

Consulting Valuation Report
Port Alberni Harbour Rent Study
October 2015
for
Port Alberni Harbour Authority



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November 26, 2015

Our File: CR15-12995

Port Alberni Port Authority
2750 Harbour Road
Port Alberni, BC
V9Y 7X2

Attention: Cindy Mah

Dear Ms. Mah:

Re: Port Alberni Harbour Rent Study, October 2015

At your request, I have completed a consulting valuation report providing an opinion of the rentable values for the various zones within Port Alberni Harbour for the purpose of providing rental rate consistency in conjunction with current market conditions for lease renewal purposes.

The opinions expressed herein are the generic current market rentable values for upland and/or filled land and land covered by water located in the specified zones within Port Alberni Harbour.

In summary and based on my research and analyses, it is my opinion that as of October 2015, the respective generic market rentable value for each property type in each specified zone, expressed on a price per acre per annum or price per square foot per annum basis with respective market value per acre rates included where relevant, within Port Alberni Harbour is:-

Zone 1 – Alberni Harbour – Somass to Lone Tree Point

City of Port Alberni – Sewage Lagoons

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled Water	\$4,500	\$0.103	\$75,000

City of Port Alberni - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Area A - Filled water	\$12,000	\$0.275	\$200,000
Area B - Filled water	\$18,000	\$0.413	\$300,000
Area A - Water	\$3,960	\$0.090	\$66,000
Area B - Water	\$5,940	\$0.136	\$99,000

ACRD - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled water	\$4,500	\$0.103	\$75,000
Water	\$1,500	\$0.034	\$25,000

ACRD Log Storage

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$565	\$0.013

Zone 2 – Rentable Value Summary

ACRD - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled water	\$3,000	\$0.068	\$50,000

ACRD Log Storage

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$463	\$0.010

Zone 3 – Rentable Value Summary

ACRD - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled water	\$1,500	\$0.034	\$25,000

ACRD Log Storage

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$412	\$0.009

Zone 4 – Rentable Value Summary

ACRD - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled water	\$1,500	\$0.034	\$25,000

ACRD Log Storage

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$362	\$0.008

The preceding summaries of rentable values are additionally referenced in the following matrix table:-

SUMMARY RENTAL TABLE (RENT RATE PER ACRE PER ANNUM)

	Zone 1	Zone 2	Zone 3	Zone 4
City of Port Alberni - Sewage Lagoons				
Filled Water	\$4,500			
City of Port Alberni - Industrial				
Area A - Filled water	\$12,000			
Area B - Filled water	\$18,000			
Area A - Water	\$3,960			
Area B - Water	\$5,940			
ACRD - Industrial				
Filled Water	\$4,500	\$3,000	\$1,500	\$1,500
Water	\$1,500			
ACRD – Log Storage				
Water	\$565	\$463	\$412	\$362

The lands were inspected in October 2015 and all necessary investigations and analyses were completed. The accompanying report, which forms the basis of my value opinion, subject to the assumptions and limiting conditions contained in the body of this report, is enclosed.

This report has been prepared for Port Alberni Port Authority for lease renewal/negotiation purposes. No other users were intended and I deny any liability in this respect.

I hereby certify that I have no interest, present or contemplated, in the subject property.

Yours truly,

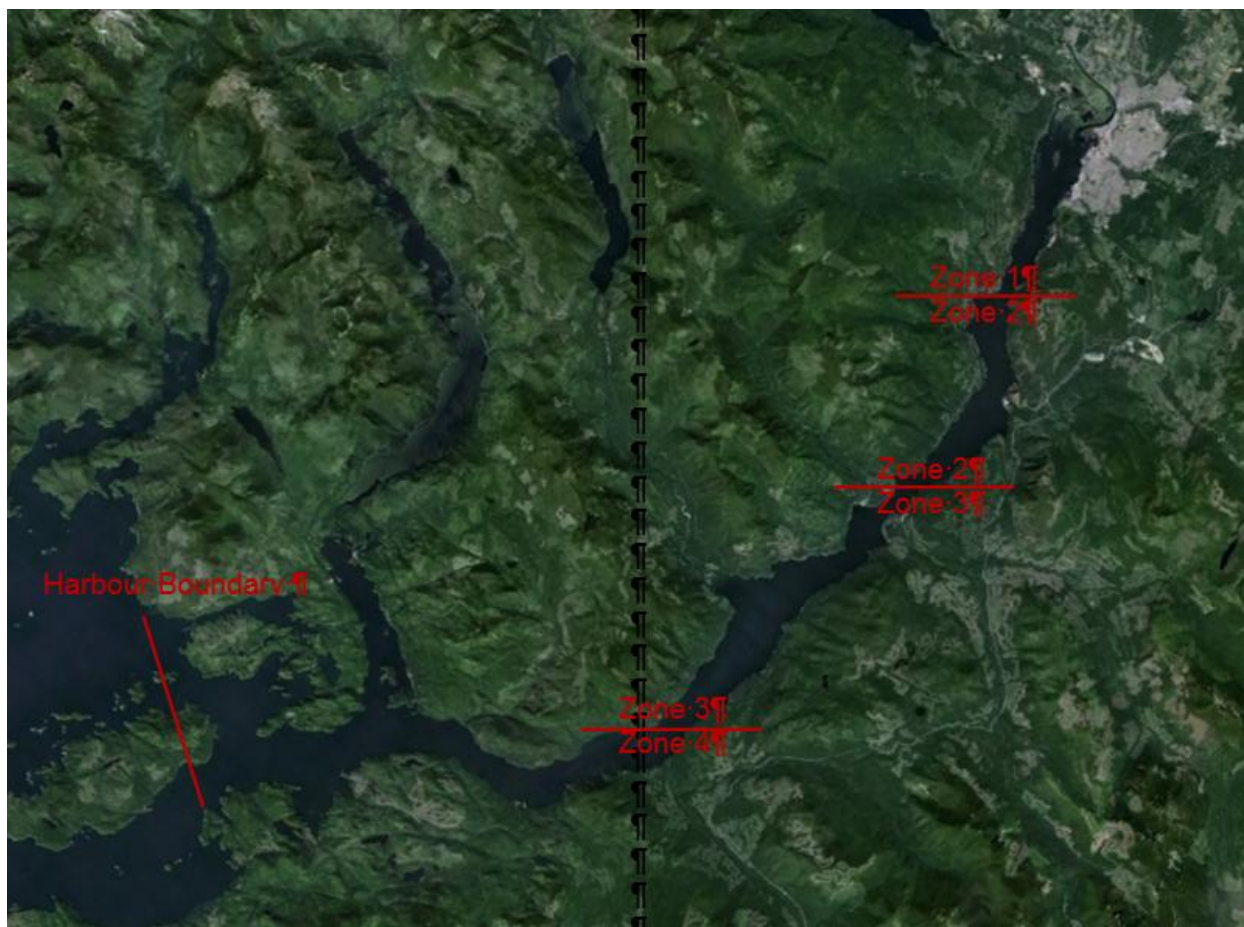
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David L. Kirk
AACI, P.App., RI(BC)

DLK/ks

Encl.



AERIAL PHOTO (2015)

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DEFINITION OF VALUATION ASSIGNMENT AND PERTINENT INFORMATION

Definition of the Valuation Assignment

The Port Alberni Port Authority (PAPA) has the mandate to negotiate and administer leases of lands lying within parts of the bed of the Alberni Inlet. The PAPA is further mandated to realize economic rents from both the private and public sector for their exclusive possession, use and enjoyment of harbour lands, be those lands filled or land covered by water.

The valuation problem herein is unique insofar as the generic estimation of market rentable value for the land lying within the bed of the Alberni Inlet must consider the tenant's ability to derive sufficient income to remain economically viable and, to the greatest extent possible, ensure the continued payment of economic rent. In the generic estimation of market rentable value for the land lying within the bed of the Alberni Inlet, the zoning, use and redevelopment potential for the adjoining upland is not considered in this report.

Purpose and Function of the Report

The purpose of this consulting valuation report is to estimate the generic fair market rent for upland and /or filled land and land covered by water all lying within the ownership and/or jurisdiction of the Port Alberni Port Authority based on current market evidence.

An accepted Canadian definition of **market rent**, from The Appraisal of Real Estate (2nd Canadian Edition, copyright 2002), is as follows:-

Fair Market Rent means, for any particular period, the amount of annual rent for which a willing and knowledgeable Lessor would rent the property in the free and open commercial market to a willing and knowledgeable lessee. The property being available for leasing at the commencement of the period assuming that at such time:-

- i) the property is owned by the Lessor in fee simple or equivalent and has no charges or encumbrances existing against title that limits use of the property;
- ii) the property includes the improvements supplied and installed by the Lessor and does not include improvements supplied and installed by the lessee (tenant improvements);
- iii) all necessary services to the property are available from the utility sources which are nearest to the property and which have adequate capacity to provide such services;
- iv) motor vehicle access from a public highway to the property is available without cost to the lessee;
- v) the property is leased for the use permitted in the lease;
- vi) a reasonable time is permitted to find a willing and knowledgeable lessee; and
- vii) the Lessor and lessee are acting at arm's length and neither is acting under compulsion.

Intended Use of the Appraisal

I prepared this report for use by **Port Alberni Port Authority** for lease negotiation purposes. I did not intend for any others to use this report and strictly deny any liability in this respect. A party receiving a copy of this report does not become an intended user unless authorized by the appraiser.

Scope of the Appraisal

This report encompasses the research and analysis necessary to provide a full estimate of market rentable value for the various zones within Alberni Harbour and meets the consulting requirements of the Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada effective April 1, 2014.

Extraordinary Assumptions, Limiting Conditions, and Hypothetical Conditions

An *Extraordinary Assumption* refers to a hypothesis, either supposed or unconfirmed, which, if not true, could alter the appraiser's opinions and conclusions. Full disclosure of any *Extraordinary Assumption* must accompany statements of each opinion / conclusion so affected (Appraisal Institute of Canada's Canadian Uniform Standards of Professional Appraisal Practice).

An *Extraordinary Limiting Condition* refers to a necessary modification or exclusion of a Standard Rule. The burden is on the appraiser to explain and justify such necessity in the report, and to conclude before accepting an assignment and invoking an *Extraordinary Limiting Condition* that the scope of work applied will result in opinions / conclusions that are credible (Appraisal Institute of Canada's Canadian Uniform Standards of Professional Appraisal Practice).

Hypothetical Conditions may be used when they are required for legal purposes, for the purpose of reasonable analysis, or for purposes of comparison. For every *Hypothetical Condition*, an *Extraordinary Assumption* is required in the report. The *Hypothetical Condition* must be clearly disclosed in the report, with a description of the hypothesis, the rationale for its use, and its effect on the result of the assignment. An analysis based on a *Hypothetical Condition* must not result in an appraisal report that is misleading (Appraisal Institute of Canada's Canadian Uniform Standards of Professional Appraisal Practice).

The following assumptions were made with respect to the determination of the fair market rent:-

- absolutely, or fully, net rent fixed for a one year period; and
- no extraordinary issues or conditions which would interfere with the property or any other aspect of the use of the lease premises;
- the property is not affected by First Nations claims; and
- the **rent rate (unit) values are based upon a typical parcel size of approximately 8.0 hectares (20 acres)**, unless specifically stated otherwise.

This latter assumption recognizes the generic nature of the opinions expressed herein and the typical expectation of an inverse relationship between rental rates and parcel size where smaller parcels typically achieve a higher rental rate and larger parcels typically achieve a lower rental rate. The typical or average size of a water lot is 8.0 hectares (20 acres) (source: PWGSC July 2008 Report).

Data Research

Publications produced by the City of Port Alberni and the Alberni Clayoquot Regional District provided information on applicable land use controls. Sources of market evidence included the Vancouver Island Real Estate Board, Land Title Office transactions (including those reported by Data Systems and local assessors) and real estate agents, vendors and purchasers active in the market. BC Online service provided information on the state of title.

Audits and Technical Investigations

I did not complete technical investigations such as:

- An environmental review;
- Investigations into the bearing qualities of the soils with respect to any individual parcel;
- Audits of financial and legal arrangements.

Verification of Third Party Information

The analysis set out in this report relied on written and verbal information obtained from a variety of sources I considered reliable. All reasonable efforts have been undertaken to verify this information from primary sources. The mandate for this appraisal did not require a report prepared specifically for in-depth cross-examination within a court or arbitration hearing, so I did not include full documentation, confirmation and/or include the reference material to primary sources for all information reported herein.

Litigation and Compliance with Supreme Court Civil Rules

In the event that this report is used in a civil action, the appraiser is aware of and acknowledges a duty to assist the British Columbia Supreme Court and not be an advocate for any party. This report is prepared in conformity with the appraiser's duty to the court. If the appraiser is called upon to give oral or written testimony, that testimony will be in conformity with the duty to the court.

Possession

Neither possession of this report nor a copy of it carries with it the right of publication. All copyright is reserved to the author and is considered confidential by the author and his client. It shall not be disclosed, quoted from or referred to, in whole or in part, or published in any manner without the express written consent of the appraiser. This is subject only to confidential review by the APPRAISAL INSTITUTE OF CANADA as provided in the Canadian Uniform Standards.

Competency Provision

The Canadian Uniform Standards require that competency for the type of assignment must be demonstrated by the appraiser. In this regard, I advise that I have completed a number of rental studies and rental arbitrations on Harbour land throughout Vancouver Island and have first-hand knowledge of the issues involved in the valuation of this type of real estate.

ASSUMPTIONS AND LIMITING CONDITIONS

This consulting valuation report has been made with the following general assumptions, including any other that may be set out in the report:-

1. The lands lying within the Alberni Inlet are considered to be free and clear of any or all liens or encumbrances unless otherwise stated.
2. Responsible ownership and competent property management are assumed.
3. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
4. Any plans and illustrative material in this report are included only to help the reader visualize the property.
5. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
6. It is assumed that the harbour lands are in full compliance with all applicable federal, provincial, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
7. It is assumed that the harbour lands conform to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described and considered in the report.
8. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, provincial, or federal government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
9. It is assumed that the use of the land is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
10. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

11. Possession of this report, or a copy thereof, does not carry with it the right of publication.
12. The appraiser, by reason of this report, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
13. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
14. Unless otherwise stated in the report, the only party who may rely on the opinions expressed in this report is the client. This report assumes that only the addressee will rely upon it, and only for the intended use stated herein. No one else may rely on this report without the written consent of the appraiser, which may not be provided retroactively. We expressly deny any legal liability for unauthorized reliance and for any other use.
15. This report is valid only if it bears the original signature and seal of the author unless sent electronically, in which case, the report must contain a digital signature and be received in a PDF, or similar, format.

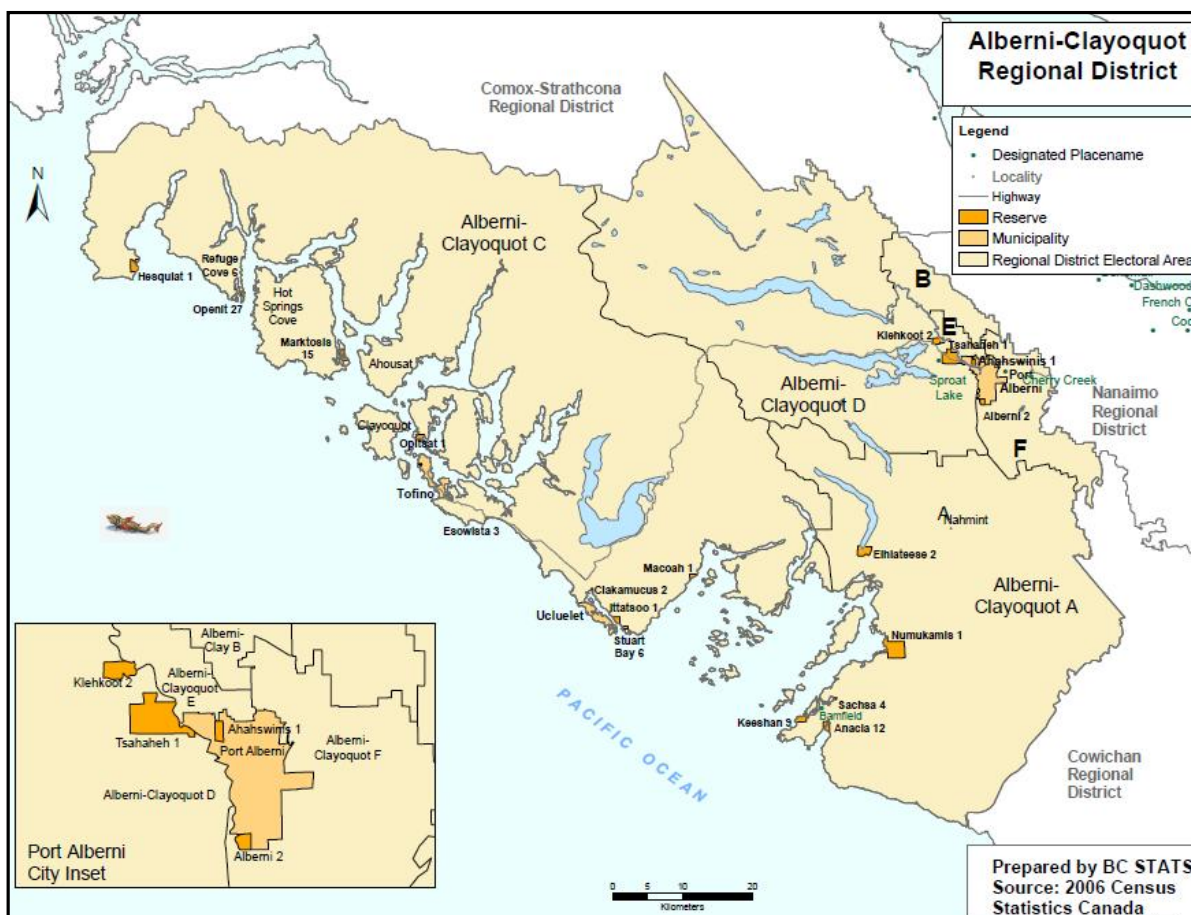
PROPERTY DESCRIPTION

REGIONAL DATA

The Alberni-Clayoquot Regional District (2011 population 31,061) of [British Columbia](#) is located on west central [Vancouver Island](#). It is bounded by the [Strathcona Regional District](#) to the north, and by the [Nanaimo](#) and [Cowichan Valley Regional Districts](#) to the east. The regional district offices are located in [Port Alberni](#). It has an area of 6,596.58 square kilometres (2,546.95 square miles.)

The Alberni-Clayoquot is home to one national park, Pacific Rim National Park Reserve, one United Nations biosphere reserve, the Clayoquot Sound UNESCO Biosphere Reserve, and dozens of provincial and municipal parks. About 30,000 people have carved homes out of this wilderness paradise, settling mostly in the city of Port Alberni, the Alberni Valley, and the districts of Tofino and Ucluelet. Smaller communities also live in the somewhat isolated village of Bamfield and Nuuchahnulth communities.

The gateway to the Alberni-Clayoquot is the Alberni Valley. The largest community in the Alberni Valley is the city of Port Alberni, which has a population of about 18,000. Surrounding the city of Port Alberni are the rural areas of Cherry Creek, Beaver Creek, Beaufort and Sproat Lake, communities with a combined population of more than 7,000. Several Nuuchahnulth First Nations also claim the Valley as part of their traditional territories.



For more information go to www.acrd.bc.ca
www.alberni-clayoquottourism.ca

Location Maps



Zone Location Map



GENERAL DESCRIPTION OF HARBOUR LANDS

Location

This report pertains to the filled and unfilled bed of Alberni Inlet under the administrative control of the Port Alberni Port Authority. Under the Canada Marine Act, the Port Alberni Port Authority is mandated jurisdiction of the Alberni Inlet from the Somass River (just west of the Clutesi Haven Marina within the City of Port Alberni) southward along the Alberni Inlet to Barclay Sound Harbour Limit (Tzartus Island within the Alberni Clayoquot Regional District). The length of the harbour is estimated to be 40 kilometers and the majority of the lands lie within the Alberni Clayoquot Regional District (ACRD).

