of the Income Approach

Current Rents - Higher Cap Rate	\$2,084,594
Market Rents at Market Rate + Difference at Higher Cap Rate	\$2,199,198

Concluding at
TWO MILLION TWO HUNDRED THOUSAND DOLLARS
\$2,200,000


Direct Comparison


As discussed in the Appraisal Methodology section, the Direct Comparison Approach implies the Principle of Substitution, which states that a prudent purchaser will not pay more for a property than the price to acquire an equally desirable substitute property. The properties selected for comparison must be similar in most respects to the one being appraised.


Market Data available for analysis is considered to effectively bracket the market value for the subject; therefore, the Direct Comparison Approach is considered to provide good market support for the Income Approach. While the comparable properties are not identical to the subject, they are, nonetheless, considered to provide a general index of value for the subject. The properties vary from the subject in terms of building age, quality of construction, building size, and location. Typically, a unit of comparison is used to facilitate the analysis. In the case of properties similar to the subject, the price per square foot of land is the most common used unit of comparison. It is necessary to make the required adjustments in order to equate with the subject property.

We have considered the most recent sales as well as some dated sales. A summary of the comparable properties is shown in chart form on the following pages indicating important information such as property address, sale date and sale price, as well as price per square foot.

Comparable 1									
5642 & 5646 Mintie Road, Halfmoon Bay									
Sale Summary									
Sale Date	October 2018	Site Area	8,750	Price/sf Building	\$297.11				
Sale Price	\$2,070,000	Building Area	6,967	Zoning	C-2				
PID									
009-348-182									
Legal Description									
Lot 6 Block H&J Plan VAP10826 District Lot 1638 Land District 1 Land District 36									
Assessment	2019								
Land	\$1,788,000								
Improvement	\$106,900								
Total	\$1,894,900								
Comments									
The historic Halfmoon Bay General Store! 2,160 sq.ft. Store - Liquor, Lotto, Fishing Gear, Food. 1,413 sq.ft. 3 bedroom waterfront apartment with huge oceanfront decks. 850 sq.ft. Cafe & Kitchen. 550 sq.ft. Gallery/Studio. 220 sq.ft. Hair Salon.									
Analysis									
<p>Time Adjustment: Real estate values have been trending upward on the Sunshine Coast as supported by the benchmark price of a detached home is up 16.1% over one year. The commercial market has been following the same trend albeit at a slower rate given the limited supply and steady demand. A slight upward adjustment is warranted.</p>									
<p>Location Adjustment: Both the subject and this comparable are located in neighbourhood hubs. The Roberts Creek location is considered superior given its closer access to the BC Ferries. A slight downward adjustment for location is warranted.</p>									
<p>Building Area Adjustment: Generally, smaller buildings sell for a higher per unit rate than larger buildings. The subject has a leasable area of ±4,885 square feet. This comparable larger with 6967 square feet, leading to an upward adjustment for building area.</p>									
<p>Overall Condition: The subject was built circa 2018 with high quality finish. This comparable is circa 1954 with renovations and updates over the years. It is reasonable to make an upward adjustment to reflect the superior age/life depreciation of the subject.</p>									
<p>Zoning: The subject property is zoned C-4, which permits retail and wholesale, some light industrial and one auxiliary residential dwelling. This comparable is zoned C-2, which permits retail, neighbourhood pub, office and one single family auxiliary dwelling. Overall the subject has a superior zoning with the wider range of permitted uses.</p>									

