

S.C. FRANK APPRAISAL SERVICES^{LTD.}

Real Estate Appraisals & Consulting

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PROSPECTIVE MARKET VALUE APPRAISAL
of
“Genesis’ Spur Valley Proposed Development Lands”
Parcel 1 District Lot 10717 Kootenay District
Near Radium Hot Springs, British Columbia
As of December 31, 2015

On the instructions of
Mr. Michael Pereira
Genesis Land Development Corp.
7315 - 8th Street NE
Calgary, Alberta T2E 8A2

File No. 3011

Prepared by
Scott C. Frank, AACI, P.App

Prepared on
November 20, 2015

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Genesis Land Development Corp.
7315 - 8th Street NE
Calgary, Alberta T2E 8A2

ATTENTION: Mr. Michael Pereira

Re: Prospective Market Value Appraisal
Genesis Spur Valley Lands
Parcel 1 District Lot 10717 Kootenay District
Near Radium Hot Springs, British Columbia

Dear Sirs;

Further to your request, we have prepared a prospective market value appraisal of the fee simple interest of the property captioned above. We understand Genesis Land Development Corp. will use the appraisal for year-end impairment testing. Its use for any other purpose or by unintended users is strictly prohibited.

It is critical that anyone who refers to this appraisal has a clear understanding of what the estimate of value represents. As such, anyone who refers to this appraisal is directed to the Assumptions and Limiting Conditions, and particularly to the Extraordinary Assumptions, and they should also make note of any other assumptions that are made in the body of the report. Anyone who relies on this appraisal must accept that this appraisal is affected by the assumptions and limiting conditions, as well as the scope, and any other qualifying statements, disclaimers, definitions, descriptions, and certifications that are stated or implied. The report must be used in the spirit intended.

An analysis of the market, based on the most reliable market data available, provides the basis for the opinion. The data, analysis, and conclusions upon which the estimate of value is formulated follow in the accompanying narrative. The report contains 50 pages, plus 20 pages of addenda, and must be used in its entirety. True copies contain the certified final estimate of value, included in this letter of transmittal on the following page, signed in blue ink, and embossed with the appraiser's seal. The appraiser can only assure recipients who obtain digital copies of this appraisal report that the version they possess is unaltered if they received it directly from the appraiser.

While a reasonable effort was made to obtain all the information that is relevant to the appraisal problem, additional information may become known after the completion of this appraisal that could materially alter the estimate of value, if it were considered. Should any new relevant information become available that was unknown prior to the completion of this appraisal, the appraiser reserves the right to amend the report accordingly. No relevant information was intentionally excluded.

While we have agreed to prepare this appraisal, no arrangements have been made in connection to providing supplementary services, such as participating in meetings, providing testimony, or any other consulting. Should there be any additional requirements, arrangements must include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto, and the provisions for compensation along with the recovery of any expenses incurred in that connection.

APPRAISER'S CERTIFICATION

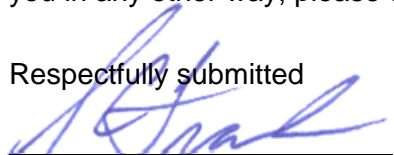
I hereby certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are believed to be true and correct;
- the analysis, opinions and conclusions were developed, and this report is prepared under the Canadian Uniform Standards of Professional Appraisal Practice;
- I personally inspected the subject property on September 22, 2015;
- I have the knowledge and experience to complete the assignment competently;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal impartial, and unbiased professional analyses, opinions, and conclusions;
- neither my engagement in nor my compensation for this assignment were contingent on my developing or reporting a predetermined value or direction of value that favours the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event;
- I have no undisclosed interest, either present or contemplated, in the property that is the subject of this report and I have no personal interest with respect to the parties involved;
- I have no bias with respect to the subject property or to the parties involved with the assignment;
- no one provided significant professional assistance in preparing this appraisal;
- I have fulfilled the requirements of The Appraisal Institute of Canada Continuing Professional Development Program for designated appraisers;
- based on the data, analysis, and conclusions, and subject to all of the qualifying statements contained in the report, my opinion of the prospective market value of the fee simple interest of *Parcel 1 (See 123131) of District Lot 10717 Kootenay District*, near Radium Hot Springs, British Columbia, as described herein, as at December 31, 2015, with a twelve month exposure period, is:

ONE MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS
\$1,850,000

We trust you will find everything in order. Should you have any questions, or if we can serve you in any other way, please call. Thank you for the opportunity to perform this work.

Respectfully submitted



Scott C. Frank, AACI, P.App

November 20, 2015

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Effective Date: December 31, 2015
Location: Near Radium Hot Springs, British Columbia
Legal Description: Parcel 1 (See 123131) of District Lot 10717 Kootenay District
Registered Owner: Genesis Land Development Corp.
Zoning: A-2; R-1; R-2; R-4; R-5; RES-2
ALR Status: mostly in
Property Rights: Fee Simple

Description: The subject property is a 463.24 acre parcel located about 19 km north of Radium Hot Springs, in the East Kootenay Region of British Columbia. This is part of the Columbia River Valley, with the Rocky and Purcell Mountains rising to the east and west above the river. This immediate area is generally referred to as Luxor Station or Spur Valley. Luxor Station is now just a location identifier along the railway tracks, and the Spur Valley residential neighbourhood, the Spur Valley Greens Golf Course, and the Spur Valley RV Resort, are located immediately south and east of the subject property. Farms and country residential uses dominate the area. Most of the land in the area is rolling land under Douglas fir forest, but there is a scattering of open pasture and hay land.

Highway 95 severs this land, with about 338± acres on the west side and 125± acres on the east side. The west side is also severed by Luxor Creek Road, which separates about 1.24± acres on the south side, so the area on the north side contains 337± acres. The CP Railway tracks pass along the southeast corner, in the wetlands on either side of the river. This is gentle to rolling hillside cut by steep gullies, most of which is covered by Douglas fir forest. Virtually all of this land has very desirable aesthetic attributes.

The 337± acre area west of the highway and north of Luxor Creek Road has access directly off the highway on the east side and there are a couple of others off Luxor Creek Road. Several old logging trails cross the property and provide access through neighbouring properties as well. This area rises some 80 m from the southwest corner to the northeast corner, over some very irregular terrain.

The 1.24± acre area south of Luxor Station Road contains gentle land before it descends along a steep hillside into the Luxor Creek Valley. A survey would be required to determine its exact size and suitability for any type of development.

The 125± acre area east of Highway 95 has a very irregular configuration that basically runs from northwest to southeast along the hillside that rises above the highway. There is access at the north end, from the highway, and from logging roads that cross it from neighbouring properties to the south. It is quite steep along the highway, and rises about 70 m from where it adjoins the highway at the northeast side.

A few years ago, a plan to develop part of the area that lies west of the highway with a 273 unit residential subdivision, with a mix of single family and multiple family uses on 57 acres and a golf course on an adjoining 143 acres was prepared. The Agricultural Land Commission authorised exclusion of the residential subdivision from the Agricultural Land Reserve. Authorisation to use the 143 acres for a golf course development specifies it as an expansion of the neighbouring golf course.

The land was designated and the zoning was amended accordingly, and while a subdivision application had been granted and a preliminary layout approval (PLA) issued, the former owner/developer suspended the process and sold the property before the subdivisions were registered. The current owner has obtained an extension of the PLA until 2016. It is understood that a well that yields about 500 gallon/minute has been proven and that the substrate is suitable for the proposed sewer system.

Highest & Best Use: Extensive country residential holding with medium term to long term prospects for residential and possible golf course development

Exposure Period: 12 months

Estimated Value: \$1,850,000

Prepared by: Scott C. Frank, AACI, P.App

ASSUMPTIONS AND LIMITING CONDITIONS

By this notice, any reliance of this appraisal in any manner binds the user to accept all of the provisos, qualifying statements, and descriptions that the conclusions and opinions are subject to, including all ordinary and extraordinary assumptions and limiting conditions, hypothetical conditions, jurisdictional exceptions, scope of the analysis, definitions, descriptions, certification, and any other stated or implied assumptions contained herein. All statements made in this report are believed to be true representations (unless connected to a hypothetical condition), but they are not guaranteed to be so. Nevertheless, they qualify the analyses and opinions expressed and establish the limitations within which the opinions and conclusions presented are valid, so they are critical to the understanding of this appraisal.

If any description is ultimately determined to be incorrect, particularly where it may affect the opinions of utility, marketability, or value of the property, the appraiser should be consulted for a reconsideration of the opinions expressed. Any recipient who rejects even a single qualifying statement or description must not rely on this appraisal in any way. The appraisal is valid only if it is used in its entirety and in the spirit intended, and diligence by all users is assumed.

The appraiser has entered into an agreement with the client (the individual and/or business or organisation that engaged the appraiser) to perform an appraisal of the subject property for a specific use, and the appraisal is valid only for that use. While the client and other users who are authorised by both the appraiser and client may refer to this appraisal for the stipulated use, the intellectual property and copyright remains the appraiser's. It is not reasonable for this appraisal to be released to or used, or for it to be conveyed in part or whole by any means, without obtaining written consent from both the appraiser and the client. Only intended users (including agents or representatives of the client and any other users who are authorised by both the appraiser and client) who are named in the letter of transmittal included in this report, or any attached letters that are prepared by the appraiser, are permitted to rely on this appraisal for any purpose. All liability to unauthorized users or for unauthorised uses is denied, and unauthorised users or anyone who relies on the appraisal for unauthorized uses are not eligible for claims against the appraiser's professional liability insurance. **IF YOU DO NOT HAVE BOTH THE APPRAISER'S AND THE CLIENT'S WRITTEN AUTHORISATION TO REFER TO THIS REPORT FOR THE USE SPECIFIED HEREIN, DO NOT REFER TO THIS REPORT.**

Authorization of additional intended users, or for different uses, is subject to the appraiser's discretion, will only be granted if requested by the client, and may attract additional charges. The client must ensure that this appraisal is released only to authorised users, and will advise anyone they provide it to of their obligations connected to the restricted subsequent release and unauthorised uses. The appraiser may seek damages from the client or any other users who are connected to the unauthorised release of the report, should it, in part or whole, be used by unauthorised users or for unauthorised uses.