The Port Alberni Harbour Lands are divided into four (4) zones being:-

- Zone 1 – Alberni Harbour – Somass to Lone Tree Point;
- Zone 2 – Alberni Inlet – Lone Tree Point to Macktush;
- Zone 3 – Alberni Inlet – Macktush to Coleman Creek;
- Zone 4 – Alberni Inlet – Coleman Creek to Harbour Limit

Site Data

This report pertains to lands lying within the bed of the Alberni Inlet (Harbour Lands). The Harbour Lands are either filled land or land covered by water under the administrative control of PAPA.

The Port Alberni Harbour Lands have been divided into specified zones (noted above) for the purpose of this report. The generic market rentable values contained within this report do not apply to the adjacent fee simple upland.

Site Improvements and Servicing

The estimated generic market rentable values for the Port Alberni Harbour Lands are provided under the assumption that the lands are vacant and un-improved and do not include services. Any services extended into a filled foreshore or waterlot are considered to be tenant improvements and are specifically excluded from consideration within this report.

Building Improvements

The estimated generic market rentable values for the Port Alberni Harbour Lands are provided under the assumption that the lands are vacant and un-improved consequently, any buildings or structures located on a filled foreshore or waterlot are considered to be tenant improvements and are specifically excluded from consideration within this report.

Environmental Hazards

The appraiser is not aware of any environmental hazards relating to any existing or proposed use and is not qualified to comment on the current environmental condition of any of the Harbour Lands. No hazardous substances were called to the attention of the appraiser, nor did the appraiser become aware of such, during the property inspection. The appraiser has no knowledge of the existence of hazardous substances on or in any of the Harbour Lands unless otherwise stated. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. For the purpose of this report the Harbour Lands are considered to be free of any environmental hazards or contamination. If any further clarification in this regard is required, it is suggested that an environmental assessment report be prepared.

LAND USE CONTROLS

Zoning

The Port Alberni Harbour Lands are zoned pursuant to the City of Port Alberni Zoning Bylaw 4832 and the Alberni Clayoquot Regional District Zoning Bylaw as follows:-

Zone 1 – Alberni Harbour – Somass to Lone Tree Point		
City of Port Alberni		P-2 / M-3 / M-4 / W-1 / W-2
Alberni Clayoquot Regional District		A-4 / M-3 / M-4
Zone 2 – Alberni Inlet – Lone Tree Point to Macktush		
Alberni Clayoquot Regional District		P-2 / W-1 / W-4 / W-5
Zone 3 – Alberni Inlet – Macktush to Coleman Creek		
Alberni Clayoquot Regional District		W-1 / W-4 / W-5
Zone 4 – Alberni Inlet – Coleman Creek to Harbour Limit		
Alberni Clayoquot Regional District		A-4

Excerpts of the City of Port Alberni Zoning Bylaw are included on pages 12 – 17 herein and excerpts of the Alberni Clayoquot Regional District Zoning Bylaw are included on pages 18- 23 herein.

PAPA Land Use Plan

Notwithstanding the zoning of the Harbour Lands through the City of Port Alberni Zoning Bylaw and Alberni Clayoquot Regional District Zoning Bylaw, the Harbour Lands are statutorily administered through the Port Alberni Port Authority Land Use Plan.

The Land Use Plan is an existing and future land use guide that acts in a similar fashion to zoning and OCP bylaws although with broader goals supporting the greater good of the community while also satisfying the requirements of the Canada Marine Act.

The Land Use Plan identifies General Policies and Environmental Policies and specifies the Port Alberni Shoreline Master Plan. The Land Use Plan, in conjunction with the City of Port Alberni, also identifies Water Marine Development Permit Areas.

The Land Use Plan includes Development Permit Area Maps identifying the Water Marine Development Permit Area zones.

Zoning Bylaw City of Port Alberni

Bylaw 4832

P2 – PARKS AND RECREATION

- 5.32 The purpose of this zone is to preserve natural ravine areas, green belts and other areas deemed environmentally sensitive, to provide protection of the natural setting, ecological systems and aesthetic beauty of the City, and to establish and maintain areas for parks, recreation and community open spaces *uses*.

5.32.1 Permitted usesPrincipal Uses

Assembly, cultural and recreational facility
 Cemetery
 Fairground
 Fish hatchery
 Forest management
 Golf course
 Natural Areas, Open Spaces and Parks
 Public Parks and Playgrounds

Accessory Uses

Caretaker's dwelling unit, subject to
 Section 6.16
Carnivals, Circuses, Exhibitions,
Horse, Dog and Pony Shows
Office
Picnic Area
Parking lot
Public Toilet

5.32.2 Site Development Regulations

Minimum Lot Area	1000 m ²	(10764 ft ²)
Minimum Frontage	30 m	(98.4 ft)
Maximum Coverage	40%	
Minimum Setbacks:		
<i>Front yard</i>	6 m	(19.7 ft)
<i>Rear yard</i>	9 m	(29.5 ft)
<i>Side yard</i>	1.5 m	(4.9 ft)
Maximum Height, Principal Building	8 m	(26.2 ft)

M3 – HEAVY INDUSTRY

5.29 The purpose of this zone is to establish and maintain areas for heavy industrial and manufacturing activities.

5.29.1 Permitted usesPrincipal Uses

All uses permitted in the M2 zone

Boiler and plate work

Fabricated metal products

Fish, meat and poultry products industry

Junk yard

Paper and allied manufacturing industry

Primary metal industry

Ready-mix concrete

Sawmill

Shipbuilding, boatbuilding and repair

Storage

Accessory Uses

Caretaker's dwelling unit, subject to
Section 6.16

Display, storage, and retail sales of goods
produced on the premises

Office

5.29.2 Site Development Regulations

Minimum Lot Area	1000 m ²	(10,764 ft ²)
Minimum Frontage	30 m	(98.4 ft)
Maximum Coverage	60%	
Minimum Setbacks:		
Front yard	6 m	(19.7 ft)
Rear yard	3 m	(9.8 ft)
Side yard (total)	6 m	(19.7 ft)
(Permitted on one side)	0 m	

5.29.3 Conditions of Use

- (a) Any area of a lot used as, or intended to be used as, an outside storage area that is adjacent to a R, RR, or RM zone shall be separated by a solid screen at least 2.5 m (8.2 ft) in height from the properties in that zone. No material shall be piled so as to be higher than such screening within 15 m (50 ft) of the lot line.
- (b) Open storage shall not be permitted in a required front yard.
- (c) Any portion of a lot in the M3 zone which abuts the Alberni Inlet waterfront is exempt from the yard setback provisions.

Bylaw 4832

M4 – UTILITIES

- 5.30 The purpose of this zone is to establish, maintain and regulate areas directly related to the operation of a railway, railway yard, high voltage transmission utility tower corridor, gas mains and related stations, reservoirs, water and sewer pumpstations and other utilities works, whether or not publicly owned.

5.30.1 Permitted usesPrincipal UsesAccessory Uses

Electric power stations and installations
 Natural gas sub-station
 Parking of equipment
 Railway lines and stations
 Sewer pumpstations, chambers,
 treatment facilities and related
 equipment
 Telegraph and cable systems
 Telephone exchanges
 Transmission lines and sub-stations
 Utility storage
 Waste disposal facility
 Water reservoir, pump station, valve
 station and related equipment
 Works yard

5.30.2 Site Development Regulations

Maximum Coverage	90%	
Minimum Setbacks:		
Front yard	7 m	(22.9 ft)
Rear yard	3 m	(9.8 ft)
Side yard (total)	3 m	(9.8 ft)
Maximum Building Height	7.5 m	(25 ft)

5.30.3 Conditions of Use

- (a) Outdoor storage of mechanical equipment, natural gas substations, pump stations, valve stations and related equipment shall be screened by solid fencing or landscaping which obstructs the visibility of the utility installation.

Bylaw 4832

W1 – WATERFRONT COMMERCIAL

- 5.33 The purpose of this zone is to establish and maintain areas for commercial and *retail* operations, especially those serving marine-based or tourist-oriented activities.

5.33.1 Permitted usesPrincipal Uses

Boat rental operations
 Boat tour and charter operations
 Commercial mooring facilities
 Docks, Wharves, and Floats for the use of water taxis, ferries, float planes and amphibious vessels
 Fish product industry
 Marina
 Marine fuelling operations
 Marine-oriented clubs such as yacht clubs
 Microbrewery
 Nightclub, Cabaret, Bar and Pub
 Observation Tower
 Public market
 Restaurant, excluding *drive-in or drive-through*
 Retail

Accessory Uses

Loading facility
 Office
 Permanent residence on one boat or vessel by one member or employee of any other use permitted within this zone for purposes of security and fire protection
 Private floats and wharves
 Storage
 Temporary boat storage
 Temporary or seasonal residence on a boat or vessel for commercial fishing purposes

5.33.2 Site Development Regulations

Maximum Height, Principal Building	8 m	(26.2 ft)
Maximum Number of Principal Building Storeys	2	

5.33.3 Conditions of Use

- (a) Notwithstanding the provisions of 5.33.1,
- (i) Temporary or seasonal boat residence is permitted, provided that the boat or vessel is wharfed at a location where the following on-shore facilities are provided, at a minimum, in separate rooms for females and males:
 - one water-closet;
 - one wash-basin; and
 - one bathtub or shower
 - (ii) Private Floats and Wharves are permitted only where necessary for practical access by boats to commercial enterprises primarily oriented to water uses and water traffic.

Bylaw 4832

- (b) Where associated with *retail* sales of live or fresh seafood in the same *building*, *fish product industry* activity is limited to a maximum *gross floor area* of 235 m² (2530 ft²).
- (c) Marine fuelling operations shall be located not less than 60 m (196.8 ft) from any R or RM zone.

142 PARK AND PUBLIC USE DISTRICT (P 2)

This District provides for the location and development of administration, cultural, educational, governmental, recreational and other related services and facilities which serve the community.

142.1 Uses Permitted:

- (1) Assembly, cultural and recreational facilities, including armouries, art galleries, auditoriums, bowling greens, community centres, cultural centres (art, drama and music), curling rinks, gymnasiums, meeting halls, museums, public libraries, skating rinks and arenas, stadiums, swimming pools and tennis courts and historic sites
- (2) Fair grounds.
- (3) The following Health and Welfare Services, which may be operated privately:
 - (a) Clinic, operated by physicians in group practice
 - (b) Diagnostic and therapeutic Services
 - (c) Miscellaneous Health Services.
- (4) Hospitals, public.
- (5) Parking and boat mooring areas and facilities, as a principal use.
- (6) Post Office.
- (7) Public Administration and Defence, offices.
- (8) Public parks and playgrounds.
- (9) Public schools.
- (10) Public services and utilities including: electric power stations and installations, fire halls, police stations, pounds, sewage disposal facilities, telegraph and cable systems, telephone exchanges, utility storage, waste disposal, works yards and similar uses.
- (11) A dwelling or dwelling unit for a caretaker, watchman or other persons similarly employed, when considered to be essential to the operation of the facility.
- (12) Accessory buildings and uses.
- (13) Permanent and/or seasonal accommodation for employees of public parks, public schools and similar institutional uses.
- (14) One Single Family Dwelling per legal lot.
- (15) Campgrounds located on land owned by a public agency.

Bylaw 4832

W2 – WATERFRONT INDUSTRIAL

5.34 The purpose of this zone is to establish and maintain areas for accommodation of industries that are related to the fishing industry, marine transportation, shipbuilding and maintenance.

5.34.1 Permitted usesPrincipal Uses

Commercial mooring facilities
 Fish and seafood buying and packing stations
 Fish product industry
 Marine and water traffic oriented:

- Loading facility
- Storage
- Warehouse, and
- Works yard

Marine fuelling operations
 Office
 Shipbuilding, boatbuilding and repair

Accessory Uses

Loading facility
 Permanent residence on one boat or vessel by one member or employee of any other use permitted within this zone for purposes of security and fire protection
 Private floats and wharves
 Storage
 Temporary boat storage
 Temporary or seasonal residence on a boat or vessel for commercial fishing purposes

5.34.2 Site Development Regulations

Maximum Height, Principal Building	12.5 m	(41 ft)
Maximum Number of Principal Building Storeys	3	

5.34.3 Conditions of Use

- (a) Marine fuelling operations shall be located not less than 60 m (196.8 ft) from any R or RM zone.
- (b) Offices as a principal use shall be permitted only on the upper storeys of any waterfront industrial building. For clarity, offices as a principal use shall be permitted only on the second storey or higher in a waterfront industrial building.

Zoning Bylaw Alberni Clayoquot Regional District

133 HEAVY INDUSTRIAL DISTRICT (M 3)

This District provides for the accommodation of special types of industry and heavy industrial activities.

133.1 Uses Permitted:

- (1) Uses permitted in the Light Industrial District (M 2).
 - (2) The following Manufacturing Industries:
 - (a) Fish Products Industry, Meat and Poultry Products Industries.
 - (b) Those Wood Industries not permitted in the Light Industrial District (M 2).
 - (c) Paper and Allied Industries.
 - (d) Primary Metal Industries.
 - (e) Boiler and Plate Works, Fabricated Structural Metal Industry.
 - (f) Non-Metallic Mineral Products Industries not permitted in the Light Industrial District (M 2).
 - (g) Petroleum and Coal Products Industries.
 - (h) Chemical and Chemical Products Industries, provided that where explosives are manufactured or stored, outside safety distance regulations pursuant to the Explosives Act shall be observed as though a place of public assembly were located adjacent to all lot lines.
 - (i) sand and gravel and other natural resource extraction and processing incidental to such, and similar operations.
 - (3) Wholesalers of Scrap and Waste Materials, provided that autowrecking and junk yard shall be located 30.48 meters [100 feet] or more from the zoning boundary or an R or RM district and are completely enclosed by a solid view-obscuring 2.438 meter [8 foot] fence or wall. No material shall be piled to a greater height than that of the surrounding fence or wall.
 - (4) Accessory buildings and uses, including display, storage and retail sales of goods produced on the premises.
- ##### **133.2 Conditions of Use:**
- (1) Nothing shall be done which is or will become an annoyance or nuisance to the surrounding areas by reason of unsightliness, the emission of odours, dust, liquid effluent, fumes, smoke, vibration, noise, glare, nor shall anything be done which creates or causes a health, fire or explosion hazard, electrical interference or undue traffic congestion.
 - (2) Where a lot or any part thereof is used or intended to be used as an outside storage area, that portion of such storage area which fronts upon or adjoins a public street, a lot in an R or RM district or is separated by a lane therefrom, shall be screened and no material located within 15.39 meters [50 feet] of the screen shall be piled to extend above such screening.
 - (3) Nothing shall be done which is not in accordance with the provisions of the Health Act.

134 INDUSTRIAL OPEN STORAGE DISTRICT (M 4)

This District provides for the accommodation of industrial storage and materials handling operations requiring extensive areas, little or no shelter, protection, retention works, or municipal services.

134.1 Uses Permitted:

- (1) Storage, of logs, lumber, chips, including facilities for the transfer of logs to and from the water, and for dry-land log sorting.
- (2) Storage of ore, concentrates, refined products.
- (3) Storage of gravel, sand, quarried material.

134.2 Conditions of Use:

- (1) Nothing shall be done which is or will become an annoyance or nuisance to the surrounding areas by reason of unsightliness, the emission of odours, dust, liquid effluent, fumes, smoke, vibration, noise, glare, nor shall anything be done which creates or causes a health, fire or explosion hazard, electrical interference or undue congestion.
- (2) Where a lot or any part thereof is used or intended to be used as an outside storage area, that portion of such storage area which fronts upon or adjoins a public street, a lot in an R or RM district or is separated by a lane therefrom, no material shall be located within 15.24 meters [50 feet] of the property line.

151 WATERFRONT CONSERVATION DISTRICT (W 1)

This District provides:

- i) for the protection and conservation of those portions of sea coast, lake shore, and river or creek banks that are considered to be best retained close to their natural state;
- ii) for the protection of aquatic lands and foreshore lands covered by water, either tidal or non-tidal by limiting uses legally permitted within/on such lands and related to or on the water surface.

151.1 Uses Permitted:

Uses permitted on those parts of this district located within an upland area:

- (1) Parks, playgrounds, campgrounds and recreational facilities operated by Municipal or other Governmental authorities only;
- (2) Yards accessory to residential use;
- (3) Passive and amenity open space and landscaping;

Uses permitted on those parts of this district located within an intertidal area:

- (4) Navigational aids;
- (5) Fisheries Management and Environmental Protection Activities;
- (6) Accessory riparian uses including private dock/wharf facilities for accessory residential use purposes only;
- (7) Marine transportation and Water Recreation Uses.

151.2 Conditions of Use:

- (1) "Natural Boundary" means the visible high water mark of any lake, river, stream or other body of water where the presence and action of the water are so common and usual, and so long continued in all ordinary years, as to mark on the soil of the bed of the body of water a character distinct from that of its banks, and vegetation, as well in the nature of the soil itself.
- (2) "Upland" means land located, or lying higher or above the natural boundary of a body of water.
- (3) Any camping use permitted within this district shall be limited to a maximum of five consecutive days per individual or per family unit in a tent, trailer or camper/recreation vehicle.

152 WATERFRONT RESIDENTIAL DISTRICT (W 2)

This District provides for restrictions and minimum standards governing areas where the surface of water is used for residential purposes and where on-shore facilities are provided relative to waterfront residential uses.

152.1 Uses Permitted:

- (1) Houseboats or float houses.
- (2) Temporary or seasonal residence on a boat or vessel.

152.2 Conditions of Use:

- (1) For each group of houseboats or float houses and for each location where boats or vessels are wharfed for temporary or seasonal residence the following on-shore facilities shall be provided as a minimum in separate rooms: for females - two water-closets, two wash basins, and one bathtub or shower; for males - one urinal and one water-closet and two wash-basins and one bathtub or shower.
- (4) Minimum mooring area for a house-boat or float house shall be 185.806 square meters [2,000 square feet].
- (3) Minimum distance between the sides or ends of adjacent houseboats or float houses shall be 3.048 meters [10 meters].
- (4) At least one side of each houseboat or float house shall abut open water at least 12.192 meters [40 feet] wide and open continuously to navigable waters.
- (5) For each houseboat or float house there shall be provided one off-street parking space within a distance of 182.88 meters [600 feet].
- (6) Each houseboat or float house shall be serviced by a sanitary sewer which shall be connected to a municipal sanitary sewer unless a permit for the installation of a septic tank on an adjoining land lot has been obtained from the Health Authority and such permit shall not be issued unless the topography, usable area for sewage control, and surface drainage of the lot will permit the satisfactory operation of a septic tank.

154 WATERFRONT COMMERCIAL DISTRICT (W 4)

This District provides for the accommodation of a broad range of commercial enterprises primarily oriented to water users and water traffic.

154.1 Uses Permitted:

- (1) Boat rental operations including temporary boat storage.
- (2) Restaurants and the like (excluding drive-in business).
- (3) Commercial mooring facilities or marinas.
- (4) Docks, wharves, and floats for the use of water taxis, ferries, float planes and amphibious vessels.
- (5) Marine fuelling operations provided that these shall be located not less than 60.96 meters [200 feet] from any residence or from any R or W 2 district.
- (6) Marine-oriented clubs such as yacht clubs.
- (7) Retail sale of live or fresh fish including shellfish.
- (8) Retail sale of fishing supplies, live or fresh bait, and other marine equipment.
- (9) Private floats and wharves necessary for practical access by boats to commercial enterprises primarily oriented to water uses and water traffic.
- (10) Dredging operations necessary for the construction, or maintenance of the above uses.
- (11) Permanent residence on one boat or vessel by one member or employee of a yacht club, or a proprietor or employee of any other use permitted within this District for purposes of security and fire protection.
- (12) Temporary or seasonal residence on a boat or vessel for commercial fishing purposes, provided that the vessel is wharfed at a location where the following on-shore facilities are provided as a minimum in separate rooms; one urinal and one water-closet and two wash-basins and one bathtub or shower.