Comparable 2					
1059 Roberts Creek Road, Roberts Creek					
Sale Summary					
Sale Date	July 2017	Site Area	59,192	Price/sf Building	\$220.85
Sale Price	\$2,275,000	Building Area	10,301	Zoning	C-2A
PID					
011-210-184					
Legal Description					
Lot 13 Plan VAP5157 District Lot 810 Land District 1 Land District 36					
Assessment	2018				
Land	\$400,000				
Improvement	\$1,868,000				
Total	\$2,268,000				
Comments					
<p>Located across the street and just north of the subject. The Heart of the Creek is the commercial focal point of Roberts Creek. Two main buildings with commercial retail on the ground floor, including Canada Post, a local health food store some office/residential units on the upper floor. This was an exclusive sale with limited details.</p>					
Analysis					
<p>Time Adjustment: Real estate values have been trending upward on the Sunshine Coast as supported by the benchmark price of a detached home is up 16.1% over one year. The commercial market has been following the same trend albeit at a slower rate given the limited supply and steady demand. A slight upward adjustment is warranted.</p>					
<p>Location Adjustment: Both the subject and this comparable are located in neighbourhood hubs. The Roberts Creek location is considered superior given its closer access to the BC Ferries. A slight downward adjustment for location is warranted.</p>					
<p>Building Area Adjustment: Generally, smaller buildings sell for a higher per unit rate than larger buildings. The subject has an leasable area of ±6,597 square feet. This comparable considerably larger with 10,301 square feet, leading to a considerable upward adjustment for building area.</p>					
<p>Overall Condition: The subject was built circa 1954. This comparable is circa 1914 with renovations and updates over the years. It is reasonable to make a downward adjustment to reflect the superior age/life depreciation of the subject.</p>					
<p>Zoning: The subject property is zoned C-2. This comparable is zoned C-2A, which is a neighbourhood commercial use. The C-2A zoning is considered to be similar and no adjustment is warranted.</p>					

Comparable 3									
316 Gower Point Road, Gibsons									
Sale Summary									
Sale Date	Dec 2017	Site Area	11,997	Price/sf Building	\$491				
Sale Price	\$1,650,000	Building Area	3,360	Zoning	C-5				
PID									
010-972-277									
Legal Description									
Lot D Block C Plan VAP6125 District Lot 686 Land District 1 Land District 36									
Assessment	2017								
Land	\$950,000								
Improvement	\$108,400								
Total	\$1,058,400								
Comments									
<p>This 2 storey house, with suite is on a C5 zoned property and includes a commercial bldg with adjoining parking lot located on Gower Point Road in the heart of the Lower Gibsons commercial area. Home & suite are reached by lane access & comm bldg accessed off Gower Point Road.</p>									
Analysis									
<p>Time Adjustment: Real estate values have been trending upward on the Sunshine Coast as supported by the benchmark price of a detached home is up 16.1% over one year. The commercial market has been following the same trend albeit at a slower rate given the limited supply and steady demand. This is a recent sale and no time adjustment is warranted.</p>									
<p>Location Adjustment: The subject property is Halfmoon Bay. This comparable is located in Lower Gibsons, with superior exposure on Gower Point Road, in an area that is set to be revitalized with the construction of the George. A downward adjustment is warranted to reflect the superior exposure and location of the comparable</p>									
<p>Building Area Adjustment: Generally, smaller buildings sell for a higher per unit rate than larger buildings. The subject has an leasable area of ±6,957 square feet. This comparable is smaller with 3,360 square feet, leading to a downward adjustment for building area.</p>									
<p>Overall Condition: The subject was built circa 1954. This comparable is circa 1965 with some updates to both the commercial and residential units. An downward adjustment is warranted to reflect the subject's inferior age/ life depreciation.</p>									
<p>Zoning: The subject is zoned C-2, Commercial Zone 2, which permits a range of commercial uses including retail and restaurant. The C-5 zoning is similar, but also permits residential above commercial use. A downward adjustment is warranted to reflect the superior permitted residential.</p>									

