

Attachment 8
Land Appraisal Report

June 13, 2025

Eric Swanson
City of New Westminster
511 Royal Avenue
New Westminster, BC V3L 1H9

Unit 1, 10318 Whalley Boulevard
Surrey, BC V3T 4H4
Telephone 604.526.5000
Facsimile 604.526.5777
Email: appraisers@collingwood.com
www.collingwood.com

RE: **Appraisal Report File No. CA25-065**
Keary Street Airspace at 230 Keary Street, New Westminster, BC

Dear Sir:

In accordance with your request, I have prepared a **Concise Narrative Appraisal Report** to estimate the current market value of the fee simple interest of the herein referenced subject property. This appraisal report has been prepared for the exclusive use of City of New Westminster for disposition purposes.

After inspecting the property and analyzing the data obtained throughout my investigation, I have formed the opinion that the "as is" market value of the subject property, assuming a competitive and open market, as of **May 23, 2025**, is:

TWO HUNDRED FIFTEEN THOUSAND DOLLARS*
\$215,000*

***Subject to the Extraordinary Assumptions and Limiting Conditions on pages 9 & 10.**

The following report of 86 pages, including addenda, forms the basis for this opinion. The supporting data, upon which my estimate is based, is contained in the accompanying report. This is subject to the Assumptions and Limiting Conditions, which are also contained within the body of the document. This material reflects my professional judgement in light of the information available at the time of preparation. It is recommended that the valuation analysis and the assumption and limiting conditions be read in conjunction with this letter. I accept no responsibility for damages suffered by any third-party as a result of decisions made or actions taken which may have been based on this report. The reader is advised to review the certification provided on page 61 of the following report.

Respectfully submitted,
COLLINGWOOD APPRAISALS LTD.

Per



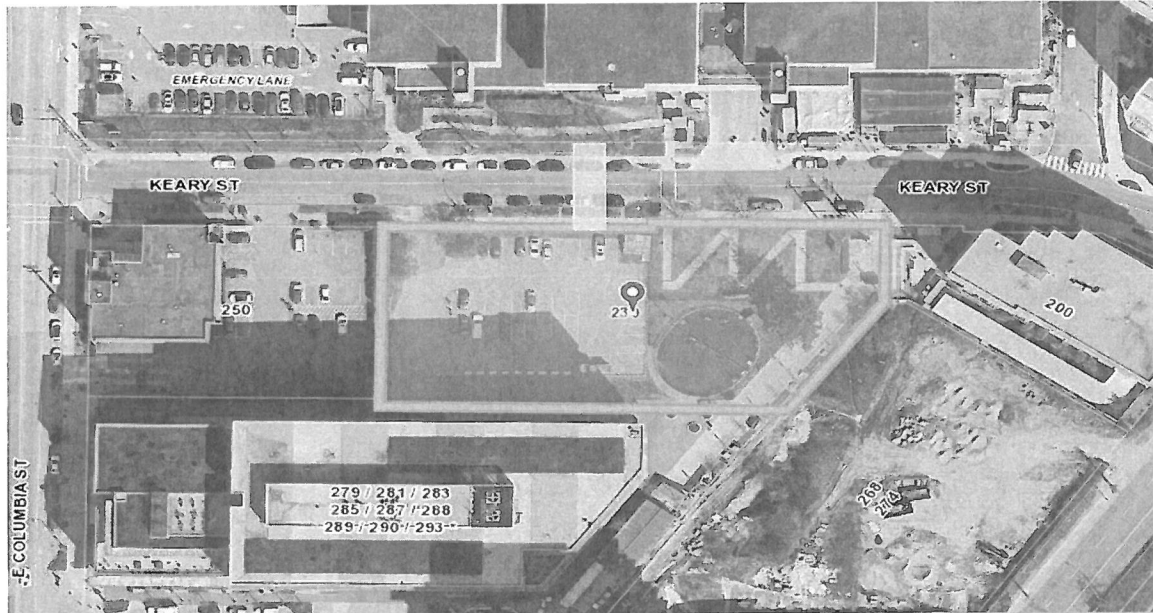
VINCE O'DWYER

BA, BBA, RI, R/W-AC, AACI, P. App

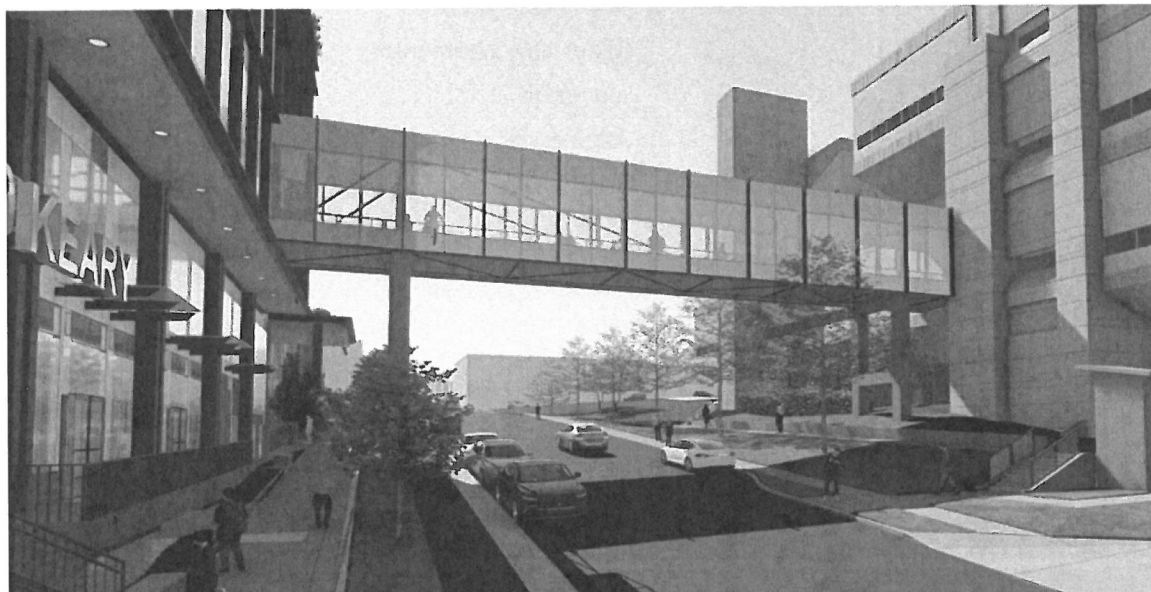
TABLE OF CONTENTS

Photographs of Subject Property	3
PART I - PRELIMINARY ANALYSIS	4
Executive Summary	4
The Appraisal Problem	6
Extraordinary Assumptions	9
Extraordinary Limiting Conditions	10
Hypothetical Conditions	10
Market Conditions	11
Market Exposure	13
Neighbourhood Profile	14
Description of Airspace Parcel	16
Description of Adjacent Property	18
Land Use Regulations	24
Highest and Best Use	29
PART II - VALUATION PROCESS	29
Approaches to Value	36
The Direct Comparison Approach	38
Valuation method	52
Final Estimate of Value	59
Certification	60
PART III - ADDENDA	61
Assumptions, Limiting Conditions, Disclaimers and Limitations of Liability	62
Documents Relied Upon	67
Qualifications of Appraiser	68
Zoning Bylaw	69
Airspace Lease – Telus Gardens	78
10 Year Bond Yields	86

PHOTOGRAPHS OF SUBJECT PROPERTY



Aerial Photograph



Proposed Airspace Parcel

EXECUTIVE SUMMARY

VALUATION CRITERIA	
Report Timing	Current Value Opinion
Effective Date of Appraisal	May 23, 2025
Date of Inspection	May 23, 2025
Rights Appraised	Fee Simple Interest
Condition of Property	As Is
Purpose	Market Value
Authorized Use	Disposition Purposes.
Market Exposure	Competitive and Open
Authorized User	City of New Westminster
PROPERTY DESCRIPTION	
Civic Address	Keary Street Airspace at 230 Keary Street, New Westminster
Legal Description	Not a Legal Parcel
PID	Not a Legal Parcel
Registered Owners	City of New Westminster
Market Area	Sapperton
Property Type	Commercial
Property Sub-Type	High Density Land
PROPOSED AIRSPACE	
Elevated Bridgeway	
Horizontal Extent	1,552 Square Feet
Height	27.56 Feet
Volume	42,773 Cubic Feet
Support Columns	
Horizontal Extent	156 Square Feet
Height	31.00 Feet
Volume	4,836 Cubic Feet
Total	
Horizontal Extent	1,708 Square Feet
Volume	47,609 Cubic Feet

ADJACENT SITE DESCRIPTION Primary Frontage Gross / Net Site Area Configuration Topography / Grade Access / Visibility	230 KEARY STREET 321.81 Feet along Keary Street ± 42,840 Square Feet or ± 0.98 Acres Irregular-shaped Parcel Sloping / At Grade Average / Average
LAND USE CONTROLS Zoning Conformity to Zoning OCP Designation Regional Growth Strategy Designation ALR	CD-52, Comprehensive Development District (Brewery District) Conforming (BDMU) Brewery District Mixed Use and Health Care General Urban Is not located within the ALR
HIGHEST AND BEST USE Conclusion – Across the Fence	High Density Mixed-Use Development
FINAL VALUE CONCLUSION Opinion of Value	\$215,000*

*Subject to the Extraordinary Assumptions and Limiting Conditions on pages 9 & 10.

THE APPRAISAL PROBLEM

AUTHORIZED USER

This report is prepared at the request of the addressee, the Client. It is not reasonable for any parties, other than the authorized user, to rely upon this appraisal without first obtaining written authorization from both the appraiser and the client. The report is prepared on the assumption that no other party will rely on it for any other purpose and that all liability to all others is strictly denied.

PURPOSE

The purpose of this report is to estimate the current market value of the herein described subject property as is.

AUTHORIZED USE

This appraisal report has been prepared for the exclusive use of City of New Westminster for disposition purposes.

EFFECTIVE DATE

The date of valuation is May 23, 2025.

SCOPE OF APPRAISAL

The scope of the appraisal, which is to function as the basis for disposition purposes, encompasses the necessary research and

analysis to prepare a report in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP).

In the preparation of this appraisal, I have conducted a complete market analysis including the following:

- I conducted a cursory inspection of the subject property on May 23, 2025. The photographs included in this report were taken on the date of inspection.
- Inspected the surrounding neighbourhood and documented existing land uses, access and traffic patterns, development trends, and competitive properties.
- Reviewed Actual Value Assessments provided by BC Assessment Authority.
- Site and improvement data were obtained from the client or a client representative, BC Assessment, the provincial and local governments, and other generally reliable sources.
- Zoning and Community Plan information is based upon the publications available from the applicable jurisdiction. No discussions were made with planning officials other than those specifically referenced in the appropriate sections.
- In developing the highest and best use for the property, an analysis was made of data compiled in the steps noted above. In addition, a study of the market for this type of property was made to determine whether the existing improvements provide an economic return to the property.
- Considered appropriate appraisal methodologies for the subject property.

The report presents a summary discussion of the relevant data, reasoning, and analyses that were used in the appraisal process to develop the opinion of value. The information contained in this report is specific to the needs of the client and based on the Highest and Best Use of the property.

As per the instructions received for the completion of this appraisal, the subject property has been compared to the market in which it is located in respect to market demand, market trends, and the factors affecting market value.

Any illustrations, photographs, plans or diagrams contained in the report are to assist the reader of this report in visualizing the subject property and are not considered legal documents to be entirely relied upon without verification by the appropriate professional.

The data sources include:

- in-house records,
- corporate files,
- Land Title Office records,
- Real Estate Board data,
- RealNet and
- BC Assessment data

Data from these sources have been reviewed by the appraiser. As well, discussions were had with other real estate professionals and efforts have been made to verify data supplied by others by contacting the parties to the transaction, or their representatives, whenever, in the appraiser's judgement, clarification or confirmation was required.

No specific instructions were received by the client for exclusion of approaches to value or other requirements, as defined within CUSPAP.

I did not complete technical investigations such as:

- An environmental review of the property;
- A survey of the site;
- Investigations into the bearing qualities of the soils;
- Other technical investigations that I am not qualified to conduct.

PROPERTY RIGHTS APPRAISED

The property rights appraised in this report are the fee simple interest.

The fee simple interest can be defined as: "The greatest interest an individual can own in land, or complete ownership in law, subject only to the governmental powers of taxation, expropriation, escheat and police powers".

DEFINITION OF MARKET VALUE

The Canadian Uniform Standards of Professional Appraisal Practice ("the Standards"), adopted by the Appraisal Institute of Canada defines market value as:

"The most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date

and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

COMPETENCY PROVISION

The Canadian Uniform Standards of Professional Appraisal Practice require that competency for the type of property in question must be demonstrated by the appraiser. In this regard, I advise that I have completed a large number of appraisals involving commercial property in New Westminster and surrounding municipalities and have extensive first-hand knowledge of the issues involved.

EXTRAORDINARY ASSUMPTIONS

The opinions and conclusions expressed in this appraisal report are subject to the following extraordinary assumptions. These are assumptions, directly related to this assignment, which, if found to be false, could materially alter the opinions and conclusions expressed herein.

EXTRAORDINARY ASSUMPTION 1

The subject property is a proposed airspace parcel within a municipal road allowance. This type of property does not frequently transact. When portions of municipal road allowances do transact, the value rate of the adjacent property acquiring the road allowance is used to determine value. This method of allocating value to the road allowance is known as Across the Fence (ATF) methodology. Simply stated, ATF methodology is used to develop a value opinion based on comparison to abutting land. In this instance, the adjacent property acquiring the airspace parcel has a civic address of 230 Keary Street. The property is legally described as Lot 7, Sub Block 2, Plan BCP47993, New Westminster Land District (PID:028-587-812). This property is zoned CD-52, Comprehensive Development District (Brewery District) and is designated (BDMU) Brewery District Mixed Use and Health Care.

In keeping with ATF Methodology, the appraisal is based on the assumption that the Keary Street road allowance is zoned CD-52, Comprehensive Development District (Brewery District) and is designated (BDMU) Brewery District Mixed Use and Health Care in the New Westminster Official Community Plan.

EXTRAORDINARY ASSUMPTION 2

A preliminary survey of the proposed airspace parcel has been provided to the appraiser. The appraisal is based on the assumption that the areas described therein are accurate.

EXTRAORDINARY LIMITING CONDITIONS

The opinions and conclusions expressed in this appraisal report are subject to the following extraordinary limiting conditions. These are necessary modifications or exclusions of a Standard Rule which may diminish the reliability of the report.

EXTRAORDINARY CONDITIONS

Values and opinions contained in this report are based on market conditions as at the time (effective date) of this report. This report does not provide a prediction of future values. In the event of market instability and/or disruption, values and opinions may change rapidly and such potential future events have NOT been considered in this report. As this report does not and cannot consider any changes to the property or market conditions after the effective date, clients and intended users are cautioned in relying on the report after the effective date noted herein.

HYPOTHETICAL CONDITIONS

The opinions and conclusions expressed in this appraisal report are subject to the following hypothetical conditions. These are conditions which are contrary to what exists but are supposed to exist for the purpose of analysis.

HYPOTHETICAL CONDITIONS

In keeping with the Across The Fence (ATF) Methodology, the appraisal is based on the hypothetical condition that the subject airspace parcel is zoned CD-52, Comprehensive Development District (Brewery District) and is designated (BDMU) Brewery District Mixed Use and Health Care.

MARKET CONDITIONS

The overall market conditions are sourced from the Bank of Canada, Colliers, CBRE, Cushman Wakefield, and Altus Group

The Bank of Canada on April 16, 2025 maintained its target for the overnight rate at 2.75%, with the Bank Rate at 3% and the deposit rate at 2.70%.

The major shift in direction of US trade policy and the unpredictability of tariffs have increased uncertainty, diminished prospects for economic growth, and raised inflation expectations. In Canada, the economy is slowing as tariff announcements and uncertainty pull down consumer and business confidence. Consumption, residential investment and business spending all look to have weakened in the first quarter. Trade tensions are also disrupting recovery in the labour market. Employment declined in March and businesses are reporting plans to slow their hiring. Wage growth continues to show signs of moderation.

Inflation was 2.3% in March, lower than in February but still higher than 1.8% at the time of the January MPR. The higher inflation in the last couple of months reflects some rebound in goods price inflation and the end of the temporary suspension of the GST/HST. Starting in April, CPI inflation will be pulled down for one year by the removal of the consumer carbon tax. Lower global oil prices will also dampen inflation in the near term. However, the bank expects that tariffs and supply chain disruptions to push up some prices.

While economic growth has come in stronger than expected, the pervasive uncertainty created by continuously changing US tariff threats is restraining consumers' spending intentions and businesses' plans to hire and invest. Against this background, and with inflation close to the 2% target, Governing Council decided to maintain the policy rate.

According to Altus Group's Canadian office market update – Q4 2024, Vancouver's office availability rate has flattened at an elevated rate of 13.2%, unchanged from the previous quarter and the highest recorded rate in two decades. After a steady rise in recent years, the overall vacancy rate held at 11.4%, unchanged from the peak of the previous quarter but continuing to be the highest since the second quarter of 2015.

Vancouver's retail sector was muted, with \$996 million in dollar volume transacted, a 3% increase year-over-year. While investors sought out opportunities for retail space, this demand was tempered by persistent limitations stemming from a shrinking inventory, delays within the construction pipeline, and monetary uncertainty.

In the suburban markets, the vacancy rate held steady at 10.8% quarter over quarter, making the first time since quarter 4 2022 that vacancy remains static. The suburban vacancy rate was higher than the downtown core vacancy rate for the first time since Q2 2021. As a result of a lack of demand and low financial viability, many development projects with large office components have been put on hold or postponed. As a result of a lack of demand and low financial viability, many development projects with large office components have been put on hold or postponed. Q1 2025 recorded the lowest new supply

delivered in a quarter since Q3 2020, at around 31,000 square feet. This ongoing uncertainty has caused many developers to take an extremely cautious approach to any new projects. For example, False Creek Station in the Broadway Corridor and Gilmore Place Phase Two in Burnaby have both recently proposed pivoting primarily to residential use, while the 1111 West Hastings in Downtown and Pinnacle Centre in Richmond are shifting their strategy to the hotel sector.

The Greater Vancouver Area (GVA) retail market is entering a period of stabilized vacancy rates characterized by minor movements quarter-to-quarter as lease rates continue to inch upwards. Retail spaces for previously fitted-out restaurants are in high demand considering today's soaring costs of building and fixturing an unfinished location. As developers and policymakers address the metro's housing challenges, recent retail development has primarily consisted of mixed-use spaces within new residential and office buildings.

While this trend has mitigated supply-side pressures, it has also created challenges for retailers seeking quality spaces to expand their presence in one of Canada's strongest-performing retail markets. As of year end 2024 the Suburban Colliers Index Vacancy rate increased marginally to 1.0% from the 0.7% recorded at year end 2023. Despite the slight increase in suburban vacancy, the suburban market has seen little change over the two and a half years, hovering between 1-2%, but generally on a downward trend. Finding suitable locations remains a challenge for many retailers.

MARKET EXPOSURE

The normal market exposure term means the estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal. This is a retrospective estimate based upon an analysis of past events assuming a competitive and open market. It is always presumed to have preceded the effective date of the appraisal. Exposure time is different for various types of real estate and under various market conditions. Rather than appear as an isolated estimate of time, it must refer to the property appraised, at the value estimated. The overall concept of reasonable exposure time encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable marketing effort.