154.2 Conditions of Use:

- (1) All structures and floats shall be set back at least 3.048 meters [10 feet] within the boundaries of a water lease or licence of occupation granted or approved by the Department of Lands, Forest and Water Resources.
- (2) Retail activities permitted in this District shall take place primarily within a building or structure.
- (3) No boatbuilding or commercial repair business shall be conducted in this District.
- (4) No boathouses or boat shelters shall be permitted in this zone; provided, however, that this restriction shall not be deemed to apply to floating boat shelters which in addition to complying with the foregoing provisions of this Section shall also conform to the following regulations:
 - (i) Where more than one floating boat shelter is permitted, all floating boat shelters shall be planned, erected, and constructed in groups of not less than 3 (nor more than 8) together and the component units of such groupings shall be a uniform length and height; provided further that a space of not less than 24.384 meters [80 feet] shall be maintained between the sides of a boat shelter groupings where there is a total of 9 or more floating boat shelters in line with each other;
 - (ii) No floating boat shelter shall exceed a maximum height of 4.876 meters [16 feet] above the surface of the water nor shall any boat shelter exceed a maximum length of 13.716 meters [45 feet].
 - (iii) All floating boat shelters shall be of permanent construction.

155 WATERFRONT INDUSTRIAL DISTRICT (W 5)

This District provides for the accommodation of industries that are related to the fishing industry, marine transportation, shipbuilding and maintenance.

155.1 Uses Permitted

- (1) Marine fuelling.
- (2) Mooring or wharfing of commercial vessels.
- (3) Repair and maintenance shops oriented to marine use and water traffic.
- (4) Shipbuilding, boatbuilding and repair.
- (5) Warehouses, works yards, storage and loading facilities oriented to marine use and water traffic.
- (6) Fish Products Industry, except reduction, oil extracting, or the processing or storage of offal.

155.2 Conditions of Use:

- (1) Nothing shall be done which is or will become an annoyance or nuisance to the surrounding areas by reason of unsightliness, the emission of odours, dust, liquid effluent, fumes, smoke, vibration, noise or glare, nor shall anything be done which creates or causes a health, fire or explosion hazard, electrical interference or undue traffic congestion.

104 FOREST RESERVE DISTRICT (A 4)

The intent of this district is to provide for the retention of forest and wildland. The primary uses allowed by this district are natural resource development and extraction, protecting the land from premature building development or subdivision fragmentation.

104.1 Uses Permitted

In considering applications for building permits, the Building Inspector shall pay due regard to the general purpose of this District, namely: to conserve the natural resources of the area for purposes of primary production and to prevent the wastage of land by premature or scattered subdivision and building activities.

- (1) Airfields, airports, enterprises engaged in Air Transport.
- (2) A single family dwelling, provided that where the area of a lot is 32 hectares [80 acres] or greater, not more than two such dwellings may be located on one lot. Such dwellings may be located on the same lot as any other use permitted in this district.
- (3) Farms and grazing of livestock
 - (a) Where a property is classified as farm land in accordance with the Taxation Act, the following accessory uses may be permitted provided they are demonstrated to be essential to the operation of a farm.
 - i) more than one single family dwelling
 - ii) temporary accommodation in the form of mobile homes or dormitory units for employees.

When such uses cease to be essential to operation of the farm they shall be removed.
- (4) Harvesting, transportation, storage of forest resources, including log booming, dumping and storage grounds and the operation of primary processing such as portable sawmills for resources harvested from the property, but excluding other processing activities not directly related such as equipment repair depots.
 - (a) Where a property is being used for primary processing as a portable sawmill in accordance with the regulations of this by-law, the following accessory uses may be permitted provided they are essential to the operation.
 - i) temporary accommodation in the form of mobile homes or dormitory units for employees.

When such uses cease to be essential to the operation they shall be removed.
- (5) Harvesting of wild crops, such as salal, ferns, moss, berries and tree seeds, or fishing and trapping.
- (6) Processing incidental to the operation of Mines, Quarries and other natural resource extraction industries.
- (7) Parks, playgrounds, campgrounds and buildings accessory to these uses, which are owned by public agencies.
- (8) Public services and utilities including buildings accessory to these uses: sewage disposal, utility storage, waste disposal grounds and similar uses.
- (9) Rights-of-way for railways, conduits and transmission lines.
- (10) Water resource development including intake, storage, and transmission conduits, and hydro-electric works.
- (11) Upland aquaculture (fish farming) including all activities incidental to such operations such as hatchery and nursery facilities, grow out ponds, storage and processing aquatic organisms cultivated, reared and harvested on the lots.
- (12) Foreshore and water-based aquaculture including hatchery and nursery facilities, grow-out ponds and pens, docks, storage, ancillary parking and employee accommodation, but excluding processing subject to Section 104.2(5) below.

- (13) Wineries and Cideries provided that a vineyard or orchard at least 2 hectares (5 acres) in area is under continuous cultivation on the same farm or legal parcel.
 - (14) Sales of wine and cider produced on the farm and related products, provided that the retail area does not exceed 500 square feet or 5 percent of the floor area of the winery, whichever is more; winery and cidery tours, as ancillary uses to a winery or cidery.
 - (15) Accessory Buildings and Uses. (By-law No. P1121)
- 104.2 Conditions of Use
- (1) Nothing shall be done in any part of this district within 60 meters [197 feet] of any other district, recreation area, public roadway or navigable waterway, which is or will become a nuisance or reduce enjoyment of the use of surrounding land. The use and operation being proposed is to be conducted so it will not cause nor permit any objectionable or dangerous conditions outside the property, including but not limited to:
 - Noise
 - Vibration
 - Dust, smoke and other kinds of particulate matter
 - Odour Toxic and noxious matter
 - Fire and explosive hazards, heat, humidity and glare.
 - (2) Notwithstanding regulations contained elsewhere in this by-law, Schedule II requirements shall not be applied to rights-of-way or licence of occupation granted by the Ministry of Forestry.
 - (3) The provisions of subsection 104.1(11) shall not apply to or within any lot less than 8 909 square meters [2 acres] in area and, notwithstanding any other relevant provision contained in this By-law, any and all such facilities placed within a lot must be setback a minimum of 21.54 meters [75 feet] from all property lines.
 - (4) The following other conditions apply in respect of subsection 104.1(11) uses;
 - i) aquaculture shall be conducted within an enclosed building except necessary nursery and/or growout ponds;
 - ii) all such ponds (i.e. conventional holes whether lined or unlined or water containment devices located above ground wherein fish are kept) shall be encircled by a fence of no less than 1.524 meters [5 feet] in height constructed so as to prevent the passage of a spherical object having a diameter of 200 millimetres [8 inches] through and underneath such fence unless it can be shown that the location and size of openings which exceed this limit do not represent a hazard. Any gates located within such perimeter fences shall be self closing with locking mechanism located on the inside of the gate;
 - iii) the fence referred to in subsection (ii) above shall be located within a 3.048 to 6.096 meters [10 foot to 20] foot setback from the ponds edge;
 - iv) nothing shall be done in any part of this District that will become an annoyance or nuisance to the surrounding areas by reason of unsightliness, the emission of odours and noise including generator or pump noise and use of floodlighting.
 - (5)
 - i) foreshore and water-based aquaculture permitted under section 104.1(12) above shall be exempt from the minimum parcel size and width requirements contained in Schedule II, Bulk and Site Regulations.
 - ii) nothing shall be done that will become an annoyance or nuisance to the surrounding areas by reason of unsightliness, the emission of odours and noise including generator or pump noise and use of floodlighting.
 - (6) Log booming, dumping and storage grounds permitted under Section 104.1(4) above shall be exempt from the minimum parcel size and width requirements contained in Schedule II, Bulk and Site Regulations.

- (7) Sand and gravel extraction operations and incidental processing permitted under Section 104.1(6) above shall be exempt from the minimum parcel size and width requirements contained in Schedule II Bulk and Site Regulations.

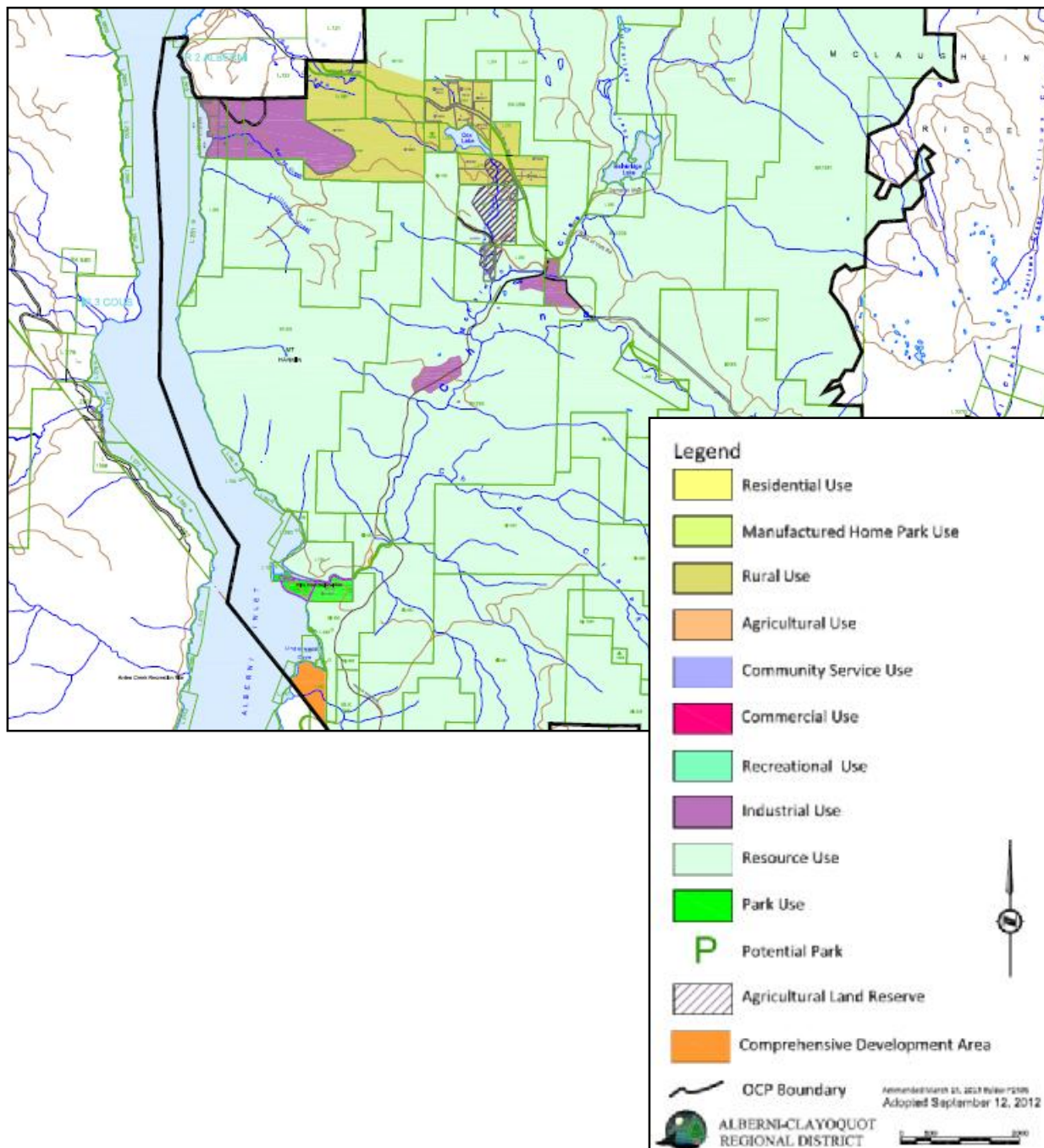
Official Community Plan (OCP)

All local governments are required to ensure that zoning bylaws and new development conform to the OCP. Proposed zoning changes must comply with land uses permitted by the OCP in order to be passed by city council. Proposed rezoning not supported by the OCP requires that the OCP be amended. Such applications are also considered by city council.

In the OCP, the subject is designated Resource Use.

The OCP can be accessed at:

<http://www.acrd.bc.ca/cherry-creek-ocp>



Land and Foreshore Use

October 2000

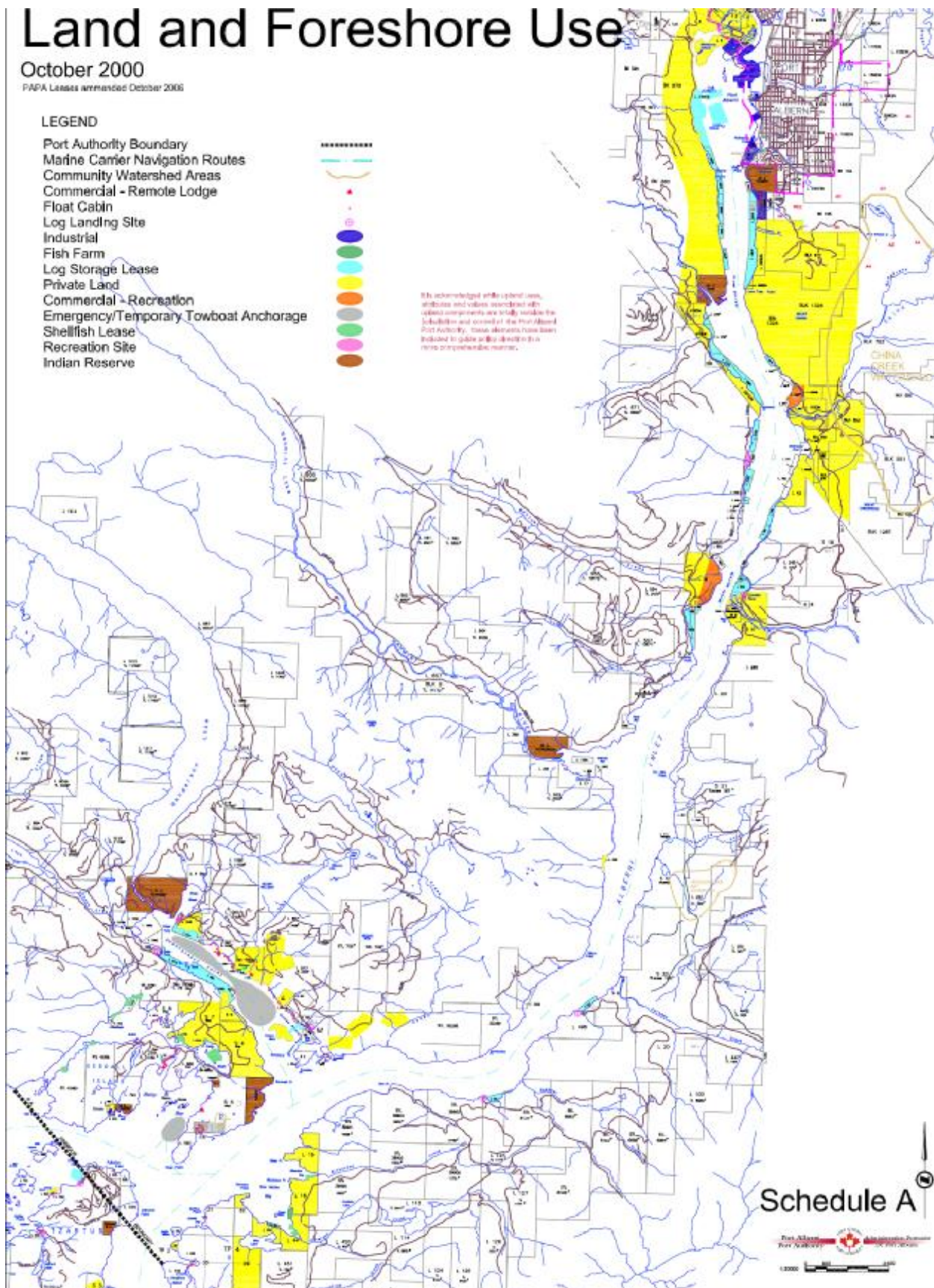
PAPA Leases commenced October 2000

LEGEND

- Port Authority Boundary
- Marine Carrier Navigation Routes
- Community Watershed Areas
- Commercial - Remote Lodge
- Float Cabin
- Log Landing Site
- Industrial
- Fish Farm
- Log Storage Lease
- Private Land
- Commercial - Recreation
- Emergency/Temporary Towboat Anchorage
- Shellfish Lease
- Recreation Site
- Indian Reserve

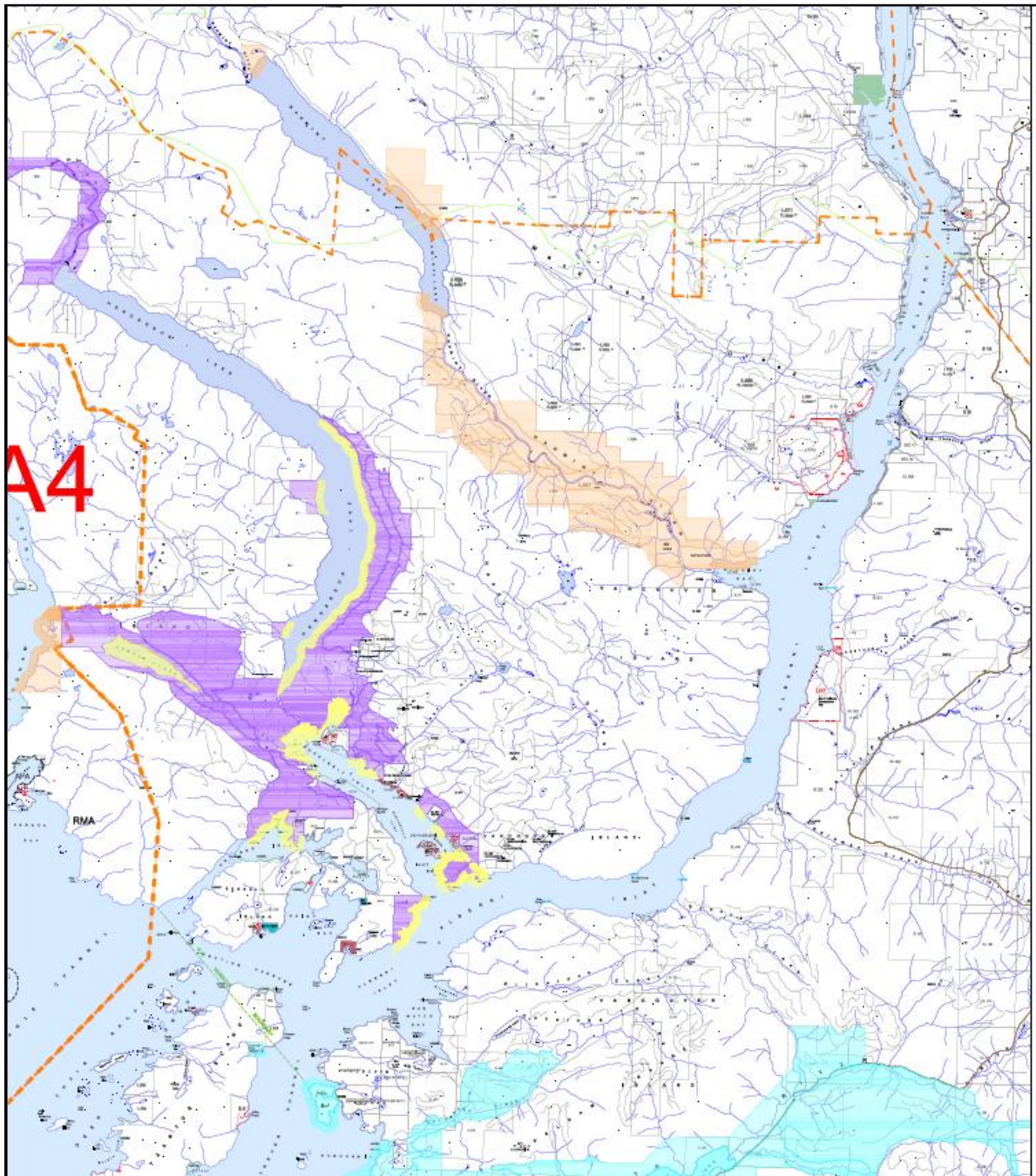


It is acknowledged that certain uses, activities and values associated with certain components are not fully visible on the Schedule A and covered by the Port of Vancouver. These elements have been indicated in pink on the Schedule A in a more comprehensive manner.