Comparable 4									
921 Gibsons Way, Gibsons									
Sale Summary									
Sale Date	May 2017	Site Area	49,200	Price/sf Building	170.21				
Sale Price	\$2,000,000	Building Area	11,750	Zoning	C-1				
PID									
016-118-413									
Legal Description									
Lot G Plan VAP22825 District Lot 684 Land District 1 Land District 36 OF LOT 3									
Assessment	2017								
Land	\$728,000								
Improvement	\$1,095,000								
Total	\$1,823,000								
Comments									
Small strip mall in Upper Gibsons, anchored by Home Hardware. Private sale. The zoning is C-1 and the OCP designation is Mixed Commercial,									
Analysis									
<p>Time Adjustment: Real estate values have been trending upward on the Sunshine Coast as supported by the benchmark price of a detached home is up 16.1% over one year. The commercial market has been following the same trend albeit at a slower rate given the limited supply and steady demand. A slight upward adjustment is warranted.</p>									
<p>Location Adjustment: The subject property is located in Halfmoon Bay. This comparable is located in Upper Gibsons, with superior exposure to vehicle traffic. An downward adjustment for location is warranted.</p>									
<p>Building Area Adjustment: Generally, smaller buildings sell for a higher per unit rate than larger buildings. The subject has an area of ±5,400 square feet. This comparable is considerably larger with 11,750 square feet, leading to a considerable upward adjustment for building area.</p>									
<p>Overall Condition: The subject was built circa 1954. This comparable is circa 1991. A downward adjustment is warranted to reflect the subject's inferior age/life depreciation.</p>									
<p>Zoning: The subject is zoned C-2, Commercial Zone 2, which permits a range of commercial uses including retail and restaurant. This comparable is zone C-1, and designated Mixed Commercial under the OCP. This zoning is considered superior given the permitted apartment use. A downward adjustment is warranted.</p>									

6						
No.	Address	Sale Date	Sale Price	Leasable Area	Price/Sf	Adj. Price/sf
1	5642-5646 Mintie Road, Halfmoon Bay,	Oct 18	\$2,070,000	6,967	\$297	\$535
2	1059 Roberts Creek Road, Roberts Creek	Jul 17	\$2,275,000	10,301	\$221	\$462
3	316 Gower Point Road, Gibsons	Nov 17	\$1,650,000	3,360	\$491	\$540
4	921 Gibsons Way, Gibsons	May 17	\$2,000,000	11,750	\$170	\$384

Comparable Property Analysis

In selecting comparable properties, we have researched market data for similar commercial retail properties on the Sunshine Coast. There were a limited number of sales, however three sales were considered to provide support for an achievable per unit rate for the subject property. Adjustments were based on the date of sale, location, leasable area, overall condition of the improvements and zoning.

Prior to the adjustments, the comparable sales reflected a wide range from a low of \$122 per square foot to a high of \$491 per square foot (rounded). Each of the comparables has been discussed in detail in the previous section with justification for adjustments made. Our findings are summarized below:

Time Adjustment

The first adjustment to consider is a time adjustment. Real estate values continue to trending upward year over year on the Sunshine Coast as supported by the benchmark price of a detached home which is up 16.1% over one year. The commercial market has been following the same trend albeit at a slower rate given the limited supply and steady demand. The comparable sales sold from January 2016 to November 2017. Appropriate upward adjustments have been made.

Location Adjustment

The subject property is a waterfront property located in the neighbourhood hub of Halfmoon Bay and is the focal point of the area. Waterfront properties generally achieve a premium compared to non-waterfront properties. None of the comparables are waterfront. **Index 2** is another unique commercial property serving as the commercial hub in Roberts Creek. **Indices 3 & 4** have superior street front exposure which would point to upward adjustment which is more than offset by an upward adjustment to reflect the more desirable waterfront location of the subject. **Index 4** is located in Upper Gibsons, it is off the main road, similar to the subject, but again does not have the waterfront aspect, thus an upward adjustment for location is warranted.

Leasable Area Adjustment

Generally smaller buildings sell for a higher per unit rate than larger buildings, This is supported by **Index 2**, which has the smallest leasable area with 3,360 square feet and sold for \$491 per square foot. The subject has a total leasable area of 6,597 square feet. Appropriate upward and downward adjustments have been made to each comparable.

Overall Condition

The subject is an older building that has been well maintained over the years. Part of it's appeal is the old time "General Store" feel. **Index 1** is also older with a "folksy" feel. The overall condition is considered to be similar to the subject. **Indices 2-5** all reflect standard commercial finish with standard finish and downward adjustments are warranted to reflect the superior age/live depreciation factor of these comparables.

Zoning Adjustment

The subject is zoned C-4, Commercial Zone 2, which permits a range of commercial uses including retail and restaurant. All the comparables have a similar zonings with smilier permitted uses and little in the way of adjustments for zoning are required.

Estimate of Value by the Direct Comparison Approach

After making the necessary adjustments, an adjusted range of \$384 per square foot to \$540 per square foot was indicated. Taking a value near the midpoint or \$480 per square foot is considered reasonable for the subject property.