Extraordinary Assumptions / Hypothetical Conditions/ Jurisdictional Exceptions

Extraordinary Assumptions are required if there is a hypothesis, either supposed or unconfirmed, which if untrue, could influence the appraiser's opinions and conclusions. They include, among others, the exclusion of valid valuation approaches. Hypothetical Conditions may be used when required for legal purposes, for purposes of reasonable analysis or for purposes of comparison. Jurisdictional Exceptions permit the appraiser to disregard a part or parts of the Uniform Standards of Professional Appraisal Practice that are determined to be contrary to law or public policy in a given jurisdiction and only that part shall be void and of no force or effect in that jurisdiction. Extraordinary assumptions, hypothetical conditions, or jurisdictional exceptions, should they be incorporated into this appraisal, are described as follows.

- In projecting the estimate of market value of the subject property as of a future date, it is assumed that local real estate market conditions at the time of the certification of the appraisal substantially persist until at least the effective date of the appraisal. Anyone who relies on this appraisal acknowledges that while market values have been fairly stable for several months now, events may occur after the date of certification of the appraisal that could alter market conditions by the effective date.
- The inspection of the subject property was performed several weeks prior to the effective date of this appraisal, to avoid winter conditions. It is assumed no material changes have occurred to the property between the date of the inspection and the effective date of the appraisal. In any case, the property is appraised as it described herein, and the opinion of value is only valid under that description. If any errors in the descriptions are discovered, they may have influenced the opinion of utility, marketability, and value, so the value expressed herein would not be valid, and the appraiser should be consulted as to whether the appraisal should be revisited.
- It is not the appraiser's intent to express, or even imply legal opinions. Wherever an apparent interpretation is provided it is simply intended to establish the conditions under which the appraisal is valid. The recipient is advised to obtain qualified legal opinions with respect to any legal issues that are connected with the subject property, including, but not limited to, the land registration records. The certificate of title to the subject property is included in the addendum, but none of the registered (or potential unregistered) charges were explored. Any such charges are assumed either to be discharged or to have no measurable affect on the utility or value of the subject property, and it is assumed to be marketable without restriction. The interest appraised is considered free and clear. Should the recipient ultimately determine that any such charges may influence the utility, marketability, or value of the subject property, the appraiser should be consulted for a reconsideration of the conclusions and opinions contained herein.
- The subject property must comply with all rules, regulations, orders, or codes of all governing authorities that have jurisdiction, and non-compliance may affect its market value. Unless stated to the contrary, there are no known legal or regulatory constraints that might alter the appraiser's opinion of the highest and best use, and it is assumed none exist. Furthermore, it is assumed any existing development of the subject lands has been conducted in accordance with properly executed plans and specifications and in conformity with all legal and regulatory considerations and any development and construction permits that are required have been or will be granted by the appropriate authorities. Except where indicated otherwise, no investigations with governing authorities or agencies have been conducted with respect to matters that regulate the use or development of the subject property and further investigation, which is beyond the scope of this appraisal and qualifications of the appraiser, would be required to ensure compliance.

Ordinary Assumptions and Limiting Conditions

- Market conditions are driven by economic, social, and political factors, and as such, they are subject to rapid change without warning. Therefore, the market value estimate expressed herein is valid only as of the effective date indicated.
- The subject property is appraised under the assumption that it is under responsible and competent ownership/management.
- The appraiser did not perform legal surveys and no responsibility is assumed in this connection. The maps, plans, and sketches contained in the report are included solely to aid the recipient in visualizing the descriptions provided.

- The appraisal is valid only under the program of utilization described.
- While a reasonable and concerted effort to obtain all of the information that is relevant to the appraisal problem was performed, no guarantee can be provided that there is no additional relevant information that might have materially influenced the conclusions and opinions expressed in this appraisal. No information that was considered relevant was intentionally disregarded or excluded. The appraiser reserves the right to amend the information or opinions expressed in this appraisal report should additional or updated information become known after the certification date.
- The statements of fact and the assumptions under which the estimated value is formulated are based on the appraiser's personal observation or information obtained from various sources that are believed to be reliable. While the appraiser believes the information to be correct, the accuracy of the information cannot be guaranteed, and no responsibility is assumed in this connection. The recipient of this report is advised to obtain independent expert advice with respect to any aspect of the subject property, or other properties referred to, that may not be specifically addressed in this report by virtue of the limitations of the analysis and reporting, whether stated or implied. If a discrepancy should become apparent, the appraiser should be consulted for a reconsideration of the conclusions in this appraisal.
- No substantial adverse conditions were noted on the subject property during the inspection (unless they are specifically addressed in this appraisal report). However, some adverse conditions may have been hidden, buried, or obscured. It is assumed that if there are any adverse conditions on the subject property, they would have been disclosed and brought to the appraiser's attention by the client or any other parties consulted, and no responsibility is accepted for any errors in the descriptions or for their impact on the opinions provided herein, should such information have been withheld.
- This report is not an environmental audit or a detailed property condition report, as such research and reporting is beyond the scope of this report and/or the qualifications of the appraiser. No investigations were conducted to address potential engineering, geotechnical, or hydrological issues (such as, but not limited to, structural deficiencies, soil stability and bearing capacity, or potential for flooding), environmental considerations (such as, but not limited to, hazardous wastes and toxic or noxious substances, or the conditions that might give rise to them), or important habitat, or historic or cultural resources. Furthermore, no investigation to determine whether the property satisfies any regulatory requirements has been performed. Unless observed during the inspection or brought to our attention and subsequently discussed in this report, the appraiser has no knowledge of any adverse conditions of the subject property or any neighbouring properties that might influence the marketability, utility, or value of the subject property, and it is assumed that none exist. No responsibility is accepted in connection with any such conditions that are not addressed, yet may exist, or for any expertise or investigations that may be required for their discovery. The appraiser neither expresses nor implies guarantees regarding such conditions, accepts no responsibility for any that exist, and denies any liability relating to the effect they may have on the market value of the subject property. Anyone who has concerns about any such conditions should retain an expert who is appropriately qualified to address them.
- The contents of this report are privileged and must not be released to any party other than those who have been provided written authorisation by both the appraiser and the client, except as may be required by the Appraisal Institute of Canada and/or when properly entered into evidence of a duly qualified judicial body.

SCOPE OF THE APPRAISAL

The scope of the appraisal encompasses the extent and nature of the research and analysis involved in the appraisal process, as follows:

- This appraisal complies with the Canadian Uniform Standards of Professional Appraisal Practice (the “Standards”) of the Appraisal Institute of Canada. The appraiser has previously addressed similar appraisal problems.
- While a reasonable effort was made to obtain all of the information that is relevant to the appraisal problem, the efforts taken were not exhaustive. As such, there is a possibility that additional information could become known after the report was completed that, had the appraiser been aware of prior to completing the analysis, it may have influenced the opinions expressed. No relevant information was intentionally excluded. Should the recipient become aware of relevant information that is not included in the appraisal, the appraiser should be consulted for reconsideration of the conclusions and opinions.
- While a current certificate of title to the subject property is included in the addendum of this appraisal, the provision of legal opinions connected to the title is beyond the scope of the report and the qualifications of the appraiser, so no such opinions are provided. The recipient is advised to seek legal advice with respect to the property registration and any registered and potential unregistered charges against the subject property.
- An on-site inspection of the subject property was performed on September 22, 2015. Inspections of the comparable properties were conducted on various dates. The inspections and research performed were in keeping with the effort normally conducted for real estate appraisal purposes, and must not to be confused with technical inspections that would address structural or mechanical integrity, environmental, geotechnical, or hydrological considerations, historical or cultural resources, or site surveys. The client furnished some of the information about the subject property, and that information is assumed to be reliable. Some of the descriptions of actual or existing features are based on the appraiser’s observations and may include stated and implied assumptions. Features that may have been obscured, concealed, buried or that are otherwise inaccessible, which were not brought to the appraiser’s attention are not addressed.
- The analysis in this report relies on published and verbal information obtained from various sources that are believed to be reliable. Pertinent information may have been obtained through reference or consultation with the client, local realtors, the Kootenay Real Estate Board (KREB), local property owners and occupants, office files, the Regional District of East Kootenay (RDEK), and the British Columbia Assessment Authority (BCAA). In addition to using such documented and generally reliable evidence of market transactions, it may have been necessary to rely on hearsay evidence. Other information that is considered pertinent, such as land use bylaws and planning documents may have been reviewed. Only information that is believed to be reliable is employed in this appraisal.
- All three approaches to valuation are considered. Only the approaches that are considered valid and that can be supported by adequate market information were ultimately employed.

BACKGROUND

1. PURPOSE OF THE APPRAISAL

This appraisal provides an estimate of the prospective Market Value of the Fee Simple Interest of the subject property, as described herein, as of the Effective Date stated, and is subject to various qualifying statements. All pertinent value-influencing factors are contemplated in the formulation of the estimate of value.

2. INTENDED USE OF THE APPRAISAL

This estimate of value provided in this appraisal is prepared for the client, Genesis Land Development Corp., in connection with year-end impairment testing. Its use is restricted to the client, and other users who are named in the letter of transmittal or other letters prepared under the appraiser's signature, to refer to the appraisal in connection with the intended use.

3. EFFECTIVE DATE

The effective date of the appraisal is prospective: December 31, 2015. The appraised value is valid only as on that date and anyone who relies on it must accept that any changes in the market, changes regarding the subject property, or even new information that was formerly unknown to the appraiser on the date of certification, November 20, 2014, may support a different estimate of value.

4. APPRAISAL CONCEPTS

Some concepts that are critical to the understanding of the appraisal are defined as follows. These definitions, which are found in Appraisal Institute of Canada publications and various other appraisal publications, are widely accepted.

a. Market Value

The term "Value" expresses an economic concept. As such, it is never a fact, but always an opinion of the worth of a property at a given time in accordance with some qualification. In appraisal practice, value must always be qualified (market value, going concern value, value in use, etc).

Market Value is defined in the Canadian Uniform Standards of Professional Appraisal Practice 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 is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

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

It should be noted that the consideration paid in a real estate transaction does not necessarily represent market value. Stipulations that describe the market participants as acting prudently, typically motivated, well informed, or well advised in the definition are loosely defined conditions, and they are not always observed in the market. Furthermore, free-market participants are under no obligation to agree to purchase or sell at market value. As such, property sales at prices that are not consistent with the general market may prove to be poor indicators of value.