Schedule A





VALUATION ANALYSIS

HIGHEST AND BEST USE

An accepted definition of highest and best use is:

"That 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."

The highest and best use of a property is an economic concept that measures the interaction of four criteria: legal permissibility, physical possibility, financial feasibility, and maximum profitability. Determining the highest and best use of a property is a critical appraisal component that provides the valuation framework that market participants and appraisers require to identify and analyze comparable market information for valuation purposes.

An appraiser considers highest and best use of the property as if vacant separately from the highest and best use of the property as improved. This is because the highest and best use of the site as if vacant and available for development determines the value of the land, even if the property's existing improvement does not represent the highest and best use of the site.

Highest and Best use of land or a site is the use among all reasonable alternative uses that yields the highest present land value, after payments are made for labour, capital and co-ordination. The conclusion assumes that the parcel of land is vacant or can be made vacant by demolishing any improvements.

Harbour Lands stand apart from fee simple lands and the concept of highest and best use can differ between the two. Additionally, the Harbour Lands are subject to the PAPA regulations and, to a lesser extent, the City of Port Alberni and Alberni Clayoquot Regional District Zoning Bylaws.

Harbour Lands most commonly lay adjacent to (or front) privately owned fee simple land or property not administered by PAPA. The Harbour Lands then, are subject to the demand of the upland fee simple owner (or third party non-owner with consent of the fee simple upland owner) for their use. This demand may or may not be consistent with the upland use therefore, the concept of highest and best use cannot automatically be determined for the upland and applied to the Harbour Land. This is clearly evident where fee simple uplands are in transition from previous marine or industrial use to multiple family residential uses. The multiple family residential use does not physically require use of the Harbour Land (other than for aesthetic appeal of view and outlook) and demand for the Harbour Land is then driven by some alternative (or unrelated) use, the most common being small vessel (recreational) marina.

The Harbour Lands are broken down into four different zones and the highest and best use may differ between each respective zone. Additionally, PAPA identifies differing property usage within the four zones. The property usages are:-

- Industrial
- Fish Farm
- Log Storage
- Commercial –Recreation
- Shellfish

Zone 1 – Alberni Harbour extends from the Somass River to Lone Tree Point (IR # 3 Cous) and contains PAPA designated industrial and log storage uses. Zone 1 lies in part within the City of Port Alberni containing the P-2, M-3, M-4, W-1 and W-2 zoning designations; and in part within the Alberni Clayoquot Regional District containing the A-4, M-3 and M-4 zoning designations. In addition to the industrial and log storage uses, the Zone 1 lands include the sewage lagoons at the mouth of the Somass River and commercial lands comprising private small vessel marinas.

Zone 2 – Alberni Inlet extends from Lone Tree Point (IR # 3 Cous) to Macktush Campground (opposite the Franklin River) and contain PAPA designated log storage and commercial recreation uses. Zone 2 lands lie entirely within the Alberni Clayoquot Regional District containing P-2 / W-1 / W-4 / W-5 zoning designations.

Zone 3 – Alberni Inlet extends from Macktush Campground to Coleman Creek and contain PAPA designated log storage and commercial recreation uses. Zone 3 lands lie entirely within the Alberni Clayoquot Regional District containing W-1 / W-4 / W-5 zoning designations.

Zone 4 – Alberni Inlet extends from Coleman Creek to Tzartus Island (Barclay Sound Harbour Limit) and incorporates Uchucklesit Inlet and contain PAPA designated log storage and commercial recreation uses. Zone 4 lands lie entirely within the Alberni Clayoquot Regional District containing the A-4 zoning designation.

The Harbour Lands are predominantly under five general uses being institutional (sewage lagoons), commercial (small vessel marina); industrial; log storage and commercial-recreation (Harbour Quay). These uses have predominantly continued with little change and this trend is expected to continue into the future.

In recognition of the stability in demand coupled with general economic stability, the highest and best use of the Harbour Lands is a continuation of the existing uses.

VALUATION TECHNIQUES

In formulating an opinion of the generic fair market rentable value of the Harbour Lands, consideration must be given to the method of valuation.

In the generic estimation of market rentable value for the Harbour Lands, the direct comparison approach and return on market value approach were considered.

A summation of these methods is as follows:-

Direct Comparison Approach

A process in which a rentable value indication is derived by comparing the Harbour Lands to similar properties that are under lease or available for lease, applying appropriate units of comparison, and making adjustments to the lease or rental rates of the comparables based on the elements of comparison.

Return on Market Value Approach

The Return on Market Value Approach involves the application of a market derived percentage rent to the hypothetical or equivalent market value of the land in the generic estimation of market rentable value. This method requires the application of the direct comparison approach first in the estimation of the hypothetical or equivalent market value of the Harbour Land parcel.

Method(s) Applied

Either the Direct Comparison Approach or Return on Market Value Approach (or both where necessary) were applied in the generic estimation of market rentable value.

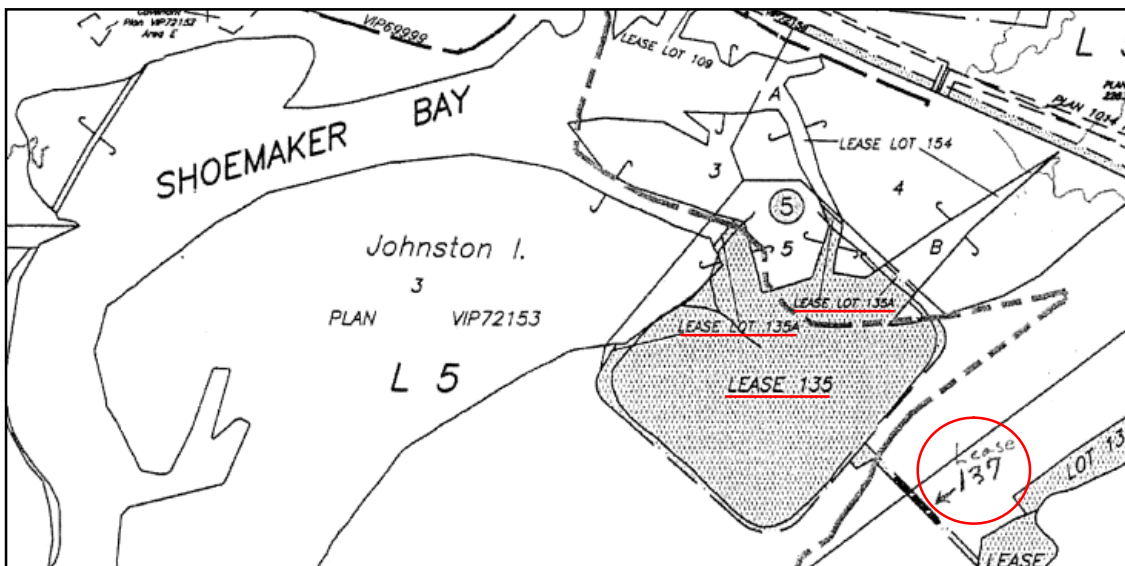
INDIVIDUAL HARBOUR LAND ZONE SUMMARIES

Each of the specified zones comprising the Harbour Lands are identified by an individual summary which are included herein. The individual summaries address (in summary format) the following information:

- Land Use Plan/Zoning designation and highest and best use;
- Identifying location map;
- Brief description of land within zone;
- Summary valuation;
- Conclusion of zonal rent values.

ZONE 1 – SOMASS RIVER ESTUARY SEWAGE LAGOONS

Land Use Plan:	Waterfront Marine Development Permit Areas
City of Port Alberni Zoning:	M-4 (Utility District)
ACRD Zoning:	A-4 (Forest Reserve District)
Highest and best use:	Continuation of the existing use.



Description of land: Zone 1 –Somass River Estuary Sewage Lagoons lie at the headwaters of the Alberni Inlet and are developed with the City of Port Alberni (formerly Catalyst Paper) effluent lagoons. The sewage lagoons lie in part within the City of Port Alberni containing the M-4 zoning designation; and in part within the Alberni Clayoquot Regional District containing the A-4 zoning designation.

Lease Lots 135 and 135A contain portions of the effluent treatment lagoon and comprise approximately 14.725 ha (36.38 acres); whereas, Lease Lot 137 is a linear parcel providing for the effluent pipeline and electrical conduit crossing under the Somass River and comprises approximately 0.299 ha (0.74 acres).

The leased lands comprise inter-tidal lands which have been filled and dyked (structurally modified with engineered fill, compaction and sealed liner) to accommodate the ASB effluent treatment lagoon which was constructed circa 1970.

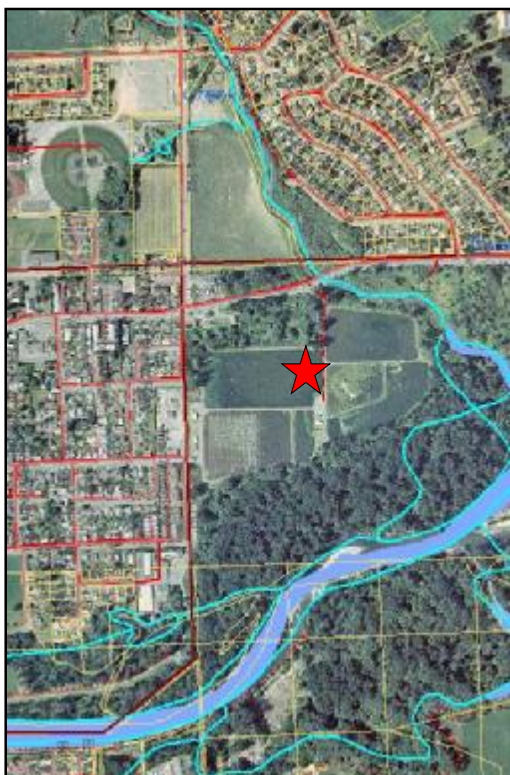
Lease Lots 135 and 135A are comprised of approximately 4.5 ha (11 acres) of dyke and approximately 10.225 ha (25.3 acres) of lagoon.

Summary Rental Valuation

The sewage lagoon lands are filled lands lying within Alberni Harbour within the City of Port Alberni and ACRD considered institutional in nature and use.

There is only one known example of a sewage lagoon site lease on Vancouver Island summarized as follows:-

Sewage Lagoon Site, Cowichan Indian Reserve No. 1, Duncan, BC



Legal Description: Lots 557-1, 557-2 and 557-3 of Lot 557, Cowichan Indian Reserve No. 1, Sections 16 and 17, Quamichan District, CLSR 81672

Lessor: Her Majesty the Queen in Right of Canada

Lessee: District of North Cowichan and City of Duncan

Lease Area: 15.83 ha (39.11 acres)

Use: Institutional Use

Lease Term: August 1, 2011 to July 31, 2060

Lease Rate: \$288,600 per annum (fixed to July 31, 2016)

Terms: Absolute Net

Remarks: A new 49-year lease commencing in 2011 with rent reviews every five years. The property is improved with the sewage ponds and infrastructure which the parties agree contribute \$696,871 in cost. Additionally, the parties agreed upon an 11% rent premium to be added to market rent as determined at each rent review period. This is a large institutional use site utilized for sewage (effluent) treatment.

Lease Rate/Acre: \$7,379

The lease rate per acre for the land only, excluding the 11% rent premium, equates to \$4,500.

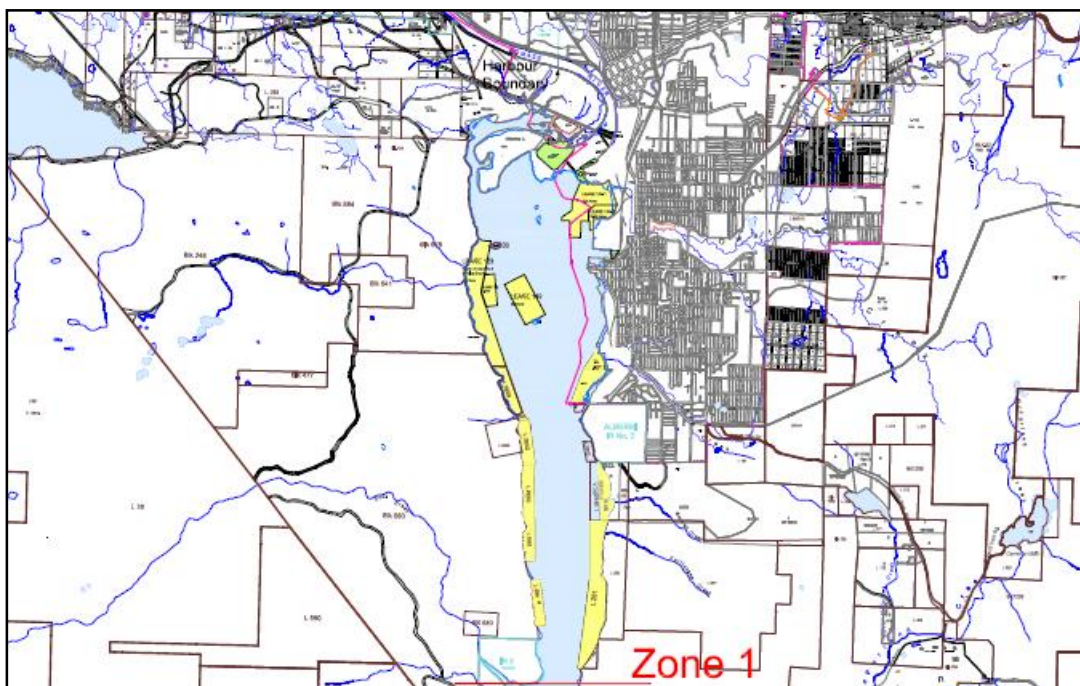
This sole example of an institutional use property utilized for effluent treatment is located in the Cowichan Valley and is of similar size as the Somass River Estuary Sewage Lagoon site consequently, the market rentable value rate for the sewage lagoon site is summarized as follows:-

City of Port Alberni – Sewage Lagoons

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled Water	\$4,500	\$0.103	\$75,000

ZONE 1 – ALBERNI HARBOUR – SOMASS TO LONE TREE POINT

Land Use Plan:	Waterfront Marine Development Permit Areas
City of Port Alberni Zoning:	P-2 (Parks and Recreation) M-3 (Heavy Industrial) W-1 (Waterfront Commercial) W-2 (Waterfront Industrial)
ACRD Zoning:	M-3 (Heavy Industrial) M-4 (Industrial Open Storage)
Highest and best use:	Continuation of the existing use.



Description of land: Zone 1 – Alberni Harbour extends from the Somass River and headwaters of the Alberni Inlet to Lone Tree Point (IR # 3 Cous at the mouth of Cous Creek) and contains PAPA designated industrial and log storage uses. Zone 1 lies in part within the City of Port Alberni containing the P-2, M-3, W-1 and W-2 zoning designations; and in part within the Alberni Clayoquot Regional District containing the M-3 and M-4 zoning designations.

For the purpose of my analysis, the Zone 1 waterfront within the City of Port Alberni is divided into two area classifications identified as:

- Area “A” generally captures all heavy industrial users. The majority of these upland properties belong to Catalyst Paper (paper mill) and Western Forest Products (lumber mill) with the bulk of these sites generally lying north of Dunbar Street and the remainder generally lying south of Montrose Street.

- Area “B” generally captures all of the general industrial users and is applied to all waterlot leases which are not under heavy industrial utilization. This classification generally applies to the Argyle Street and Harbour Quay area.

The Alberni Harbour Land lying within the City of Port Alberni is primarily comprised of land covered by water (waterlots) but also contains some filled lands. The lands covered by water are predominantly utilized in industrial applications or for marinas and moorage. The filled lands are predominantly utilized in association with the industrial upland uses or for parking.

In addition to the industrial land, Zone 1 also includes log storage areas administered by PAPA. The log storage areas stand apart from the Area “A” heavy industrial lands as the log storage areas are not associated with upland uses and the uses within the log storage areas do not include de-watering and log processing. This distinction sets the log storage areas apart from the heavy industrial waterlots associated with upland uses.

Summary Rental Valuation

The lands covered by water (waterlots) and filled lands lying within Alberni Harbour include industrial and commercial (small vessel marina) uses within the City of Port Alberni and industrial and log storage uses within ACRD.

Zone 1 Industrial Harbour Lands within the City of Port Alberni

Waterfront industrial land sales, spanning a three year timeline and for various urban communities on Vancouver Island, are as noted in the following table:-

No	Address	Sale Price	Sale Date	Land Area (acre)	SP/ac	Zoning	Remarks
1	1020 Stewart Avenue, Nanaimo	\$2,600,000	02/14	1.486 Upland 6.462 Fill & water	\$327,126	W-2	Former Nanaimo Shipyard property
2	2019 Kaltasin Road, Sooke	\$1,500,000	02/14	4.33 Upland 2.61 water	\$216,138	M-4	Sooke Basin location, marina property
3	327 Victoria View Road, Esquimalt	\$4,600,000	04/13	3.618 Upland	\$1,271,420	I-3	Victoria Outer Harbour location, purchased by CRD
4	1 Port Drive, Nanaimo	\$3,400,000	03/13	26.69 Upland	\$127,388	CS-3 W-2	City of Nanaimo purchase of partial interest. Effective SP/ac is \$202,300.
5	850 Jackson Road, Nanaimo	\$6,500,000	08/12	17.02 Upland	\$381,903	I-4	Duke Point heavy industrial waterfront w/barge loading improvements. Residual land value \$294,000 per acre.

The preceding sampling of fee simple and combined fee simple/leasehold interest sales demonstrate a range in value of approximately \$200,000 to \$1,300,000 per acre for waterfront industrial lands located throughout urban areas of Vancouver Island. The smaller market communities (excluding the Victoria Outer Harbour site) demonstrate a narrower range of

approximately \$200,000 to \$325,000 per acre which better capture the positioning of the Harbour Land located within the City of Port Alberni.

The estimated industrial waterfront value for the Area “A” Harbour Land, *scaled to represent a typical 20 acre parcel*, is equal to approximately \$200,000 per acre for fee simple interest upland and the estimated industrial waterfront value for the Area “B” Harbour Land, also *scaled to represent a typical 20 acre parcel*, is equal to approximately \$300,000 per acre for fee simple interest upland.

Zone 1 Industrial Harbour Lands within ACRD

Waterfront industrial land sales, spanning a ten year timeline and for more rural and generally unserviced locations, are as noted in the following table:-

No	Address	Sale Price	Sale Date	Land Area (acre)	SP/ac	Zoning	Remarks
6	Woodfibre Pulp Mill Site, Squamish	\$17,000,000	01/13	213.0 Upland	\$79,812	I-3	Former Woodfibre Pulp Mill site located in Howe Sound
7	4405 Island Highway, Campbell River	\$8,610,000	05/13	322.0* Upland	\$26,739	I-2	Former Elk Falls Pulp Mill site. 322* acres industrial upland and 891 acres in ALR
8	5705 Island Highway, Campbell River	\$2,500,000	07/12	33.32 Upland	\$75,030	I-2	Improved industrial property. Residual land value is \$53,725 per acre.
9	1000 Wave Place, Nanaimo	\$13,200,000	08/08	240.0 Upland	\$55,000	I-4	Improved property sale (Harmac Pulp Mill). Sale was representative of land value only.
10	6290/98 Jensen Cove Road, Port Hardy	\$509,000	03/07	17.72 Upland	\$28,725	M-3	Improved industrial property. Residual land value is \$20,300 per acre.
11	5084 Island Highway, Union Bay	\$2,750,000	08/05	101.0 Upland	\$27,228	IM / RU-20	12 acre industrial waterfront (log sort) and 89 acres rural.