Area Sq. Ft	X	Price Per Square Foot	=	Estimate of Value
4,885	X	\$480.00	=	\$2,344,800.00

Rounded to

**TWO MILLION THREE HUNDRED AND FORTY FIVE THOUSAND DOLLARS
(\$2,345,000)**

Reconciliation and Final Estimate of Value

Cost Approach	\$2,637,000
Income Approach	\$2,200,000
Direct Comparison	\$2,344,800

The Cost Approach is based on principle of substitution which implies that a prudent purchaser will not pay more for a property than the cost of acquiring an equally desirable substitute assuming there are no costly delays. This approach is normally used where there are a limited number comparable sales, which is the case for the subject property. The subject building was purpose built, and reflects above average construction and interior finish for a commercial retail use.

The Income Approach considered return on investment to be a primary motivation for the purchase an income producing property. In this appraisal, we have utilized the Direct Capitalization Method of valuing the income producing capacity of the subject. The capitalization rate has ben derived from analysis of several investment property transactions. The range of capitalization rates is considered to provide an accurate reflection of cash returns required by investors in the area. For owner occupied properties, the income approach is secondary.

The Direct Comparison Approach normally provides a good indication of market value since it examines interaction in the marketplace between buyers and sellers.

Based on our investigations, it is our opinion that the current market value of the subject property subject to the assumptions set forth herein, and as at January 9, 2018 was:

TWO MILLION THREE HUNDRED AND FIFTY THOUSAND DOLLARS

\$2,350,000

Certification

1680 Field Road , Wilson Creek, BC, V0N 3A1

I certify that, except as otherwise noted in the preceding analysis, to the best of my knowledge and belief that:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and Limiting conditions, and is my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute of Canada.
- Melanie Jones, AACI, P.App made a personal inspection of the property that is the subject of the report on January 9, 2018.
- I have the knowledge and experience to complete the assignment competently.
- No other person provided significant professional assistance in the preparation of this report.
- The Appraisal Institute of Canada has a Mandatory Re-certification Program for designated members. As of the date of this report, Melanie Jones, AACI, P. App. has fulfilled the requirements of the program.
- The value estimate contained in this report applies as at the effective date of valuation as defined within the body of this report.
- Based on the data, analyses and conclusions contained herein, the market value of the fee simple interest in the subject property as of January 9, 2018 is estimated to be **\$2,350,000**

Values Defined Real Estate Valuation Services



Melanie E. Jones, AACI, P. App
Principal
Values Defined Real Estate Valuation Services

Appendix A

Copy of Title Certificate

TITLE SEARCH PRINT

File Reference:
Declared Value \$310000

2019-01-10, 10:19:14
Requestor: Melanie Jones

****CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN****

Land Title District VANCOUVER
Land Title Office VANCOUVER

Title Number CA4397220
From Title Number BT466541

Application Received 2015-05-14

Application Entered 2015-05-19

Registered Owner in Fee Simple
Registered Owner/Mailing Address: RKL COURIERS LTD., INC.NO. BC0751180
2253 GAIL ROAD
ROBERTS CREEK, BC
V0N 2W6

Taxation Authority North Shore - Squamish Valley Assessment Area
Sechelt Fire Protection District

Description of Land
Parcel Identifier: 009-284-958
Legal Description:
LOT C BLOCK 2 DISTRICT LOT 1029 PLAN 10841

Legal Notations
THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 14 OF THE LOCAL
GOVERNMENT ACT, SEE CA5832461

HERETO IS ANNEXED EASEMENT 328800M OVER THAT PART OF LOT "B",
PLAN 10841 DERIVED FROM FORMER PARCEL "A" (EXPLANATORY PLAN 5481)
SEE 437706L

Charges, Liens and Interests
Nature: EASEMENT
Registration Number: GC128055
Registration Date and Time: 1989-10-05 11:47
Remarks: INTER ALIA
PART IN EXPLANATORY PLAN 19754
APPURTENANT TO LOT D

TITLE SEARCH PRINT

File Reference:

Declared Value \$310000

2019-01-10, 10:19:14
Requestor: Melanie Jones

Nature: MORTGAGE
Registration Number: CA4397477
Registration Date and Time: 2015-05-14 12:14
Registered Owner: SUNSHINE COAST CREDIT UNION
INCORPORATION NO. FI125

Nature: ASSIGNMENT OF RENTS
Registration Number: CA4397478
Registration Date and Time: 2015-05-14 12:14
Registered Owner: SUNSHINE COAST CREDIT UNION
INCORPORATION NO. FI125

Nature: MORTGAGE
Registration Number: CA6837939
Registration Date and Time: 2018-06-01 09:59
Registered Owner: CAERUS CONSTRUCTION LIMITED
INCORPORATION NO. BC0444764

Duplicate Infeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

Appendix B

Copy of C-4 Zoning

626. **C-4 - COMMERCIAL 4 ZONE**

627. **PERMITTED USES**

Except as otherwise provided in **Part 3, Section 303** of this Bylaw, the following and no other uses are permitted in the area designated as **C-4**:

- a) light industry, building supply, transportation, communication;
- b) warehousing;
- c) retail and wholesale;
- d) machine and repair shop;
- e) office and service business;
- f) restaurant;
- g) retail and service of new automobiles and trucks;
- h) retail and service of used automobiles and trucks when in conjunction with (g) above;
- i) marina, including boat servicing and sales;
- j) veterinary hospital;
- k) seaplane base and heliport;
- l) one dwelling unit in conjunction with the permitted uses;
- m) lodge;
- n) shelter residential, ONLY on the property legally described at Lot C (see N37416), Except Park in Reference Plan 19878, Block G, District Lot 304, Plan 10030 (PID 009-596-305), addressed as 5653 Wharf Avenue;
- o) accessory buildings and uses customarily incidental to the above uses; and
- p) mobile vending.

628. **LOT AREA AND WIDTH**

The minimum lot area required is two hundred and thirty-five (235) square metres, and the minimum width is seven point five (7.5) metres.

629. **BUILDINGS PER LOT**

More than one principal building on a lot is permitted.

630. **LOT COVERAGE**

Buildings and structures shall not cover more than seventy (70%) percent of the lot area.

631. **SITING OF BUILDINGS AND STRUCTURES**

- 1) No building or structure except a fence shall be located within:
 - a) seven point five (7.5) metres of a front lot line.
 - b) three (3.0) metres of a rear lot line
 - c) three (3.0) metres of a side lot line where a lot abuts a lot in R Zones; and C-2 Zones or a street or lane;

632. **HEIGHT OF BUILDING**

- a) No principal building shall exceed ten point five (10.5) metres in height.
- b) No accessory building shall exceed six (6.0) metres in height.

633. **LIGHTING**

Adequate lighting of open areas within the lot shall be provided and shall be so arranged as to deflect light away from residential uses.

634. **OFF-STREET PARKING AND LOADING**

Off-street parking and loading shall be provided and maintained in accordance with **Part Eleven** of this Bylaw.