Market value is often not represented by transactions where the vendor is unwilling to sell below some target price due to a misconception of value even if he is successful in selling it at the elevated price, possibly to an uninformed or motivated purchaser. This can occur when a neighbouring landowner pays a premium to facilitate an expansion program; value in use may be driving the purchase. Likewise, distress sales arising from the personal situations of the vendor, such as foreclosures or matrimonial settlements, often result in sale prices that are significantly lower than the price that might have been achieved were the circumstances driving the sale different. Transactions that are not arms-length, such as sales between relatives, often occur at well below the price expected if the property were offered on the open market.

b. Fee Simple

Fee Simple is defined as *...an estate in land that represents the greatest interest in land that a person may possess..., subject to the limitations of eminent domain, escheat, police power, and taxation.*

c. Highest and Best Use

The concept of Highest and Best Use is fundamental to the understanding of the estimate of value. It may be defined as *...that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.*

Land value is derived from potential and anticipated land uses. Among all reasonable and alternative uses, the use that yields the highest present land value, after payments are made for labour, coordination and capital, is generally regarded as the highest and best use of the land as if vacant. The most reasonable and probable use of the land as if vacant is represented by the most likely use that creates the highest value.

d. Exposure Period

Exposure Period is a time parameter that ends on the effective date. It is the period when the property owner's intent to sell would be advertised and there would be reasonable expectations of a sale at a price that is reasonably close to the estimate of value provided in this appraisal.

Exposure Period must not be confused with Marketing Period. Exposure Period is defined as *...the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.* Marketing Period is *...an estimate of time that it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of an appraisal.* It is necessarily a projection.

Both exposure period and marketing period take into account recent and current market conditions, but marketing period also accounts for anticipated changes in the market. Both concepts encompass sufficient and reasonable time as well as sufficient and reasonable marketing effort. They are a function of price, time, and market conditions.

5. APPRAISAL PROCEDURE

There are three accepted approaches to valuation: the *Direct Comparison Approach*, the *Cost Approach*, and the *Income Approach*. All three approaches rely on relevant and appropriate market information as it relates to the highest and best use of the subject property. Each approach should be considered for its merit and any one or combination the approaches may be employed, depending on the availability of relevant data, the type of property, and the intended use of the appraisal. Each approach is described as follows.

Estimates formulated under the *Direct Comparison Approach* are based on the comparison of other, similar properties in the vicinity of the subject that have traded reasonably concurrently with the effective date of the appraisal. Adjustments may be performed on the indicator properties to account for any differences with the subject property. Identification of features and characteristics that influence property values is fundamental to this process. The adjustment factors are based on information collected and observed to determine the difference in prices obtained for a particular characteristic, which may include time, size, location, and several other potential factors. The face values or adjusted values of the indicator properties are ultimately used as a comparative guide for the estimation of value. This is considered a very desirable approach if reliable data is available.

Estimates under the *Cost Approach* are comprised of the estimated contributory value of the vacant land plus the contributory value of the improvements. The bare land value must be addressed separately from the value of the improvements because land, unlike improvements, is not a wasting asset. Land value is estimated under the ambit of direct comparison, and may involve various methods (which will be discussed later). Land is effectively indestructible in the normal sense and continues to exist in perpetuity. The estimated value of the improvements is based on reproduction cost information from cost service manuals and quotes from contractors and developers, which are then adjusted by applying a depreciation factor to account for any apparent physical, functional, and economic obsolescence.

Estimates under the *Income Approach* are based on the capitalization of the normalized net income produced by the property. An estimate of the potential revenue that can be generated through rental of the property is used in formulating this estimate as it represents the income that can be attributed directly to the land and improvements. When the income generated by income generating property results from the rent generating potential of the property (as opposed to the type of business thereon), the Income Approach can be applied. It may also be valid when the income generated on a property is intrinsically linked to the business. This is considered a desirable approach for valuation of income producing properties if reliable market-driven rental information pertaining to properties that provide similar utility as the subject is available.

All three approaches are considered as possible methods for appraising the subject property with the view of ascertaining the amount that a prudent and knowledgeable purchaser/investor would be prepared to pay as of the effective date. The final estimate of value is based on the approach or approaches that are determined to be the most reliable and applicable to the appraisal problem, dependent on availability of reliable market information and the nature of the problem.

Six methods of appraising bare land have been adopted; all of which fall under the ambit of Direct Comparison, though elements of all three approaches may be employed. The methods of estimating the bare land value include the *Abstraction Method*; the *Extraction Method*; the *Land Residual Method*; the *Ground Rent Capitalization Method*; the *Direct Comparison Method*, and the *Development Method*. Their respective use depends on the type of site, the use thereon, and the availability of reliable market data. They are described as follows.

The *Abstraction Method* is based on the Principle of Contribution; the value of [any] component part of a property depends upon how much it contributes to [or detracts from] the property as a whole. It involves preparing an estimate of the ratio of the contributory value of the land to that of the improvements. Inherent in this method is the assumption that there will be a similar ratio between land values to property values for properties of any given category within an area. Its weakness lies in the fact that the improvements depreciate and the accuracy is dependent on determining their contributory value. It is frequently used where no land sales exist.

The *Extraction Method* is similar to the Abstraction Method in that it is based on estimating the contributory value of the land, by estimating the depreciated contributory value of the improvements and deducting them from the estimated value of the whole. Its reliability is, again, dependent on the accuracy of the depreciation applied to the improvements, but it can be quite useful when there is a shortage of bare land sales. This method is employed in this appraisal.

The *Land Residual Method* is based on the capitalized income capacity that can be attributed to the land, assuming it is developed to its highest and best use. The logic under which this method is performed is the Principle of Surplus Productivity, that the net income (or surplus) that remains, accounting for payment for the other factors of production (costs of labour, coordination, and capital) is imputable to the land and tends to fix its value. The optimum size of the building, considering all factors that influence the highest and best use must be projected onto the property. It is typically used in downtown locations where there is very limited land sale data available.

The *Ground Rent Capitalization Method* is based on market-derived capitalization rates used to convert ground rent (the amount paid to use and occupy land according to the terms of the lease) into value, and can be useful when data regarding the sale of lease lands is available for analysis. Capitalization of the market rent yields the market value. Adjustments will be required if the rent does not represent market rent and caution must be observed as the terms of leases can have significant impacts on the comparability.

The *Direct Comparison Method* involves the assembly of data pertaining to timely sales of similar properties, possibly performing adjustments to the purchase prices to account for their respective differences from the subject property, and formulating an estimate based on the information that is determined to be most reliable and indicative of value. Since it reflects market actions, is easily understood, and is based on the Principle of Substitution it is generally considered the preferred method of site valuation, particularly where sales data is available. The method is employed in this appraisal.

The *Development Method* is frequently applied on bare lands that are scheduled for development. It involves projecting a hypothetical subdivision onto the property and estimating the total value of all of the lots, less all costs associated with development, along with the anticipated entrepreneurial profit. Subdivision occurs wherever a landowner creates some number of smaller lots from the parent parcel containing the project, usually resulting in more intensive utilization of the land. It is often supported by changes in the zoning and improved access and services, and often completely changes the use of the land. The net remaining after these costs are deducted represents the value of the property to the owner, inclusive of profit, so profit must also be deducted, based on typical profit requirements of developers. Once profit is deducted, the balance represents the value of the property in the open market, assuming no time lag would occur in marketing the lots. Time must still be addressed by discounting the periodic net sales proceeds to the present value at the appropriate yield rate over the estimated period required for project development and market absorption. This method is most applicable when development is imminent.

SALIENT FACTS

1. DESCRIPTION OF REGION AND COMMUNITY

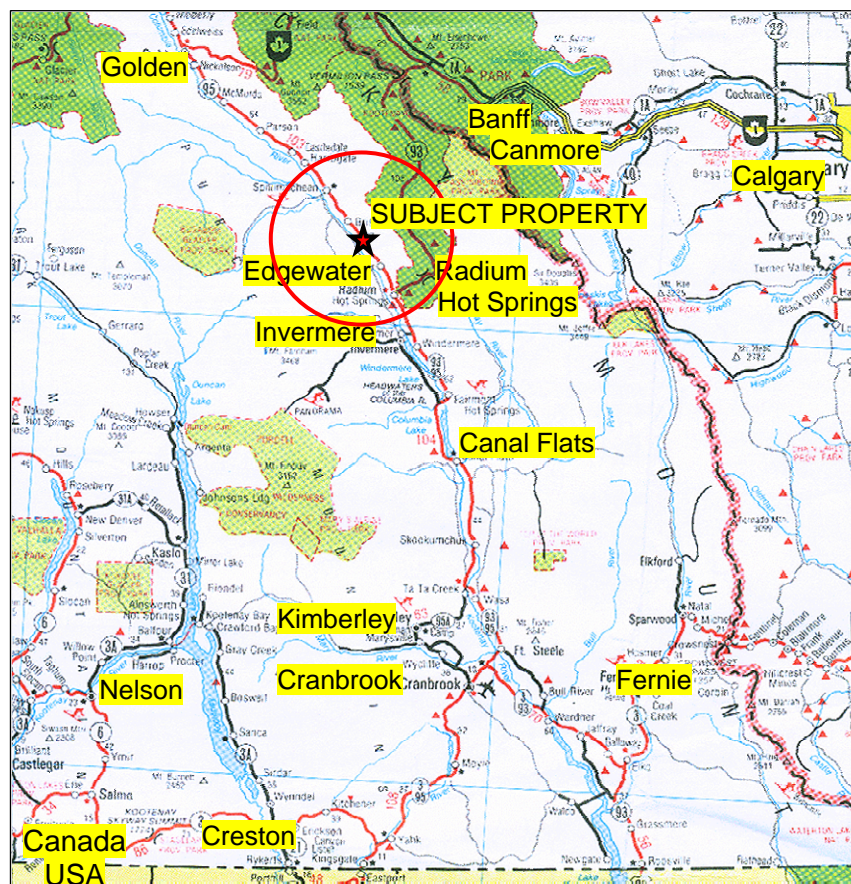
The subject property is located about 9 km north of Edgewater, or 19 km north of Radium Hot Springs, in the East Kootenay Region of British Columbia. The other main communities in the area include Invermere (35 km south), Fairmont Hot Springs, (55 km south), Canal Flats (85 km south), and Golden (90 km north). Cranbrook is the nearest city (145 km south).