The preceding sampling of fee simple interest sales demonstrate a range in value of approximately \$25,000 to \$80,000 per acre for waterfront industrial lands located throughout more rural areas of Vancouver Island and Howe Sound. These sale transactions better capture the positioning of the Harbour Land located within the ACRD (outside of the City of Port Alberni).

The estimated industrial waterfront value, *scaled to represent a typical 20 acre parcel*, is equal to approximately \$75,000 per acre for fee simple interest upland within the Zone 1 Harbour Lands lying within ACRD (and outside the City of Port Alberni).

Fee simple uplands possess the potential for development that the adjoining Harbour Lands (filled components) could only achieve through consolidation. The PAPA Land Use Plan mandate, to protect and maintain the Harbour Lands, limits the ability to consolidate and consequently, also limits the use of the filled components to a secondary, or supporting use to the primary upland use. Stated differently, the filled components of the Harbour Lands have some form of restricted utility and, in some cases, may not be equal to 100% of the adjoining fee simple interest parcel value.

Employing the return on market value approach, the market derived rate of return applicable to the upland values is 6%. The 6% rate of return expectation is widely accepted by market participants involved in water leases and this is demonstrated by the following summary data table:-

Address	Tenant	Rate of Return
203 Harbour Road, Victoria	City of Victoria	6.0%
345 Harbour Road, Victoria	Ralmax	6.0%
343 Bay Street, Victoria	Ralmax	6.0%
187 Dallas Road, Victoria	Pacific Heliport	6.0%
400 Newcastle Ave, Nanaimo	Nanaimo Yacht Club	6.0%
2061 Main Road, Nanaimo	Selkirk Recovery	6.0%
Cowichan IR #1	Various Tenants	6.0%
Nanaimo Harbour (NPA)	Various Tenants	6.0%

The estimated market rent for the **filled components** of the Harbour Lands within Zone 1, based upon the return on market value approach is summarized as follows:-

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Area A - Filled water	\$12,000	\$0.275	\$200,000
Area B - Filled water	\$18,000	\$0.413	\$300,000
ACRD – Filled water	\$4,500	\$0.103	\$75,000

In the estimation of the rentable value of the **land covered by water** component of the Harbour Land within Zone 1 and identified as lying within Areas “A” and “B” lying within the City of Port Alberni and those lands lying within the ACRD that are **directly associated with an upland use**, guidance is provided by Public Works and Government Services Canada (PWGSC) who commonly recognize and accept the application of a utility ratio (utility method) in the valuation of un-improved and improved land covered by water (also referred to as submerged land).

The Utility Method formula is also widely applied within the appraisal community. The Utility Method identifies the respective values by zones as follows:-

- A. Those portions of the water lot that have been (1) filled for dry land use or (2) are being utilized to the full potential of the contiguous and integrated upland are valued at 100% of their upland counterpart.

- B. Those portions of the water lot utilized for moorage and berthing, when such areas are under exclusive control of the owner/lessee, are valued at 50% of their upland counterparts.
- C. Those portions of the water lot utilized for vessel transit (ingress/egress areas) are valued at 25% of their upland counterparts.
- D. Those portions of the water lot that are effectively unusable (inter tidal zones) are valued at 5-10% of their upland counterparts.

The PWGSC formula is helpful as a general guide in demonstrating that the land covered by water components are comprised of a mixture of Category B, C and D. Depending on waterlot location, water depth, tidal current, etc, the breakdown of the individual waterlot within each category will differ. Employing a simplistic and generic model where 50% of the waterlot will be used for moorage and 50% will be used for transit and inter-tidal areas, the mathematical ratio equates to approximately 33% of the value of the filled component of the Harbour Land.

Through application of an approximate 33% utility ratio, the estimated market rent for the water components of the Harbour Lands within Zone 1 that are **directly associated with an upland use**, based upon the return on market value approach, equates to:-

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Zone 1 – City of Port Alberni			
Area A - Water	\$3,960	\$0.090	\$66,000
Area B - Water	\$5,940	\$0.136	\$99,000
Zone 1 - ACRD			
Water	\$1,500	\$0.034	\$25,000

In the estimation of the rentable value of the **land covered by water (waterlots)** component of the Harbour Land within Zone 1 and within the ACRD, and not having a direct association with an upland parcel, the utility of the water component is less than 33% and the applicable rate per acre for these lands is addressed in the log storage section below.

Zone 1 Log Storage Lands within ACRD

The log storage lands are those lands covered by water within Zone 1 that are utilized for the sole purpose of industrial log booming and storage and not attached to, or utilized directly with an adjoining upland component.

The Province of BC maintains a pricing guide for Log Handling and Storage within Crown Tenured Water and the June 2011 Log Handling amendment indicates the zonal pricing (water market values) for the following Regions:-

Howe Sound	\$6,178 per ha (\$2,500 per acre)
Sechelt/Jervis Inlets	\$3,768 per ha (\$1,525 per acre)
South Coast	\$4,200 per ha (\$1,700 per acre)
West Coast	\$2,718 per ha (\$1,100 per acre)
Lower Fraser River	\$5,127 per ha (\$2,075 per acre)

The Province of BC maintains a 7.5% percentage rent for licences and an 8% percentage rent for lease tenures. The calculation of rent for a provincial tenured waterlot is then the area of the waterlot multiplied by the pricing guide unit rate (above) multiplied by either 7.5% or 8% (depending on tenure). The West Coast rent rate then would be calculated at \$88 per acre for log storage lease tenure. The Province of BC pricing guide and lease/licence return rates have remained unchanged since **2004** and are **not representative** of market value expectations.

The achievement of upland owner consent may be required where the log storage tenant is not the upland owner or does not maintain the riparian right to the water. The rates for upland consent vary considerably as these agreements are privately negotiated between the third party tenant and upland owner.

The rates charged for upland consent on the east coast of Vancouver Island and within the Gulf Islands are reported to lie within a range of \$4 to \$7 per lineal foot of waterfrontage. The waterlot area beyond the waterfront has no impact upon the upland consent rate.

An example of some current and dated available direct market evidence for upland consent and log storage rental rates is summarized as follows:-

Location	Lineal Footage	License Fee per Foot	Upland Consent Fee/yr	Waterlot Area (acres)	Provincial Waterlot Fee per year	Total Fee per Acre per annum
Ladysmith Harbour	8,000	\$4.32	\$34,549	59.0	\$10,395	\$762
Ladysmith Harbour	1,690	\$5.92	\$10,005	12.8	\$1,632	\$909
Northumberland Strait	2,740	\$6.97	\$19,098	18.9	\$2,410	\$1,138
Northumberland Strait	3,080	\$6.97	\$21,467	21.2	\$2,703	\$1,140

The upland consent fee and waterlot licence fee for the first Indicator is the most current (2012) whereas, the upland consent rates for the latter three Indicators were negotiated in 2003 and have been continually renewed however, the parties to these transactions refused to provide renewal information other than to suggest that the rates remain unchanged. The waterlot fees per year calculated in the table above are estimated based upon the provincial pricing guide (unchanged since 2004). This current and dated direct market evidence indicates a minimum all inclusive range of rentable value (for sites in excess of 12 acres), expressed on a price per acre basis of \$760 to \$1,140 for salt water storage.

By contrast, the Nanaimo Port Authority current log storage rate for Zone 3A (Nanaimo River Estuary) is \$1,260 per annum per acre and the Nanaimo River Estuary booming grounds maintain the benefit of a fresh-water flush which prolongs storage time periods. The Nanaimo Port Authority log storage rates do not require third party upland consent and are representative of straight log storage lease rates. The Nanaimo rates are effectively inclusive of upland consent and were calculated based upon a 6% rate of return on a water value of \$21,000 per acre.

Port Metro Vancouver maintains a log storage pricing guide within the Fraser River with the current rent rates summarized for Zones 2 and 4 as follows:-

Zone 2 – Below Port Mann

Foreshore	\$2,477 per ha (\$1,002 per acre)
Mid-Channel (1 side)	\$3,097 per ha (\$1,253 per acre)
Mid-Channel (2 sides)	\$3,717 per ha (\$1,504 per acre)

Zone 4 – North Arm \$3,582 per ha (\$1,450 per acre)

Port Metro Vancouver draws the distinction that foreshore requires upland ownership or upland consent; mid-channel (1 side) relates to accessibility from only one side with no upland ownership/consent and mid-channel (2 sides) relates to accessibility from both sides with no upland consent.

The Nanaimo Port Authority and Port Metro Vancouver (Fraser River) data demonstrates log storage rates ranging from \$1,250 to \$1,500 per acre per annum (rounded) for booming ground sites that effectively include riparian consent and a separate rate of \$1,000 per acre per annum specifically excluding riparian consent. The Port Metro Below Port Mann Foreshore rate of \$1,000 per acre is approximately $\frac{1}{3}$ less than the Fraser River North Arm rate of \$1,450 per acre, with the only really notable difference being the requirement of riparian consent for the Foreshore rate.

PAPA log storage leases are not inclusive of riparian consent and therefore, the annual log storage rental rates must reflect only the waterlot component.

The comparable log storage data provided herein includes sufficient evidence to indicate that the Zone 1 log storage areas are rentable at less than the rate being charged in the Fraser River where riparian consent is required, or \$1,000 per acre. Extrapolating from the Port Metro pricing relationship between the requirement for riparian consent and non-consent, and applying the $\frac{1}{3}$ discount ratio to the Nanaimo Log Storage rate, results in a calculation of \$844 per acre per annum.

Further discounting to reflect the perception of locational differences between the east coast of Vancouver Island relative to the west coast of Vancouver Island, a generalized price difference between waterfront industrial land in each location reflects a further $\frac{1}{3}$ discount ratio. This is generally demonstrated through an average price per acre of \$300,000 on the east coast and \$200,000 on the west coast (refer to sales data within the Zone 1 Industrial Lands).

Applying this location adjustment factor, for sites *scaled to represent a typical 20 acre parcel*, the rentable value for the Zone 1 Harbour Land Log Storage Areas is estimated as follows:-

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$565	\$0.013

Zone 1 – Rentable Value Summary

City of Port Alberni – Sewage Lagoons

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled Water	\$4,500	\$0.103	\$75,000

City of Port Alberni - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Area A - Filled water	\$12,000	\$0.275	\$200,000
Area B - Filled water	\$18,000	\$0.413	\$300,000
Area A - Water	\$3,960	\$0.090	\$66,000
Area B - Water	\$5,940	\$0.136	\$99,000

ACRD - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled water	\$4,500	\$0.103	\$75,000
Water	\$1,500	\$0.034	\$25,000

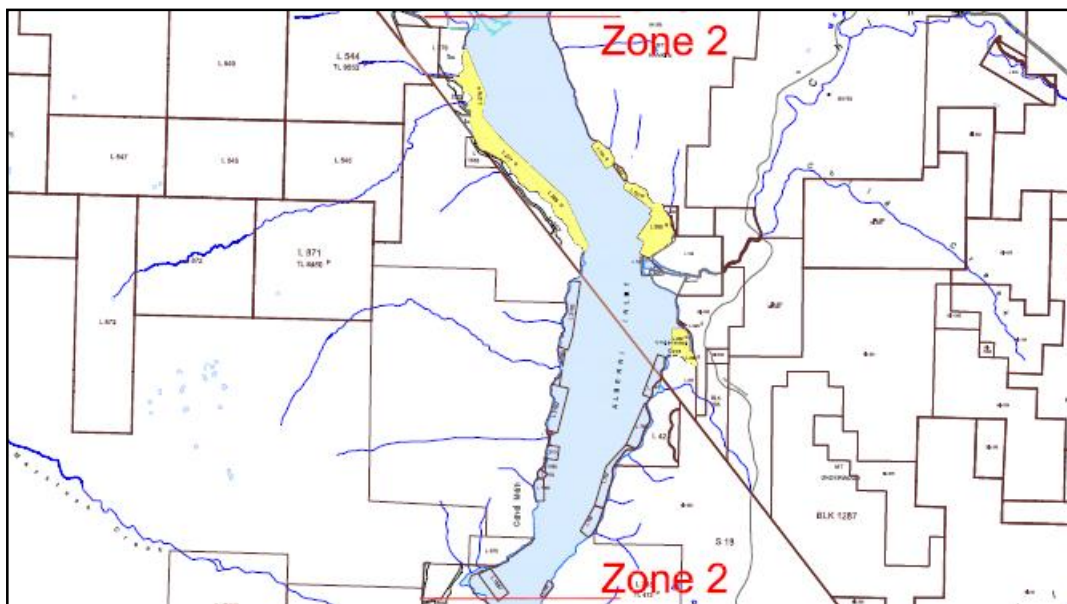
ACRD – Log Storage

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$565	\$0.013

ZONE 2 – ALBERNI INLET – LONE TREE POINT TO MACKTUSH

ACRD Zoning: P-2 (Park and Public Use)
W-1 (Waterfront Conservation)
W-4 (Waterfront Commercial)
W-5 (Waterfront Industrial)

Highest and best use: Continuation of the existing use.



Description of land: Zone 2 – Alberni Inlet (China Creek) extends from Lone Tree Point (IR # 3 Cous) to Macktush Campground (opposite the Franklin River) and contains PAPA designated log storage and commercial recreation uses. Zone 2 lands lie entirely within the Alberni Clayoquot Regional District containing P-2 / W-1 / W-4 / W-5 zoning designations.

Summary Rental Valuation

The lands covered by water (waterlots) and filled lands lying within Alberni Harbour include recreational commercial (China Creek campground and small vessel marina), industrial (relating to forestry uses) and log storage uses within ACRD.

The market does not generally provide a distinction in value between forestry industrial and recreational commercial in more rural or remote areas. For this reason, the sales analysis undertaken in support of the forestry industrial values is considered applicable to the recreational commercial uses as well.

Zone 2 Industrial Harbour Lands within ACRD

Waterfront industrial land sales, spanning a ten year timeline and for more rural and generally unserved locations, are as noted in the following table:-

No	Address	Sale Price	Sale Date	Land Area (acre)	SP/ac	Zoning	Remarks
6	Woodfibre Pulp Mill Site, Squamish	\$17,000,000	01/13	213.0 Upland	\$79,812	I-3	Former Woodfibre Pulp Mill site located in Howe Sound
7	4405 Island Highway, Campbell River	\$8,610,000	05/13	322.0* Upland	\$26,739	I-2	Former Elk Falls Pulp Mill site. 322* acres industrial upland and 891 acres in ALR
8	5705 Island Highway, Campbell River	\$2,500,000	07/12	33.32 Upland	\$75,030	I-2	Improved industrial property. Residual land value is \$53,725 per acre.
9	1000 Wave Place, Nanaimo	\$13,200,000	08/08	240.0 Upland	\$55,000	I-4	Improved property sale (Harmac Pulp Mill). Sale was representative of land value only.
10	6290/98 Jensen Cove Road, Port Hardy	\$509,000	03/07	17.72 Upland	\$28,725	M-3	Improved industrial property. Residual land value is \$20,300 per acre.
11	5084 Island Highway, Union Bay	\$2,750,000	08/05	101.0 Upland	\$27,228	IM / RU-20	12 acre industrial waterfront (log sort) and 89 acres rural.

The preceding sampling of fee simple interest sales demonstrate a range in value of approximately \$25,000 to \$80,000 per acre for waterfront industrial lands located throughout more rural and remote areas of Vancouver Island and Howe Sound. These sale transactions better capture the positioning of the Harbour Land located within the ACRD.

The estimated industrial waterfront value, *scaled to represent a typical 20 acre parcel*, is equal to approximately \$50,000 per acre for fee simple interest upland within the Zone 2 Harbour Lands lying within ACRD.

Fee simple uplands possess the potential for development that the adjoining Harbour Lands (filled components) could only achieve through consolidation. The PAPA Land Use Plan mandate, to protect and maintain the Harbour Lands, limits the ability to consolidate and consequently, also limits the use of the filled components to a secondary, or supporting use to the primary upland use. Stated differently, the filled components of the Harbour Lands have some form of restricted utility and, in some cases, may not be equal to 100% of the adjoining fee simple interest parcel value.

Employing the return on market value approach, the market derived rate of return applicable to the upland values is 6%. The 6% rate of return expectation is widely accepted by market participants involved in water leases and this is demonstrated by the following summary data table:-

Address	Tenant	Rate of Return
203 Harbour Road, Victoria	City of Victoria	6.0%
345 Harbour Road, Victoria	Ralmax	6.0%
343 Bay Street, Victoria	Ralmax	6.0%
187 Dallas Road, Victoria	Pacific Heliport	6.0%
400 Newcastle Ave, Nanaimo	Nanaimo Yacht Club	6.0%
2061 Main Road, Nanaimo	Selkirk Recovery	6.0%
Cowichan IR #1	Various Tenants	6.0%
Nanaimo Harbour (NPA)	Various Tenants	6.0%

The estimated market rent for the **filled components** of the Harbour Lands within Zone 2, based upon the return on market value approach is summarized as follows:-

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
ACRD – Filled water	\$3,000	\$0.068	\$50,000

Zone 2 Log Storage Lands within ACRD

The log storage lands are those lands covered by water within Zone 2 that are utilized for the sole purpose of industrial log booming and storage and not attached to, or utilized directly with an adjoining upland component.

The Province of BC maintains a pricing guide for Log Handling and Storage within Crown Tenured Water and the June 2011 Log Handling amendment indicates the zonal pricing (water market values) for the following Regions:-

Howe Sound	\$6,178 per ha (\$2,500 per acre)
Sechelt/Jervis Inlets	\$3,768 per ha (\$1,525 per acre)
South Coast	\$4,200 per ha (\$1,700 per acre)
West Coast	\$2,718 per ha (\$1,100 per acre)
Lower Fraser River	\$5,127 per ha (\$2,075 per acre)

The Province of BC maintains a 7.5% percentage rent for licences and an 8% percentage rent for lease tenures. The calculation of rent for a provincial tenured waterlot is then the area of the waterlot multiplied by the pricing guide unit rate (above) multiplied by either 7.5% or 8% (depending on tenure). The West Coast rent rate then would be calculated at \$88 per acre for log storage lease tenure. The Province of BC pricing guide and lease/licence return rates have remained unchanged since **2004** and are **not representative** of market value expectations.

The achievement of upland owner consent may be required where the log storage tenant is not the upland owner or does not maintain the riparian right to the water. The rates for upland consent vary considerably as these agreements are privately negotiated between the third party tenant and upland owner.

The rates charged for upland consent on the east coast of Vancouver Island and within the Gulf Islands are reported to lie within a range of \$4 to \$7 per lineal foot of waterfrontage. The waterlot area beyond the waterfront has no impact upon the upland consent rate.

An example of some current and dated available direct market evidence for upland consent and log storage rental rates is summarized as follows:-

Location	Lineal Footage	License Fee per Foot	Upland Consent Fee/yr	Waterlot Area (acres)	Provincial Waterlot Fee per year	Total Fee per Acre per annum
Ladysmith Harbour	8,000	\$4.32	\$34,549	59.0	\$10,395	\$762
Ladysmith Harbour	1,690	\$5.92	\$10,005	12.8	\$1,632	\$909
Northumberland Strait	2,740	\$6.97	\$19,098	18.9	\$2,410	\$1,138
Northumberland Strait	3,080	\$6.97	\$21,467	21.2	\$2,703	\$1,140

The upland consent fee and waterlot licence fee for the first Indicator is the most current (2012) whereas, the upland consent rates for the latter three Indicators were negotiated in 2003 and have been continually renewed however, the parties to these transactions refused to provide renewal information other than to suggest that the rates remain unchanged. The waterlot fees per year calculated in the table above are estimated based upon the provincial pricing guide (unchanged since 2004). This current and dated direct market evidence indicates a minimum all inclusive range of rentable value (for sites in excess of 12 acres), expressed on a price per acre basis of \$760 to \$1,140 for salt water storage.