Appendix C

Subject Listing/Sale

Sold		1680 FIELD ROAD		\$325,000 (LP)																																																																																																				
V1051486		Sunshine Coast Sedelt District VON 3A1		\$310,000 (SP)																																																																																																				
Board: V, Detached House/Single Family																																																																																																								
	Days on Market: 90		List Date: 3/7/2014		Expiry Date: 9/7/2014																																																																																																			
	Previous Price:		Original Price: \$325,000		Sold Date: 6/5/2014																																																																																																			
	Meas. Type: Feet		Frontage (feet): 126.00		Approx. Year Built: 9999																																																																																																			
	Depth / Size: 140		Frontage (metres):		Age: 999																																																																																																			
	Lot Area (sq.ft.): 17,625.00		Bedrooms: 2		Zoning: R3																																																																																																			
Flood Plain:		Bathrooms: 1		Gross Taxes: \$1,979.00																																																																																																				
Council Apprv?:		Full Baths: 1		For Tax Year: 2011																																																																																																				
Rear Yard Exp:		Half Baths: 0		Tax Inc. Utilities?: No																																																																																																				
If new, GST/HST Inc?: No		P.I.D.: 009-284-958		Tour:																																																																																																				
View: No :																																																																																																								
Complex / Subdiv:																																																																																																								
Services Connected: Electricity, Septic, Water																																																																																																								
Style of Home: 1 Storey Construction: Frame - Wood Exterior: Stucco Foundation: Concrete Perimeter Rain Screen: Renovations: Partly # of Fireplaces: 0 Fireplace Fuel: Water Supply: City/Municipal Fuel/Heating: Baseboard Outdoor Area: Sundeck(s) Type of Roof: Asphalt			Total Parking: 6 Covered Parking: 1 Parking Access: Front Parking: Add. Parking Avail., DetachedGrge/Carport, Open Dist. to Public Transit: 2 BLK Dist. to School Bus: 2 BLK Title to Land: Freehold NonStrata Seller's Interest: Registered Owner Property Disc.: Yes PAD Rental: Fixtures Leased: No : Fixtures Rmvd: : Registered: Floor Finish: Mixed																																																																																																					
Legal: PL VAP10841 LT C BLK 2 DL 1029 LD 36 GROUP 1, EP **CANC 06-06-14/EXP**					Municipal Charges Garbage: Water: Dyking: Sewer: Other:																																																																																																			
Amenities: Garden, Storage, Workshop Detached																																																																																																								
Site Influences: Central Location, Private Setting, Private Yard																																																																																																								
Features: Clothes Washer/Dryer, Refrigerator, Stove																																																																																																								
<table border="1"> <thead> <tr> <th>Floor</th> <th>Type</th> <th>Dimensions</th> <th>Floor</th> <th>Type</th> <th>Dimensions</th> <th>Floor</th> <th>Type</th> <th>Dimensions</th> </tr> </thead> <tbody> <tr><td>Main</td><td>Kitchen</td><td>13'6 x 11'</td><td></td><td></td><td>x</td><td></td><td></td><td>x</td></tr> <tr><td>Main</td><td>Den</td><td>8' x 11'</td><td></td><td></td><td>x</td><td></td><td></td><td>x</td></tr> <tr><td>Main</td><td>Porch (enclosed)</td><td>8' x 7'6</td><td></td><td></td><td>x</td><td></td><td></td><td>x</td></tr> <tr><td>Main</td><td>Bedroom</td><td>11' x 7'7</td><td></td><td></td><td>x</td><td></td><td></td><td>x</td></tr> <tr><td>Main</td><td>Living Room</td><td>19'6 x 11'6</td><td></td><td></td><td>x</td><td></td><td></td><td>x</td></tr> <tr><td>Main</td><td>Bedroom</td><td>12'6 x 7'8</td><td></td><td></td><td>x</td><td></td><td></td><td>x</td></tr> <tr><td>Main</td><td>Laundry</td><td>5'9 x 7'4</td><td></td><td></td><td>x</td><td></td><td></td><td>x</td></tr> <tr><td></td><td></td><td>x</td><td></td><td></td><td>x</td><td></td><td></td><td>x</td></tr> <tr><td></td><td></td><td>x</td><td></td><td></td><td>x</td><td></td><td></td><td>x</td></tr> <tr><td></td><td></td><td>x</td><td></td><td></td><td>x</td><td></td><td></td><td>x</td></tr> </tbody> </table>		Floor	Type	Dimensions	Floor	Type	Dimensions	Floor	Type	Dimensions	Main	Kitchen	13'6 x 11'			x			x	Main	Den	8' x 11'			x			x	Main	Porch (enclosed)	8' x 7'6			x			x	Main	Bedroom	11' x 7'7			x			x	Main	Living Room	19'6 x 11'6			x			x	Main	Bedroom	12'6 x 7'8			x			x	Main	Laundry	5'9 x 7'4			x			x			x			x			x			x			x			x			x			x			x				
Floor	Type	Dimensions	Floor	Type	Dimensions	Floor	Type	Dimensions																																																																																																
Main	Kitchen	13'6 x 11'			x			x																																																																																																
Main	Den	8' x 11'			x			x																																																																																																
Main	Porch (enclosed)	8' x 7'6			x			x																																																																																																
Main	Bedroom	11' x 7'7			x			x																																																																																																
Main	Living Room	19'6 x 11'6			x			x																																																																																																
Main	Bedroom	12'6 x 7'8			x			x																																																																																																
Main	Laundry	5'9 x 7'4			x			x																																																																																																
		x			x			x																																																																																																
		x			x			x																																																																																																
		x			x			x																																																																																																
Finished Floor (Main): 930 Finished Floor (Above): 0 Finished Floor (Below): 0 Finished Floor (Basement): 0 Finished Floor (Total): 930 sq. ft. Unfinished Floor: 0 Grand Total: 930 sq. ft.		# of Rooms: 7 # of Kitchens: 1 # of Levels: 1 Suite: None Crawl/Bsmt. Height: Beds in Basement: 0 Beds not in Basement: 2 Basement: Crawl		Bath: 1 Floor: Main # of Pieces: 4 Ensuite?: No 2 3 4 5 6 7 8		Outbuildings Barn: Workshop/Shed: 14' X ... Pool: Garage Sz: 18' x 10' Door Height:																																																																																																		
List Broker 1: Sutton Group-West Coast Realty - Office: 604-886-3031 List Sales Rep 1: Steven Koss - Phone: 778-846-3295 List Sales Rep 2:		List Broker 2: skoss@dccnet.com		Appointments: Phone L.R. First Call: TRACY NO TXT PLSE Phone: 778-846-0338																																																																																																				
Sell Broker 1: Sutton Group-West Coast Realty - Office: 604-886-3031 Sell Sales Rep 1: Steven Koss Owner: **Privacy Protected** Commission: 3.255% ON 1ST \$100,000/1.1625% ON BAL		2: 3: 3:																																																																																																						
Occupancy: Owner																																																																																																								
Realtor Remarks:																																																																																																								
A beautiful .4 acre lot with a 2 bdrm home in Wilson Creek. Zoned R3 you can live in the home and run a home occupation business. The lot boasts																																																																																																								
green belt on two sides with a number of fruit trees, nice and level it is a perfect area for children to play. On the property there is a detached 14' x 12' workshop, an insulated and wired storage shed, garden shed & an 18' x 10' carport with guest sleeping room at one end. The current owner would love to rent the carport for \$300 per month. This home is also located adjacent to a possible new retail development.																																																																																																								