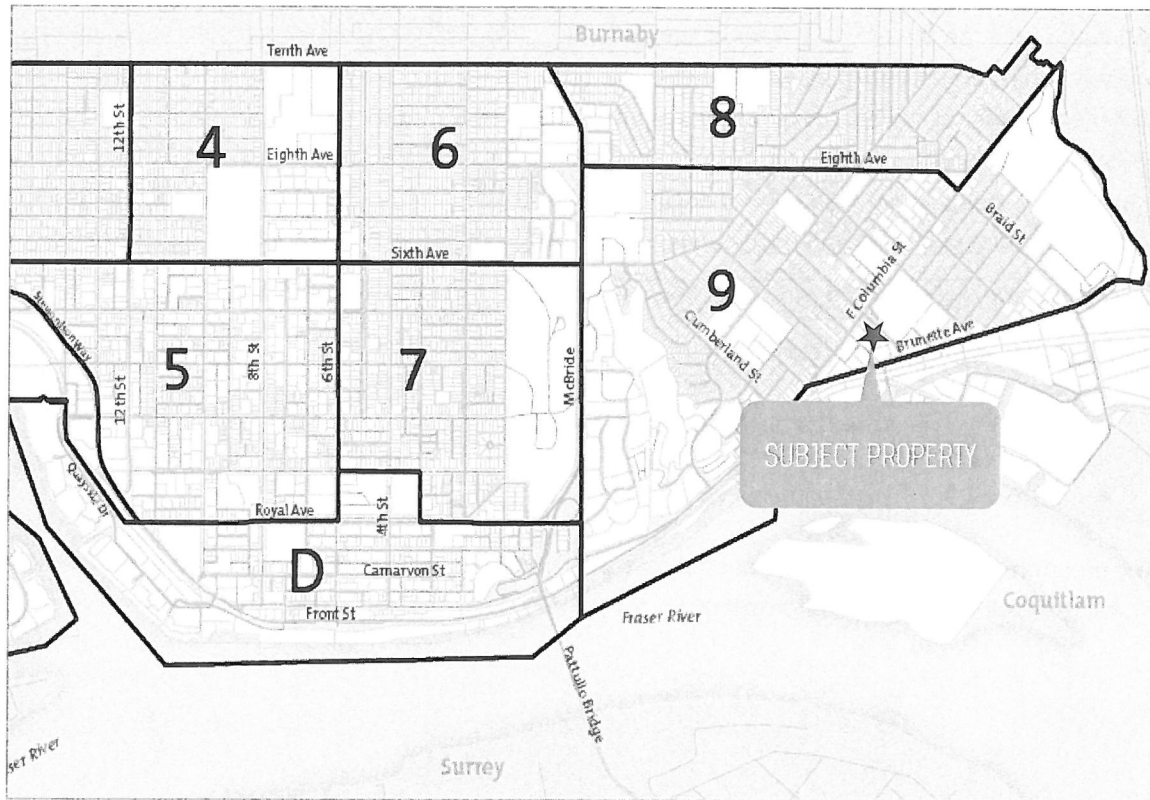
The opinion may be expressed as a range and can be based on one or more of the following:

- Statistical information about days on the market;
- Information gathered through sales verification; and
- Interviews of market participants

The proposed subject property does not transact on the open market. There is no evidence to substantiate market exposure for this type of property.

NEIGHBOURHOOD PROFILE

The neighbourhood analysis is based upon information available in our company library including neighbourhood data prepared by the local Real Estate Board and the local government.

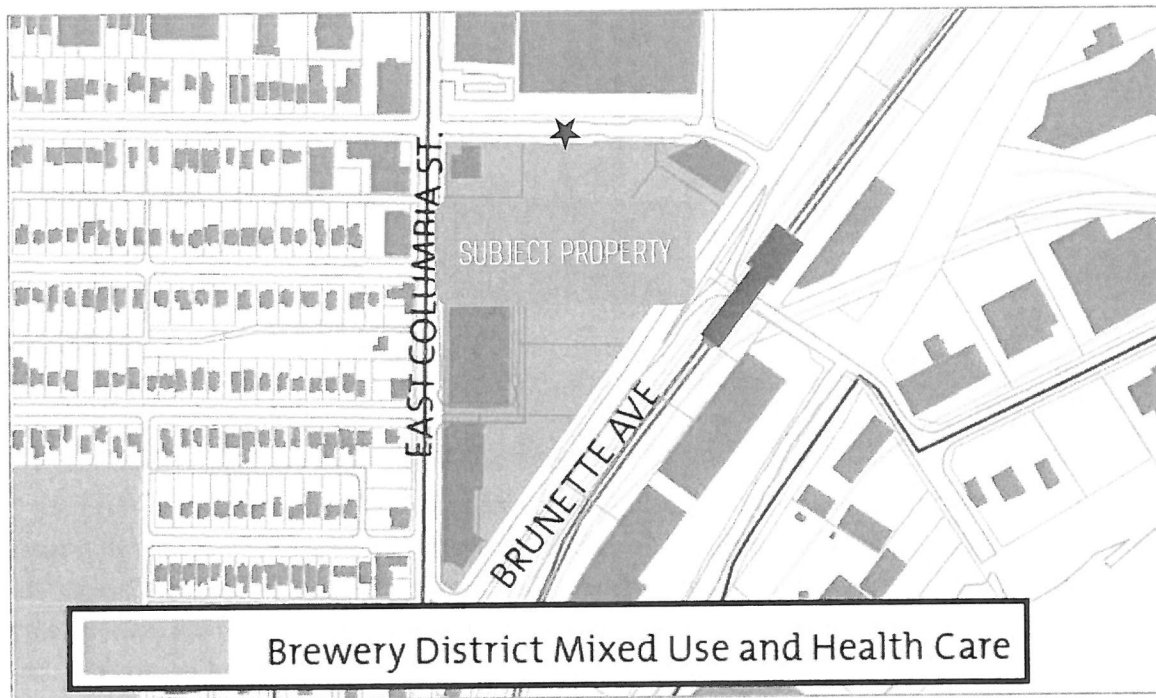


The subject property is located in the Sapperton area of New Westminster. The neighbourhood is flanked by Glenbrooke south the southeast and the Victoria Heights neighbourhood on the north. Sapperton is bordered by Brunette Avenue to the south, the Brunette River to the north, and is adjacent to the Braid and Sapperton SkyTrain stations. The neighbourhood is characterized by a mix of residential areas, commercial zones, and green spaces. Topographically, it slopes gently towards the Fraser River, offering scenic views and a variety of recreational opportunities.

Brunette Avenue and Columbia Street serve as primary east-west corridors through Sapperton, facilitating vehicular and pedestrian movement. These roads connect the neighbourhood to surrounding areas, including Burnaby and Coquitlam. East Columbia Street is the historic main commercial artery of Sapperton. East. The south end of East Columbia Street is focused around the Brewery District, Royal Columbian Hospital and Sapperton SkyTrain Station and provides a range of employment opportunities as well as a mix of housing units. The north end of East Columbia Street has a range of local serving retail and a mix of housing units. The main east-west connector through the area is Braid Street, connecting to Brunette Avenue and the Trans Canada Highway. Sapperton is served by a comprehensive public transportation system including

the Sapperton and Braid Street SkyTrain Stations which opened in 2002 as part of the elevated Expo Line of Metro Vancouver's SkyTrain system.

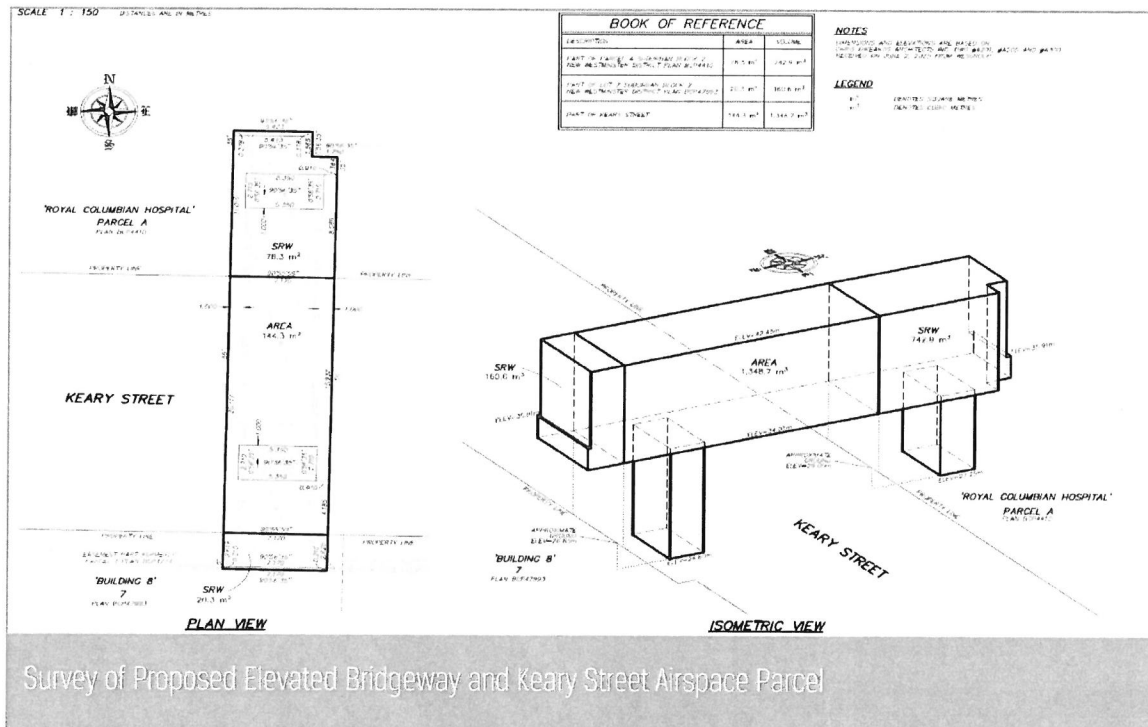
The Sapperton area is dominated by residential development including single-family residential properties and multi-family residential developments. A major feature of the neighbourhood is the Royal Columbian Hospital facing East Columbia Street north of Brunette Avenue. The Hospital is in the midst of a three-phase \$1.35 billion improvement. The hospital's redevelopment is anticipated to attract and stimulate the creation of additional medical professional practices and medical technology and research companies to Sapperton, and create additional demand for housing, daycare, and amenities in the area.



Specifically the subject property is located in the Brewery District Mixed-Use Neighbourhood. This area is a master planned neighbourhood designed, and currently being developed by, Wesgroup. The Brewery District, is a significant mixed-use, phased development project comprised of commercial, health care services, and multi-family residential development adjacent to the Sapperton SkyTrain Station. The boundary of the former brewery site is immediately adjacent to the station's elevated footbridge over Brunette Avenue and the railway tracks, and connects Sapperton with fast, sustainable rapid transit access to the Greater Vancouver region.

Commercial properties in Sapperton, especially within the Brewery District, have seen significant interest. Office spaces have been quickly leased, with notable tenants such as TransLink and medical professionals. Retail spaces have also experienced low vacancy rates, reflecting the area's growing commercial appeal.

DESCRIPTION OF AIRSPACE PARCEL



The proposed elevated bridgeway is comprised of two statutory rights-of-way located within the property boundaries of 230 Keary Street and the Royal Columbian Hospital (Parcel A Plan BCP4410) and an airspace parcel located within the Keary Street road allowance. The subject of the appraisal is the airspace portion located within the Keary Street road allowance. Keary Street is a two-lane, paved local road travelling east-west and is complete with streetlights, sidewalks, curbs, and gutters. There is metered street parking available on either side of Keary Street.

According to the survey, presented above, the Keary Street airspace parcel is comprised of two components; an area that contains a portion of the elevated bridgeway and an area that contains the support columns on the south side of Keary Street. The component areas are as follows:

AIRSPACE COMPONENT	DIMENESIONS (FT)	AREA (FT ²)	HEIGHT (FT)	VOLUME (FT ³)
Elevated Bridgeway	66 X 23.52	1,552	27.56	42,773
Support Columns	17.55 X 8.89	156	31.00	4,836
TOTALS		1,708		47,609

Based on the survey, the underside of the elevated bridgeway component has an approximate above surface level elevation of 23.6 feet at the southern boundary of the Keary Street road allowance, 31 feet at the column grade and 16 feet at the northern boundary of the Keary Street road allowance.

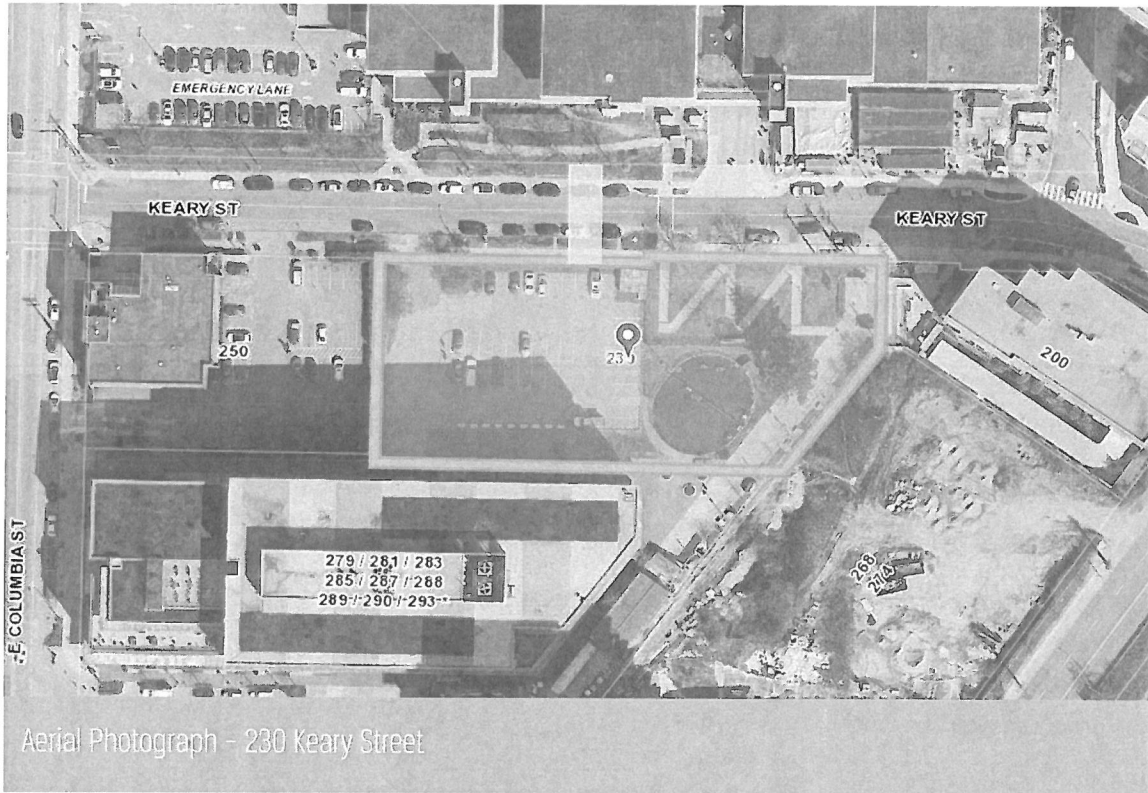
PROPOSED COVENANTS ON TITLE

The subject airspace parcel, as proposed, will have indefeasible title. According to my client, the following covenants will be registered on title:

- A S. 219 Covenant registered on both the airspace parcel and 230 Keary Street which prohibits the separate transfer of the two lots.
- A S. 219 Covenant registered on the airspace parcel which will limit the permitted use to a publicly accessible walkway, secure maintenance, indemnity and insurance requirements and set an acceptable design for the bridge's construction.
- An option for the City to purchase back the airspace parcel once the bridge has been removed which would be registered on the airspace parcel. The option would set terms of the sale, which will likely be \$1.
- A statutory right-of-way to secure City and public access.

The permitted use of the airspace parcel is not governed by land use regulations as dictated by the Official Community Plan or Zoning Bylaws. In lieu of these regulations, the proposed covenants govern the use of the property. Accordingly, the proposed covenants and statutory right-of-way do not impact the value of the proposed airspace parcel.

DESCRIPTION OF ADJACENT PROPERTY



The subject property is a proposed airspace parcel within a municipal road allowance. This type of property does not frequently transact. When portions of municipal road allowances do transact, the value rate of the adjacent property acquiring the road allowance is used to determine value. This method of allocating value to the road allowance is known as Across the Fence (ATF) methodology. Simply stated, ATF methodology is used to develop a value opinion based on comparison to abutting land.

In this instance, the adjacent property acquiring the airspace parcel has a civic address of 230 Keary Street. The property legally described as Lot 7, Sub Block 2, Plan BCP47993, New Westminster Land District (PID:028-587-812).

230 Keary Street consists of a mid-block, single legal parcel of land with a gross site area of 42,840 square feet and frontage of 321.81 feet along the south side of Keary Street. The west property line is 132.00 feet, the south property line is 261.53 feet, the east property line is 102.60 feet. The site is irregular-shaped, has a sloping / at grade topography with average access and average visibility.

At the effective date of the appraisal the property construction had commenced on a 30-storey mixed-use development. The property is afforded all municipal services including water, sanitary sewer, storm sewer, BC Hydro power, and FortisBC Gas. The following images and tables provide further detail of the site.

[illegible]19

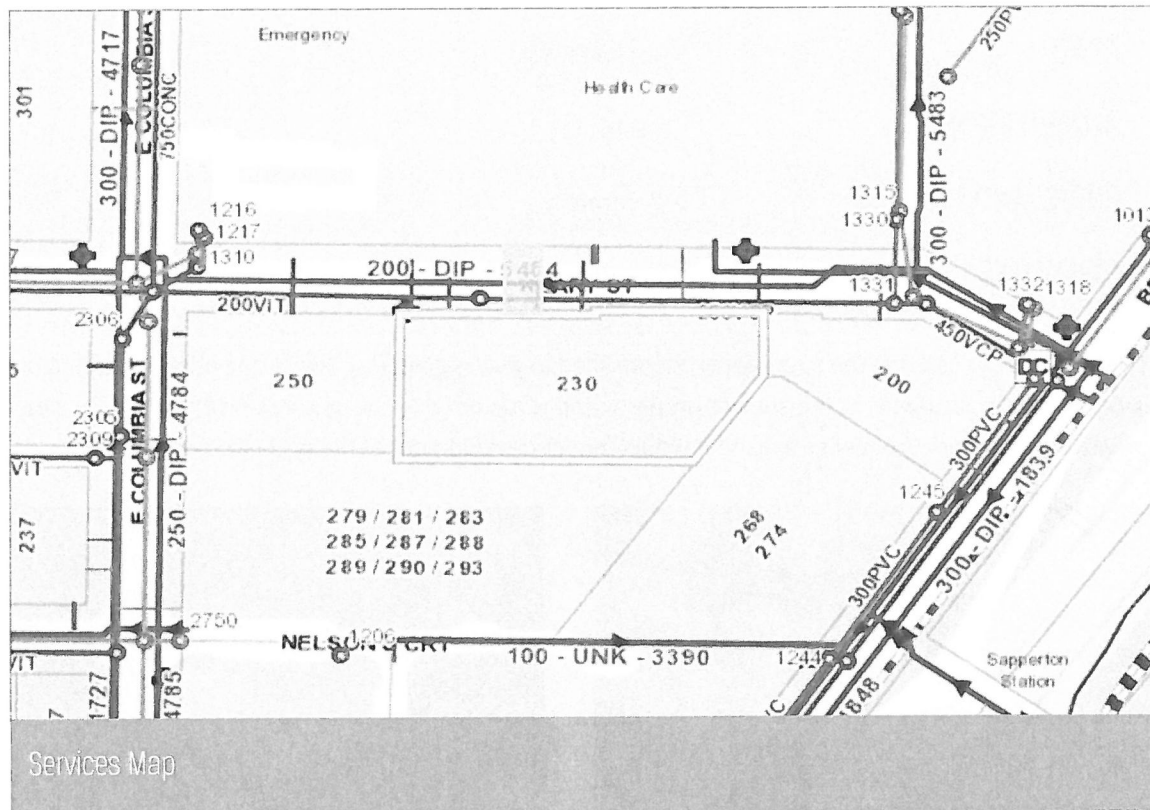
Topographic Map

The subject property is not impacted by any wetlands or watercourses.

The subject property is not within a flood plain. The appraiser is not an expert in this matter and is reporting data from regional flood plain maps.

I have assumed that soil conditions are stable, and that the underlying geology is adequate to support development on the subject site. No representations are made as to soil conditions.