By contrast, the Nanaimo Port Authority current log storage rate for Zone 3A (Nanaimo River Estuary) is \$1,260 per annum per acre and the Nanaimo River Estuary booming grounds maintain the benefit of a fresh-water flush which prolongs storage time periods. The Nanaimo Port Authority log storage rates do not require third party upland consent and are representative of straight log storage lease rates. The Nanaimo rates are effectively inclusive of upland consent and were calculated based upon a 6% rate of return on a water value of \$21,000 per acre.

Port Metro Vancouver maintains a log storage pricing guide within the Fraser River with the current rent rates summarized for Zones 2 and 4 as follows:-

Zone 2 – Below Port Mann

Foreshore	\$2,477 per ha (\$1,002 per acre)
Mid-Channel (1 side)	\$3,097 per ha (\$1,253 per acre)
Mid-Channel (2 sides)	\$3,717 per ha (\$1,504 per acre)

Zone 4 – North Arm \$3,582 per ha (\$1,450 per acre)

Port Metro Vancouver draws the distinction that foreshore requires upland ownership or upland consent; mid-channel (1 side) relates to accessibility from only one side with no upland ownership/consent and mid-channel (2 sides) relates to accessibility from both sides with no upland consent.

The Nanaimo Port Authority and Port Metro Vancouver (Fraser River) data demonstrates log storage rates ranging from \$1,250 to \$1,500 per acre per annum (rounded) for booming ground sites that effectively include riparian consent and a separate rate of \$1,000 per acre per annum

specifically excluding riparian consent. The Port Metro Below Port Mann Foreshore rate of \$1,000 per acre is approximately $\frac{1}{3}$ less than the Fraser River North Arm rate of \$1,450 per acre, with the only really notable difference being the requirement of riparian consent for the Foreshore rate.

PAPA log storage leases are not inclusive of riparian consent and therefore, the annual log storage rental rates must reflect only the waterlot component.

The comparable log storage data provided herein includes sufficient evidence to indicate that the Zone 2 log storage areas are rentable at less than the rate being charged in the Fraser River where riparian consent is required, or \$1,000 per acre. Extrapolating from the Port Metro pricing relationship between the requirement for riparian consent and non-consent, and applying the $\frac{1}{3}$ discount ratio to the Nanaimo Log Storage rate, results in a calculation of \$844 per acre per annum.

Further discounting to reflect the perception of locational differences between the east coast of Vancouver Island relative to the west coast of Vancouver Island, a generalized price difference between waterfront industrial land in each location reflects a further $\frac{1}{3}$ discount ratio. This is generally demonstrated through an average price per acre of \$300,000 on the east coast and \$200,000 on the west coast (refer to sales data within the Zone 1 Industrial Lands). Application of this second discount factor results in a log storage rate of \$565 per acre per annum.

A third discount to the Zone 2 log storage rate is required as PAPA has maintained a 25 year historical log storage pricing matrix between the four zones within the Alberni Harbour where Zone 2 log storage pricing is 81% to 82% of that charged for Zone 1.

Applying the consent adjustment factor, location adjustment factor and historical pricing matrix factor, for sites *scaled to represent a typical 20 acre parcel*, the rentable value for the Zone 2 Harbour Land Log Storage Areas is estimated as follows:-

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$463	\$0.010

Zone 2 – Rentable Value Summary

ACRD - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled water	\$3,000	\$0.068	\$50,000

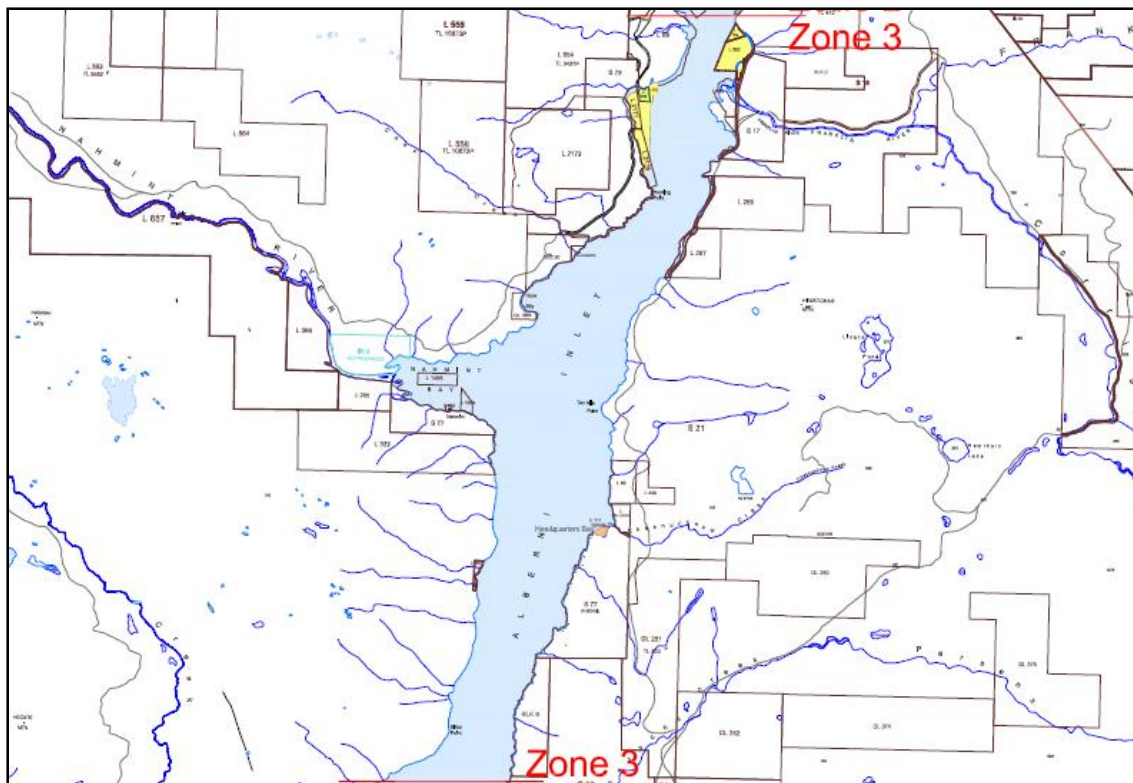
ACRD Log Storage

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$463	\$0.010

ZONE 3 – ALBERNI INLET – MACTUSH TO COLEMAN CREEK

ACRD Zoning: W-1 (Waterfront Conservation)
W-4 (Waterfront Commercial)
W-5 (Waterfront Industrial)

Highest and best use: Continuation of the existing use.



Description of land: Zone 3 – Alberni Inlet (Nahmint Bay) extends from Macktush Campground to Coleman Creek and contains PAPA designated log storage and commercial recreation uses. Zone 3 lands lie entirely within the Alberni Clayoquot Regional District containing W-1 / W-4 / W-5 zoning designations.

Summary Rental Valuation

The lands covered by water (waterlot) and filled lands lying within Alberni Harbour include recreational commercial, industrial (relating to forestry uses) and log storage uses within ACRD.

The market does not generally provide a distinction in value between forestry industrial and recreational commercial in more rural or remote areas. For this reason, the sales analysis undertaken in support of the forestry industrial values is considered applicable to the recreational commercial uses as well.

Zone 3 Industrial Harbour Lands within ACRD

Waterfront industrial land sales, spanning a ten year timeline and for more rural and generally unserviced locations, are as noted in the following table:-

No	Address	Sale Price	Sale Date	Land Area (acre)	SP/ac	Zoning	Remarks
6	Woodfibre Pulp Mill Site, Squamish	\$17,000,000	01/13	213.0 Upland	\$79,812	I-3	Former Woodfibre Pulp Mill site located in Howe Sound
7	4405 Island Highway, Campbell River	\$8,610,000	05/13	322.0* Upland	\$26,739	I-2	Former Elk Falls Pulp Mill site. 322* acres industrial upland and 891 acres in ALR
8	5705 Island Highway, Campbell River	\$2,500,000	07/12	33.32 Upland	\$75,030	I-2	Improved industrial property. Residual land value is \$53,725 per acre.
9	1000 Wave Place, Nanaimo	\$13,200,000	08/08	240.0 Upland	\$55,000	I-4	Improved property sale (Harmac Pulp Mill). Sale was representative of land value only.
10	6290/98 Jensen Cove Road, Port Hardy	\$509,000	03/07	17.72 Upland	\$28,725	M-3	Improved industrial property. Residual land value is \$20,300 per acre.
11	5084 Island Highway, Union Bay	\$2,750,000	08/05	101.0 Upland	\$27,228	IM / RU-20	12 acre industrial waterfront (log sort) and 89 acres rural.

The preceding sampling of fee simple interest sales demonstrate a range in value of approximately \$25,000 to \$80,000 per acre for waterfront industrial lands located throughout more rural and remote areas of Vancouver Island and Howe Sound. These sale transactions better capture the positioning of the Harbour Land located within the ACRD.

The estimated industrial waterfront value, *scaled to represent a typical 20 acre parcel*, is equal to approximately \$25,000 per acre for fee simple interest upland within the Zone 3 Harbour Lands lying within ACRD.

Fee simple uplands possess the potential for development that the adjoining Harbour Lands (filled components) could only achieve through consolidation. The PAPA Land Use Plan mandate, to protect and maintain the Harbour Lands, limits the ability to consolidate and consequently, also limits the use of the filled components to a secondary, or supporting use to the primary upland use. Stated differently, the filled components of the Harbour Lands have some form of restricted utility and, in some cases, may not be equal to 100% of the adjoining fee simple interest parcel value.

Employing the return on market value approach, the market derived rate of return applicable to the upland values is 6%. The 6% rate of return expectation is widely accepted by market

participants involved in water leases and this is demonstrated by the following summary data table:-

Address	Tenant	Rate of Return
203 Harbour Road, Victoria	City of Victoria	6.0%
345 Harbour Road, Victoria	Ralmax	6.0%
343 Bay Street, Victoria	Ralmax	6.0%
187 Dallas Road, Victoria	Pacific Heliport	6.0%
400 Newcastle Ave, Nanaimo	Nanaimo Yacht Club	6.0%
2061 Main Road, Nanaimo	Selkirk Recovery	6.0%
Cowichan IR #1	Various Tenants	6.0%
Nanaimo Harbour (NPA)	Various Tenants	6.0%

The estimated market rent for the **filled components** of the Harbour Lands within Zone 3, based upon the return on market value approach is summarized as follows:-

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
ACRD – Filled water	\$1,500	\$0.034	\$25,000

Zone 3 Log Storage Lands within ACRD

The log storage lands are those lands covered by water within Zone 3 that are utilized for the sole purpose of industrial log booming and storage and not attached to, or utilized directly with an adjoining upland component.

The Province of BC maintains a pricing guide for Log Handling and Storage within Crown Tenured Water and the June 2011 Log Handling amendment indicates the zonal pricing for the following Regions:-

Howe Sound	\$6,178 per ha (\$2,500 per acre)
Sechelt/Jervis Inlets	\$3,768 per ha (\$1,525 per acre)
South Coast	\$4,200 per ha (\$1,700 per acre)
West Coast	\$2,718 per ha (\$1,100 per acre)
Lower Fraser River	\$5,127 per ha (\$2,075 per acre)

The Province of BC maintains a 7.5% percentage rent for licences and an 8% percentage rent for lease tenures. The calculation of rent for a provincial tenured waterlot is then the area of the waterlot multiplied by the pricing guide unit rate (above) multiplied by either 7.5% or 8% (depending on tenure). The West Coast rent rate then would be calculated at \$88 per acre for log storage lease tenure. The Province of BC pricing guide and lease/licence return rates have remained unchanged since **2004** and are **not representative** of market value expectations.

The achievement of upland owner consent may be required where the log storage tenant is not the upland owner or does not maintain the riparian right to the water. The rates for upland

consent vary considerably as these agreements are privately negotiated between the third party tenant and upland owner.

The rates charged for upland consent on the east coast of Vancouver Island and within the Gulf Islands are reported to lie within a range of \$4 to \$7 per lineal foot of waterfrontage. The waterlot area beyond the waterfront has no impact upon the upland consent rate.

An example of some current and dated available direct market evidence for upland consent and log storage rental rates is summarized as follows:-

Location	Lineal Footage	License Fee per Foot	Upland Consent Fee/yr	Waterlot Area (acres)	Provincial Waterlot Fee per year	Total Fee per Acre per annum
Ladysmith Harbour	8,000	\$4.32	\$34,549	59.0	\$10,395	\$762
Ladysmith Harbour	1,690	\$5.92	\$10,005	12.8	\$1,632	\$909
Northumberland Strait	2,740	\$6.97	\$19,098	18.9	\$2,410	\$1,138
Northumberland Strait	3,080	\$6.97	\$21,467	21.2	\$2,703	\$1,140

The upland consent fee and waterlot licence fee for the first Indicator is the most current (2012) whereas, the upland consent rates for the latter three Indicators were negotiated in 2003 and have been continually renewed however, the parties to these transactions refused to provide renewal information other than to suggest that the rates remain unchanged. The waterlot fees per year calculated in the table above are estimated based upon the provincial pricing guide (unchanged since 2004). This current and dated direct market evidence indicates a minimum all inclusive range of rentable value (for sites in excess of 12 acres), expressed on a price per acre basis of \$760 to \$1,140 for salt water storage.

By contrast, the Nanaimo Port Authority current log storage rate for Zone 3A (Nanaimo River Estuary) is \$1,260 per annum per acre and the Nanaimo River Estuary booming grounds maintain the benefit of a fresh-water flush which prolongs storage time periods. The Nanaimo Port Authority log storage rates do not require third party upland consent and are representative of straight log storage lease rates. The Nanaimo rates are effectively inclusive of upland consent and were calculated based upon a 6% rate of return on a water value of \$21,000 per acre.

Port Metro Vancouver maintains a log storage pricing guide within the Fraser River with the current rent rates summarized for Zones 2 and 4 as follows:-

Zone 2 – Below Port Mann

Foreshore	\$2,477 per ha (\$1,002 per acre)
Mid-Channel (1 side)	\$3,097 per ha (\$1,253 per acre)
Mid-Channel (2 sides)	\$3,717 per ha (\$1,504 per acre)

Zone 4 – North Arm \$3,582 per ha (\$1,450 per acre)

Port Metro Vancouver draws the distinction that foreshore requires upland ownership or upland consent; mid-channel (1 side) relates to accessibility from only one side with no upland ownership/consent and mid-channel (2 sides) relates to accessibility from both sides with no upland consent.

The Nanaimo Port Authority and Port Metro Vancouver (Fraser River) data demonstrates log storage rates ranging from \$1,250 to \$1,500 per acre per annum (rounded) for booming ground sites that effectively include riparian consent and a separate rate of \$1,000 per acre per annum specifically excluding riparian consent. The Port Metro Below Port Mann Foreshore rate of \$1,000 per acre is approximately $\frac{1}{3}$ less than the Fraser River North Arm rate of \$1,450 per acre, with the only really notable difference being the requirement of riparian consent for the Foreshore rate.

PAPA log storage leases are not inclusive of riparian consent and therefore, the annual log storage rental rates must reflect only the waterlot component.

The comparable log storage data provided herein includes sufficient evidence to indicate that the Zone 3 log storage areas are rentable at less than the rate being charged in the Fraser River where riparian consent is required, or \$1,000 per acre. Extrapolating from the Port Metro pricing relationship between the requirement for riparian consent and non-consent, and applying the $\frac{1}{3}$ discount ratio to the Nanaimo Log Storage rate, results in a calculation of \$844 per acre per annum.

Further discounting to reflect the perception of locational differences between the east coast of Vancouver Island relative to the west coast of Vancouver Island, a generalized price difference between waterfront industrial land in each location reflects a further $\frac{1}{3}$ discount ratio. This is generally demonstrated through an average price per acre of \$300,000 on the east coast and \$200,000 on the west coast (refer to sales data within the Zone 1 Industrial Lands). Application of this second discount factor results in a log storage rate of \$565 per acre per annum.

A third discount to the Zone 3 log storage rate is required as PAPA has maintained a 25 year historical log storage pricing matrix between the four zones within the Alberni Harbour where Zone 3 log storage pricing is 72% to 73% of that charged for Zone 1.

Applying the consent adjustment factor, location adjustment factor and historical pricing matrix factor, for sites *scaled to represent a typical 20 acre parcel*, the rentable value for the Zone 2 Harbour Land Log Storage Areas is estimated as follows:-

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$412	\$0.009

Zone 3 – Rentable Value Summary

ACRD - Industrial

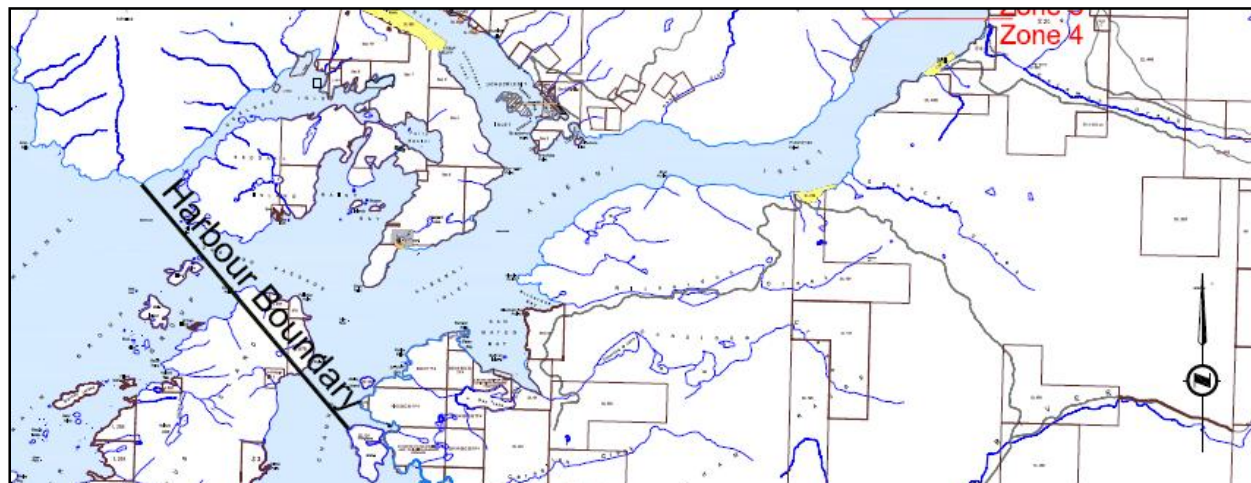
	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled water	\$1,500	\$0.034	\$25,000

ACRD Log Storage

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$412	\$0.009

ZONE 4 – ALBERNI INLET –COLEMAN CREEK TO HARBOUR LIMIT

ACRD Zoning: A-4 (Forest Reserve District)
 Highest and best use: Continuation of the existing use.



Description of land: Zone 4 – Alberni Inlet to Barclay Sound extends from Coleman Creek to Tzartus Island (Barclay Sound Harbour Limit) and incorporates Uchucklesit Inlet and contains PAPA designated log storage and commercial recreation uses. Zone 4 lands lie entirely within the Alberni Clayoquot Regional District containing the A-4 zoning designations.

Summary Rental Valuation

The lands covered by water (waterlots) and filled lands lying within Alberni Harbour include recreational commercial, industrial (relating to forestry uses) and log storage uses within ACRD.

The market does not generally provide a distinction in value between forestry industrial and recreational commercial in more rural or remote areas. For this reason, the sales analysis undertaken in support of the forestry industrial values is considered applicable to the recreational commercial uses as well.