This area is commonly referred to as the (Upper) Columbia Valley, named for the Columbia River. The river headwater flows from springs at Canal Flats and runs northward some 150 km through the Rocky Mountain Trench to Golden, with the Rocky Mountains rising to the east and the Purcell Mountains to the west. Kootenay National Park occupies the mountainous wilderness to the east. The general terrain is characterized as a flat river valley bottom with some large lakes and extensive wetlands, bound on the east and west sides by rolling benches cut by steep ravines, under Douglas fir forest. The major communities and several smaller settlements are scattered along the benches that rise along either side of the Columbia Valley.

This area has moderately warm summers and moderately cold winters. Annual precipitation varies widely, from between about 10 and 15 inches, increasing with elevation. The frost-free period is about 100 days in the valley bottom, but becomes shorter at higher elevations.

Highways 93/95 and 95 serve as the main route through the Columbia Valley. Highway 93/95 runs between Cranbrook and Radium Hot Springs, where it splits, with Highway 95 continuing north-westward to join the Trans Canada Highway at Golden, while Highway 93 runs north-eastward through the Kootenay and Banff National Parks, and joins the Trans Canada Highway between Banff and Lake Louise.

Regional Map



Regional bus services serve this area, and while there is rail freight service, there is no rail passenger service here. There is an airport with a 3,000 ft paved runway at Invermere and another with a 6,000 ft runway that is lit and has an instrument approach at Fairmont. The nearest airport that is served by the major airlines is at Cranbrook, and while it has capacity for international flights, scheduled international flights are not currently offered. The nearest major international airport is at Calgary (300 km east).

There are a few services and shopping opportunities in Edgewater, where there is a C-store, a library, and an elementary school, but much more is available in Radium Hot Springs, where there is a greater variety of grocery and retail stores, several restaurants, a credit union, a library, post office, and a couple gas stations. However, Invermere is the economic and social hub of the area, where there is a full range of schools and a regional college, a hospital, a RCMP detachment, and several government offices. There are also medical and dental clinics, banks, and a broad range of retail and professional businesses, and other commercial and industrial services. All of the major communities are served by volunteer fire departments. Even more extensive goods and services are available in Cranbrook.

The resource-based economy of the Columbia Valley is driven by tourism/recreation and forestry, along with some mining and agriculture. There are several mills and a few mines nearby. Farms and ranches occupy much of the corridor that runs along either side of the valley. Tourism/recreation has become the primary growth sector in recent decades, and the area is now frequently referred to as "Calgary's Playground", with many Calgarians and other Southern Albertans spending their weekends and holidays here, and many own vacation homes in the area.

There are many recreational attractions in the area, and while the majority of visits occur during the warm seasons, south-eastern British Columbia is evolving as an important all season destination. Sightseeing opportunities in Kootenay, Banff, and Yoho National Parks to the north, Waterton National Park to the east, and many provincial parks and other wilderness areas attract many visitors. Several warm lakes throughout the area are important summer attractions, as are the numerous golf courses. There are at least nine 18-hole golf courses, and a few 9-hole and par-3 courses, within about an hour drive of Radium Hot Springs. The five major ski resorts that are within about 2 hours are important winter attractions. The hot springs at Fairmont Hot Springs and Radium Hot Springs bring visitors to the area year round. The area is also popular for snowmobiling, hiking, climbing, hunting, fishing, white-water rafting, soaring, hang gliding/para-gliding, bird watching, and there are many other outdoor activities. There are also several community events throughout the year.

Major new developments, expansions, and upgrading of the resorts at Panorama Mountain Village (20 km west of Invermere), Golden, Kimberley (130 km south of Radium Hot Springs), Fernie (225 km southeast of Radium Hot Springs), and Revelstoke (250 km northwest of Radium Hot Springs) were initiated in the late 1990s. These developments were supported by a fairly strong economy. The real estate market was, in turn, strong, which led to the development of several new residential subdivisions in and near these communities; attracting many purchasers of vacation homes to south-eastern British Columbia. A new ski resort development has also been approved for the Jumbo Glacier Area, some 55 km west of Invermere, but there is still some uncertainty as to whether it will ever proceed.

Communities in the area are often referred to as resort communities, though they are actually comprised of a mix of residential properties and recreational properties. The markets for these types of properties are inextricably linked, but the demand for recreational property tends to drive values for all types of property here.

During the few years that preceded the recession of 2008, investment in the region, driven largely by a strong demand for recreation property, led to an unprecedented amount of residential and commercial real estate investment and new construction activity. However, growth at that level proved unsustainable. By 2007, the economy was devolving, which led to a sudden decline of activity in the residential real estate market, and values began to decline in 2008. Construction of several large residential and commercial projects were postponed, and some that were already in progress were even suspended, and some of those projects have yet to be resurrected. In fact, and there have been only a few new moderate to major residential and/or commercial developments in the area since the recession.

In 2012, activity started to increase and values began to stabilise, and it appears the local market has been relatively stable since. Although values are well under their peak level of 2007/08, they remain considerably higher than they were a few years before they peaked.

There is currently imbalance in this market, with an oversupply of residential property listed for sale, yet many list prices remain high relative to values. While the area still offers the same attractions as before the recession, many purchasers appear to have lost confidence in this market. With such favourable exchange rates against the US\$ combined with what were perceived to be terrific real estate deals in many American vacation destinations in the late 2000s/early 2010s, purchasers who might have otherwise sought property in this area to exploit opportunities south of the border. While some other markets in Western Canada (including some major markets in south-western and south-central British Columbia) have been quite robust in recent few years, such cannot be said for this local market.

National and global economic indicators, such as stock indices have achieved records since the recession, but they remain very volatile. The Canadian Dollar had been bouncing around parity with the US Dollar for a few years until early 2013, and is now well under the US\$. While interest rates remain at all time lows, there has been relatively little borrowed capital spent in this real estate market. Unemployment rates have also been high and unstable over an extended period. Oil prices, which are so important to the economy in Alberta, declined significantly in late 2014 and have led to significant economic turmoil. The price of natural gas, which is also quite important to the Alberta's economy, has also been low for some time now. These situations, compounded by more recent world events, such as disrupted oil production, rejected plans for new pipelines, natural and nuclear disasters, political unrest in Europe, northern Africa, and the Mid East have led to great uncertainty among investors and consumers, and they have had a significant impact on the Canadian economy, even though the more general Canadian economy remains relatively strong compared to many other industrialised countries.

The economy of the Columbia Valley relies heavily on a strong economy in Southern Alberta, and through extension, North America and the world. With this area so reliant on a strong economy in Alberta, it comes as no surprise that activity and values are much lower than they were prior to the recession, and it does not appear that it would be prudent to expect that activity and values will be restored to pre-recession levels any time soon.

2. NEIGHBOURHOOD DESCRIPTION

The subject property is located in a rural area that is predominated by large farms and country residential properties. Private lands in the area are mainly located on the lower slopes within a few kilometres of the river, beyond which are large tracts of Crown land, and Kootenay National Park.

Highway 95 provides the main access through the area, and gravel roads provide access off the highway. Rural services are available throughout much of the area.

This area is widely known as Luxor Station and Spur Valley. Luxor Station (now just a location identifier along the railway tracks) is just west of the subject property, along the river, and the Spur Valley residential subdivision, Spur Valley Greens Golf Course, and Spur Valley RV Resort are immediately south and east of the subject property. The residential subdivision is comprised of almost 100 (mostly recreational) homes on nominal half-acre parcels, and is the only residential subdivision of more than a couple dozen properties between Edgewater (10 km south) and Nicholson (85 km north, 5 km south of Golden). There are a couple of other settlements scattered along the valley, such as Brisco (9 km north) and Spillimacheen (20 km north), where some very basic goods and services are available.

There is an elementary school in Edgewater, and Grades 8 and higher are bussed to Invermere. Only very basic goods and services are available in Edgewater. Additional goods and services are available in Radium Hot Springs (19 km south), and more are available in Invermere (35 km south).

3. DESCRIPTION OF THE SUBJECT PROPERTY

a. Title Registration Records

The certificate of title shows the subject property registered in the name of *Genesis Land Development Corp.* and the legal description is shown as:

Parcel 1 (See 123131) of District Lot 10717 Kootenay District (PID: 012-510-335)

There are no legal notations, but there are four active charges shown on the title. Two of the charges register statutory rights of way and the other two register easements. Additional details of the legal notations and charges on the title can be examined in the copy of the title found in the addendum.

As indicated earlier, a search of legal notations and registrations is beyond the scope of this appraisal. They are assumed to have no material impact on the utility, marketability, or value of the subject property. Should the user of this report ultimately determine that any registered (or unregistered) charges are likely to have an impact on the utility, marketability, or value of the subject property, the appraisal may be invalid and the appraiser should be consulted for reconsideration of the opinions expressed in this report.

b. Land Use Regulation

Land use potential of the subject lands are affected by the Agricultural Land Reserve (ALR), a provincial land use zone that takes precedence over other legislation and bylaws that apply to the land. ALR lands are identified as having agricultural potential. Agricultural uses are given priority in support of the provincial policy to preserve agricultural land, and non-agricultural uses and subdivision are controlled. Approval to exclude 56.8 acres of the subject property from the ALR has been granted, and permission to use 143.3 acres to expand the Spur Valley Greens Golf Course has also been granted.

The Regional District of East Kootenay – Steamboat-Jubilee Mountain Official Community Plan (OCP) sets out broad objectives and policies concerning land use and development, and indicates general land uses for the future development in a large area that includes the subject property. The OCP shows the subject property on Schedule D4 – Luxor/Spur Valley with most of the land designated as a mix of RR (Rural Resource) and CR (Commercial – Recreation), with a small area of R-SF (Residential Low Density) on the south side. The lands uses shown in this schedule *...are meant to identify in general terms the type of land uses that are appropriate for the designated lands.*

The RR designation *...includes rural residential and rural resource land uses with parcel sizes of 8 ha [19.7 acres] and larger... and recognises the use of lands for agriculture, resource extraction, open space and working landscape.*

The CR designation *...recognises land suitable for commercial recreation uses including campgrounds and golf courses.*

The R-SF designation *...encompasses the single family residential cores of the plan communities; it includes town sized lots and manufactured home lots [and] multi-family parcels*

The Upper Columbia Valley Zoning Bylaw No. 900 implements the goals and objectives of the OCP, to ensure land use is consistent with the OCP and to set out requirements connected to situating improvements, setback requirements, densities, lot sizes, building heights, provisions for parking, and so forth. The subject property has mixed zoning with a large area of A-2 (Rural Residential (Country) Zone), R-1 (Single Family Residential Zone), R-2 (Two Family Residential Zone), R-4 (Multiple Family Residential – High Density Zone), R-5 (Multiple Family residential Community (Cluster) Zone), and RES-2 (Resort Recreation Zone). It was all zoned A-2 until it was amended as described in June 2008.