SERVICES

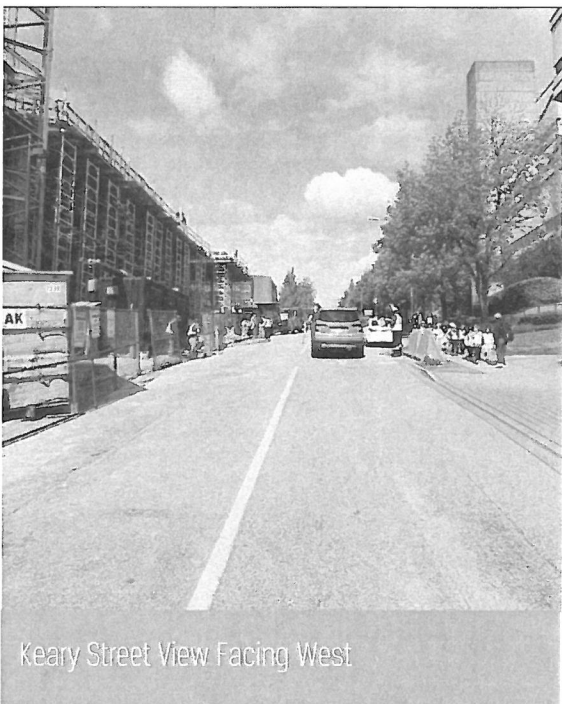
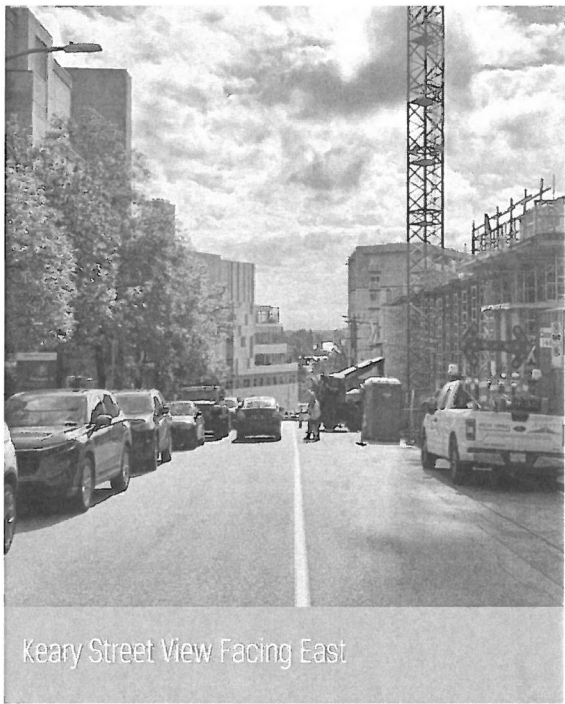


WATER	Municipal Connection
SEWER	Municipal Connection
DRAINAGE	Municipal Connection
TELECOMMUNICATIONS	Private
ELECTRICITY	Public
GAS	Private
ADEQUACY	Adequate for Development

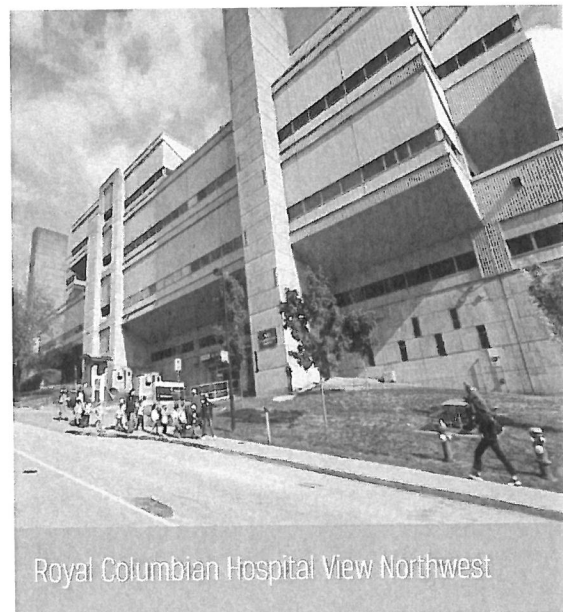
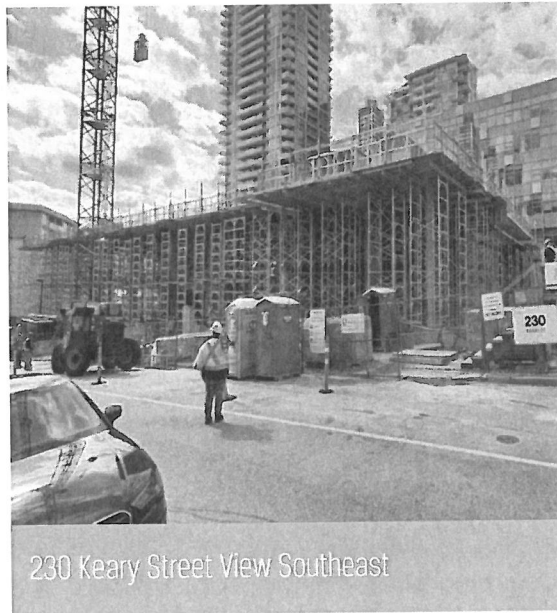
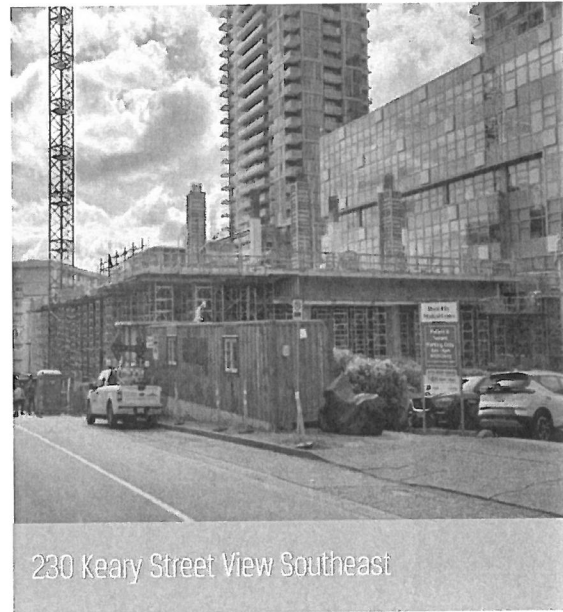
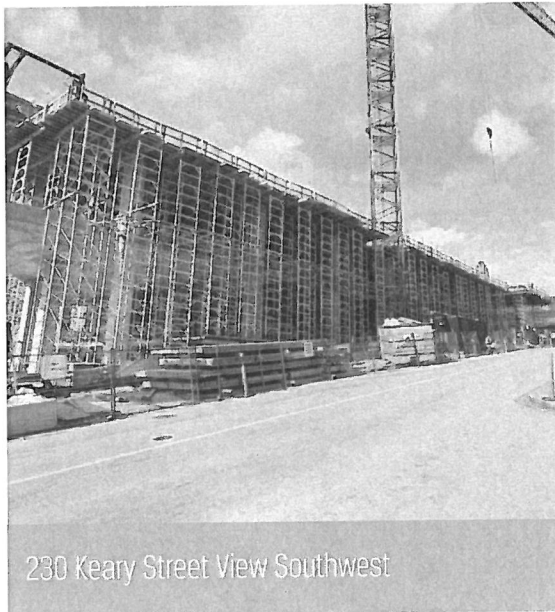
STREET IMPROVEMENTS

ROAD	Asphalt Public
STREETLIGHTS	Public
CURBS AND GUTTERS	Concrete
SIDEWALKS	Concrete

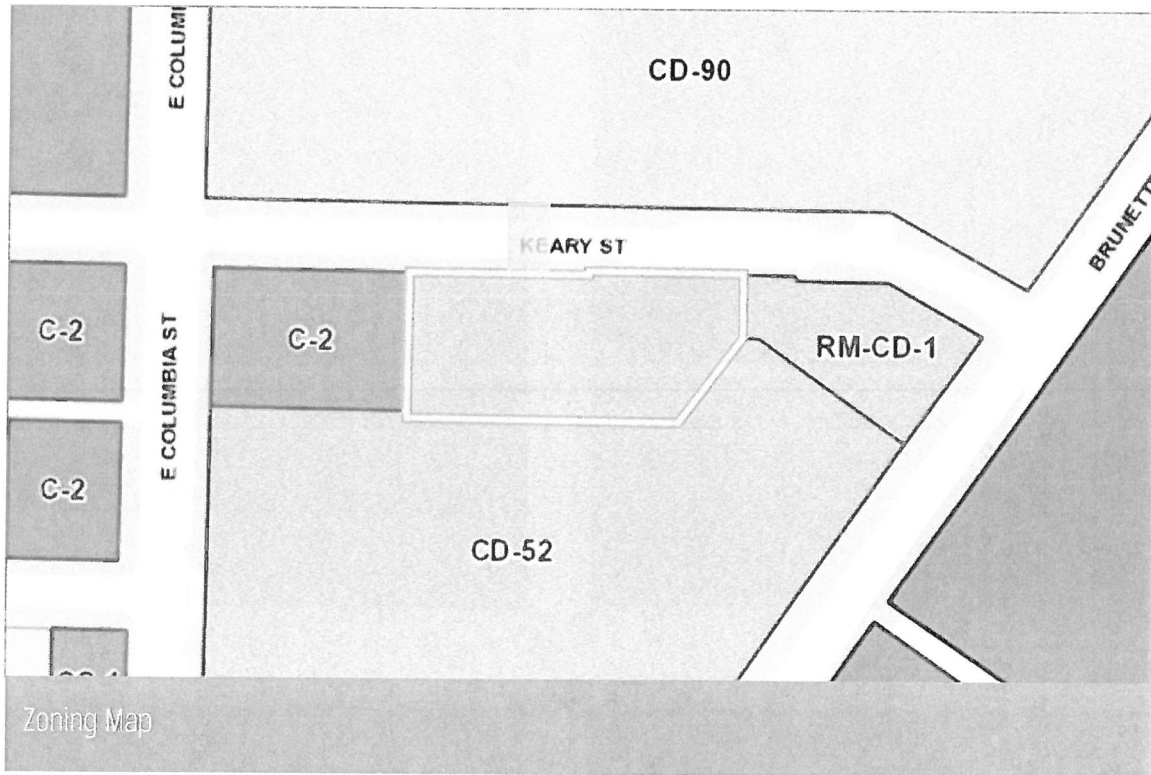
The reader is advised that the appraiser is not qualified to give engineering advice. All other infrastructure is reportedly in proximity to the subject property and is assumed in this report that there are no other servicing requirements or constraints that would render development of the property non-feasible.



ADDITIONAL PHOTOGRAPHS



LAND USE REGULATIONS



ZONING

AUTHORITY	City of New Westminster
ZONING BYLAW NO.	Zoning Bylaw 6680, 2001
ZONING CODE	CD-52, Comprehensive Development District (Brewery District)
ZONING DESCRIPTION	To regulate use, density and building form of a nine-acre parcel to be developed as an integrated, comprehensive mixed use site comprising residential, commercial, business and professional offices and health care services and offices. This (CD-52) District is divided into eight sub-districts delineated, dimensioned and identified by sub-district number on the Plan annexed to this Bylaw marked "Village at Historic Sapperton Sub-Districts". The adjacent property 230 Keary Street is in Sub-District 1(a). The Maximum Buildable Area in the 1(a) Sub-

District is 300,000 square feet. Based on the sub-district site area this equates to a Floor Space Ratio (FSR) of 7.00.

ZONING CHANGE REQUIRED

No

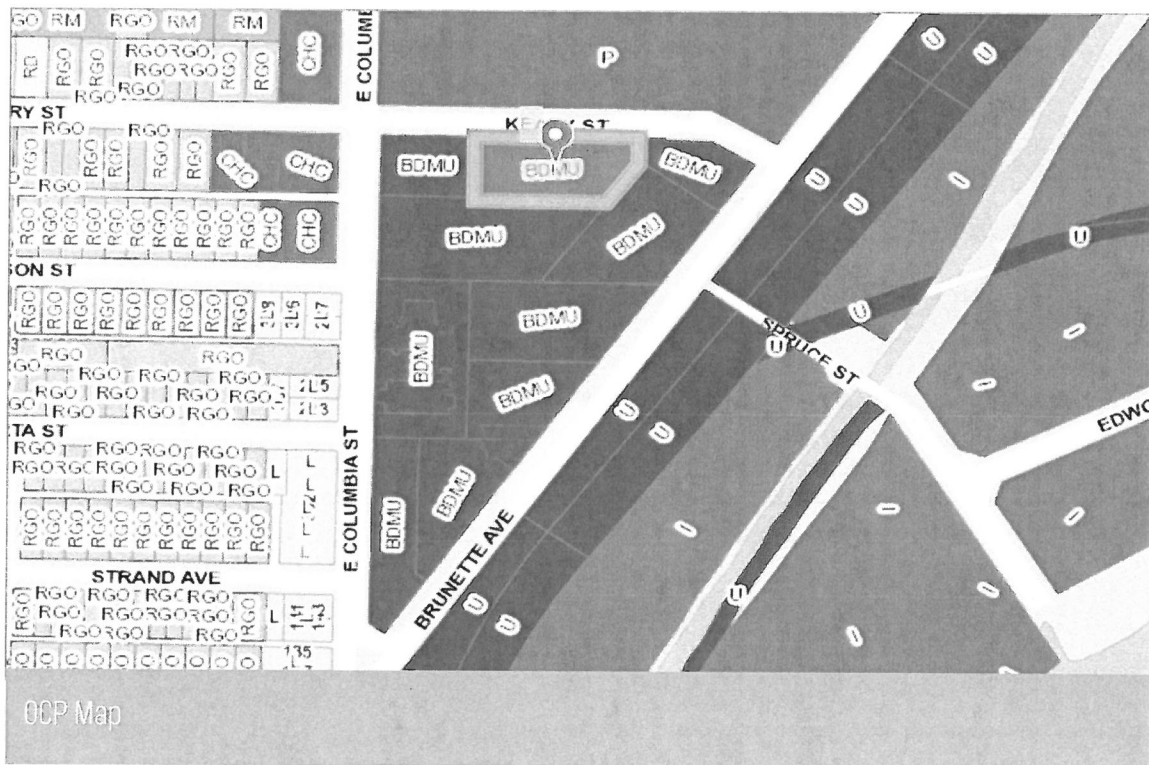
ZONING CHANGE LIKELY

No

ZONING CONFORMITY

Conforming

For further information regarding the regulations under CD-52, including permitted and accessory uses, please refer to a copy of the City of New Westminster's Zoning Bylaw No. Zoning Bylaw 6680, 2001 included in the addenda.



OFFICIAL COMMUNITY PLAN (OCP)

OCP BYLAW NO.

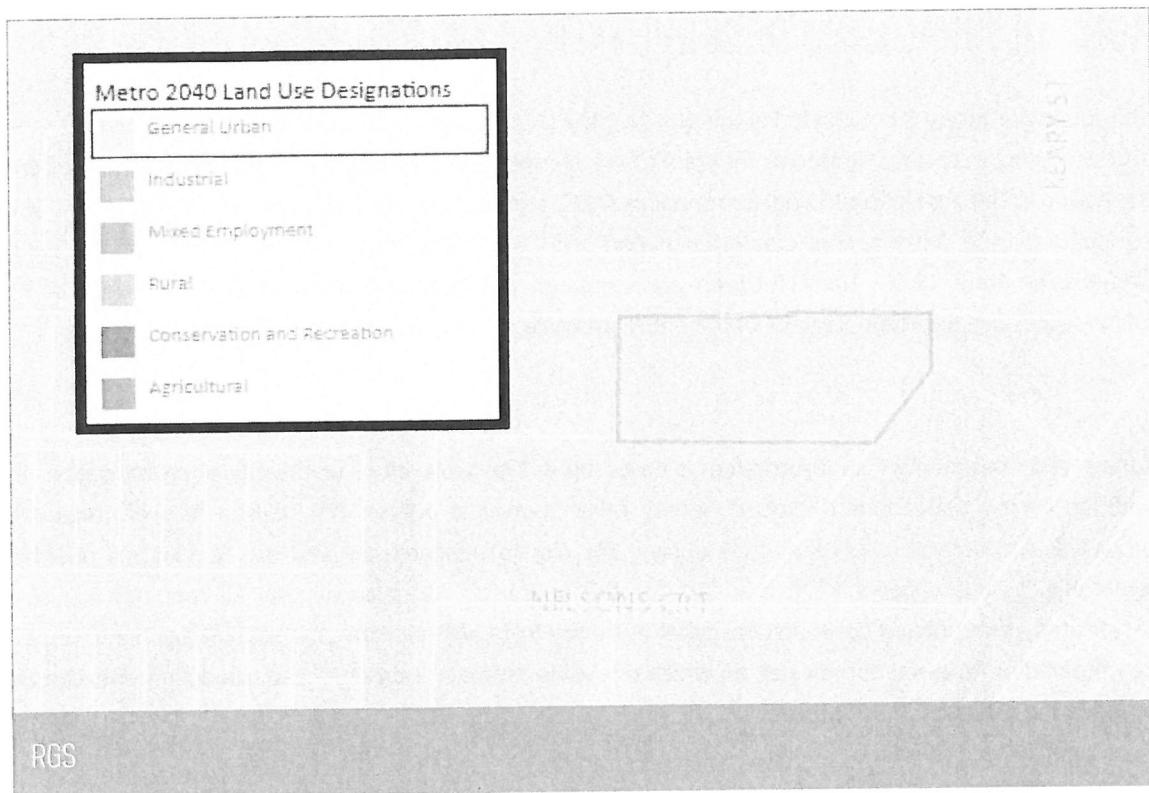
Official Community Plan (Bylaw No. 7925, 2017) (April 2023)

OCP DESIGNATION

(BDMU) Brewery District Mixed Use and Health Care

OCP DESCRIPTION

The Brewery District Mixed Use and Health Care designation is intended to provide large mixed use sites which must include multiple unit residential, retail and health care offices and facilities and may include other business and professional office uses. Principal forms and uses include; multiple-unit residential or commercial uses which must include health care offices and facilities which support an active principal street and which are synergetic with surrounding employment hubs. Complimentary uses include; home based businesses, institutional uses such as care facilities, utilities, transportation corridors, parks, open space, and community facilities. Maximum Densities in this designation correspond to high density mixed uses..



REGIONAL GROWTH STRATEGY (RGS)

AUTHORITY	Metro Vancouver
DESIGNATED LAND USE	General Urban
LAND USE DESCRIPTION	General Urban areas are intended for residential neighbourhoods and centres, and are supported by shopping, services, institutions, recreational facilities and parks. Within General Urban areas, higher density trip-generating development is to be directed to Urban Centres and Frequent Transit Development Areas. General Urban areas are intended to emphasize place-making, an enriched public realm, and promote transit-oriented communities, where transit, multiple occupancy vehicles, cycling and walking are the preferred modes of transportation.

AGRICULTURAL LAND RESERVE (ALR)

The subject property is not located within the ALR; the (ALR) Agricultural Land Reserve is a provincial zone in which agriculture is recognized as the priority use. Farming is encouraged and non-agricultural uses are controlled. The Agricultural Land Commission (ALC) administers the land uses within the ALR. The Agricultural Land Reserve was created between 1974 and 1976 after the introduction of the Land Commission Act in 1973. The ALR covers approximately 4.7 million hectares within the Province of BC which represents approximately 5% of the entire province.

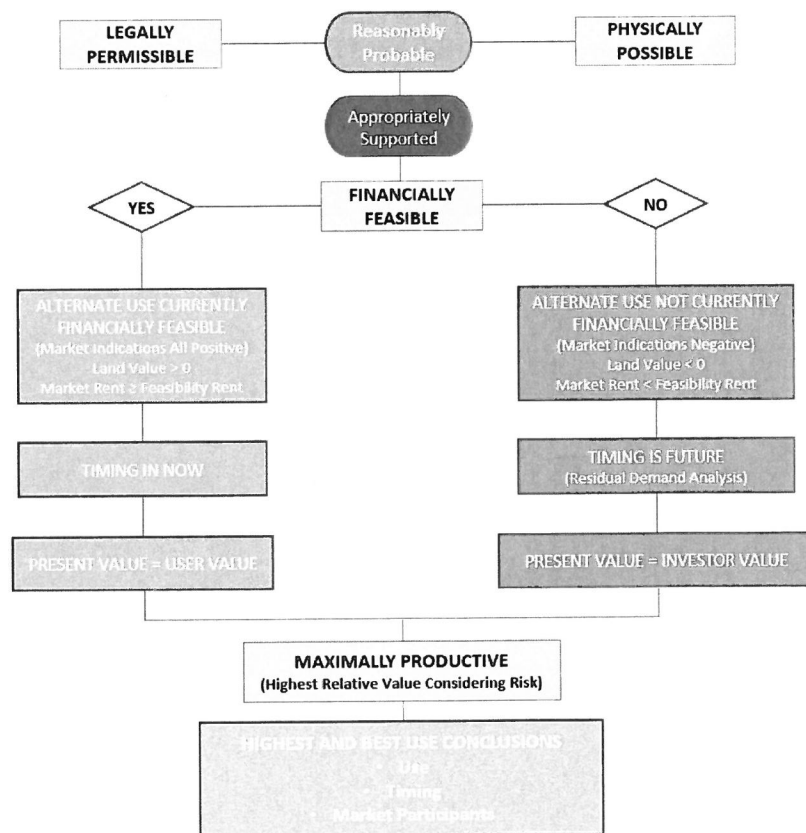
Zoning and Community Plan Information is based upon the publications of the city or municipality. In addition to the regulations described herein, other municipal policies may exist. As well, regional, provincial and federal regulations may apply. We did not research all land use regulations possibly applicable, as this is beyond the mandate for this appraisal. We assume that all required licenses, certificates of occupancy, consents and other authority from any relevant organization has been, or can be obtained or renewed, for any use on which this value estimate is based. Land use documents can be found in the Addenda of this report.

HIGHEST AND BEST USE

The Principle of Highest and Best Use is fundamental to the understanding of market value. In appraisal practice, Highest and Best Use is commonly defined as follows:

"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 in the context of uses being reasonably probable and appropriately supported. The following flow chart summarizes how the analysis is conducted.



Estimating the highest and best use of a property is a critical appraisal component that provides the valuation context within which market participants and appraisers select comparable market information.

The appraiser undertakes a highest and best use analysis to identify three characteristics of a property that is the subject of a market value appraisal:

1. The physical use
2. The timing of the use (Now, Future)
3. The market participants associated with the use: users and most likely buyers

Although appraisal theory addresses all three characteristics, emphasis has typically been on the physical use. However, coupled with timing and market participants, the three characteristics define what is being appraised and each characteristic identifies an area that greatly influences a property's value. Consequently, each represents a conclusion that must be expressed in a highest and best use analysis.