Zone 2 Industrial Harbour Lands within ACRD

Waterfront industrial land sales, spanning a ten year timeline and for more rural and generally unserved locations, are as noted in the following table:-

No	Address	Sale Price	Sale Date	Land Area (acre)	SP/ac	Zoning	Remarks
6	Woodfibre Pulp Mill Site, Squamish	\$17,000,000	01/13	213.0 Upland	\$79,812	I-3	Former Woodfibre Pulp Mill site located in Howe Sound
7	4405 Island Highway, Campbell River	\$8,610,000	05/13	322.0* Upland	\$26,739	I-2	Former Elk Falls Pulp Mill site. 322* acres industrial

							upland and 891 acres in ALR
8	5705 Island Highway, Campbell River	\$2,500,000	07/12	33.32 Upland	\$75,030	I-2	Improved industrial property. Residual land value is \$53,725 per acre.
9	1000 Wave Place, Nanaimo	\$13,200,000	08/08	240.0 Upland	\$55,000	I-4	Improved property sale (Harmac Pulp Mill). Sale was representative of land value only.
10	6290/98 Jensen Cove Road, Port Hardy	\$509,000	03/07	17.72 Upland	\$28,725	M-3	Improved industrial property. Residual land value is \$20,300 per acre.
11	5084 Island Highway, Union Bay	\$2,750,000	08/05	101.0 Upland	\$27,228	IM / RU-20	12 acre industrial waterfront (log sort) and 89 acres rural.

The preceding sampling of fee simple interest sales demonstrate a range in value of approximately \$20,000 to \$80,000 per acre for waterfront industrial lands located throughout more rural and remote areas of Vancouver Island and Howe Sound. These sale transactions better capture the positioning of the Harbour Land located within the ACRD.

The estimated industrial waterfront value, *scaled to represent a typical 20 acre parcel*, is equal to approximately \$25,000 per acre for fee simple interest upland within the Zone 4 Harbour Lands lying within ACRD.

Fee simple uplands possess the potential for development that the adjoining Harbour Lands (filled components) could only achieve through consolidation. The PAPA Land Use Plan mandate, to protect and maintain the Harbour Lands, limits the ability to consolidate and consequently, also limits the use of the filled components to a secondary, or supporting use to the primary upland use. Stated differently, the filled components of the Harbour Lands have some form of restricted utility and, in some cases, may not be equal to 100% of the adjoining fee simple interest parcel value.

Employing the return on market value approach, the market derived rate of return applicable to the upland values is 6%. The 6% rate of return expectation is widely accepted by market participants involved in water leases and this is demonstrated by the following summary data table:-

Address	Tenant	Rate of Return
203 Harbour Road, Victoria	City of Victoria	6.0%
345 Harbour Road, Victoria	Ralmax	6.0%
343 Bay Street, Victoria	Ralmax	6.0%
187 Dallas Road, Victoria	Pacific Heliport	6.0%
400 Newcastle Ave, Nanaimo	Nanaimo Yacht Club	6.0%

Address	Tenant	Rate of Return
2061 Main Road, Nanaimo	Selkirk Recovery	6.0%
Cowichan IR #1	Various Tenants	6.0%
Nanaimo Harbour (NPA)	Various Tenants	6.0%

The estimated market rent for the **filled components** of the Harbour Lands within Zone 4, based upon the return on market value approach is summarized as follows:-

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
ACRD – Filled water	\$1,500	\$0.034	\$25,000

Zone 4 Log Storage Lands within ACRD

The log storage lands are those lands covered by water within Zone 4 that are utilized for the sole purpose of industrial log booming and storage and not attached to, or utilized directly with an adjoining upland component.

The Province of BC maintains a pricing guide for Log Handling and Storage within Crown Tenured Water and the June 2011 Log Handling amendment indicates the zonal pricing for the following Regions:-

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The achievement of upland owner consent may be required where the log storage tenant is not the upland owner or does not maintain the riparian right to the water. The rates for upland consent vary considerably as these agreements are privately negotiated between the third party tenant and upland owner.

The rates charged for upland consent on the east coast of Vancouver Island and within the Gulf Islands are reported to lie within a range of \$4 to \$7 per lineal foot of waterfrontage. The waterlot area beyond the waterfront has no impact upon the upland consent rate.

An example of some current and dated available direct market evidence for upland consent and log storage rental rates is summarized as follows:-

Location	Lineal Footage	License Fee per Foot	Upland Consent Fee/yr	Waterlot Area (acres)	Provincial Waterlot Fee per year	Total Fee per Acre per annum
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The upland consent fee and waterlot licence fee for the first Indicator is the most current (2012) whereas, the upland consent rates for the latter three Indicators were negotiated in 2003 and have been continually renewed however, the parties to these transactions refused to provide renewal information other than to suggest that the rates remain unchanged. The waterlot fees per year calculated in the table above are estimated based upon the provincial pricing guide (unchanged since 2004). This current and dated direct market evidence indicates a minimum all inclusive range of rentable value (for sites in excess of 12 acres), expressed on a price per acre basis of \$760 to \$1,140 for salt water storage.

By contrast, the Nanaimo Port Authority current log storage rate for Zone 3A (Nanaimo River Estuary) is \$1,260 per annum per acre and the Nanaimo River Estuary booming grounds maintain the benefit of a fresh-water flush which prolongs storage time periods. The Nanaimo Port Authority log storage rates do not require third party upland consent and are representative of straight log storage lease rates. The Nanaimo rates are effectively inclusive of upland consent and were calculated based upon a 6% rate of return on a water value of \$21,000 per acre.

Port Metro Vancouver maintains a log storage pricing guide within the Fraser River with the current rent rates summarized for Zones 2 and 4 as follows:-

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Foreshore	\$2,477 per ha (\$1,002 per acre)
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Mid-Channel (2 sides)	\$3,717 per ha (\$1,504 per acre)

Zone 4 – North Arm \$3,582 per ha (\$1,450 per acre)

Port Metro Vancouver draws the distinction that foreshore requires upland ownership or upland consent; mid-channel (1 side) relates to accessibility from only one side with no upland ownership/consent and mid-channel (2 sides) relates to accessibility from both sides with no upland consent.

The Nanaimo Port Authority and Port Metro Vancouver (Fraser River) data demonstrates log storage rates ranging from \$1,250 to \$1,500 per acre per annum (rounded) for booming ground sites that effectively include riparian consent and a separate rate of \$1,000 per acre per annum specifically excluding riparian consent. The Port Metro Below Port Mann Foreshore rate of \$1,000 per acre is approximately $\frac{1}{3}$ less than the Fraser River North Arm rate of \$1,450 per acre, with the only really notable difference being the requirement of riparian consent for the Foreshore rate.

PAPA log storage leases are not inclusive of riparian consent and therefore, the annual log storage rental rates must reflect only the waterlot component.

The comparable log storage data provided herein includes sufficient evidence to indicate that the Zone 4 log storage areas are rentable at less than the rate being charged in the Fraser River where riparian consent is required, or \$1,000 per acre. Extrapolating from the Port Metro pricing relationship between the requirement for riparian consent and non-consent, and applying the $\frac{1}{3}$ discount ratio to the Nanaimo Log Storage rate, results in a calculation of \$844 per acre per annum.

Further discounting to reflect the perception of locational differences between the east coast of Vancouver Island relative to the west coast of Vancouver Island, a generalized price difference between waterfront industrial land in each location reflects a further $\frac{1}{3}$ discount ratio. This is generally demonstrated through an average price per acre of \$300,000 on the east coast and \$200,000 on the west coast (refer to sales data within the Zone 1 Industrial Lands). Application of this second discount factor results in a log storage rate of \$565 per acre per annum.

A third discount to the Zone 4 log storage rate is required as PAPA has maintained a 25 year historical log storage pricing matrix between the four zones within the Alberni Harbour where Zone 4 log storage pricing is 63% to 64% of that charged for Zone 1.

Applying the consent adjustment factor, location adjustment factor and historical pricing matrix factor, for sites *scaled to represent a typical 20 acre parcel*, the rentable value for the Zone 2 Harbour Land Log Storage Areas is estimated as follows:-

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$362	\$0.008

Zone 4 – Rentable Value Summary

ACRD - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled water	\$1,500	\$0.034	\$25,000

ACRD Log Storage

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$362	\$0.008

RENTABLE VALUE SUMMARIES

Zone 1 – Alberni Harbour – Somass to Lone Tree Point

City of Port Alberni – Sewage Lagoons

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled Water	\$4,500	\$0.103	\$75,000

City of Port Alberni - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Area A - Filled water	\$12,000	\$0.275	\$200,000
Area B - Filled water	\$18,000	\$0.413	\$300,000
Area A - Water	\$3,960	\$0.090	\$66,000
Area B - Water	\$5,940	\$0.136	\$99,000

ACRD - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled water	\$4,500	\$0.103	\$75,000
Water	\$1,500	\$0.034	\$25,000

ACRD Log Storage

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$565	\$0.013

Zone 2 – Rentable Value Summary

ACRD - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled water	\$3,000	\$0.068	\$50,000

ACRD Log Storage

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$463	\$0.010

Zone 3 – Rentable Value Summary

ACRD - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled water	\$1,500	\$0.034	\$25,000

ACRD Log Storage

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$412	\$0.009

Zone 4 – Rentable Value Summary

ACRD - Industrial

	Rent Rate / acre	Rent Rate / SF	Land Value / acre
Filled water	\$1,500	\$0.034	\$25,000

ACRD Log Storage

	Rent Rate / acre	Rent Rate / SF
Log Storage Waterlot	\$362	\$0.008

Exposure Time

Exposure time is the time a property remains on the market. In a rentable value appraisal, the term means the estimated length of time an owner would likely need to market the leasehold interest before the hypothetical consummation of a lease contract at market rent on the effective date of the appraisal. An opinion of exposure time is a retrospective estimate that has its basis in an analysis of past events assuming a competitive and open market.

The period of exposure time occurs immediately before the effective date of the appraisal. The overall concept of reasonable exposure time encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable marketing effort. Exposure time is different for various types of real estate and value ranges and under various market conditions.

In my view, the Harbour Lands remain in demand and would achieve lease status within a time typical for its market. Given current economic conditions, this exposure time would be in the order of 60 to 180 days for properties that were reasonably priced and professionally marketed.

This estimate does not include the time for typical due diligence and closing time subsequent to achievement of an offer to lease or an agreement in principle.

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct;
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal impartial, and unbiased professional analysis, opinions and conclusions;
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client;
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Canadian Uniform Standards of Professional Practice of the Appraisal Institute of Canada*;
7. I have the knowledge and experience to complete the assignment competently;
8. No one provided significant professional assistance to the person signing this report;
9. As of the date of this report, the undersigned has fulfilled the requirements of the Appraisal Institute of Canada's Continuing Professional Development Program;
10. The undersigned personally inspected the Harbour Lands in October 2015.

November 26, 2015



David L. Kirk
AACI, P.App., RI(BC)

QUALIFICATIONS OF APPRAISER

David L. Kirk, AACI, P. App., RI (BC)

Education and Memberships

Accredited Appraiser and Professional Appraiser	Appraisal Institute of Canada AACI, P. App. – June 29, 1992 Certificate No. 3216
Professional Member	Real Estate Institute of British Columbia RI (BC) - December 11, 1992 Certificate No. 2760
Environment Canada Ecological Gifts Program	Appraisers Workshop – February 2002

Education and Memberships

33 years experience in comprehensive appraisal of residential, commercial, industrial and agricultural properties for sale, purchase, mortgage, taxation, assessment, expropriation and other purposes. Recognized as an expert witness before the Supreme Court of British Columbia and the Expropriation Compensation Board of British Columbia.

President of Cunningham & Rivard Appraisals Ltd.

Completed Appraisals and Related Assignments for:-

Bank of Montreal	TD/Canada Trust
Royal Bank of Canada	HSBC Bank Canada
Canadian Imperial Bank of Canada	Canadian Western Bank
Scotiabank	Coastal Community Credit Union
Vancity Credit Union	Island Savings Credit Union
Coast Capital Savings Credit Union	Capital Regional District
Cowichan Valley Regional District	Regional District of Nanaimo
Alberni-Clayoquot Regional District	Comox Valley Regional District
City of Victoria	City of Parksville
City of Nanaimo	City of Port Alberni
City of Duncan	District of North Cowichan
District of Oak Bay	Town of Ladysmith
Town of Qualicum Beach	Town of Sidney
Government of Canada	Government of British Columbia
Greater Victoria Harbour Authority	Nanaimo Port Authority
Port Alberni Port Authority	Transport Canada
Langley Airport	Nanaimo Airport Commission
School District 68 (Nanaimo)	School District 69 (Qualicum)
Canadian Pacific Railway	And Many Others

ADDENDA

1. **Nanaimo Shipyard**
1020 – 1110 Stewart Avenue, Nanaimo, BC



Legal Description: Block 33, Lot 96-B, Nanaimo District, Plan 2039 Except the Northerly 31.9 Feet Thereof (PID: 001-523-589); The Northerly 31.9 Feet of Block 33, Lot 96-B, Nanaimo District, Plan 2039 (PID: 001-523-601); Parcel "A" (DD 9808-N), Lot 96-B, Section 1, Newcastle Reserve, Nanaimo District (PID: 001-523-180); Lot 1, Block 84, Newcastle Townsite, Section 1, Nanaimo District, Plan 366 Except Part in Plan VIP62324 (PID: 001-523-139); Lot 2, Block 84, Newcastle Townsite, Section 1, Nanaimo District, Plan 366, Including Therein Portion of Said Lot 2, Now also Known as Block 40, Lot 96-B, Plan 2039 (PID: 001-523-163); Lot A, Newcastle Townsite, Section 1, Nanaimo District, Plan VIP62324 (PID: 023-307-731); Lot B, Newcastle Townsite, Section 1, Nanaimo District, Plan VIP62324 (PID: 023-307-765); Lot C, Newcastle Townsite, Section 1, Nanaimo District, Plan VIP62324 (PID: 023-307-773); Foreshore Lease Lease/Permit/Licence #FL077, Nanaimo Port Authority Lease for Shipyard Fronting Lots A, B & C, Plan VIP62324; Lots 1 & 2, Plan 366; Parcel A (DD9808N) of Lot 96B; Block 33, Plan 2039; and Block 40, Plan 2039

Instrument Numbers: CA3584205, CA3584242, CA3584241, CA3584255, CA3584256, CA358428, CA3584286 & CA3584287

Sale Price: \$2,600,000 (Fee Simple & Leasehold interest confirmed purchaser)

Sale Date: February 2014

Land Area: 6,013 m² (1.486 acres) Upland (Fee Simple)
 0.579 ha (1.431 acres) Filled Foreshore (Leased from NPA)
 2.036 ha (5.031 acres) Water Lot (Leased from NPA)

Days on Market: 261 days

Remarks: The Nanaimo Shipyard is located in downtown Nanaimo along the waterfront fronting Stewart Avenue. This property comprises 8 fee simple titles and a

foreshore lease with the Nanaimo Port Authority #FL077. The property is zoned Harbour Waterfront (W2) and has access to full municipal services.

Aggregately, these 8 parcels and the NPA lease comprise 6,013 m² (1.486 acres) of upland fee simple land, 0.579 ha (1.431 acres) of leased filled foreshore, and a 2.036 ha (5.031 acre) leased water lot. The site has historically been utilized as a Shipyard. The historic use has resulted in the site and foreshore being significantly contaminated. The purchaser reports that the remediation costs are approximately \$1,000,000.

On the date of sale, the upland, filled foreshore and water lot were improved with a 2,340 sf retail sales building, 1,730 sf office building, 9,492 sf shipyard repair shop building, and deteriorating moorage improvements. All of these improvements were in poor condition and the purchaser's plan is remove all of these structures in favour of a new phased, mixed use and float home, marina development. The purchaser allocated no value to any of the existing improvements and purchased the property for comprehensive redevelopment.

The property was a court order sale. The property was purchased by Harbour Homes Marina Inc. The purchaser reports that they paid \$2,600,000 for the fee simple and leasehold interests in this property. In addition to the purchase price, the purchaser incurred approximately \$100,000 in closing costs during the due diligence period and is required by the Nanaimo Port Authority to remediate the entire site at a cost of approximately \$1,000,000; therefore, the effective acquisition price was \$3,700,000 or \$10.69 per sf for the fee simple upland, leased filled foreshore and leased water lot.

Effective Sale Price per Acre: \$465,526 per acre or \$10.69 per sf

2. 2019/2029 Kaltasin Road, Sooke, BC

Legal Description: Lots 2 & 3, Block 5, Section 7, Sooke District, Plan 2434 (PIDs: 000-535-761 & 006-446-612); and Block A, District Lot 165, Sooke District & a Leasehold Interest in Lease/Permit/Licence # 103454, 1.056 ha for a Boat Basin, Mooring Floats and Marine Purposes

Instrument Numbers: CA3610061 / CA3610062

Sale Price: \$1,500,000

Sale Date: February 2014

Land Area: Upland Lots: 17,522 m² (188,615 sf / 4.33 acres)
Water Lot: 10,560 m² (113,667 sf / 2.61 acres)

SP/ha: \$856,067 (\$346,420 per acre)

Use: Industrial / Marina

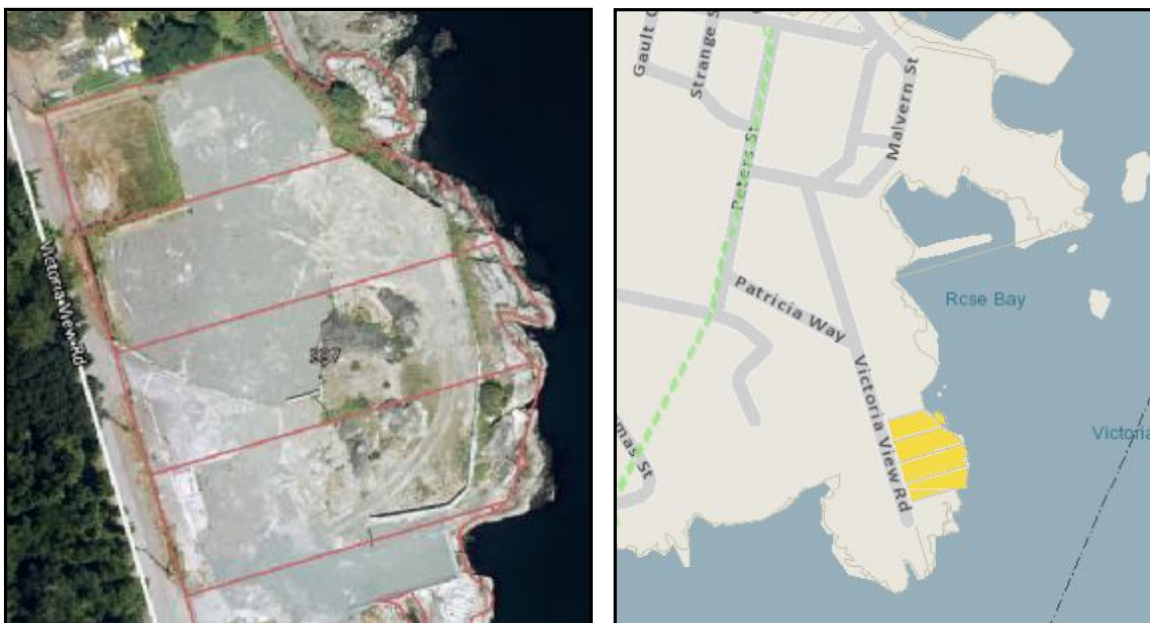
Days on Market: 346

Remarks: An M4 (Aquatic Industrial) zoned acreage fronting the east side of Kaltasin Road and fronting onto Sooke Basin on the east side of Billings Spit, a short distance east of the Sooke town centre. The property is comprised of two legal lots and a 2.61-acre foreshore lease with docks. This is a sheltered harbour location with breakwater.

At the time of sale, the property was improved with office, service and warehouse structures in various states of repair. Value is mainly in the land and the property sold "as is". No financial information was available.

Sales History: This property was listed for sale on the VREB MLS in March 2013 at an asking price of \$2,177,100 (MLS# 320816) and sold as detailed above after 346 days on the market.