The A-2 Zone permits a wide variety of uses, most of which are typically found in rural communities such as single family dwellings, agricultural, guest ranches, sawmills, sanitary landfills, wild land and several others, as well as several other accessory uses such as auxiliary dwellings, home based businesses, cement plants, and others. The minimum parcel size is 19.8 acres, with one single family dwelling, and another for farm hands is permitted. For the most part, this zone corresponds with the RR land use designations described under the OCP.

The R-1 Zone is intended primarily to accommodate single family dwellings, but home based businesses and auxiliary dwelling units are also permitted as accessory uses, and there are other accessory uses as well. Minimum parcel sizes are 0.14 acres and the maximum density is one single family dwelling.

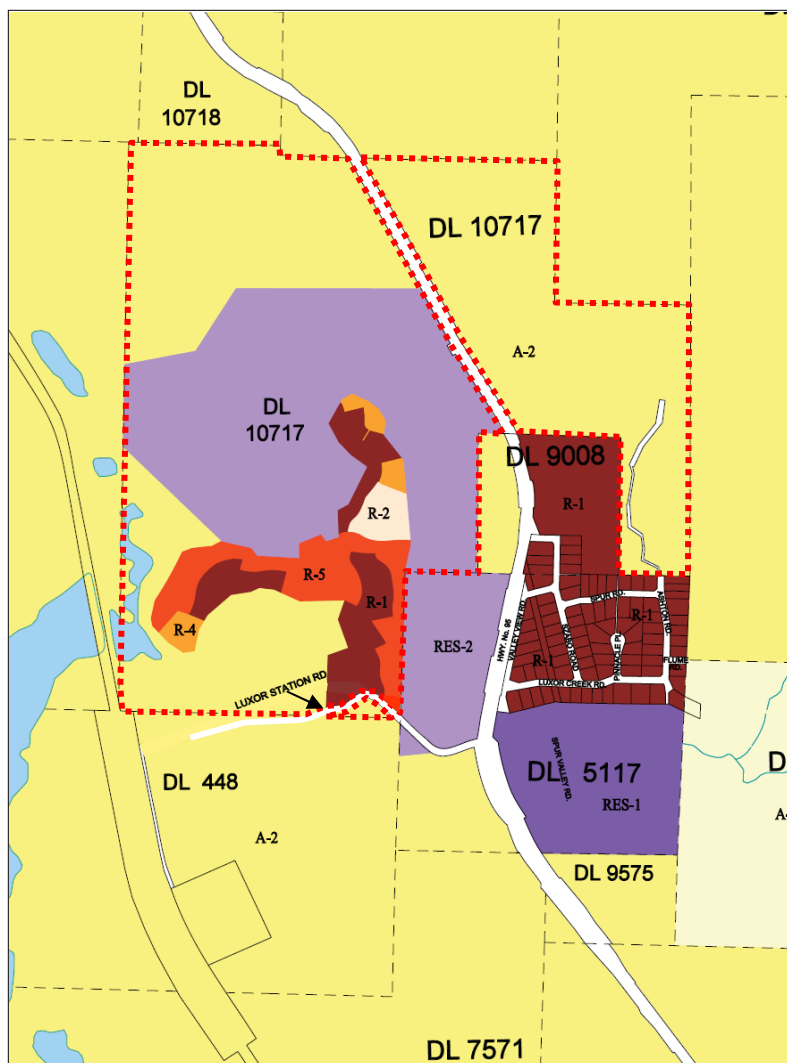
The R-2 Zone permits single family and two-family dwelling uses, as well as home based businesses and auxiliary dwellings, as well as other accessory uses. The minimum parcel size is 0.17 acres, and the maximum density permitted is one single family dwelling or one two family dwelling.

The R-4 Zone provides for multiple family dwelling and rest home uses, as well as home based businesses and accessory facilities and recreation facility uses, as well as other accessory uses. Parcels must be at least 0.37 acres. Densities of 24.3 dwelling units/acre are permitted.

The R-5 Zone provides for cluster development and rest home uses, as well as home based businesses, as well as other accessory uses. The minimum parcel size is 1.24 acres, and the maximum permitted density is 7.3 dwelling units/acre of usable area.

The RES-2 Zone facilitates ski resorts, golf course, water slides, race tracks, equestrian centres, gun ranges and various other recreational uses, as well as accessory uses such as a dwelling unit, food services, taverns and others. This zone corresponds with the Commercial-Recreation land use lands described under the OCP.

Zoning Map of the Subject Property



Applicable excerpts taken from the Upper Columbia Valley Zoning Bylaw are included in the addendum. Additional detail connected to the OCP and Zoning Bylaw is available on the RDEK website at www.rdek.bc.ca.

c. Property Assessment and Taxes

The 2015 BC Assessment Authority (BCAA) records show the subject property assessed as:

Land:	\$1,036,000
Improvements:	\$0
Total:	\$1,036,000

The property taxes for the 2014 tax year were \$3,892.00

d. Sales History

The subject property is currently listed along with two other neighbouring vacant land parcels (District Lot 7574 and District Lot 9047) comprising a total of 1,140.04 acres with a combined list price of \$4,400,000. It was first listed in November 2013, but has only been listed with a local real estate agency on November 20, 2014.

This land was last purchased through a private transaction in the Spring 2007 along with the same two parcels that it is currently listed with, District Lot 9047 and District Lot 7574. The total purchase price for the three properties was \$5,695,215, of which (according to the assessment records) \$2,311,215 was allocated to the subject property (which very closely matches the relationship of its size to the total size of the assemblage).

e. Physical Description

The subject property is 463.24 acres located immediately north and west of the Spur Valley residential neighbourhood and the Spur Valley Greens Golf Course. It is about 9 km south of Brisco and 9 km north of Edgewater, about 19 km north of Radium Hot Springs on Highway 95. This land rises along the east side of the Columbia River Valley and north of the Luxor Creek Valley.

Highway 95 severs this land, with about 338.24 acres to the west and 125± acres to the east. The west side is also physically severed by Luxor Station Road, which separates about 1.24± acres on the south side, so the largest area north of the road contains about 337 acres. The CP Railway tracks pass along the southeast corner, in the river valley.

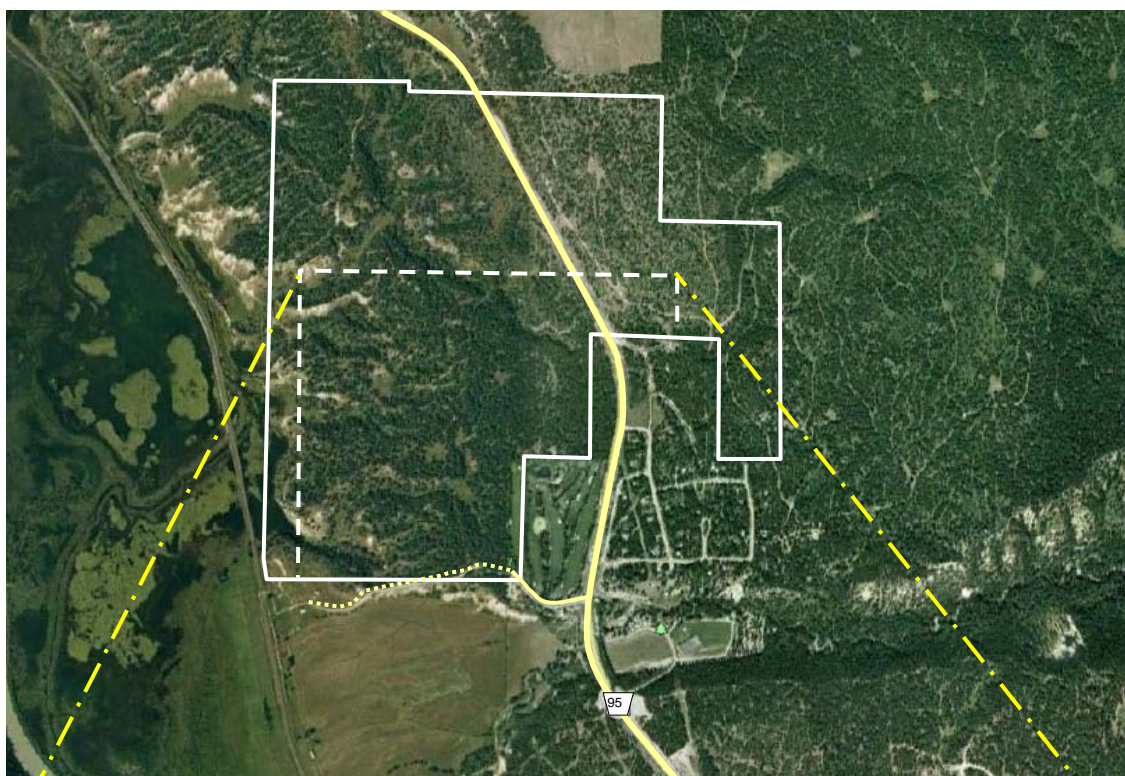
This land is comprised of very irregular topography with several ravines that cut eastward into the bench lands that rise eastward from the wetlands along the river. The entire property is under a mix of sparse to medium density Douglas fir forest. Evidence of very old logging and more recent Christmas tree harvesting was noted.

Some of the southern exposures are open, and some steeper slopes are eroding, with exposed silt substrate. Soil capabilities of this land vary widely from marginal and low to fair capability, but it is suitable for grazing.