Like the four tests for highest and best use, the three conclusions are necessary for land or a site as though vacant and for an improved property.

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 payment 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.

HIGHEST AND BEST USE ANALYSIS

REASONABLY PROBABLE CONSIDERATIONS

LEGAL PERMISSIBILITY

DEFINITION

A test of legal permissibility helps the appraiser determine which uses are permitted by current zoning, which uses could be permitted if a zoning change were granted, and which uses are restricted by private restrictions on the site.

APPLICATION

The appraiser must consider a property use that is either currently allowed or most probably allowable under zoning codes, building codes, environmental regulations and other applicable laws and regulations that govern land use.

The legal permissibility of a use is determined by analyzing the public and private restrictions on the use of vacant and improved properties.

Items to consider in testing legal permissibility:

- a. Current zoning and other land use restrictions
- b. Building codes
- c. Private restrictions
- d. Probability of modifications or change to current restrictions.

Often, this test is applied first because it can eliminate the greatest number of alternative uses quickly. The use of most property is subject to a community's zoning laws.

ANALYSIS

In keeping with the ATF Methodology, the appraisal is based on the assumption that the Keary Street road allowance is regulated by the land use regulations that govern the adjacent property 230 Keary Street. 230 Keary Street is zoned CD-52, Comprehensive Development District (Brewery District). Uses permitted under the current zoning include all uses permitted in all sub-districts in the CD-52 zone except for cottage breweries, neighbourhood pub and retail liquor store. A copy of the zoning bylaw is included in the addenda for reference. The OCP designates the property as (BDMU) Brewery District Mixed Use and Health Care.

The legal permissibility of the site is assumed to be a mixed-use development in keeping with the CD-52 District and the (BDMU) Brewery District Mixed Use and Health Care OCP designation.

PHYSICAL POSSIBILITY

DEFINITION

A test of physical possibility addresses the physical characteristics of the site which are conducive to development of the property.

APPLICATION

For a land use to be considered physically possible, the parcel of land must be able to accommodate the construction of any building that would be a candidate for the ideal improvement.

Physical restrictions can apply to both vacant land and improved properties. Physical restrictions can include the following:

- a. Topography, soil composition, orientation, or other site conditions
- b. Size of property (both land and improvements)
- c. Availability (current and future) of utilities and other support services

Restrictions may technically not eliminate a use but could require extraordinary construction features that the analyst would need to consider.

ANALYSIS

According to the extraordinary assumptions and limiting conditions contained herein, it is assumed that the property has the physical possibility of being developed according to the uses permitted by the CD-52 District and the (BDMU) Brewery District Mixed Use and Health Care OCP designation.

PROBABILITY OF USE

DEFINITION

An analysis of which uses are both legally permissible and physically possible. Also considers whether there is a reasonable probability that a change in legal permissibility or physical possibility is plausible.

APPLICATION	<p>Probability is considered and analyzed alongside the tests of what are Legally Permissible and Physically Possible. The Probability of change; as mentioned in the legal test if a change of zoning seems likely or probable, the use depending on that change can pass the test. Likewise, if it is probable or likely that a physical characteristic can be changed to accommodate a use than that must be accounted for and considered a Physically Possible use.</p> <p>The probability that a change will or may occur must be clearly established and explained.</p> <p>The use must be within the realm of probability and not speculative or conjectural.</p>
ANALYSIS	<p>The appraisal is based on the assumption that the most probable use of the site as though vacant is a high density mixed-use development in keeping with the CD-52 District and the (BDMU) Brewery District Mixed Use and Health Care OCP designation.</p>

APPROPRIATELY SUPPORTED CONSIDERATIONS

FINANCIAL FEASIBILITY

DEFINITION	<p>The test of financial feasibility is undertaken to determine whether market conditions are adequate to justify use of the property in a legally permissible and physically possible manner. For the property to be marketable it must conform to the characteristics of the neighbourhood as discussed in the probability of use and the principle of conformity. It must also satisfy the principle of supply and demand.</p>
APPLICATION	<p>For a land use to be considered financially feasible, the value of the land use must exceed its cost. The capability of a physically possible and legal use of property to produce a positive return to the land after considering risk and all costs to create and maintain the use.</p> <p>For a use to be financially feasible, the market must appreciate it to the extent that the use has value commensurate with its cost. For a property to have value, there must be a proper balance of utility, demand (desire + effective purchasing power), and scarcity.</p>

ANALYSIS

In short, for a use to be financially feasible, the market must exhibit appropriate support for the use. A use cannot be financially feasible if it is not appropriately supported by the market.

Current sales and leasing activity can indicate the strength of a market. If an appraiser is considering the financial feasibility of a vacant site for retail use, the market should be investigated for recent sales of unimproved property to end users as recent sales indicate recent financial feasibility. If market conditions have changed since sales occurred, financial feasibility also may have changed.

Evidence of cap rates in the area with respect to mixed use commercial / multi-family residential rental developments indicate returns on investment are comparable if not better than those available on a 10-year government issued bond. Based comparative gross sell out values of strata titled mixed-use developments, developers profits are within a range that is acceptable to investors. In keeping with the principle of the opportunity cost of capital, this would suggest that a mixed use commercial / multi-family residential development is financially feasible.

MAXIMUM PRODUCTIVITY

DEFINITION

This test considers the cost to achieve the maximum use. This test addresses not only the value created under the maximally productive use but also the cost to achieve the value, if any. The principle of surplus productivity suggests that it provides the highest residual land value and considering the nature of development of the parcel is considered reasonable.

APPLICATION

Of the financially feasible uses, the highest and best use is the use that produces the highest residual land value consistent with the market's acceptance of risk and with the rate of return warranted by the market for that use given the associated risk. To determine the highest and best use of land as though vacant, rates of return that reflect the associated risks are often used to capitalize income from different uses into their respective values. These are developed from previous research and reflect the rates that market participants apply to the range of uses being considered.

ANALYSIS

Alternatively, land sales to users can be used to test which alternative is maximally productive.

The residual land value is determined by estimating the value of the proposed use (land and improvements) and subtracting the cost of labour, capital, and entrepreneurial profit. Alternatively, the land value can be determined by capitalizing the residual income to the land. The land income that is capitalized into value is the residual income remaining after operating expenses and the return attributable to the improvements have been deducted from the income to the total property.

Of the uses that passed the preceding tests, and in consideration of the assumptions and limiting conditions contained herein, the use that holds to the principle of surplus productivity, in that it provides the highest residual land value, and considering an appropriate level of risk is for development of a high density mixed use commercial / multi-family residential use in accordance with the CD-52 District and the (BDMU) Brewery District Mixed Use and Health Care OCP designation.

CONCLUSION

HIGHEST AND BEST USE CONCLUSION

High Density Mixed-Use Development

APPROACHES TO VALUE

The appraisal process involves a systematic analysis of the factors that bear upon the value of real estate. In estimating the Market Value of the subject property, the following traditional methods of appraisal have been considered.

THE COST APPROACH

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

The Cost Approach was not considered or developed because this approach is used to value improved properties.

THE DIRECT COMPARISON APPROACH

The Direct Comparison Approach to value is based on the principle of substitution, which affirms that a prudent purchaser will not pay more for a property than the price of an equally desirable substitute property available under similar conditions. The approach provides a reliable indication of value, particularly in an active market, given reasonable availability of market data having a sufficient degree of comparability to the subject.

The Direct Comparison Approach was considered and was developed because this approach reflects market behaviour and it is the most widely used.

THE INCOME APPROACH

The Income Approach involves a conversion of anticipated future benefits to be derived from the ownership of property into a value estimate through a capitalization process, which converts the anticipated income and/or reversions to a present value estimate.






The Income Approach was not considered or developed because the subject is not an income producing property therefore this approach is not applicable.

SELECTION OF RELEVANT METHODOLOGY

Only the Direct Comparison Approach was utilized to estimate the market value of the subject property.

THE DIRECT COMPARISON APPROACH

This approach is based on the principle of substitution, which infers that a prudent purchaser will not pay more for a property than it will cost to acquire a comparable or similar and equally desirable substitute property. The basic steps of this approach are:

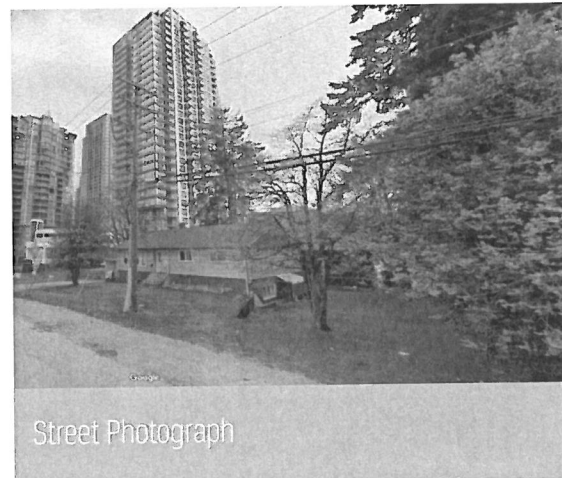
	Survey the area to locate comparable property that (a) have sold recently; (b) that are currently offered for sale; (c) on which offers have been made;
	Validate pertinent information on each comparable property. Discussions with owners, Realtors and others will often assist in verifying important data;
	Analyze the market data with regard to rights conveyed, conditions of sale, market conditions (length of time offered and date of sale), location, physical characteristics, economic characteristics, use, and motivation of buyer and seller, if any;
	Compare subject property in detail with each comparable property. Dollar or percentage adjustments are then applied to the indicated price of each comparable to account for the differences mentioned above, if any; and
	From the adjustment process, varying amounts of weight may be placed on different comparable sales based upon their overall degree of similarity to the subject. The range of value is then reconciled into a final estimate of value for the subject property as at a specific date.

The ideal circumstance under which this approach is implemented involves finding comparable property sales, having occurred near in time to the effective date, relatively close in location, and reasonably similar in physical and other characteristics. However, because the real estate market is unpredictable and imperfect, truly ideal circumstances rarely occur. Therefore, we must often rely on market indicators that may be fairly similar in some respects but somewhat dissimilar in others. The adjustment process, although subjective, is designed to deal with the dissimilarities that may exist between the available sales evidence and the subject property.

A survey of transactions involving similar property has been conducted and applied to the subject property. The following data and calculations summarize the Direct Comparison Approach.

COMPARABLE SALES

EXAMPLE 1:



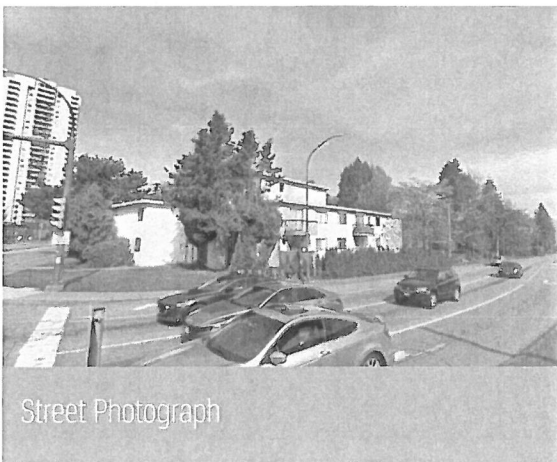
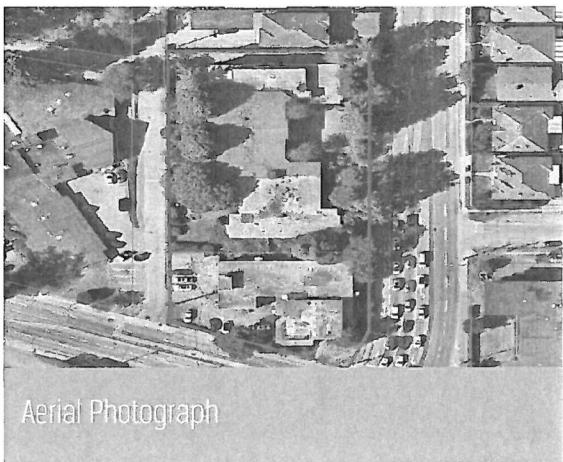
CIVIC ADDRESS	10336, 10364 133A ST & 13380, 13381, 13387, 13390 103A Avenue, Surrey
LEGAL DESCRIPTION	Lots E & F, Block 5N, Plan NWP16457, Section 27, Range 2W, New Westminster Land District; Lot 12, Block A, Plan NWP1726, Section 27, Range 2, New Westminster Land District; Lots 1, 2 & 3, Block B, Plan NWP1726, Section 27, Range 2W, New Westminster Land District, & Blk 5N
PID NUMBER	010-195-424, 010-195-432, 007-481-250, 012-326-674, 012-326-691, 004-056-345
SALE/LIST DATE	Listing
PRICE	\$25,500,000
SITE AREA	50,342 Sq. Ft.
POTENTIAL BUILDABLE AREA	276,881 Sq. Ft.
MAX FSR PERMISSIBLE	5.50
ZONING	RS-3 — Urban Residential Zone
REMARKS	This is a listing of an assembly of 6 parcels located on the north and south side of 103A Avenue west of 133A Street. The City of Surrey designates the properties as Mixed Use 5.5 FAR in the City Centre Plan.
PRICE PER SQ. FT. LAND	\$506.54
PRICE PER SQ. FT. BUILDING	\$92.10

EXAMPLE 2:



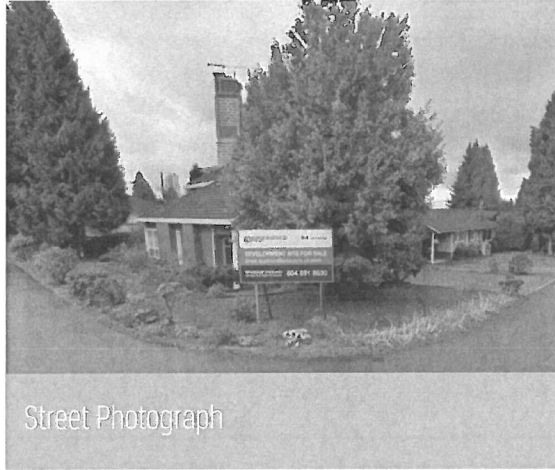
CIVIC ADDRESS	13379, 13389 103 AVE & 10308 133A Street, Surrey
LEGAL DESCRIPTION	Lot 13, Block 3B, Plan NWP1726, Section 27, Range 2, New Westminster Land District; Lot 14, Block B, Plan NWP1726, Section 27, Range 2, New Westminster Land District; Lot 12, Block 5N, Sub Block B, Plan NWP1726, Section 27, Range 2W, New Westminster Land District
PID NUMBER	012-326-810, 012-326-844, 012-326-828
SALE/LIST DATE	October 10, 2024
PRICE	\$18,050,000
SITE AREA	25,093 Sq. Ft.
POTENTIAL BUILDABLE AREA	324,058 Sq. Ft.
MAX FSR PERMISSIBLE	12.91
ZONING	RF — Single Family Residential Zone
REMARKS	This is a sale of an assembly of 3 parcels located on the north side of 103 Avenue west of 133A Street. The properties area designated Mixed Use 5.5 FAR in the Surrey City Centre Plan. As of June 24, 2024 an OCP amendment was at third reading to permit development of a 44-storey mixed-use tower with an 8-storey podium consisting of ground floor commercial, restaurant, office and approximately 424 residential units. The proposed GFA equates to 324,058 sq. ft. resulting in proposed FAR of 12.91 based on the assembled site area. The proposed density is based on a gross site area of 32,658 sq. ft. that includes a portion of 103 Ave resulting in a Gross FAR of 9.9 and a Net FAR of 11.5 net of a road dedication.
PRICE PER SQ. FT. LAND	\$719.32
PRICE PER SQ. FT. BUILDING	\$55.70

EXAMPLE 3:



CIVIC ADDRESS	5777 Willingdon Ave & 4475 Grange Street, Burnaby
LEGAL DESCRIPTION	Lot 101, Plan NWP25477 & Lot 293, Plan NWP53610, District Lot 33, Group 1, New Westminster Land District
PID NUMBER	002-710-382, 003-344-398
SALE/LIST DATE	May 31, 2024
PRICE	\$38,000,000
SITE AREA	61,258 Sq. Ft.
POTENTIAL BUILDABLE AREA	332,631 Sq. Ft.
MAX FSR PERMISSIBLE	5.43
ZONING	RM3 — Multiple Family Residential District
REMARKS	This is a share sale of two properties located on the northwest corner of Willingdon Avenue and Grange Street in Metrotown. The properties are designated for high-density multiple-family development according to RM4s and RM4r Multiple Family Residential Districts within the Metrotown Downtown Plan, and Town Centre uses within the Official Community Plan. A development proposal (REZ #23-07) was submitted to City of Burnaby on June 24, 2024 for a 39-storey residential strata apartment, and a separate six-storey non-market rental apartment building with a proposed FAR of 5.43.
PRICE PER SQ. FT. LAND	\$620.33
PRICE PER SQ. FT. BUILDING	\$114.24

EXAMPLE 4:



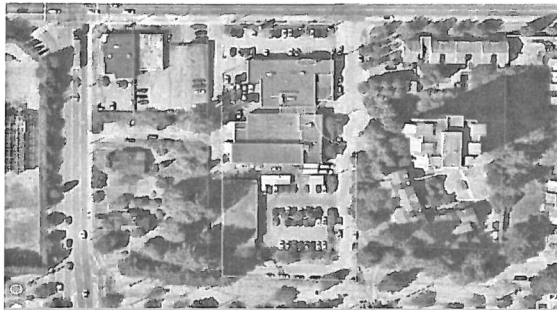
CIVIC ADDRESS	600, 604, 606, 616 Kemsley Ave & 639 Elmwood St & 605, 609 Westley Avenue, Coquitlam
LEGAL DESCRIPTION	Lot A, Plan EPP135933, District Lot 106, Group 1, New Westminster Land District
PID NUMBER	032-302-258
SALE/LIST DATE	November 01, 2023
PRICE	\$21,369,130
SITE AREA	49,266 Sq. Ft.
POTENTIAL BUILDABLE AREA	246,330 Sq. Ft.
MAX FSR PERMISSIBLE	5.00
ZONING	RS-1 — One Family Residential
REMARKS	This is a sale of seven parcels comprised of 1.13 acres (49,266 square feet) within a larger 1.604 acre (69,870 square foot) assembly located in the Burquitlam neighbourhood of Coquitlam. The transaction includes 600, 604, 606, 616 Kemsley Ave & 639 Elmwood St & 605, 609 Westley Street. The properties are designated High Density Apartment Residential in the Burquitlam Lougheed Neighbourhood Plan. Subsequent to the date of purchase approval was granted to construct a 6 story and 39-story Condo tower, and two 6-story rental buildings totaling 415 strata units, 152 rental units and a child care space.
PRICE PER SQ. FT. LAND	\$433.75
PRICE PER SQ. FT. BUILDING	\$86.75

EXAMPLE 5:



CIVIC ADDRESS	648 & 650 Gardena Drive, 584-596 Kemsley & 589,593 Westley Avenue, Coquitlam
LEGAL DESCRIPTION	Lots 106, 140 & 141, Plan Nwp22358, District Lot 54, Group 1, New Westminster Land District, & DI 55; Lots 12 & 13, Plan Nwp14294, District Lot 106, New Westminster Land District; Lots 102, 103 & 104, Plan Nwp22358, District Lot 9 & 55 & 106, New Westminster Land District
PID NUMBER	001-754-238, 009-108-637, 009-926-518, 009-926-542, 008-268-746, 008-806-063, 009-108-653, 006-158-374,
SALE/LIST DATE	October 11, 2022
PRICE	\$24,549,016
SITE AREA	58,306 Sq. Ft.
POTENTIAL BUILDABLE AREA	291,530 Sq. Ft.
MAX FSR PERMISSIBLE	5.00
ZONING	RS-1 — One Family Residential
REMARKS	This is a sale of an eight parcel 58,306 square foot (1.34 acre) assembly located in the Burquitlam neighbourhood of Coquitlam. The properties are designated RM-6 High Density Apartment Residential in the Burquitlam Lougheed Neighbourhood Plan.
PRICE PER SQ. FT. LAND	\$421.04
PRICE PER SQ. FT. BUILDING	\$84.21

EXAMPLE 6:



Aerial Photograph



Street Photograph

CIVIC ADDRESS	6958/84 Kingsway, 7243 Greenford Ave, 6957/61 Beresford Street, Burnaby
LEGAL DESCRIPTION	Lot 1, Block 22, Plan 1930A, District Lot 95, Group 1, New Westminster Land District; Lot A, Plan NWP5795, District Lot 95, Group 1, New Westminster Land District; Lot A, Block 22, Plan 1930A, District Lot 95, Group 1, New Westminster Land District, (BV334546)
PID NUMBER	010-034-684, 002-983-893, 025-746-570
SALE/LIST DATE	July 14, 2022
PRICE	\$33,011,392
SITE AREA	66,400 Sq. Ft.
POTENTIAL BUILDABLE AREA	365,200 Sq. Ft.
MAX FSR PERMISSIBLE	5.50
ZONING	C-4 & M2 — Service Commercial and General Industrial District
REMARKS	Located on the southwest corner of Kingsway and Greenford Avenue in the Edmonds neighbourhood of Burnaby. The City of Burnaby designates the property as High Density Mixed Use and High Density Multiple Family Residential in the Edmonds Community Plan. In December 2024 development permit approval was granted for a single 40-storey high-rise strata apartment building with two-storey townhouse at grade and a six-storey mixed-use rental and commercial retail building fronting Kingsway. The Gross Floor Area of the development is 365,230 square feet which equates to 5.50 FAR based on a site size of 66,400 square feet.
PRICE PER SQ. FT. LAND	\$497.16
PRICE PER SQ. FT. BUILDING	\$90.39

COMPARABLE SALES TABLE

	Subject	Example 1	Example 2	Example 3
Civic Address	230 Keary Street	10336, 10364 133A ST & 13380, 13381, 13387, 13390 103A Avenue	13379, 13389 103 AVE & 10308 133A Street	5777 Willingdon Ave & 4475 Grange Street
City	New Westminster	Surrey	Surrey	Burnaby
Sale or List Date		Listing	Oct-24	May-24
Price		\$25,500,000	\$18,050,000	\$38,000,000
Site Area	42,840	50,342	25,093	61,258
Potential Buildable Area	299,880	276,881	324,058	332,631
Max FSR Permissible	7.00	5.50	12.91	5.43
Zoning	CD-52	RS-3	RF	RM3
Unadjusted \$/Sq. Ft. of Site Area		\$506.54	\$719.32	\$620.33
Unadjusted \$/Sq. Ft. of Bldbl Area		\$92.10	\$55.70	\$114.24

ADJUSTMENTS				
Rights		Similar	Similar	Similar
Financing Terms		Similar	Similar	Similar
Conditions of Sale		Similar	Similar	Similar
Market Conditions		Similar	Superior	Superior
Locational Factors		Sli. Superior	Sli. Superior	Sig. Superior
Site Characteristics		Sli. Inferior	Superior	Inferior
Land Use		Superior	Inferior	Superior
Overall Adjustment		Downward	Upward	Downward

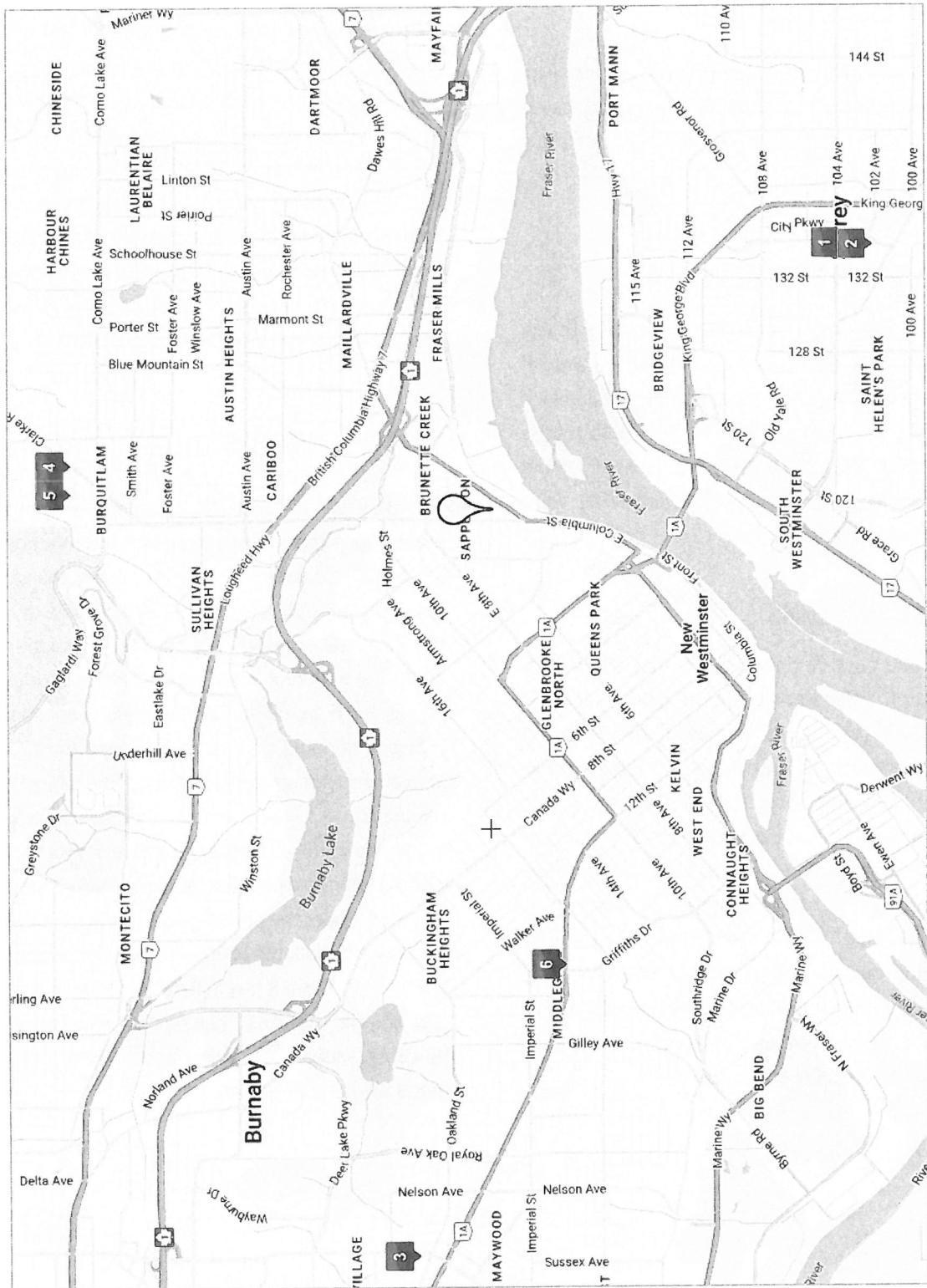
Overall Comparability		Superior	Inferior	Sig. Superior
-----------------------	--	----------	----------	---------------

	Subject	Example 4	Example 5	Example 6
Civic Address	230 Keary Street	600, 604, 606, 616 Kemsley Ave & 639 Elmwood St & 605, 609 Westley Avenue	648 & 650 Gardena Drive, 584-596 Kemsley & 589,593 Westley Avenue	6958/84 Kingsway, 7243 Greenford Ave, 6957/61 Beresford Street
City	New Westminster	Coquitlam	Coquitlam	Burnaby
Sale or List Date		Nov-23	Oct-22	Jul-22
Price		\$21,369,130	\$24,549,016	\$33,011,392
Site Area	42,840	49,266	58,306	66,400
Potential Buildable Area	299,880	246,330	291,530	365,230
Max FSR Permissible	7.00	5.00	5.00	5.50
Zoning	CD-52	RS-1	RS-1	C-4 & M2
Unadjusted \$/Sq. Ft. of Site Area		\$433.75	\$421.04	\$497.16
Unadjusted \$/Sq. Ft. of Bldbl Area		\$86.75	\$84.21	\$90.39

ADJUSTMENTS				
Rights		Similar	Similar	Similar
Financing Terms		Similar	Similar	Similar
Conditions of Sale		Similar	Similar	Similar
Market Conditions		Superior	Superior	Superior
Locational Factors		Sli. Inferior	Sli. Inferior	Superior
Site Characteristics		Inferior	Inferior	Inferior
Land Use		Superior	Superior	Superior
Overall Adjustment		None	None	Downward

Overall Comparability		Similar	Similar	Superior
-----------------------	--	---------	---------	----------

COMPARABLE SALES MAP



DIRECT COMPARISON ANALYSIS

compared and contrasted with the subject. Adjustments are applied to the indices based upon the consideration of the following characteristics:

PROPERTY RIGHTS CONVEYED

This is based on the bundle of rights that are included in the transaction where 'fee simple' would represent the most complete bundle of rights. Any lesser bundle or a bundle that is different than that of the subject would necessitate an adjustment **Adjustments were made where appropriate.**

FINANCING TERMS

The sale price of one property may differ from that of an otherwise substantially identical property due to the impact of the financing arrangements. This becomes a crucial variable when either the subject, or one or more of the comparables, has a preferential financing arrangement when contrasted to that typically offered by the market as at the relevant date of the appraisal. This is most often the case with Vendor take-back financing or when existing financing is assumed. In these circumstances the Purchaser may have paid a premium. **No known financing variables are known of.**

CONDITIONS OF SALE

When conditions motivating the Vendor or Purchaser are at variance, the price for the sale may differ from that involving a more normal transaction. Such circumstances may include a Vendor under pressure to sell quickly or an adjoining owner acquiring a property to enhance the development potential of the existing holding. **A review of the transactions used in this report did not reveal any unusual circumstances which would require this adjustment. All appeared to be on an arm's length basis.**

MARKET CONDITIONS

The data of sale identifies market conditions prevailing when the particular transaction occurred. Market conditions may change between the date of sale of a comparable and the effective date of the appraisal. Changing market conditions often result from various causes such as inflation, economic recession, changing demand, changing supply and the cost or availability of mortgage funding. The cause of the adjustment is not time itself but a change in market conditions. **Market evidence shows that high density development property values have decreased over the period of comparison. Sales that were negotiated in 2022 reflect the peak of the market. There is insufficient evidence to do a quantitative market condition adjustment; however, qualitative adjustments have been made where appropriate.**

LOCATIONAL FACTORS

Location has a significant effect on value.

Area: Geographic location within the community, proximity to other commercially and residentially zoned properties, accessibility for transportation of goods, surrounding area uses such as residential, industrial or commercial, proximity to amenities or market. **Adjustments were made where appropriate.**

Locale: Traffic levels on the street, sites which are located on street corners, or have more than one frontage, have a higher value than those that do not. Retail and commercial property values are dramatically affected by their exposure to high traffic locations. **Adjustments have been made where appropriate.**

PHYSICAL CHARACTERISTICS

Size: Historic research has indicated that larger sites sell for a lower rates per site area, due to economies of scale in development or use. **Adjustments have been made to comparables which to reflect the inverse relationship between price per square foot and total site area.**

Configuration: The configuration of the property does typically not affect the value of the property except where it is a detriment. **Adjustments were made where appropriate.**

Improvements and Condition: Where redevelopment is not imminent, improved redevelopment properties are slightly superior to vacant parcels due to the holding income they provide until the property can be developed according to its underlying land use designation. **Adjustments are required where appropriate.**

ZONING AND LAND USE

The comparable properties range in land use classification. An analysis of market perception for land use has been conducted. Typically, value rates per sq. ft. of land area increase as density increases. Typically, unit rates per buildable square foot decrease as densities increase. **Adjustments are required where appropriate.**

Density: All things equal, value rates per sq. ft. of land area increase as potential density increases. Conversely, value rates per sq. ft. buildable decrease as densities increase.

Adjustments have been made where appropriate.

ESTIMATE OF VALUE BY THE DIRECT COMPARISON APPROACH

The subject property is a proposed airspace parcel within a municipal road allowance. This type of property does not frequently transact. When portions of municipal road allowances do transact, the value rate of the adjacent property acquiring the road allowance is used to determine value. This method of allocating value to the road allowance is known as Across the Fence (ATF) methodology. Simply stated, ATF methodology is used to develop a value opinion based on comparison to abutting land. In this instance, the adjacent property acquiring the airspace parcel has a civic address of 230 Keary Street

230 Keary Street is a 42,840 square foot property with a permitted density of 7.00 FAR resulting in a potential buildable area of 299,880 square feet. For high density development properties, the most commonly used basis of analysis is the price per square foot of potential buildable area. The comparable sales indicate a range in values from \$55.70 to \$114.24 per square foot of potential buildable area.

Example 1 is listed for \$25,500,000 overall representing \$506.54 per square foot of site area or \$92.10 per square foot of potential buildable area. Based on a permitted FAR of 5.50 the site has a potential buildable area of 276,881 square feet. This is slightly less than that of 230 Keary Street requiring a downward adjustment to the rate per square foot of buildable area.

Example 2 sold for \$18,050,000 overall representing \$719.32 per square foot of site area or \$55.70 per square foot of potential buildable area in October 2024. This property has a permitted FAR of 12.91 based on the comparable site area and a corresponding larger potential buildable area of 324,058 requiring an upward adjustment due to the inverse relationship between potential buildable area and the rate per square foot of buildable area.

Example 3 sold for \$38,000,000 overall representing \$620.33 per square foot of site area or \$114.24 per square foot of potential buildable area in May 2024. This is a sale of a property in a superior Metrotown neighbourhood. Despite the property having a larger potential buildable area, an overall downward adjustment for location is warranted.

Examples 4 and 5 are located on the same block but are comprised of distinct and separate assemblies. Example 4 is a 49,266 square feet assembly that sold for \$21,369,130 overall representing \$433.75 per square foot of site area or \$86.75 per square foot of potential buildable area in November 2023. Example 5 is a 58,306 square feet assembly that sold for \$24,549,016 overall representing \$421.04 per square foot of site area or \$84.21 per square foot of potential buildable area in October 2022. Based on an FAR of 5.00, the assembled properties have potential buildable areas of 246,330 and 291,530 square feet respectively. Upward adjustments to these comparable sales are appropriate for location; however, due to an inverse relationship between size of potential buildable area and price per square foot of buildable area an offsetting downward adjustment is appropriate. 230 Keary Street should achieve a similar rate per square foot of buildable area.

Example 6 sold for \$33,011,392 overall representing \$497.16 per square foot of site area or \$90.39 per square foot of potential buildable area in July, 2022. This is a sale of a property located in a superior Kingsway location. Similar to Example 3, despite the property having a larger potential buildable area, an overall downward adjustment for location is warranted. This example sets the high end of the value range for the subject property.

After adjustments, the value of the subject property should be more than \$55.70 per square foot of potential buildable area but less than \$90.39 per square foot of potential buildable area. Considering the preceding analysis a value rate similar to Examples Four and Five is reasonable.

Based on the comparable data introduced and the characteristics of the subject property, **\$85.00** per square foot of potential buildable area is appropriate. This equates to **\$595** per square foot of site area which is supported by the comparable data introduced.

Therefore,

VALUE OPINION ON A PRICE PER SQ. FT. OF SITE AREA BASIS
\$595.00 PER SQ. FT.

This rate per square foot of site area will be used to determine the fair market value of the proposed air-space parcel.

VALUATION METHOD

Ownership of land includes not only the physical surface but also the space above and below the surface as necessary for the ordinary use and enjoyment of the land. That space above or below the surface may be subdivided to create an air space parcel. An air space parcel is a 3-dimensional, volumetric space that exists above or below ground. Land value can be allocated to the various airspace parcels.

The subject airspace parcel is above a municipal corridor. It is reasonable to anticipate that the segments of a corridor which exhibit the highest activity levels would contribute the greatest proportion of overall value. To facilitate this assessment, the transportation corridor can be categorized into four distinct zones, each typically incompatible with the others.

These zones are as follows:

- **Street Level:** Extending from ground level up to approximately 20 feet high, this area encompasses uses related to vehicular and pedestrian traffic, utility poles, parking meters, traffic signs, landscaping, and other sidewalk activities.
- **Overpass Level:** Above 20 feet, this zone includes uses associated with pedestrian overpass structures, elevated transit guideways, and street lighting.
- **Underground Utility Level:** Ranging from ground level to 10 feet below grade, this zone contains utility infrastructure, including telecommunications equipment.
- **Underground Transportation Level:** This zone is designated for transportation facilities, such as rapid transit lines, which must be situated below underground utilities to avoid conflicts.

The highest activity occurs at the street level, thus attracting the highest allocation of land value at 45%. The utility corridor is valued at approximately 25%, while the overpass and underground transportation levels attract lower allocations of 20% and 10%, respectively.

The corridor zones are a derivation of the Schmutz formula. This formula has been used in valuing partial takings along the Canda Line SkyTrain corridor as well as the Millennium Line's Evergreen and Broadway Extensions. This formula deals with the relative percentage of value of a property assuming it is divided into horizontal planes. While often used as a guide for valuing partial takings, the formula is intended for fee simple land value. The formula allocates the fee value of a property into horizontal planes as follows:

RIGHTS	HORIZONTAL PLANE	% OF FEE COMPENSATED
AIR RIGHTS	ABOVE 44 FT	17%
AIR RIGHTS	20 FT TO 44 FT	20%
SURFACE	0 FT TO 20 FT	45%
BASEMENT		8%
SUB-BASEMENT		3%
BELOW SUB-BASEMENT		2%
	TOTAL	95%

The allocation totals less than 100% as the formula assumes a 5% percent severance loss as the values of two or more separate ownerships in the fee is assumed to be less than if the entire fee were held in one ownership.

The Schmutz formula suggests that subsurface rights contribute 13% to the value of the property while surface rights to the first 20 feet contribute 45% to the value. The greatest level of activity in the five zones occurs at the surface resulting in the highest allocation of land value at 45%. That airspace between the 'first floor' level and 44 feet achieves approximately 20%, and the airspace beyond this level attracts 17%. The subsurface area is allocated between, basement level, sub-basement and all below. Attracting lower levels of allocation at 8%, 3% and 2% respectively.

The horizontal extent (length x width) of the elevated bridge component of the airspace parcel equates to 1,552 square feet. According to the survey provided, the underside of the elevated component ranges from 23.6 feet at the southern boundary of the Keary Street road allowance, 31 feet at the column grade and 16 feet at the northern boundary of the Keary Street road allowance. This is an undulating area that does not have a measurable or predictable slope. The appraiser does not have adequate survey plans to accurately divide the component of the airspace parcel into the specific horizontal planes as prescribed by the Schmutz formula. Based on the metrics derived from the survey provided, the average elevation of the underside of the bridgeway component equates to ± 23.5 feet. The height of the elevated bridgeway component is 27.56 feet. Based on average elevation above surface level, the airspace component occupies an area between ± 23.5 to 51.06 feet above surface level.

AIRSPACE COMPONENT	DIMENESIONS (FT)	AREA (FT ²)	HEIGHT (FT)	VOLUME (FT ³)
Elevated Bridgeway	66 X 23.52	1,552	27.56	42,773
Support Columns	17.55 X 8.89	156	31.00	4,836
TOTAL		1,708		47,609

According to the horizontal planes prescribed by the Schmutz formula and based on an average elevation of 23.5 feet above surface grade; 74.4% of the elevated bridge component of the airspace parcel is located within the 20-to-44-foot horizontal plane and 25.6% is located in the above 44-foot horizontal plane with compensation rates of 20% and 17% respectively. The weighted percentage based on the preceding allocation equates to 19.23% of fee simple value.

WEIGHTED COMPENSATION CALCULATIONS – ELEVATED BRIDGEWAY				
HORIZONTAL PLANE	AREA IN PLANE (FT)	% OF TOTAL	(X) % COMPENSATION IN HORIZONTAL PLANE	WEIGHTED % COMPENSATION RATE
Above 44 Feet	7.06	25.6%	17%	4.35%
20-44 Feet	20.5	74.4%	20%	<u>14.87%</u>
Totals	27.56	100%	-	19.23%

The horizontal extent (length x width) of the column component of the airspace parcel equates to 156 square feet. According to the survey provided, the column component extends from grade to a height of ± 31 feet. Therefore, according to the horizontal planes prescribed by the Schmutz formula; 64.5% of the column is located in the surface horizontal plane of 0-20 feet and 35.5% is within the 20-to-44-foot horizontal airspace plane with compensation rates of 45% and 20% respectively. The weighted percentage based on the preceding allocation equates to 36.13% of fee simple value.