Appendix C

Melanie Jones, AACI, P.App

Experience

Principal of Values Defined Real Estate Valuation Services since June 2005. Specialize in the appraisal of commercial, industrial, and investment properties in the Lower Mainland, Sea-to-Sky area including Whistler & Pemberton, the Sunshine Coast and Fraser Valley. I also have completed many appraisals on unique properties including leasehold land, gravel quarries, Native Lands, foreshore leases and large residential subdivisions. Senior Appraisal Consultant for Bakerview Realty Appraisals (2010-), Senior Commercial Appraiser Consultant for Linquist Real Estate Appraisal Services (2008-). Commercial Appraisal Consultant with Colliers International (2004-2006). Employed with the City of North Vancouver (1998-2005) and the City of Surrey (1996-1998) as a Land Negotiator and Commercial Appraiser. Employed with Royal LePage as a residential appraiser from 1992-1994.

Education

Graduated from the University of British Columbia in 1986 with a BA.Econ. Completed the four-year Urban Land Economics Diploma Program in 1994 and received a diploma in the Appraisal Option.

Accredited Appraiser with the Appraisal Institute of Canada and entitled to use the professional designation AACI since 1997. I fulfilled all the requirements of the Mandatory Recertification Program of the Appraisal Institute of Canada. Accredited Appraiser with the Real Estate Institute of British Columbia and entitled to use the professional designation RI(BC).

Completed Appraisals for:

- Royal Bank of Canada, various branches
- Sunshine Coast Credit Union
- City of North Vancouver
- City of Surrey
- North Shore Credit Union
- Squamish Credit Union
- King Edward Bay Development Corp.
- HSBC, various branches
- Bethel Land Corp
- Ravenscrest Developments
- City of Vancouver
- Terraine Developments Ltd.
- Romspen Financial Corporation
- Village of Pemberton
- Resort Municipality of Whistler
- Fraser Valley Health Region
- The Orchards, Bowen Island
- BMO, various branches
- Ministry of Land and Agriculture
- First Credit Union