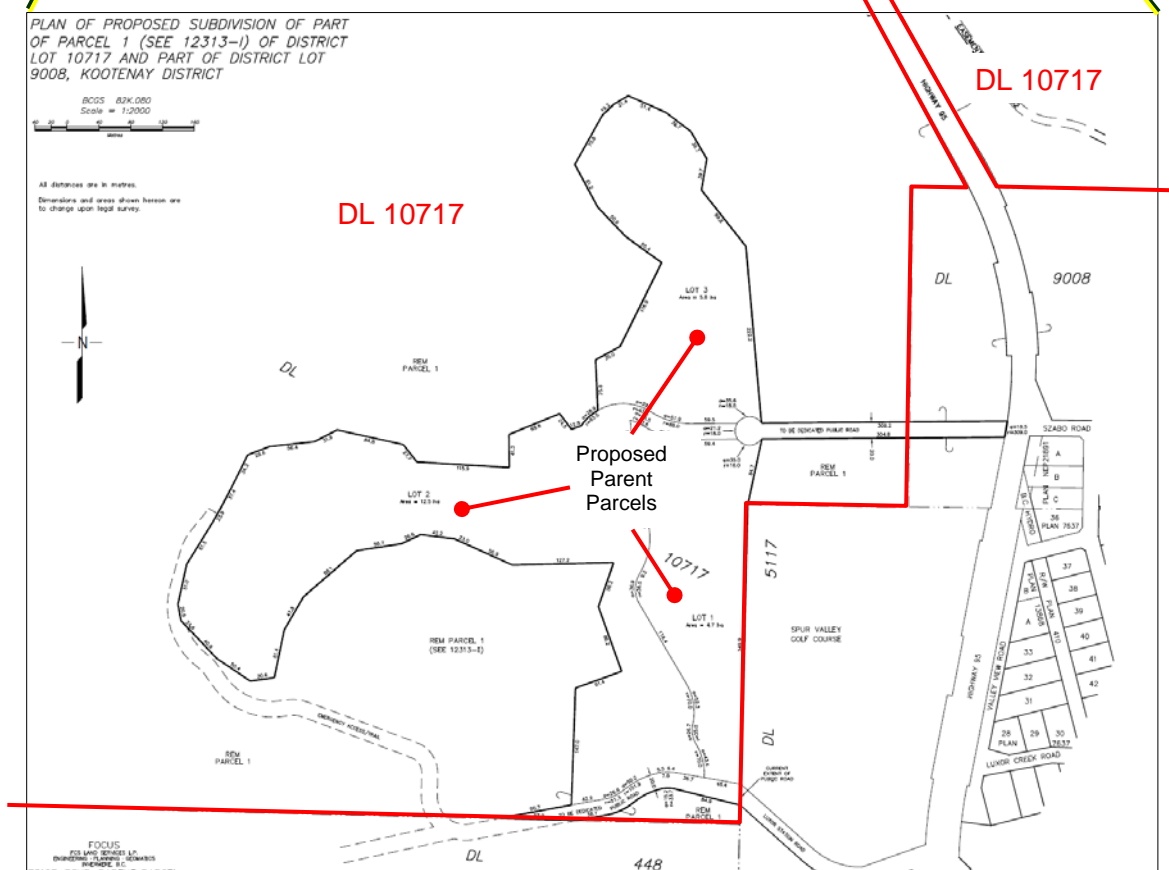
The larger 337± acre area west of the highway has a very irregular configuration, but is several hundreds of meters wide in all directions. There is access off the highway on the east side and there are a couple of other approaches from Luxor Creek Road. Several old logging trails cross the property and some provide access through neighbouring properties. This area rises some 80 m from the southwest corner to the northeast corner, over some very irregular terrain. The terrain on the west side is particularly severe, with some of the ravines cutting deeply eastward. There is also some wetland on the southwest side. Most of this land is covered by a medium density forest.

A few years ago, plans were prepared that show the area that lies west of the highway suited to development of a 57 acre residential subdivision, with 273 single family units and multiple family units, and a golf course on about 143 acres. The golf course use was identified as an expansion of the Spur Valley Greens Golf Course (as opposed to an independent golf course). The land was designated and the zoning was amended accordingly, and while there was preliminary approval for the subdivision for exclusion from the ALR, development was suspended before any subdivisions were registered.

Aerial Photograph of Subject Property



Subdivision Plan of the Subject Property



The file was since been resurrected with an application to subdivide off the residential lands from the remainder, and the Agricultural Land Commission approved modifications to the subdivision design. If the subdivision is approved in accordance with the plan, a new road allowance will be dedicated from the highway, opposite Szabo Road, across the adjoining property (District Lot 9008). It is understood there is intent to enter into a covenant with the RDEK that will waive the requirement to develop the water infrastructure until further subdivision and development of the land proceeds. It is also understood that a well that yields about 500 gallon/minute has been proven and that the subsoil is suitable for the sewer system they propose.

A letter that is addressed to the owner from the Ministry of Transportation and Infrastructure dated April 24, 2013 grants preliminary layout approval (PLA). It states as one of the conditions that the owner must dedicate public access to District Lot 9047 (to the northeast) and District Lot 7570 (to the west). The road allowance must be a minimum of 20 m wide, and 3 m beyond cuts or fills. While the letter states the PLA is valid for one year, the owner indicates it is valid for three years (ending April 24, 2016), which (has not been verified by the Ministry of Transportation and Infrastructure, but) is accepted for the purpose of this appraisal.

This 1.24± acre area south of Luxor Station Road is gently sloped before it descends steeply into the Luxor Creek Valley. A survey, and possibly even geotechnical study, would be required to confirm its physical potential for some type independent use (such as development with a single family residence), but this irregular, somewhat linear area appears to be of an adequate size, with a width of about 20 m at the east end, widening to about 40 m near the middle, and tapering to a point at the west end. It is largely covered by forest.

The area east of Highway 95 has a very irregular configuration that basically runs from northwest to southeast on the hillside that rises above the highway. At the narrowest point it is in the order of 300 m from the highway. It has access from the highway at the north end, and logging roads that cross it from neighbouring properties provide access from the south and east sides. It is quite steep along the highway, and rises about 70 m from where it adjoins the highway to the north east side. It is covered by forest.

ANALYSIS

1. HIGHEST AND BEST USE

The conclusion of highest and best use is far from straightforward in this appraisal. The highest and best use is the use that is not just possible, it also must be also plausible given current market conditions, while considering its physical potential, legal permissibility, and financial feasibility.

Unless a superior use is identified, large rural parcels such as the subject property tend to be suited to agricultural uses – often as native forested range land - even when their grazing capacity is low. In fact, the subject is currently idle, forested land that has low to moderate grazing capacity (and it does not appear to have been used for grazing recently). In any case, properties like this often have the characteristics that are desired in the market for extensive country residential¹ property, offering privacy, aesthetics, outdoor recreational opportunities, paved access, and a reasonably convenient location near local communities and recreational amenities. The agricultural capacity actually compliments the country residential use, but the country residential utility overrides the agricultural utility in terms of value, so the default lowest potential highest and best use of the subject property is considered to be extensive country residential with agricultural potential. However, additional considerations must be addressed. They are addressed sequentially.

The subject property is severed by two roads, resulting in three distinct areas. One of the roads is a highway, while the other is a gazetted public road. From a practical standpoint, the three areas are effectively independent, and while it may appear reasonable to separate them through subdivision so they could be sold and managed independently, the current Agricultural Land Commission (ALC) is zealous in its effort to protect land that is in the ALR, so the prospects of subdivision are speculative at best. As such, the three areas that comprise the subject property are considered collectively as a single entity, with uncertain, if not low prospects for legal subdivision along the roads. On this basis, the opinion of the most practical use of this land overall remains extensive country residential with agricultural potential.

All this said, preliminary approval was granted in the mid 2000s to subdivide approximately 57 acres that lie west of the highway, which had already been excluded from the ALR, and it is understood that an ample water supply has been proven that could serve the planned residential subdivision there. Furthermore, preliminary approval to use about 143 acres of ALR land for golf course development, and more specifically, “to expand Spur Valley Greens Golf Course” in that western area was also granted. Rezoning to accommodate the residential and golf course developments were granted at about the same time. While the proposed subdivision and development did not proceed, an application to modify the ALR exclusion boundaries of the residential subdivision lands has been approved and a preliminary layout approval to subdivide the property into parent parcels (that would accommodate further subdivision of the individual residential lots some time in the future) has been conditionally approved (and it is assumed the conditions can be satisfied for final approval). (It is also assumed the PLA remains valid until April 2016.)

¹ In this appraisal, “extensive country residential” property denotes “large parcel country residential” property, to distinguish it from small parcel country residential properties and hobby farms that tend to be smaller than (say) about 20 acres, sometimes with potential for subdivision and development at densities that are typical of urban communities.

The fact that the golf course lands are described as an area that is suited to expansion of the neighbouring golf course has a significant impact on the conclusion of highest and best use. The local land use planner at the Agricultural Land Commission was contacted to obtain clarification about the significance of the Commissioners' choice of words in the approval. They take the position that *the approved golf course expansion is still valid, but it does not cover a 'stand alone' golf course development. [Any intent to develop the property with a stand alone golf course will require submission of] a request letter detailing the 'revised' proposal to the Commission..., asking specifically for the ability to develop a new golf course on the property, independent of Spur Valley Greens. The Commission would then determine if such a request aligns with the intent of Resolution #498/2004 or if a new application is required. This step is necessary given that an independent golf course developed on the [143 acre] area is somewhat different than the expansion of an already existing golf course. For example a new golf course would likely require its own parking, club house, maintenance buildings etc.*

The subject land contains a mix of severe to gentle topography, and although some of the gentler areas have already been deemed suitable for residential use and golf course, others are deemed suitable for agricultural use. In any case, some legal and physical potential for partial subdivision for residential use and golf course use is acknowledged in the analysis of highest and best use, while the potential for the remainder areas are basically limited to extensive country residential use with agricultural potential.

The feasibility of subdividing this land for the small parcel country residential and golf course uses must now be considered. The subject property is basically on the fringe of the areas that are most popular among purchasers of country residential and recreational property – most such developments are much closer to the resort communities of Invermere, Radium Hot Springs, Fairmont Hot Springs, and Panorama Mountain Village. In fact, Spur Valley is the only large (fairly high density) rural residential subdivision between Radium Hot Springs and Habart and Nicholson (which are respectively 5 and 6 km south of Golden), while there are several subdivisions between Radium Hot Springs and Canal Flats to the south. It is also noted that there has been relatively little development in the rural residential neighbourhoods in very recent years, and vacant lots even remain in Spur Valley, which is now about 40 years old.