3. 327 Victoria View Road, Victoria, BC



Legal Description: Lot A, Section 11, Esquimalt District, Plan VIP35322, (PID: 000-336-491); Lot B, Section 11, Esquimalt District, Plan VIP35322, (PID: 000-336-505); Lot C, Section 11, Esquimalt District, Plan VIP35322, (PID: 000-336-513); Lot D, Section 11, Esquimalt District, Plan VIP35322, (PID: 000-336-521) and Lot E, Section 11, Esquimalt District, Plan VIP35322, (PID: 000-336-530)

Instrument Number: CA3084830 through CA3084834

Sale Price: \$4,600,000

Sale Date: April 2013

Land Area: 1.464 ha (157,622 sf/3.618 acres)

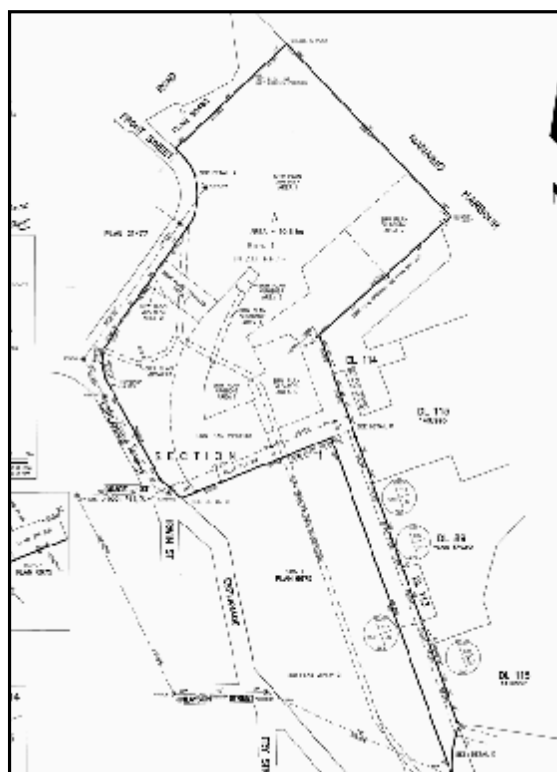
SP/ha: \$3,142,076 (\$1,271,420 per acre)

Remarks: A vacant waterfront I-3 (McLoughlin Point Special Use) zoned property located fronting Victoria View Road within the DND's Work Point site and fronting Victoria's Outer Harbour opposite Victoria's Ogden Point Cruise Ship Terminal.

This site was formerly an Imperial Oil bulk petroleum storage facility that has been decommissioned. The property is entirely cleared and comprises level topography. The I-3 zone permits waste water treatment, business and professional office, high technology uses, hotel and boat moorage among other uses.

The site was acquired by the Capital Regional District with intent of constructing a regional sewage treatment plant.

4. 1 Port Drive, Nanaimo, BC



Legal Description: Lot A, Section 1, and part of the Bed of the Public Harbour of Nanaimo, Nanaimo District, Plan EPP27507, (PID: 029-036-500)

Instrument Number: CA3049626

Sale Price: \$3,400,000

Sale Date: March 2013

Land Area: 10.8 ha (26.69 acres)

SP/ha: \$314,815 (\$127,389 per acre)

Days on Market: Private Broker Sale (Colliers International)

Remarks: This encumbered, waterfront development parcel is located in downtown Nanaimo with frontage along Front Street, Esplanade Street and the Nanaimo Harbour. The fully serviced parcel comprises approximately 2.65 ha (6.55 acres) of fee simple water and 8.15 ha (20.14 acres) of fee simple, upland/filled foreshore. The property is split zoned, with the majority of the upland/filled foreshore being zoned CS3 (Community Service Three) and the remaining area comprising predominately water and being zoned W2 (Harbour Waterfront). The OCP designates the upland/filled foreshore as Urban Node and the water as Waterfront, which indicates that this parcel may have subdivision potential.

This waterfront parcel is locally known as the "Wellcox Railyard Lands" and is improved with industrial improvements that are owned by the various Right of Way holders. This parcel is significantly encumbered by Statutory Right of Ways in favour of Seaspan, Island Corridor Foundation, Nanaimo Port Authority, and the Regional District of Nanaimo. In total, approximately 21.47 acres, or 80.4% of the land, is encumbered by Statutory Right of Ways. Future development of this land is contingent upon the removal of these ROW charges, which is most likely to occur by way of the land owner (City of Nanaimo) purchasing the ROW holders' interests.

In March 2013, the City of Nanaimo negotiated a deal to acquire a portion of the Wellcox Railyard Lands from the Canadian Pacific Railway Company. The final purchase price was \$3,400,000 and was subject to subdividing/creating new Lot A which aggregately comprises

10.8 ha (26.69 acres). The City of Nanaimo purchased new Lot A "As is" and agreed to take on liability for existing site contaminants and the derelict wood trestle bridge that needed to be replaced or removed. An environmental report completed by EBA Engineering Consultants Ltd. estimated that a risk management plan at a cost of approximately \$1,500,000 is required for future development, and a local engineering firm estimated that the cost to remove the trestle bridge is approximately \$500,000. Therefore, the effective purchase price, including liability for the entire property, was approximately \$5,400,000 (\$202,323 per acre or \$4.65 per sf).

At the time of sale, similar industrial land within the City of Nanaimo was trading unencumbered at approximately \$475,000 per acre. Applying this unit rate to the upland/fill and applying a 50% discount factor (PWGSC Formula) to the water results in an unencumbered value for Lot A of \$11,125,000. With an effective sale price of \$5,400,000 and an estimated unencumbered value (excluding the Statutory Right of Ways) of \$11,125,000, it is estimated that the City of Nanaimo possesses approximately 48.5% of the fee simple bundle of rights and the Statutory Right of Way holders possess approximately 51.5% of the fee simple bundle of rights.

5. 850 Jackson Road, Nanaimo, BC

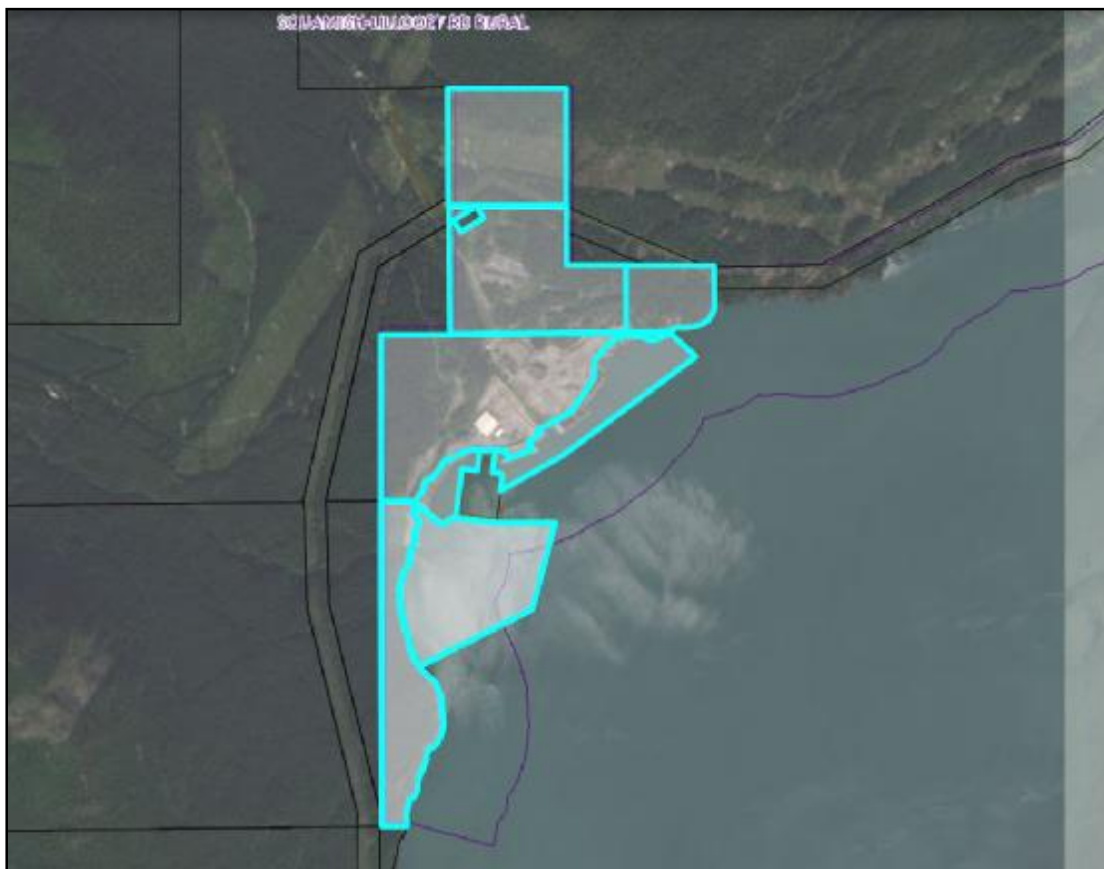
Legal Description: Lot 14, Section 4, Range 8 and Section 9, and District Lots 370 and 429, Nanaimo District, Plan VIP63717, (PID: 023-493-305)
 Instrument Number: CA2734510
 Sale Price: \$6,500,000
 Sale Date: August 2012
 Land Area: 6.89 ha (17.02 acres) (741,391 sf)
 SP/ha: \$943,396 (\$381,904 per acre) (\$8.77 per sf)
 Days on Market: Private Sale

Remarks: An I-4 (Heavy Industrial) zoned waterfront parcel located in the Duke Point Industrial Park. Site is level and fully serviced. This site offers ± 231 m (± 758 feet) of linear frontage along Jackson Road and 135.3 m (444 feet) of ocean frontage along Northumberland Channel.

This site is fairly level with deep water moorage capability and is improved with a barge loading facility and internal roadway. The estimated contributory value of the barge loading facility, internal roadworks, and site paving is \$1,500,000.

The residual land value is \$5,000,000 or \$6.75 per sf (\$293,772 per acre).

6. Woodfibre Pulp Mill, Squamish, BC



Legal Description: District Lot 6237, Group 1, New Westminster District (PID: 015-791-611); District Lot 5899, Group 1, New Westminster District, Except Part in Reference Plan 5283 (PID: 015-822-061); District Lot 2802, Group 1, New Westminster District (PID: 015-895-963); District Lot 2351, Group 1, New Westminster District (PID: 015-910-717); District Lot 6232, Group 1, New Westminster District (PID: 015-791-459)

Instrument Number: Pending

Sale Price: \$25,500,000 less \$8,500,000 in site cleanup
= \$17,000,000 Net Sale Price

Sale Date: January 2013 (pending)

Land Area: 86.2 ha (213 acres)
42.9 ha (106 acres) leased water lots (Districts Lots 5095 & 7286)
±2,591 m (±8,500 feet) of waterfront

SP/ha: \$197,216 (\$79,812 per acre)

Remarks: This is the former Woodfibre pulp mill at Squamish. Includes deep water dock and self-sufficient hydro dam generating power. Improvements include a ferry dock, materials dock, rail car dock, office, warehouse and first aid buildings, and other purpose-built pulp mill buildings. There is natural gas to the site. Zoning is General Industrial (I-3). In January 2013, Woodfibre LNG signed a purchase agreement with Western Forest Products to acquire the Woodfibre property. As a Condition of purchase, Western Forest Products is responsible for cleaning up the site, and obtaining a Certificate of Compliance from the Ministry of Environment. The sale is subject to remediation which will likely take 2 years. The property is located near Squamish and Vancouver. It was originally developed in 1912 and closed in 2006. Buildings are considered to have limited value.

7. Elk Falls Pulp Mill, 4405 Island Highway, Campbell River, BC



Legal Description:

District Lot 109, Sayward District, Except Parcel A (DD 285472-I) and Those Parts in Plans 1373-R, 16956, 19371, 50636, VIP54479, VIP64521, and EPP7297 (PID: 001-233-432); Lot 1, District Lot 109, Sayward District, Plan 16956 (PID: 000-848-921); Lot 1599, Sayward District, Except That Part in Plan VIP64521 (PID: 001-233-441); Block B, of Lot 1504, Sayward District (001-233-475); Block C, of Lot 1504, Sayward District (001-233-467); Block D, of Lot 1504, Sayward District (001-233-459); Lot A, District Lot 68, Sayward District, Plan 20538, Except Plan EPP7297 (PID: 000-848-905); Lot 1, District Lot 68, Sayward District, Plan 16712 (PID: 000-848-913); District Lot 2, Sayward District, Except Those Parts in Plans 19371, 42540; 50636, VIP64522, and VIP76652 (PID: 000-846-287); District Lot 120, (DD 215778I), Sayward District, Except Part in Plans 14946 and VIP57724 (PID: 000-849-731); District Lot 26, Sayward District, Except Part in Plans 34604 and 42540 (PID: 000-849-910); That Part of District Lot 151, Sayward District, Shown Outlined in Red on Plan 1433R (PID: 000-849-561); That Part of District Lot 163, Sayward District, Shown Outlined in Red on Plan 1431R (PID: 000-849-502); That Part of District Lot 52, Sayward District, Shown Outlined in Red on Plan 659 RW (PID: 000-849-855); District Lot 164, Sayward District, Shown Outlined in Red on Plan 1431R (PID: 000-849-430); That Part of District Lot 67, Sayward District, Shown Outlined in Red on Plan 659 RW (PID: 000-849-847); That Part of District Lot 67, Sayward District, Shown Outlined in Red on Plan 1374 RW (PID: 000-849-821)

Instrument Number:	CA3142938 to CA3142954 & CA3142959
Sale Price:	\$8,610,000
Sale Date:	May 2013
Land Area:	490.9 ha (1,213 acres) [322 acres Industrial & 891 acres rural ALR]
Foreshore Lease:	70.21 ha (173.5 acres)
Improved SP/ha:	\$17,539 (\$7,098 per acre)
Improved SP/ha	
Industrial only:	\$66,063 (\$26,739 per acre)
Days on Market:	Private Sale

Remarks: This sale is of the former Catalyst pulp mill that is located in Campbell River. The property comprises multiple upland and waterfront parcels with the majority of these sites being fully serviced. The pulp mill closed in 2009.

Zoning for these parcels comprises a mixture of industrial, public area and rural land uses, with some of these parcels being located within the ALR. This property is improved with an industrial dock, multiple offices, multiple warehouses and other purpose-built pulp mill buildings. Specific details of this sale pertaining to building improvements were not available. The mill site, which is industrial zoned, comprises approximately 322 acres. The western ±891 acres is rural zoned and has limited utility due to multiple watercourses that traverse through these parcels. The majority of the rural zoned land lies entirely within the ALR and has limited utility. It is unknown if the sale price included any remediation costs.

The purchaser was Quicksilver Resources Canada Inc. They are proposing to redevelop this property with a new LNG plant and have called this new proposed project "Discovery LNG".

8. 5705 Island Highway, Campbell River, BC

Legal Description: Lot 2, District Lot 26, Sayward District, Plan 42540, Except Plan VIP64107 (PID: 002-472-961); and Lots 2 & 3, District Lot 26, Sayward District, Plan VIP64107, (PIDs: 023-569-298 & 023-569-301)

Instrument Number: CA2692671, CA2692672, CA2692673

Sale Price: \$2,500,000

Est. Land Residual: \$1,790,000

Sale Date: July 2012

Land Area: 13.49 ha (1,451,637 sf) (33.325 acres)

Waterfrontage: ±575 m (1,885 ft.)

SP/ha: \$132,691 (\$1.23 per sf) (\$53,713 per acre) [estimated residual]

SP/FM: \$3,113 (\$950 per FF) [estimated residual]

Days on Market: 330

Remarks: An improved, I-2 (Industrial 2) zoned waterfront parcel in the Middle Point / Barge Terminal Industrial Area approximately 10 km north of downtown Campbell River. Municipal water is available but no sewer.

The property is comprised of three parcels, the largest being 12.46 ha (30.8 acres). It includes an 8.74 ha (21.6 acre) water lot leased until September 2013. The two smaller sites are vacant, undeveloped land. The water lot is improved with a concrete boat launch and wharf with adjoining docks. The upland is improved with a 1,021.93 m² (±11,000 sf) warehouse building, 464.5 m² (±5,000) low cost / average quality office structures, and helicopter landing pad. The estimated depreciated cost of the improvements is \$710,000. As a result, the estimated residual sale price to the land is \$1,790,000.

The purchaser was MP Port Management Ltd. (GP) Ltd. The previous sale of this property was in January 2008 (Instrument Nos. FB142078, FB142079, FB142080) for \$2,612,500. There was a non-arm's length, inter-company transaction in September 2011.

9. **Harmac Pulp Mill, 1000 Wave Place, Nanaimo, BC**



Legal Description: West 60 Acres of Section 22, Range 1, Cedar District, Except that Part Shown Outlined in Red on Plan 1499R and Except Part in Plan VIP74868 (PID: 003-926-516); Lot 3 of Sections 21, 22 and 23, Range 1, and Sections 21, 22, 23 Range 2, Cedar District, and District Lot 137 and 385 Nanaimo District, Plan VIP65621 (PID: 023-922-893); That Part of Section 22, Range 1, Cedar District Outlined in Red on Plan 1499R (PID: 008-627-100)

Instrument Numbers: FB207199, FB207201, FB207202

Sale Price: \$13,200,000

Sale Date: August 2008

Land Area: ±97.1 ha (±240 acres)

SP/ha: \$135,942 (\$55,000 per acre)

Remarks: This is the sale of the Harmac pulp mill site in Nanaimo. The sale transaction includes deep water and water lot leases. There is natural gas to the site. The Mill closed and reopened after purchase by the employees. The Mill was built in the 1940s; after the sale, \$100,000,000 was invested in updates, \$45,000,000 was invested in a power plant with a 15 year agreement with BC Hydro to purchase excess power. Moneys included federal grants. Zoned I4 - Heavy Industrial.

10. 6290 & 6298 Jensen Cove Road, Port Hardy, BC

Legal Description: Lot 24, Section 31, Township 6, Rupert District, Plan 45348 (PID: 008-170-789); and Lot 5, Section 31, Township 6, Rupert District, Plan VIP59793 (PID: 018-944-973)

Instrument Number: FB20093 & FB20094

Sale Price: \$509,000

Sale Date: March 2007

Land Area: 7.17 ha (17.717 acres)

Waterfrontage: ±250 m (820 ft.)

SP/ha: \$70,990 (\$28,729 per acre)

SP/FM: \$2,036 (\$620 per FF)

Remarks: An improved, M-3 (Heavy Industrial) zoned property located east of Port Hardy. Municipal services are not available. The property is comprised of a 7.635 acre waterfront parcel with riparian rights to 2.67 acres (Foreshore Lease set to expire on December 31, 2020), and separate 10.082 acre inland site. The foreshore area contains rocky topography and provides deep water moorage.

The waterfront parcel is improved with a 10-year-old, 5,000 sf, steel frame workshop with an estimated contributory value of approximately \$150,000. Floating marine equipment was not included in the sale.

Deducting the estimated improvement value of \$150,000, this comparable supports a land residual of \$359,000 or \$20,263 per acre

11. 5084 South Island Highway, Union Bay, BC



Legal Description: Portions of Parcel A (DD 27784N) of District Lot 11, Nelson District (full legal kept on file) (PIDs: 004-758-901, 006-642-390 & 006-667-988)

Instrument Number: EX103975, EX103976, EX103977

Sale Price: \$2,750,000

Sale Date: August 2005

Land Area: 40.87 ha (101 acres)

Waterfrontage: ±730 m (2,395 ft.)

SP/ha: \$67,287 (\$27,228 per acre)

SP/FM: \$3,767 (\$1,148 per FF)

Remarks: A split-zoned RU-20 (Rural 20) and IM (Industrial Marine) zoned acreage located in Union Bay, approximately 10 km south of Courtenay. Jurisdiction is within the Comox Valley Regional District. The property is bisected by the Island Highway and the E&N Railway. The sector lying on the water side of the highway contains level to moderately sloping topography, 11.81 acres of which is zoned IM.

The property is utilized as a log sort and has a foreshore interest in Blocks B & C of District Lot 2020 (Lease No. 102057) that comprises approximately 33 acres. Improvements to the property comprise a number of smaller, low cost outbuildings and yard paving.

The purchaser was Union Bay Industries from Comox Timber.