WEIGHTED COMPENSATION CALCULATIONS - COLUMN				
HORIZONTAL PLANE	AREA IN PLANE (FT)	% OF TOTAL	(X) % COMPENSATION IN HORIZONTAL PLANE	WEIGHTED % COMPENSATION RATE
20-44 Feet	11.00	35.5%	20%	7.10%
Surface	20.00	64.5%	45%	<u>29.03%</u>
Totals	31.00	100%	-	36.13%

VALUATION SUMMARY BY SCHMUTZ FORMULA

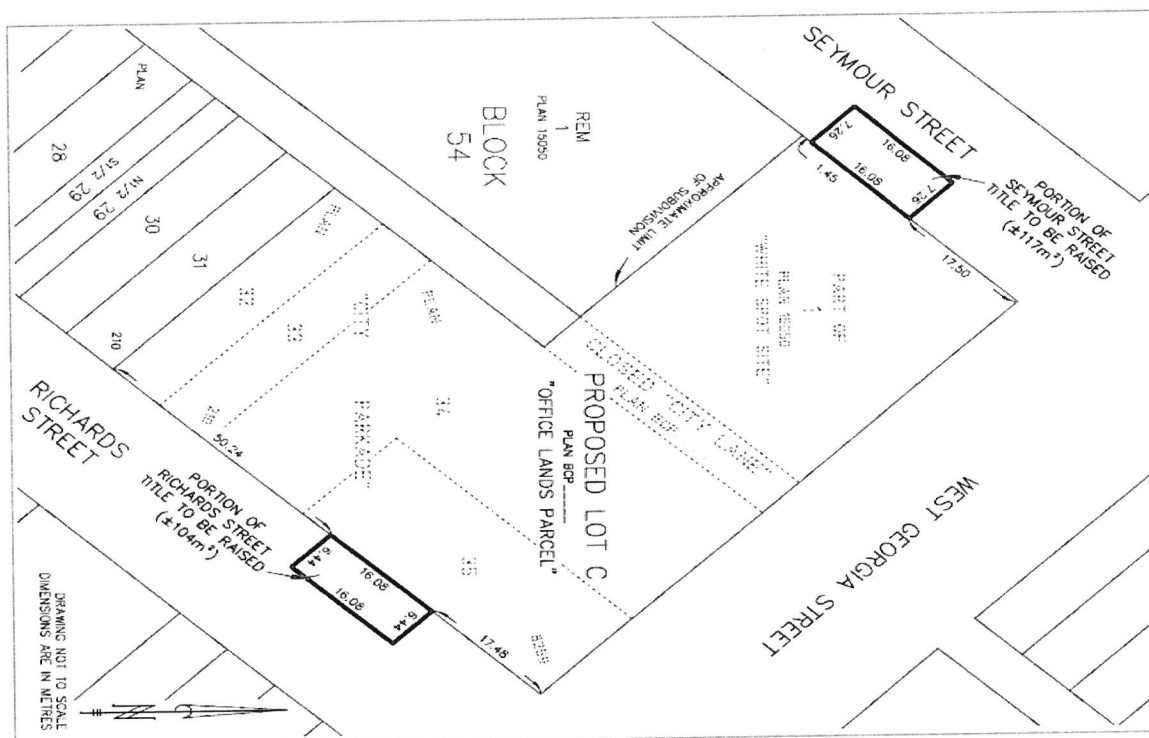
I have established that the market value of the adjacent land is \$595 per square foot.

Therefore, according to the preceding analysis, the value of the subject property is calculated as follows:

AIRSPACE COMPONENT	AIRSPACE AREA SF	\$ PER SF LAND	100% FEE SIMPLE VALUE	WIGHTED % OF FEE SIMPLE VALUE	ESTIMATE OF VALUE
Elevated Bridgeway	1,552	\$595	\$923,440	19.23%	\$177,578
Columns	156	\$595	\$92,820	36.13%	<u>\$ 33,536</u>
Totals	1,708	\$595	\$1,016,260	20.77%	\$211,114
				ROUNDED TO:	\$215,000

SUPPORTING EVIDENCE OF VALUE

In 2011 the Telus Garden development, located at 520 W Georgia Street in Vancouver, constructed cantilevered building projections out over Seymour and Richards Streets by approximately 7.3 metres or ± 117 sq. m. (1,259 sq. ft.) and 6.5 metres or ± 104 sq. m (1,119 sq. ft) respectively.¹¹⁷ The cantilevered projections into the municipal road allowances have a combined area of $\pm 2,378$ sq. ft. (221 sq. m.).



In November 2011, the City of Vancouver entered into a 99-year lease with Telus Communications Inc.; a practice that was cited in the Administrative Report presented to City Council as being '*commensurate with other leases for significant structures within City streets*'. The lease payments were based on the annual charges established under the Encroachment Bylaw which, as of January, 2011, were set at \$166.70 plus \$4.45 for every square foot exceeding 150 square feet. According to the Administrative Report to council the lease yields annual charges of approximately \$5,100 for the Seymour Street lease premises and approximately \$4,500 for the Richards Street lease premises or \$9,600 annually (\$800 per month).

A Discounted Cash Flow Analysis of the lease payments will indicate the Net Present Value of the leasehold interest as of November 2011. The bundle of rights contained in a 99-year leasehold interest is considered to be equivalent to the fee simple rights as the term of the lease corresponds to (often extending beyond) the economic life of the improvements within the leased area. Therefore, the Net Present Value of the leasehold interest is a reasonable approximation of the fee simple value of the airspace.

DISCOUNTED CASH FLOW ANALYSIS

A Discounted Cash Flow calculation is analogous to a net present value estimation in finance. A discount rate is applied to the income streams and the hypothetical net proceeds from sale (reversion) at the end of the holding period. The value of the property is equivalent to the discounted value of the future benefits.

Present value is a function of discounting the lease payments (cash flows) over the term of the lease. In this instance the cashflows are expressed as lease payments of \$9,600 per year or \$800 per month.

An annuity due is an annuity in which the cash flows, or payments, occur at the beginning of the period. For the purpose of the Discounted Cash Flow (DCF) analysis I will assume that income is due at the same time each period, whereby the cash flow (lease payments) in each period is received monthly with payments due on the first day of each month. There are 1,188 months in a 99-year period. The DCF analysis will only concern itself with the monthly cashflows over the term of the lease and does not afford a reversionary value for the improvements at the end of the lease.

SELECTION OF DISCOUNT RATE

Discount rates can vary according to interest rates, specific investor return requirements, financial/managerial risk, degree of liquidity, and management. These, and other investment-specific factors will all affect the rate of return acceptable to a given investor. Risk is commensurate with return, therefore, when an investor is considering an investment, the degree of risk in alternative investments such as bank rate securities, government bonds, stocks, and other selected investments, all of which are in competition.

The overnight rate is set by the Bank of Canada in eight pre-scheduled announcements a year. The policy rate is referred to as "overnight" because it actually sets the cost for Canada's banks to borrow money from each other at the end of each business day. The prime rate on the other hand is set by financial institutions and is the base rate to which they lend clients before adding a risk premium depending on the lending instrument and the credit worthiness of their client. Bond yields are considered to be risk free and while the risk of default is minimal, 10-year Treasuries are subject to interest rate risk.

The following chart outlines the Bank of Canada (BoC) overnight or policy rate, prime rate and the 10-year, long term bond yields as of the 2011.

2011 BANK OF CANADA (BOC) YIELDS	
BoC Policy Rate	1.00%
Prime Rate	3.00%
10 Year Canadian Bond Yield	2.78%*

*Average monthly yield in 2011

In consideration of the risk associated with the lease in question, a yield rate (discount) rate in keeping with the 2011 average 10-year bond yield of 2.78% will be used for the purposes of discounting the annual cashflows.

NET PRESENT VALUE ESTIMATE

The parameters for the DCF calculation are summarized as follows:

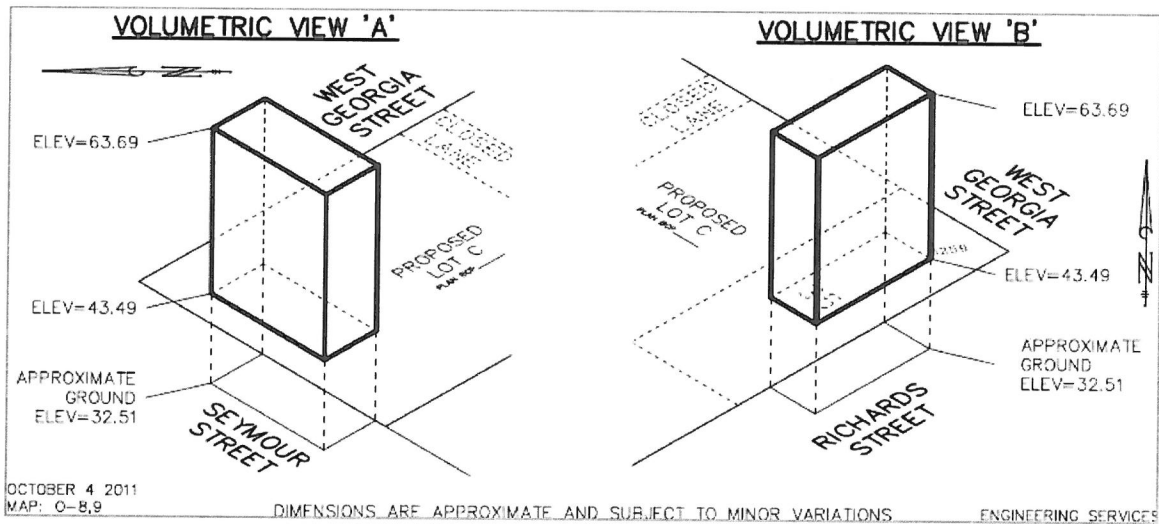
NET PRESENT VALUE PARAMETERS	
Term Months	1,188 months
Discount Rate	2.78%
Payments	Beginning of Period
Annual Lease Payment	\$9,600
Monthly Lease Payment	\$800
Net Present Value	\$327,113

Based on the parameters as summarized, the value of the leasehold interest of the Telus Garden airspace leases as produced by the Discounted Cash Flow is \$327,113.

COMPENSABLE RATE BASED ON NPV OF LEASE PAYMENTS		
NPV of Lease Payments	November 1, 2011	\$327,113
Sale 520 W Georgia Street (Telus Gardens)	February 24, 2012	\$18,647,750
Compensable Rate of Fee Simple Value	-	17.54%

In this instance, due to the nature of the 99-year lease, the leasehold value of \$327,113 is equivalent to the fee simple value of the combined airspace area on both Seymour and Richards Street.

520 W Georgia Street transacted for \$18,674,750 in February 2012. The date of sale corresponds to the registration of title and likely the sale occurred in the months prior to the registration. Based on a net present value of \$327,113 the airspace parcels transacted at 17.54% of the fee simple value of the adjacent parcel.



The volumetric areas of the Seymour and Richards Street airspace are indicated in the schema above. The airspace parcels occupy an area between 10.98 metres (± 36 feet) and 31.18 metres (± 102 feet) above surface level and have a total height of 20.2 metres (± 66 feet).

According to the Schmutz formula, 8 feet or 12.12% of the airspace area is within the 20-44-foot horizontal plane compensated at 20% of fee simple and 58 feet or 87.88% is within the 44 foot and above horizontal plane compensated at 17%. Based on the preceding allocation, the weighted percentage compensation due equates to 17.36% of the fee simple value of the adjacent parcel.

WEIGHTED COMPENSATION CALCULATIONS				
HORIZONTAL PLANE	AREA IN PLANE (FT)	% OF TOTAL	(X) % COMPENSATION IN HORIZONTAL PLANE	WEIGHTED % COMPENSATION RATE
ABOVE 44 FEET	58.00	87.88%	17%	14.94%
20-44 FEET	8.00	12.12%	20%	<u>2.42%</u>
TOTALS	66.00	100%	-	17.36%

The Schmutz formula results in a compensation rate within 1.04% of the of the compensable rate of fee simple value as calculated on the preceding pages of 17.54%.

VALUATION SUMMARY

The Schmutz formula to valuation results in a total compensation due for the airspace parcel of 20.77% of the fee simple value of the adjacent land. The compensable rate and methodology used to arrive at an estimate of value is supported by an analysis of similar airspace parcels located within municipal road allowances in the subject's market area.

Therefore, considering the above analysis the value of the subject airspace parcel is calculated as follows:

AIRSPACE COMPONENT	AIRSPACE AREA SF	\$ PER SF LAND	100% FEE SIMPLE VALUE	WIGHTED % OF FEE SIMPLE VALUE	ESTIMATE OF VALUE
Elevated Bridgeway	1,552	\$595	\$923,440	19.23%	\$177,578
Columns	156	\$595	\$92,820	36.13%	<u>\$ 33,536</u>
Totals	1,708	\$595	\$1,016,260	20.77%	\$211,114
				ROUNDED TO:	\$215,000

FINAL ESTIMATE OF VALUE

After inspecting the property and analyzing the data obtained throughout my investigation, I have formed the opinion that the "as is" market value of the subject property, assuming a competitive and open market, as of **May 23, 2025**, is:

TWO HUNDRED FIFTEEN THOUSAND DOLLARS*
\$215,000*

*Subject to the Extraordinary Assumptions and Limiting Conditions on pages 9 & 10.

CERTIFICATION

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

1. The statements of facts 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 impartial and unbiased professional analyses, opinions and conclusions.
3. I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment.
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 is not contingent upon developing or reporting predetermined results, the amount of the value estimate, a conclusion favouring the client, or the occurrence of a subsequent event.
6. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP).
7. I have the knowledge and experience to complete the assignment competently.
8. Except as herein disclosed, no other individual 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 is a member in good standing of the Appraisal Institute of Canada.

PROPERTY IDENTIFICATION

Address: **Keary Street Airspace at 230 Keary Street, New Westminster**

Legal Description: **Not a Legal Parcel**

Based upon the data, analyses and conclusions contained herein, the "as is" market value of the fee simple interest in the subject property as at **May 23, 2025**, is estimated at **\$215,000***

***As set out elsewhere in this report, this report is subject to certain assumptions and limiting conditions, including the Extraordinary Assumptions and Limiting Conditions on pages 9 & 10, the verification of which is outside the scope of this report.**

APPRAISER



VINCE O'DWYER

BA, BBA, RI, R/W-AC, AACI, P. App

MEMBERSHIP #: 906204

DATE OF REPORT/DATE SIGNED: June 13, 2025

PERSONALLY INSPECTED THE PROPERTY: Yes

DATE OF INSPECTION: May 23, 2025

PART III - ADDENDA

ASSUMPTIONS, LIMITING CONDITIONS, DISCLAIMERS AND LIMITATIONS OF LIABILITY

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

The Certification that appears in this report is subject to compliance with the Personal Information and Electronics Act (PIPEDA), the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) and the following conditions:

This report is prepared only for the client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the author. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the appraisal fee has no effect on liability. Reliance on this report without authorization or for an unauthorized use is unreasonable.

The author has agreed to enter into the assignment as requested by the client named in this report for the use specified by the client, which is stated in this report. The client has agreed that the performance of this report and the format are appropriate for the authorized use.

Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author(s).

TITLE DISCLAIMER

While expert in appraisal matters, the author is not qualified and does not purport to give legal advice. It is assumed that:

1. The legal description supplied was correct;
2. Title to the property was good and marketable;
3. There were no encroachments, encumbrances, restrictions, leases or covenants that would in any way affect the valuation, except as expressly noted herein;
4. The existing uses were legal uses, which could have been continued by any purchaser from the existing owner;
5. Rights-of-way, easements or encroachments over the property and leases or other encumbrances noted herein are legally enforceable.

The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. No registry office search has been performed and the author assumes that the title is good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.

Because these covenants have been made, no investigation, legal or otherwise, have been undertaken which would verify these assumptions except as expressly noted herein.

TITLE

I did not obtain an opinion on the state of title or any of the encumbrances registered against title. I am not qualified in these legal matters and have not requested legal advice on these encumbrances. For the purpose of this appraisal, the subject is assumed to be free and clear of any and all encumbrances that may materially affect

the value except as stated otherwise within this report.

Your attention is directed to the Addenda of this report and a copy of the current title abstract.

TITLE INSTRUMENTS

A legal opinion should be obtained for an explanation of the effects of any encumbrance filed against title. For the purposes of this analysis, the instruments registered against the title to the property are assumed not to have any significant effect on their marketability or market value unless stated otherwise herein. The property has been valued as though free and clear of any financing. In addition, it has been assumed that there are no encroachments, rights-of-way, restrictions, leases or covenants that would in any way affect the valuation, unless otherwise state herein.

GOVERNMENT REGULATIONS

Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the appraiser. Any information provided by the appraiser is for informational purposes only and any reliance is unreasonable. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.

LEGAL SURVEY

No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.

COURT TESTIMONY

This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to adequate time to review the report and related data, and the provision of appropriate compensation.

PROPERTY CONDITIONS

Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighbouring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such

reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.

The author is not qualified to comment on detrimental environmental, chemical or biological conditions that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air which may include but are not limited to moulds and mildews or the conditions that may give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. It is an assumption of this report that the property complies with all regulatory requirements concerning environmental, chemical and biological matters, and it is assumed that the property is free of any detrimental environmental, chemical legal and biological conditions that may affect the market value of the property appraised. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical or biological conditions that may impact the value conclusion herein, that party is advised to retain an expert qualified in such matters. The author expressly denies any legal liability related to the effect of detrimental environmental, chemical or biological matters on the market value of the property.

VERIFICATION OF INFORMATION

The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.

Market data has been obtained, in part, from documents at the land registry office, or as reported by a real estate board or other qualified sources. As well as using such documented and generally reliable evidence of market transactions, it also may have been necessary to rely on hearsay evidence. Except as noted herein, a reasonable attempt has been made to verify all relied upon information.

INSPECTION

The term “inspection” refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.

The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author has not confirmed that all mandatory building inspections have been completed to date, nor

has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.

CONFIDENTIALITY

The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The author acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the author’s privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author’s privacy policy and in accordance with the PIPEDA.

COPYRIGHT

This report, its content and all attachments/addendums and their content are the property of the author. The client, authorized users and any appraisal facilitator are prohibited, strictly forbidden, and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in

whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.

CONFIRMATION OF AUTHENTICITY

In an effort to reduce potential fraud, AIC recommends that any user of this report is strongly advised that its authenticity be confirmed with the author prior to relying on it.

If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by my firm can be reasonably relied upon.

METHOD OF REPORTING

This report is prepared in accordance with the regulations governing the preparation of all appraisal reports, known as CUSPAP ("the Standards"), as set out by the Appraisal Institute of Canada. As stipulated within the regulations, an appraiser may communicate the results in either a form report, concise narrative report, or comprehensive report in complete or draft formats. This appraisal report is to be considered as a concise narrative appraisal report as described within CUSPAP.

SUPPORTING DOCUMENTATION

Plans and sketches from third-party sources are made available to assist in visualizing the property. Sketches, drawings, diagrams, photographs and other support exhibits presented in the report are included for the limited purpose of illustration. I cannot assume responsibility for their accuracy.

PATENT OR LATENT DEFECTS

It is assumed that there are no patent or latent defects in the subject improvements, that no questionable materials such as asbestos or Urea Formaldehyde are present, that they are structurally sound and in need of no immediate repairs, unless expressly noted within this report. No tests have been done of the heating, plumbing, electrical, air-conditioning or other mechanical systems and, for the purpose of this opinion, they are assumed to be in good working order.

FURNITURE, FIXTURES AND EQUIPMENT (FF & E)

This appraisal report considers the market value of the real estate only and does not include any business that may be carried on at the subject property. Any contributory value of FF&E would be included only to the extent that such items contribute to the normal operation of the property and are not separable as such. No list of FF&E or other chattel property was supplied to the appraiser during the course of the assignment that needed to be considered in the valuation.

DOCUMENTS RELIED UPON

- BC Assessment: Assessments and building ages for subject property and comparable properties; sales of comparable properties.
- City of New Westminster: Zoning Bylaw; Official Community Plan; GIS Maps for environmental, servicing and zoning information.
- Land Title and Survey Authority: Title, charges and legal plans for subject property
- Real Estate Board of Greater Vancouver and Fraser Valley Real Estate Board: Tax Report for subject property and comparable properties, MLS listing or sale data or subject property or comparable properties.
- Commercial Edge data: sales information for comparable properties.
- Bank of Canada, market conditions and historical interest rate data
- City of Vancouver Administrative Report - RTS No.: 09343 (Telus Gardens Lease)
- Elevated Building Schema, Survey of Proposed Airspace Parcel, Proposed Covenants

QUALIFICATIONS OF APPRAISER

VINCE O'DWYER, BA, BBA, RI, R/W-AC, AACI, P. App

Vince O'Dwyer is a professional, accredited AACI member of the Appraisal Institute of Canada. He is a graduate of Sauder Business School's Post Graduate Certificate in Real Property Valuation and holds bachelor's degrees in business administration and political science from the University of New Brunswick.

EDUCATION

2001 - 2005	Bachelor of Business Administration, University of New Brunswick
2004 - 2006	Bachelor of Arts, Major in Political Science, University of New Brunswick
2010 - 2013	Post Graduate Certificate in Real Property Valuation, University of British Columbia
2013- Present	AIC/REIBC/IRWA Continual Professional Development Courses

MEMBERSHIPS

2011- Present	Appraisal Institute of Canada (AIC) – AACI Member Certification No. 4630
2016- Present	Real Estate Institute of British Columbia (REIBC) – RI Member
2016- Present	Real Estate Board of Greater Vancouver
2016- Present	British Columbia Expropriation Association
2017- Present	International Right-of-Way Association (IRWA) – Right-of-Way Appraisal Cross (RW-A/C) Certification

PROFESSIONAL EXPERIENCE

2013 - Present	Collingwood Appraisals, Senior Appraiser/Consultant
2013 - Present	Penny & Keenleyside Appraisals, Senior Appraiser/Consultant
2012 - 2013	CWPC Property Consultants, Real Estate Analyst

RELEVANT EXPERIENCE

As an AACI designated professional member of the Appraisal Institute of Canada I am an expert in commercial property valuations & realty consulting. My areas of focus include appraisals of ICI land, existing and proposed multi-family developments, mixed-use developments, small and large format office, retail and industrial complexes. My consulting work includes feasibility analysis and market rental studies.