Residential subdivisions on golf courses are quite popular in recreation property markets such as the Columbia Valley, and some factors suggest that the use of part of the subject property as a residential golf course resort represents a good use of this land. However, market activity has been weak since the recession of 2008 and there remains a large inventory of vacant golf course lots, as well as lots that are not on golf courses, throughout the Columbia Valley, many of which have been available since before the recession. Furthermore, more are already partly developed and are poised to be completed once the market strengthens. It will probably take several years, even if the market strengthens significantly in the short term, before the market for vacant residential lots in this region will be rebalanced.

Finally, to assume that an agreement could be made between the owner of Spur Valley Greens Golf Course to expand that course onto the subject lands, as is stipulated in the ALC's decision to allow its use as a golf course, or that the ALC would allow an independent golf course would be pure speculation, and would not be appropriate in this appraisal. In any case, on considering the current oversupply of vacant residential lots and the location of the subject property, a golf course (either as an expansion of Spur Valley Greens or as an independent golf course), is believed to be a reasonable use that would probably entice more market interest to this locality (once the market recovers and the inventory of competing golf course lots is reduced).

At this time, there is little appetite for development property in this market area, with several competing projects scattered throughout the Columbia Valley (in fact, much of the East Kootenay) is suffering soft real estate markets, and anyone's projection as to how long it will take to regain market confidence in the area would be pure speculation. The current local, regional, and national economies are clearly very volatile and unpredictable, and they are subject to many influences that cannot be controlled. It might not prove prudent to think that Alberta's economy, which is so important to this region, will be restored any time soon. In any case, once some more progress is observed in some of the projects that were suspended mid-construction, some confidence should be restored, but markets tend to be slow to respond. Purchasers who acquired property here during the peak value period that preceded the recession of 2008 have suffered a significant loss of equity, so it is reasonable to expect caution among investors here. However, real estate markets tend to be cyclical in nature, and even though this market has suffered a long and severe slump, it is reasonable to expect it will recover at some point in the foreseeable future.

It is apparent that the highest and best use of the subject property is considered primarily extensive country residential. While the prospects for subdividing out an area for a residential subdivision and developing a golf course on part of this land appear to be quite good, the current feasibility and plausibility of that development is poor, and it only improves if it is projected into the medium term at least, and probably into the long term. As such, while the conclusion of highest and best use recognises some potential for residential and golf course development, its impact on value is far from being as significant if the potential were more imminent. The additional possibility (however remote) for separation of the remainder lands along the highway, and possibly even along Luxor Station Road, with one large property and one small property is also acknowledged, though this does not have a large impact on the formulation of total value.

As such, given the discussion above, while considering the assumptions made, the highest and best use of the subject property is considered to be extensive country residential property while awaiting (over the medium term to long term) market conditions that support its subdivision for intensive development with a residential neighbourhood and golf course.

2. EXPOSURE PERIOD

A reasonable exposure time for the sale of the subject property on the effective date is twelve months, under an assertive marketing strategy.

3. ESTIMATE OF VALUE

The search for comparable property sales finds two recent sales of extensive country residential land that have medium to long term prospects for intensive development for some type of residential or recreational use. They show a significant premium is paid for that potential over properties that are not identified with that potential, but both are quite unique, and believed to be superior to the subject property for various reasons. As such, sales of properties that do not exhibit potential for development are also examined.

List prices of active and recently expired listings are also examined. Listings provide a guide to the high end of potential value under the logic that a prudent purchaser would pay no more than a list price.

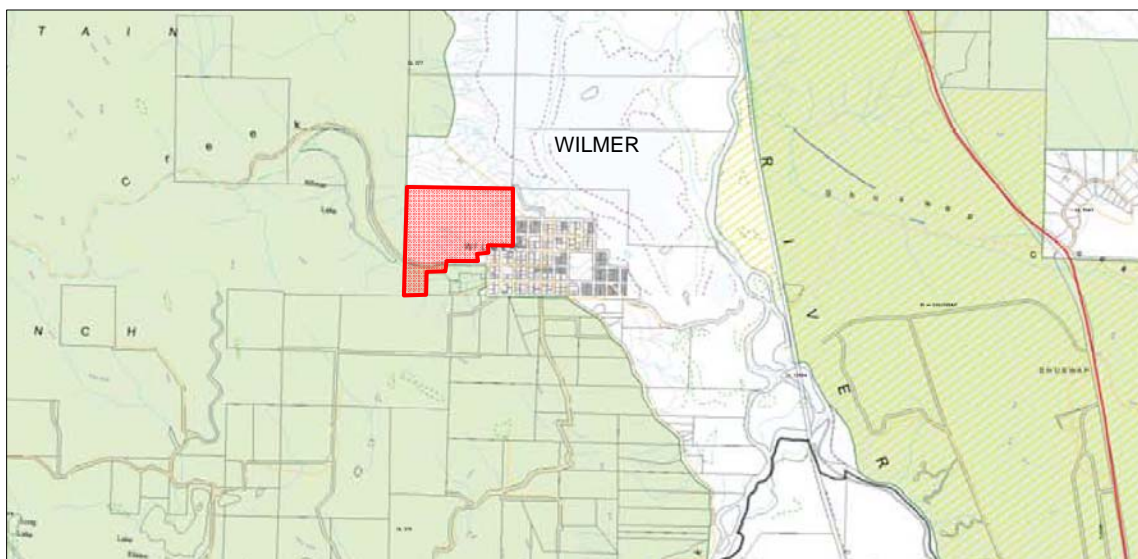
Once adjustments are performed on the comparable properties to account for their differences from the subject property, the comparable properties can provide a guide to the value of the subject property.

Sale No. 1

LOCATION	District Lot 377 near Wilmer and Invermere
LEGAL DESCRIPTION	Sublot 12 District Lot 377 Kootenay District Plan X15 Except (1) Part In Plan 692A, (2) Parcel A (Expl Plan 16601D), (3) Parcel A (See 7949I), (4) Parcel B (Ref Plan 5056I), (5) Parcel C (Expl Plan 12645I, (6) Parcel D (See 12645I), (7) Plan NEP71138, (8) Plan EPP5920, (9) Plan EPP9406
DATE OF SALE	November 5, 2015
CONSIDERATION	\$650,000
IMPROVEMENTS	na
BARE LAND VALUE	\$650,000
SIZE	116.53 acres
BARE LAND \$/ACRE	\$5,578/acre
ZONING	A-2 (Rural Resource) Zone; R-1 (Single Family Residential) Zone; SH-3 (Small Holding Rural) Zone; W-1 (Watershed Protection) Zone
ALR STATUS	mostly in
REMARKS	This vacant, 116.53-acre parcel is on the hill that is immediately northwest of Wilmer. It is severed by two roads, with about 104 acres north of Horse Thief Road and west of Westside Road, about 2 acres east of Westside Road, and about 10 acres south of Horse Thief Road.

The area north of Horse Thief Road rises steeply to a 45± acre plateau. A small subdivision is planned on the gentle slope immediately north of the road, and the plateau is also being considered for its development potential. The area south of Horse Thief Road descends gently to an intermittent creek, then rises steeply southward. The small area east of Westside Road is a steep northeast slope. The plateau, and the north and east slopes are mostly covered by forest, and the south slope is mostly open. The plateau affords outstanding views of the surrounding area. There are hydro and communications services nearby, but there is no sewer service here. A water well has been drilled on the 10± acre area. Both roads are gravel. A steep, poor quality trail traverses the south slope to the plateau.

This property was listed for sale for much of the past 7 years, starting in August 12, 2008 at \$3,650,000. By November 14, 2012 it was reduced to \$1,399,000, where it remained until it expired on August 19, 2013. It was listed again on April 29, 2015 for \$750,000 until it was reduce on July 31, 2015 to \$699,000, where it remained until it sold.

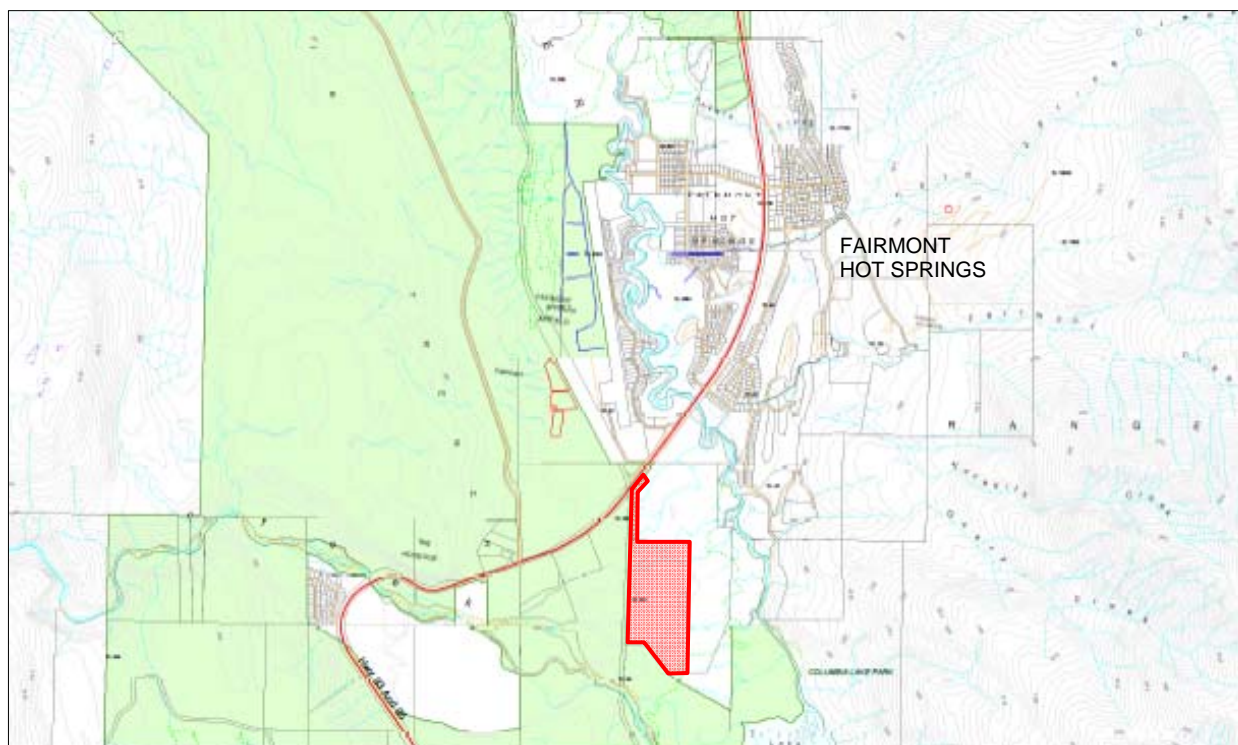


Sale No. 2

LOCATION	District Lot 54, near Fairmont Hot Springs
LEGAL DESCRIPTION	District Lot 54 Kootenay District Plan EPP10201 Lot 2
DATE OF SALE	August 6, 2015
CONSIDERATION	\$1,000,000
IMPROVEMENTS	na
BARE LAND VALUE	\$1,000,000
SIZE	103.54 acres
BARE LAND \$/ACRE	\$9,658/acre
ZONING	RES-1 (Recreation Accommodation)
ALR STATUS	out
REMARKS	This is flat, level land is located about 1 km south of Fairmont Hot Springs, at the north end of Columbia Lake. It is partly developed as the Fairmont Beach Resort, with 15 RV sites and 25 cabin sites to be developed on the 600 m long, man-made water-ski lake with swimming pond. Services were not completed before the property was listed for sale under foreclosure.