As an R/W-AC certified member of the International Right-of-Way Association, I am an expert in preparing valuations for expropriation and partial takings of public and private infrastructure projects and have provided my expertise on several major infrastructure projects throughout the Lower Mainland. I have consulted and completed right-of-way and full taking appraisals for use in advanced negotiation and expropriation proceedings for the following clients: Ministry of Transportation and Infrastructure, Metro Vancouver, Telus, FortisBC, BC Hydro, City of Burnaby, Township of Langley, City of New Westminster as well as consulting for private property owners.

VOLUNTEER EXPERIENCE

2023 – Present	Appraisal Institute of Canada BC – Vancouver Chapter Executive – Chair
2022 - Present	Real Estate Institute of British Columbia – Standards and Practices Committee
2019 - 2023	Appraisal Institute of Canada BC – Vancouver Chapter Executive - Secretary
2019 - 2020	Appraisal Institute of Canada BC – Member Engagement Committee
2020 - 2021	Appraisal Institute of Canada BC – Member Services Committee

Unit 1 - 10318 Whalley Boulevard
Surrey, BC V3T 4H4

600 - 1890 West Pender Street
Vancouver, BC V6C 1J9

Web Page: www.collingwood.com
e-mail: vince@collingwood.com

ZONING BYLAW

1000	CD-52
1052.	Comprehensive Development District (Brewery District) (CD-52) (BYLAW 8225, 2020)
Intent	
1052.1	To regulate use, density and building form of a nine-acre parcel to be developed as an integrated, comprehensive mixed use site comprising residential, commercial, business and professional offices and health care services and offices.
Permitted Uses	
1052.2	<p><i>This (CD-52) District is divided into eight sub-districts delineated, dimensioned and identified by sub-district number on the Plan annexed to this Bylaw marked "Tillage at Historic Sapperton Sub-Districts".</i></p> <p><i>Subject to S. 551.7 the following uses and no others shall be permitted in a sub-district as set out below:</i></p> <p><u>Sub-districts 1(b) (Health Services):</u> (BYLAW 8164, 2019)</p> <ul style="list-style-type: none"> • animal hospital; • bank; • business and professional offices; • cafe and restaurant excluding drive-in restaurants and drive through restaurants; (BYLAW 7478, 2011) • child care; • child welfare facility; • commercial school; (BYLAW 7841, 2016) • conference hotel; • drug store; • educational and philanthropic institutions; • fitness and exercise centre; • group living facility; • health care office; • hospital; • medical and health care clinic; • mental health facility; • microbrewery, winery and distillery; (BYLAW 7841, 2016) • personal service establishments; • private hospital; • retail store; • school; and • veterinary clinic. <p><u>Sub-districts 2(a) and 2(b) (Pedestrian Oriented Mixed Use):</u></p> <ul style="list-style-type: none"> • animal grooming; • animal hospital; • apartment building; • bank;
2021 10 04	New Westminster Zoning Bylaw 1052-1

- business and professional offices;
- cafe and restaurant excluding drive-in restaurants and drive through restaurants; (BYLAW 7478, 2011)
- child care in accordance with S. 170.13
- community care facility;
- congregate housing;
- continuing care;
- deleted (BYLAW 7841, 2016)
- detached row house or townhouse;
- drugstore;
- educational and philanthropic institution;
- elderly citizens' home;
- fitness and exercise centre;
- group living facility;
- health care office;
- home based business;
- hospital;
- hotel;
- live-work units;
- low rise apartment;
- medical and health care clinic;
- neighbourhood pub;
- personal service establishments;
- retail liquor store;
- private hospital;
- retail store;
- row house;
- student dormitory;
- townhouse;
- veterinary clinic; and
- video store.

Sub-Districts 3(a), 3(b) and 3(c) (High Density Residential and Retail):

- apartment building;
- bank;
- business and professional office;
- cafe and restaurant excluding drive ins;
- child care in accordance with S. 170.13
- community care facility;
- congregate housing;
- continuing care;
- drugstore;
- elderly citizens' home;
- fitness and exercise centres;
- group living facility;
- health care office;

- high rise apartment;
- home based business;
- hospital;
- live/work units;
- low rise apartment;
- medical and health-care clinic;
- multiple dwelling;
- personal service establishments;
- private hospital;
- retail store;
- row house;
- student dormitory;
- townhouse;
- veterinary clinic; and
- video store.

Sub-District 4 and 1(a)(Omnibus Uses):

(BYLAW 8164, 2019)

All uses permitted in all sub-districts in this C-CD-3 Zone District, except for cottage breweries, neighbourhood pub, and retail liquor store.

Height

- 1052.3 The maximum height and site coverage of all buildings and structures in each sub-district shall not exceed the height and site coverage set out below.

Sub-District	Overall Height	Podium Height	Site Coverage
Sub-districts 1(b) (Health Services)	125 feet	-	90%
Sub-districts 2(a) and 2(b) (Pedestrian Oriented Mixed-Use)	65 feet	-	70%
Sub-districts 3(a) (High Density Residential and Retail)	245 feet	67 feet	45%
Sub-districts 3(b) (High Density Residential and Retail)	180 feet	-	45%
Sub-districts 3(c) (High Density Residential and Retail)	157 feet	-	45%
Sub-districts 4 (Omnibus Use)	320 feet	87 feet	45%

(BYLAW 7841, 2016; 8164, 2019)

- 1052.3.1 The maximum height and site coverage in Sub-District 1(a) shall be as follows:

- a) the height of the building shall not exceed 59.4 metres (195 feet); and
- b) the maximum site coverage shall not exceed 95%.

(BYLAW 8164, 2019)

- 1052.3.2 The maximum height and site coverage in Sub-Districts 1(a), where a building includes a residential use, shall be as follows:

- a) the height of the residential portion of the building shall not exceed 97.5 metres (320 feet);
- b) the height of the portion of a building used for non-residential uses shall not exceed 10 storeys; and
- c) the site coverage shall not exceed 95%, except that the site coverage above the tenth storey of the building shall not exceed 45%;

(BYLAW 8164,

2019)

Density

1052.4

The Maximum Buildable Area in each sub-district shall not exceed the area in square feet set out below:

Sub- District	Maximum Floor Space Area
Sub-districts 1(a) (Health Services)	300,000 square feet
Sub-districts 1(b) (Health Services)	206,500 square feet
Sub-districts 2(a) (Pedestrian Oriented Mixed-Use)	100,000 square feet
Sub-districts 2(b) (Pedestrian Oriented Mixed-Use)	43,600 square feet
Sub-districts 3(a) (High Density Residential and Retail)	208,090 square feet
Sub-districts 3(b) (High Density Residential and Retail)	165,050 square feet
Sub-districts 3(c) (High Density Residential and Retail)	99,336 square feet
Sub-districts 4 (Omnibus Use)	260,000 square feet

(BYLAW 7447, 2010; 7457, 2011; 7841, 2016)

Transfer Density

1052.4 Deleted

(BYLAW 7841, 2016)

Maximum Tower Floor Plate

(BYLAW 7841, 2016)

1052.5 The maximum tower floor plate size of a principal building in the following sub-districts shall not exceed the floor plate sizes set out below. This does not apply to the podium levels of a building.

Sub- District	Maximum Tower Floor Plate	Up to Maximum Height
Sub-District 1(a)	7,600 square feet	See sections 1052.3.1 and 1052.3.2
Sub-districts 3(a)	7,600 square feet	245 ft
Sub-districts 3(b)	9,800 square feet	180 ft
Sub-districts 3(c)	7,600 square feet	157 ft
Sub-districts 4	7,600 square feet	320 ft

(BYLAW 8164, 2019)

Off-Street Parking

1052. 6 The requirements of the Off-Street Parking Regulations section of this Bylaw apply, except that, the minimum number of off-street parking spaces provided on *site* must be 1650.

(BYLAW 8184, 2020)

Siting of Uses and Restrictions on Density of Uses in Sub-Districts

1052.7

- a) in Sub-Districts 1(a) and 1(b), no "conference hotel" shall exceed a floor area of 112,000 Sq. feet;
- b) A minimum of 375 square metres (4,036 sq. ft.) of the following uses shall be provided between Sub-Districts 1(a) and 4:
 - cafés and restaurants excluding drive-in restaurants and drive through restaurants;
 - microbrewery, winery or distillery;
 - personal service establishments;
 - retail stores;

(BYLAW 7447, 2010; 8164, 2019)

- c) in Sub-Districts 2(a) and 2(b) no uses except commercial uses shall be permitted at grade level; and

- d) in all sub-districts, retail store use must have a minimum of 50% of total floor area at grade level, and may have a balance of any floor area sited on the second storey.
- e) (deleted) (BYLAW 7765, 2015)
- f) in Sub-Districts 1(a), 1(b) and 4, the manufacturing area for a "microbrewery, winery, and distillery" shall not exceed 20,000 square feet and shall only be permitted at grade level. (BYLAW 7841, 2016; 8164, 2020)
- g) In Sub-Districts 1(a), 1(b), 3(a) and 4, a minimum of 65,000 square feet of buildable area shall be provided for "health care office" and/or "medical and health-care clinic". This requirement can be fulfilled either within one Sub-district or a combination of the aforementioned Sub-Districts. (BYLAW 7841, 2016)
- h) The uses listed in section 1052.7.b shall only be permitted at grade level. (BYLAW 8164, 2019)
- i) The floor space required in section 1052.7.b shall be provided at grade level on the east side of a building in Sub-District 1(a) and at grade level on the north west corner of a building in Sub-District 4, except that lobbies for access to upper levels of the building not exceeding a building frontage of 6 metres (19.69 feet) may also be included. (BYLAW 8164, 2019)
- j) In Sub-District 4 a minimum of 4,645 square metres (50,000 square feet) and in Sub-District 1(a) a minimum of 9,290 square metres (100,000 square feet) shall be required of the following uses:

General and Health Related Commercial Uses

- animal grooming;
- animal hospital;
- bank;
- business and professional offices;
- cafés and restaurants, excluding drive-in restaurants and drive through restaurants;
- child care;
- child welfare facility;
- commercial school;
- conference hotel;
- educational and philanthropic institutions;
- fitness and exercise centre;
- group living facility;
- health care office;
- hospital;
- medical and health care clinic;
- mental health facility;
- microbrewery, winery or distillery;
- personal service establishments;

- private hospital;
- retail stores;
- schools;
- veterinary clinic

(BYLAW 8164, 2019)

Subdivision

1052.8

- a) Lands within Sub-Districts 1(a), 1(b), 2(a), 2(b) and 4 may only be subdivided into parcels having the dimensions, shape, configuration, location and area of Sub-Districts 1(a), 1(b), 2(a), 2(b) and 4; and
- b) Lands in Sub-Districts 3(a), 3(b) and 3(c) may be subdivided into no more than 3 parcels provided that no parcel shall have an area less than 30,000 sq.ft.

Definitions

1052.9

For the purposes of this C-CD-3 Zone:

"commercial school" for the purpose of this Zone District, and despite S. 120, means the use of a building, for the training and or instruction of students in digital media arts, business and administration, including business management, accounting and bookkeeping, legal, medical office, business administration, accounting and bookkeeping, sales and marketing, computer programming, and similar office and business use functions. A Commercial School also includes *Self-Improvement School* but does not include language instruction; (BYLAW 7841, 2016)

"commercial use" means bank, business and professional offices, retail store, personal service establishments, veterinary clinic and video store;

"conference hotel" means a hotel as defined in S. 120.92, and having both meeting rooms and conference facilities, where the latter comprises a minimum of 20% of the floor area of the hotel;

"Maximum Buildable Area" means the sum of the horizontal/cross sectional area of all buildings in a sub-district measured from the exterior face of exterior walls at all floor levels of the buildings, except the following shall not be included:

- a) The floor space located below the *height datum* or the natural grade of the site used for automobile parking, vehicular access, maneuvering aisles, elevators or stairs;
- b) The floor space located above the *height datum* or the natural grade of the site used for required automobile parking, vehicular access, maneuvering aisles, and elevator or stairs providing access exclusively thereto;
- c) The floor space of all portions of *cellars* or *basements* located below the *height datum* or the natural grade of the site to be used for storage lockers, laundry rooms, or containment of garbage in a purpose designed multiple *dwelling*;
- d) The floor space of all areas below datum or the natural grade of the site used for mechanical, heating, ventilating, or air conditioning equipment;

- e) The floor space of those portions of a building or buildings above the *height datum* used for mechanical purposes including elevator penthouses, but not to exceed an area equal to ten percent (10%) of the *site coverage*;
- f) The total horizontal area of roof gardens, unenclosed balconies, porches, sun decks, patios, cantilevered canopies, and other similar appurtenances which are not enclosed by walls;
- g) The net floor area of those portions of purpose-designed multiple *dwelling*s used exclusively for recreational purposes up to but not exceeding five percent (5%) of the permitted gross floor area for the site. The exemption for recreational purposes includes the areas of an entrance lobby to a purpose-designed *apartment building*, which are set aside specifically for meeting, reading, relaxing and waiting purposes and whose continuing area and function is guaranteed to the City through a covenant upon the title of the property.

"grade level" means the storey in a building that is closest to the ground;

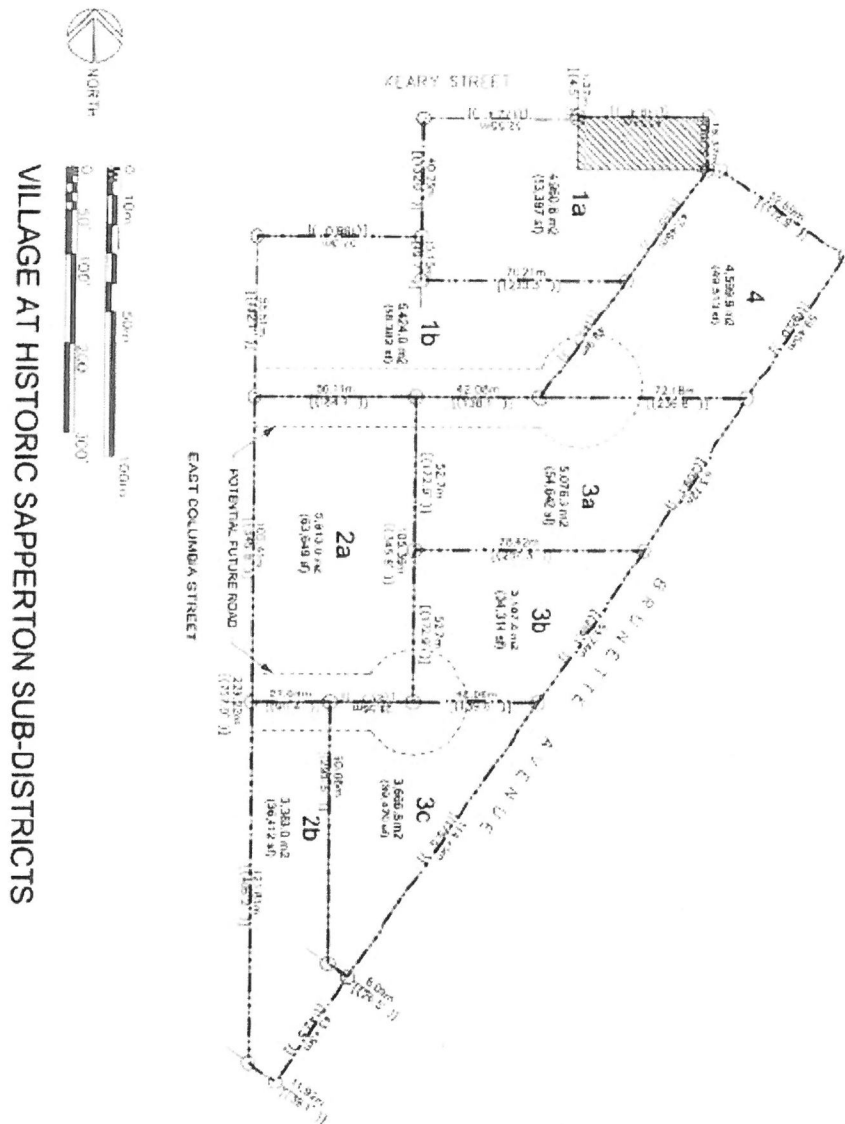
"health care office" includes medical clinic and professional and service offices of health care professionals and service providers, and without limitation includes, offices of psychologists, physiotherapists, chiropractors, acupuncturists, herbalists, counselors, *massage therapists*, *massage providers*, medical laboratories, and the sale, fitting and supply of custom prosthetic devices, but does not include masseur or masseuse;

"medical and health-care clinic" includes a medical diagnostic and treatment facility for the diagnosis, treatment, care and rehabilitation of addiction, injury, disease and mental illness, and without limitation, includes offices of physicians and surgeons, dentists, medical clinics, detoxification centres, methadone dispensing clinic, and private hospital;

"microbrewery, winery, and distillery" means a premises, licensed under the *Liquor Control and Licensing Act*, on which there is manufacturing of beer, ale, cider, wine, or spirits for the sale of business customers and shall include ancillary retail sale of these liquor products and related non-liquor products to the public within the manufacturer's store and lounge provided that their combined floor area and any outdoor lounge patio area do not exceed the manufacturing floor area;" (BYLAW 7841, 2016)

"residential use" means apartment building, congregate housing, elderly citizens home, high-rise apartment, live-work units, low-rise apartment, multiple dwelling, row house and townhouse;

"school" for the purpose of this Zone District, and despite S. 120, means a school, college or university offering only programs, and certificates, diplomas, degrees or other qualifications in health care sciences professions or practices and health care administration, and health care research and development, and includes without limitation, medicine, dentistry, nursing, dental assistants, physiotherapy, health consulting, dental technology, and medical technology.



AIRSPACE LEASE – TELUS GARDENS



ADMINISTRATIVE REPORT

A2

Report Date: October 18, 2011
Contact: Al Zacharias
Contact No.: 604.873.7214
RTS No.: 09343
VanRIMS No.: 08-2000-20
Meeting Date: November 1, 2011

TO: Vancouver City Council

FROM: General Manager of Engineering Services, in consultation with the Director of Real Estate Services

SUBJECT: 555 Robson Street (Telus Garden) - Lease of Volumetric Portions of Seymour and Richards Streets

RECOMMENDATION

- A. THAT Council authorize the Director of Legal Services, ("DLS"), to apply and raise title in the name of the City of Vancouver to those portions of Seymour and Richards Streets, the same as shown generally in bold outline on the plan attached as Appendix "A", to contain the office building projections proposed to be constructed under the CD-1 Rezoning - 555 Robson Street, 775 Richards Street, 520 West Georgia Street (Telus Garden) Application (the "Telus Garden Rezoning").
- B. THAT Council close, stop-up, and authorize the Director of Real Estate Services ("DRES") to enter into a lease for the volumetric portions of Seymour and Richards Streets (the "Lease Premises") with Telus Communications Inc., or their permitted assignee (the "Lessee"), as shown generally within bold outline and illustrated isometrically on the plan attached hereto as Appendix "B", subject to the terms and conditions as noted in Appendix "C".
- C. THAT the lease payments for the Lease Premises be based on the annual charges as prescribed in the Encroachment Bylaw and allocated to the Encroachment Revenue Account.
- D. THAT Council authorize the General Manager of Engineering Services ("GMES") to approve minor and inconsequential amendments to the dimensions of the Lease Premises upon provision of legal survey plans and as-built surveys prepared by a British Columbia Land Surveyor.

COUNCIL POLICY

The authority for closing and disposing of streets and lanes is set out in the Vancouver Charter.

PURPOSE

The purpose of this report is to seek Council authority to close, stop-up and lease the Lease Premises to the Lessee in support of the Telus Garden Rezoning.

BACKGROUND

The Telus Garden Rezoning proposes significant cantilevered building projections out over Seymour and Richards Streets as shown on the architectural cross section attached as Appendix "D" (the "Building Projections"). The Building Projections will include levels 4 thru 7, are approximately 16 metres wide and will project beyond property line by approximately 6.5 metres onto Richards Street (104± sq.m) and approximately 7.3 metres onto Seymour Street (117± sq.m.). The function of the building projection over Richards Street is to provide a landscaped sky garden serving as an office amenity space that also accommodates auxiliary internal circulation between the office floors. The building projection over Seymour Street is proposed as four floors of general office space. The horizontal and three dimensional extents of the Lease Premises are depicted on Appendix "B".

The DRES has entered into negotiations with Telus Communications Inc. ("Telus") to purchase portions of City lane and abutting City property (the "Sale Contract") for consolidation with certain Telus lands to form the development site for the new office building (the "Office Lands Parcel") as indicated on Appendix "A". The Lease Premises will be leased to the Lessee on the general terms and conditions as set out in Appendix "C".

An Engineering Services review of this matter has concluded that this use of the street can be supported subject to the conditions contained in this report.

DISCUSSION

The extent of the Building Projections onto the street is significant and uncommon particularly for private building components but they have been considered carefully in this case due to the prominence of this project. The impact on views down the street were assessed by City planners and found to be acceptable. The Building Projections will provide adequate height clearances above the street to the satisfaction of the GMES.

The lease term is to be the lesser of; the life of the building proposed for the Office Lands Parcel under the Telus Garden Rezoning, or 99 years, which is commensurate with other leases for significant structures within City street. The City will have the ability to terminate the lease should the development not proceed.

The Telus Garden Rezoning contains a prior-to enactment condition seeking legal arrangements for the proposed office building encroachments onto City street. Such arrangements are to include a lease of the encroaching areas at fair market value on an annual basis. Given the terms of the Sale Contract and subsequent rezoning negotiations, the DRES has determined that the annual rates prescribed in the Encroachment Bylaw are appropriate in this case.

FINANCIAL IMPLICATIONS

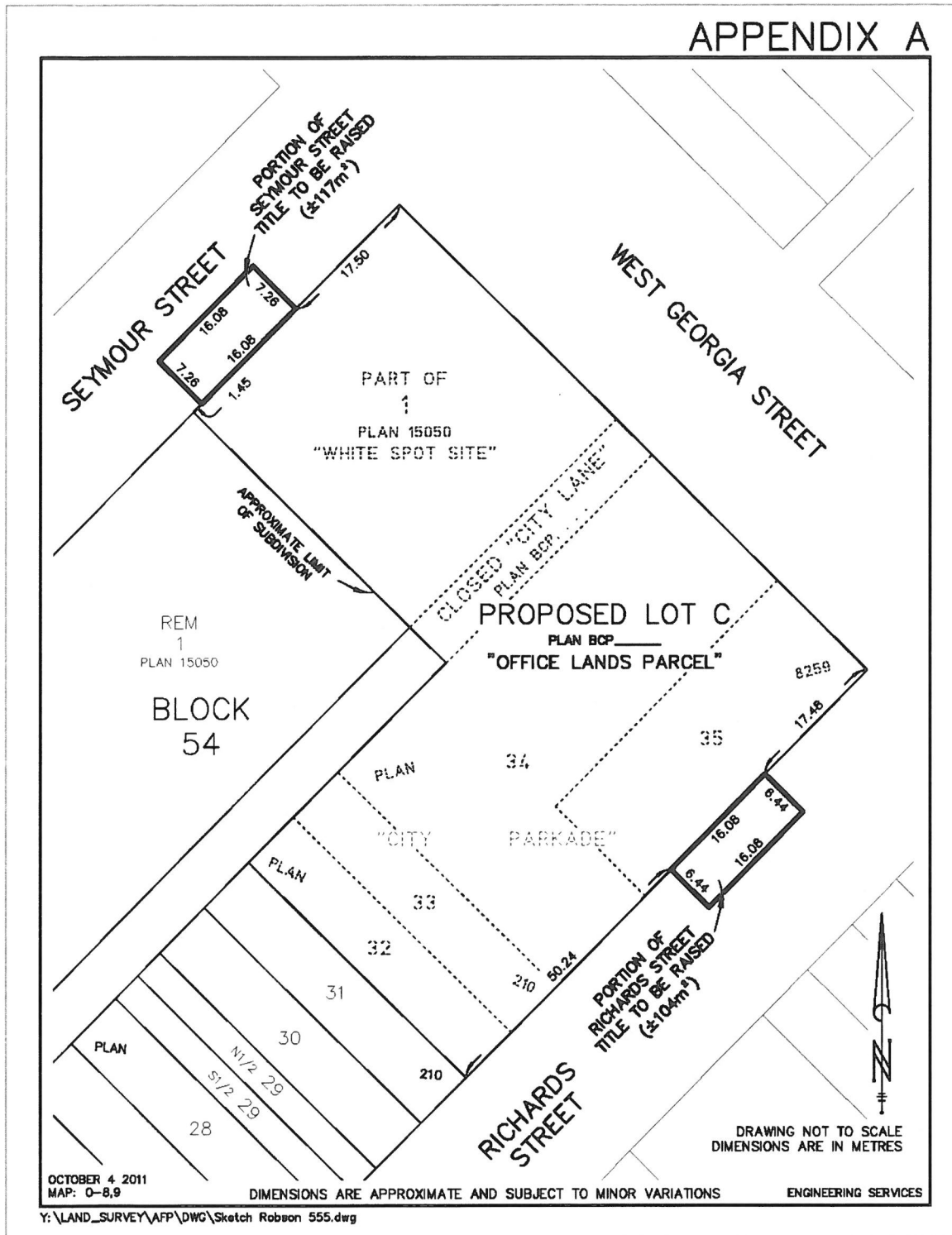
The DRES has determined that the lease payment is to be based on the annual charges established (from time to time) under the Encroachment Bylaw which as of January, 2011 are set at \$166.70 plus \$4.45 for every square foot exceeding 150 square feet. A calculation based on preliminary drawings yields annual charges of approximately \$5100 for the Seymour Street Lease Premises and approximately \$4500 for the Richards Street lease premises. The annual Encroachment charges will be allocated to the Encroachment Revenue Account (Business Area 9200, Cost Centre 91050, Account 418300).

CONCLUSION

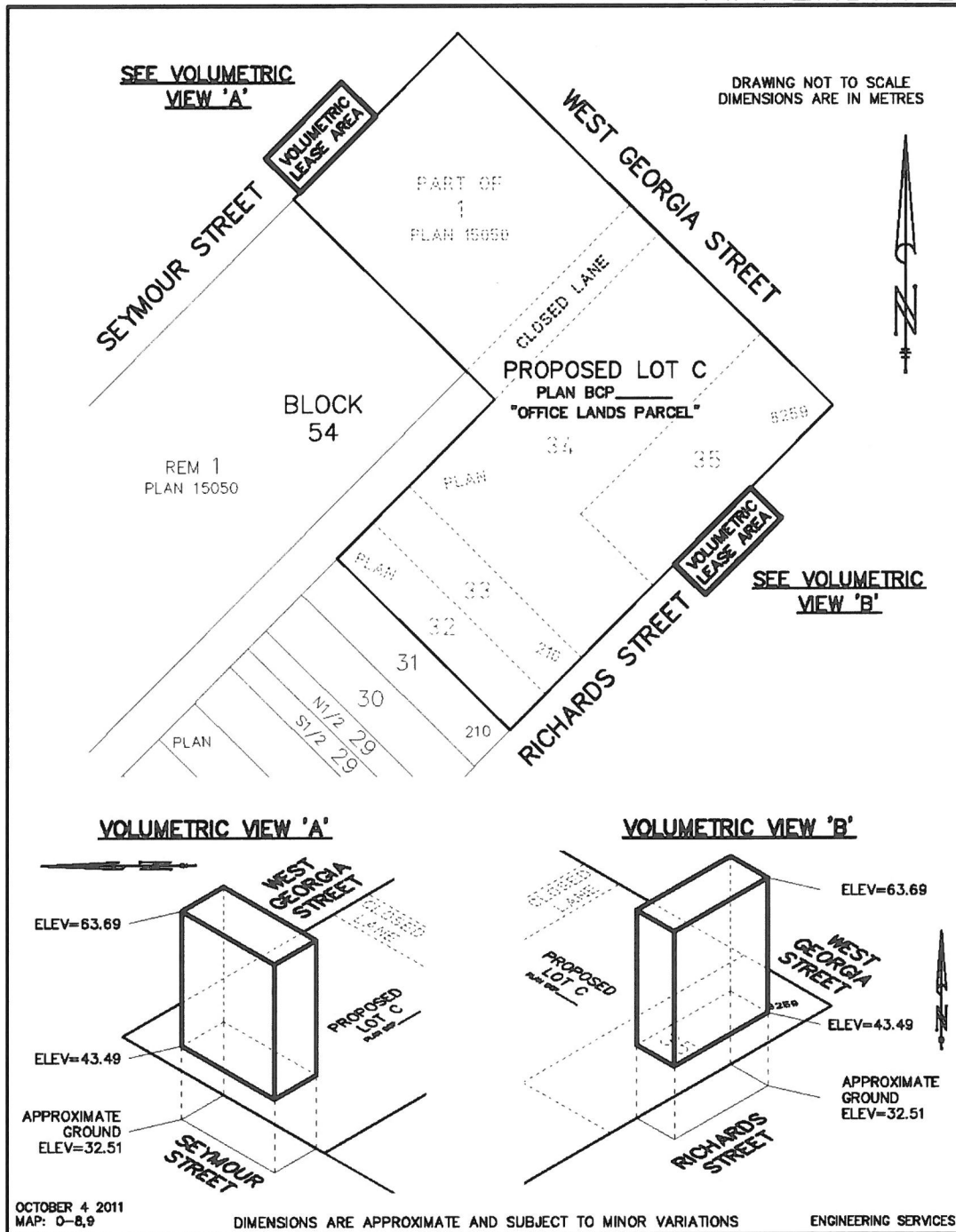
The GMES in consultation with the DRES recommends approval of the Recommendations contained in this report.

* * * * *

APPENDIX A



APPENDIX B



TERMS AND CONDITIONS

1. That the completion of these arrangements be subject to the approval of the Telus Garden Rezoning at Public Hearing, the closing of the Sale Contract for the sale of the City Parkade and the City Lane, and the consolidation of same to form the Office Lands Parcel as shown on Appendix "A".
2. That the lease be granted to the owner of the Office Lands Parcel.
3. The term of the lease to be for the lesser of; the life of the building proposed for the Office Lands Parcel under the Telus Garden Rezoning (the "Office Building"), or 99 years. The lease to contain a provision such that it may be terminated if the construction of the Office Building has not commenced within 5 years from the commencement of the lease.
4. The lease payment to be based on the annual charges established (from time to time) under the Encroachment Bylaw which as of January, 2011 are set at \$166.70 plus \$4.45 for every square foot exceeding 150 square feet.
5. The Office Building is not to rely on the Lease Premises for compliance with the Vancouver Building Bylaw ("VBBL") i.e. as the VBBL pertains to structural integrity, life safety, exiting, assembly, and general circulation of personnel within the Office Lands Parcel.
6. Upon completion by the Lessee of the installation and construction of the Building Projections, as soon as practicable, the Lessee is to provide an as-built survey, prepared by a BC Land Surveyor, to verify that the Building Projections are appropriately within the boundaries of the Lease Premises, and if necessary make arrangements to modify them such that they conform to the boundaries of the Lease Premises or make alternative arrangements to provide new Reference Plans and modifications to the lease agreement to the satisfaction of the GMES and the DLS.
7. No portion of the Building Projections may be below 25 feet above finished grade.
8. The City may require the Lessee to install and maintain street lighting attachments to the Building Projections at the Lessee's expense.
9. Confirmation from Translink/Coast Mountain Bus Company that they have no objections or concerns to the Building Projections above their overhead facilities.
10. The Lessee is to maintain the Lease Premises to the satisfaction of the GMES and the Building Projections must be internally drained such that there is no drainage onto the street. The Lessee is responsible to address other nuisances applicable to the Lease Premises such as graffiti, dust, birds, feces, leaves etc.
11. The City will retain right of entry to the Lease Premises, without notice, for purposes of inspection, maintenance, repair and removal. This may result in the registration of an SRW and Equitable Charge in favour of the City over the Office Lands Parcel.

12. The Lessee will not erect, paint, display, place, display, affix, or maintain or permit to be erected any sign, decoration, picture, lettering, symbol or notice of any kind whatsoever on the Lease Premises without first obtaining consent from the GMES.
13. No hazardous or flammable substances are to be stored within the Lease Premises.
14. Upon expiry or termination of the lease the Lessee is responsible for the removal of the building projections and the restoration of the Lease Premises to the satisfaction of the GMES.
15. The Lessee to assume full responsibility for liabilities, loss and damages from their occupancy of the use of the Lease Premises and to insure the Leased Premises with insurance policies to the satisfaction of the Director of Risk Management.
16. The Lessee will release the City and City personnel from any and all losses suffered by Lessee resulting from or in connection with the lease.
17. The Lessee will indemnify the City and City personnel from and against all losses suffered by the City or City personnel that would not have occurred but for the lease arrangements.
18. The lease to contain such other terms and conditions satisfactory to the DLS, DRES and the GMES.
19. Lessee to be responsible for all necessary plans, documents, and Land Title Office fees.
20. Any agreements are to be to the satisfaction of the DLS.
21. The DLS or the DRES, as applicable, be authorized to execute all plans, transfers, and documents as required.
22. No legal right or obligation shall be created and none shall arise hereafter, until the documents are executed by the parties thereto.

APPENDIX 'D'

TELUS
westbank

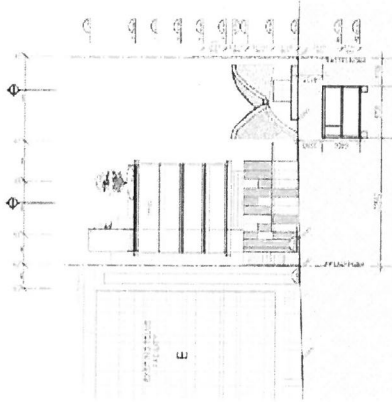
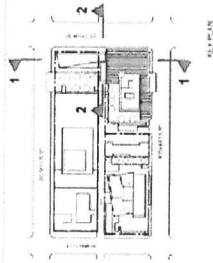
DRAFT

TELUS GARDEN

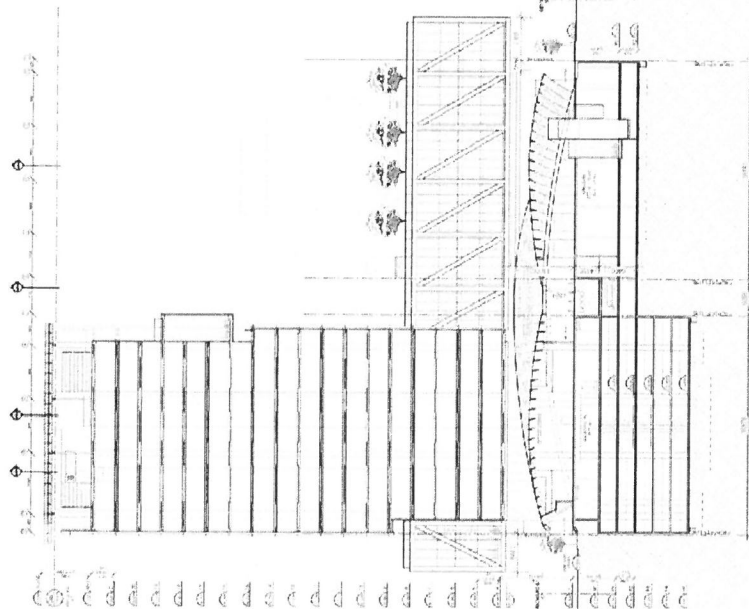
SECTION EE
SECTION CC

DD-60.02

ENCROACHMENT



SECTION CC
EAST ELEVATION



SECTION EE
EAST ELEVATION

10 YEAR BOND YIELDS

SELECTED GOVERNMENT OF CANADA BENCHMARK BOND YIELDS - 10 YEAR*
QUELQUES RENDEMENTS D'OBLIGATIONS TYPES DU GOUVERNEMENT CANADIEN - À 10 ANS*

(Per cent / en pourcentage)

Year / année	Jan / jan	Feb / fév	Mar / mar	Apr / avr	May / mai	Jun / jun	Jul / jul	Aug / août	Sep / sep	Oct / oct	Nov / nov	Dec / déc
1982						16.39	15.88	14.26	13.59	12.58	11.88	11.31
1983	11.58	11.19	11.19	10.90	10.86	11.29	11.65	12.01	11.66	11.54	11.62	11.72
1984	11.70	12.30	13.00	13.31	13.90	13.86	13.44	13.01	12.69	12.32	11.72	11.52
1985	11.17	12.17	11.90	11.38	10.61	10.74	10.73	10.53	10.75	10.47	9.88	9.63
1986	10.18	9.69	9.20	8.87	9.08	8.91	8.98	8.81	9.00	9.12	8.70	8.74
1987	8.26	8.39	8.24	9.40	9.52	9.31	9.90	10.11	10.90	9.80	10.10	10.02
1988	9.31	9.13	9.61	9.84	9.86	9.70	9.96	10.40	10.20	9.77	10.05	10.17
1989	10.01	10.42	10.58	10.19	9.71	9.40	9.31	9.51	9.74	9.38	9.73	9.56
1990	9.93	10.64	10.64	10.42	10.19	10.64	10.65	10.72	11.42	11.02	10.94	10.34
1991	10.05	9.59	9.55	11.51	10.86	10.09	9.90	9.67	9.26	8.74	8.67	8.32
1992	8.28	8.34	8.67	8.86	8.69	8.15	7.43	7.38	7.79	7.51	7.88	7.86
1993	7.98	7.45	7.52	7.54	7.49	7.34	7.18	6.81	6.99	6.79	6.92	6.57
1994	6.94	6.94	7.95	7.95	8.41	9.11	9.36	8.74	8.88	9.14	9.16	9.07
1995	9.34	8.76	8.57	8.31	7.88	7.81	7.77	8.00	7.89	7.86	7.19	7.11
1996	7.01	7.53	7.64	7.76	7.72	7.72	7.62	7.34	7.16	6.47	6.05	6.37
1997	6.65	6.38	6.59	6.68	6.65	6.14	5.80	6.06	5.70	5.49	5.56	5.61
1998	5.41	5.47	5.34	5.49	5.34	5.35	5.47	5.67	4.95	5.00	5.18	4.89
1999	4.89	5.26	5.05	5.14	5.42	5.46	5.62	5.55	5.77	6.26	6.02	6.18
2000	6.46	6.19	6.03	6.10	6.00	5.98	5.86	5.77	5.75	5.72	5.54	5.35
2001	5.38	5.36	5.41	5.66	5.96	5.73	5.76	5.36	5.32	4.86	5.36	5.44
2002	5.42	5.31	5.79	5.64	5.49	5.37	5.23	5.14	4.97	5.16	5.18	4.88
2003	5.02	4.93	5.13	4.90	4.50	4.37	4.78	4.96	4.64	4.85	4.79	4.66
2004	4.61	4.41	4.39	4.71	4.77	4.83	4.82	4.68	4.58	4.52	4.44	4.39
2005	4.21	4.28	4.30	4.14	4.02	3.81	3.91	3.78	3.94	4.16	4.06	4.06
2006	4.11	4.10	4.23	4.52	4.45	4.63	4.38	4.12	3.98	4.17	3.94	4.05
2007	4.17	4.03	4.10	4.15	4.48	4.62	4.58	4.38	4.41	4.31	4.07	4.09
2008	3.88	3.81	3.46	3.58	3.68	3.71	3.81	3.52	3.66	3.74	3.36	2.69
2009	2.97	2.95	2.96	3.08	3.57	3.33	3.53	3.39	3.31	3.45	3.25	3.60
2010	3.35	3.45	3.56	3.66	3.25	3.08	3.22	2.83	2.78	2.89	3.19	3.16
2011	3.31	3.32	3.29	3.27	3.08	3.09	2.88	2.49	2.19	2.38	2.15	1.96
2012	2.04	1.98	2.12	2.10	1.79	1.72	1.60	1.80	1.75	1.78	1.72	1.82
2013	1.99	1.86	1.76	1.72	2.07	2.50	2.45	2.63	2.57	2.42	2.54	2.72
2014	2.36	2.44	2.45	2.40	2.22	2.26	2.16	2.00	2.20	2.03	1.93	1.79
2015	1.35	1.32	1.33	1.59	1.67	1.77	1.52	1.45	1.45	1.47	1.89	1.40
2016	1.24	1.15	1.22	1.50	1.38	1.12	1.07	1.02	0.98	1.15	1.58	1.73
2017	1.82	1.71	1.59	1.48	1.41	1.61	1.96	1.84	2.13	2.04	1.88	1.98
2018	2.29	2.23	2.11	2.37	2.25	2.06	2.28	2.32	2.42	2.49	2.33	1.98

Source: Bank of Canada, Data and Statistics Office. / Banque du Canada, le bureau des données et statistiques.

* The rates are based on actual mid-market closing yields of selected Canada bond issues that mature approximately in the indicated term areas. At times, some of the change in the yield occurring over a reporting period may reflect a switch to a more topical issue. / Les taux indiqués sont calculés en fonction de la moyenne des cours acheteur et vendeur, à la clôture, de certaines émissions d'obligations du gouvernement canadien dont les échéances correspondent à peu près à celles du tableau. Les variations des taux de rendement observées sur une période peuvent être partiellement imputables au remplacement d'une émission par une autre plus pertinente.