This land was listed for sale between June 21, 2013 and December June 18, 2013 for \$2,250,000, then was listed again on January 10, 2014 for \$1,995,000 until May 9, 2014 when it was reduced to \$1,625,000 until it expired on August 31, 2014. It was listed again on September 22, 2014 for \$ 1,425,000, where it remained until it sold.

This property had sold for \$2,000,000 (\$19,324/acre) in February 2011 before any development (including the lake) was performed. It was purchased for its development potential at that time.

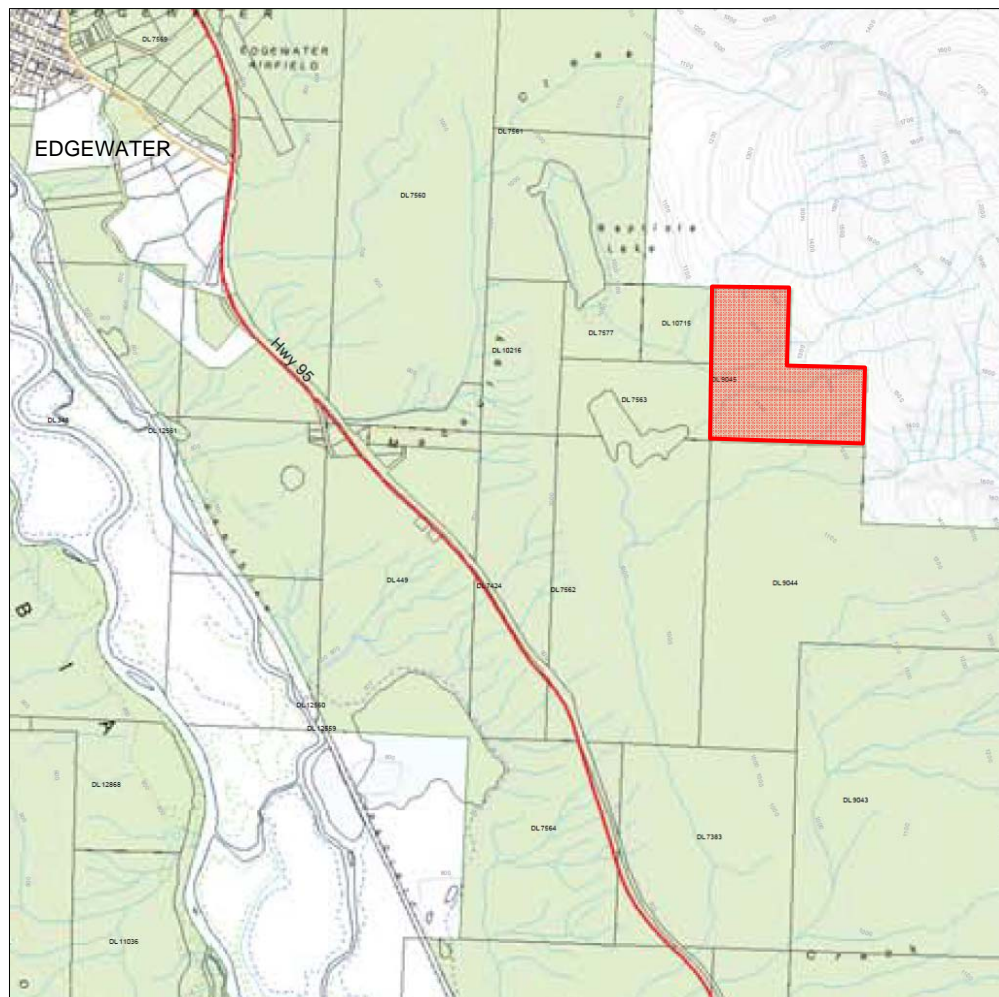


Sale No. 3

LOCATION	District Lot 9045, Elk Park Ranches, near Radium Hot Springs
LEGAL DESCRIPTION	District Lot 9045 Kootenay District
DATE OF SALE	June 24, 2015
CONSIDERATION	\$380,000
IMPROVEMENTS	na
BARE LAND VALUE	\$380,000
SIZE	119.99 acres
BARE LAND \$/ACRE	\$3,167/acre
ZONING	A-2 (Rural Residential (Country))
ALR STATUS	in

REMARKS This is gentle to rolling forested land that is located about 6 km north of Radium Hot Springs. It is part of the Elk Park Ranch, a master planned, gated ranch community. It has access via a common road through Elk Park Ranch. A water supply is developed.

This property was listed for sale for \$869,000 on July 22, 2010, and was reduced to \$600,000 on April 27, 2011, where it remained until it expired on November 30, 2012. It was listed again on April 10, 2015 for \$415,000, where it remained until it sold. It had previously been listed for sale privately.

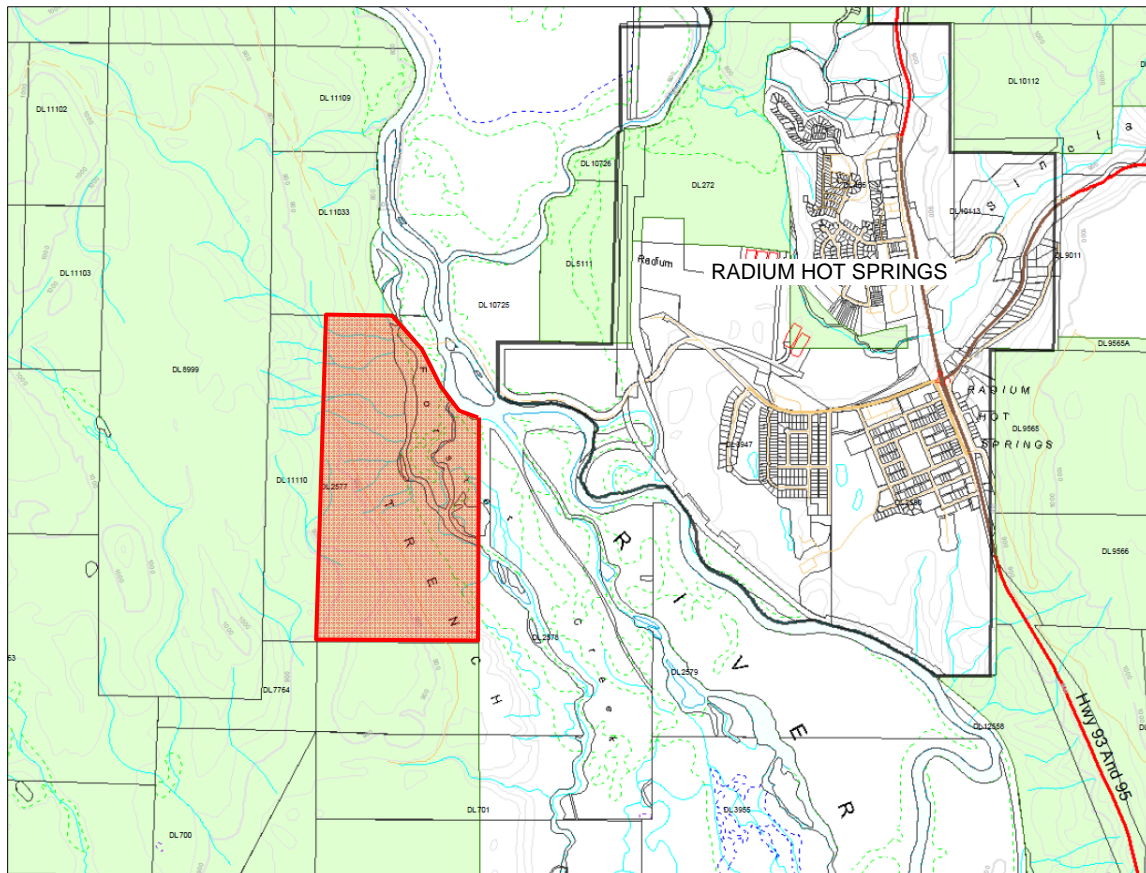


Sale No. 4

LOCATION	7600 Forsters Landing Road, near Radium Hot Springs
LEGAL DESCRIPTION	District Lot 2577 Kootenay District except part in Plan NEP19263
DATE OF SALE	June 18, 2015
CONSIDERATION	\$405,000
IMPROVEMENTS	\$50,000
BARE LAND VALUE	\$365,000
SIZE	292.06 acres
BARE LAND \$/ACRE	\$1,216/acre
ZONING	A-1 (Rural Resource)
ALR STATUS	in

REMARKS This land is just across the Columbia River, about 2 km west of Radium Hot Springs. Aside from several tens of acres that are occupied by wetlands and river channel, this land is mostly rolling to steep, with a relatively small area of moderate slope. The 30± year old, 1,216 sf small diameter log house on the property is in poor condition, requiring a new foundation. There is also a metal Quonset with a gravel pad. This property is served by the Radium Hot Springs water system. A road easement traverses this property from the north side to the neighbouring property to the south.

This property was listed for \$525,000 from October 7, 2014 and December 3, 2014 when it was reduced to \$479,000, where it remained until it sold.

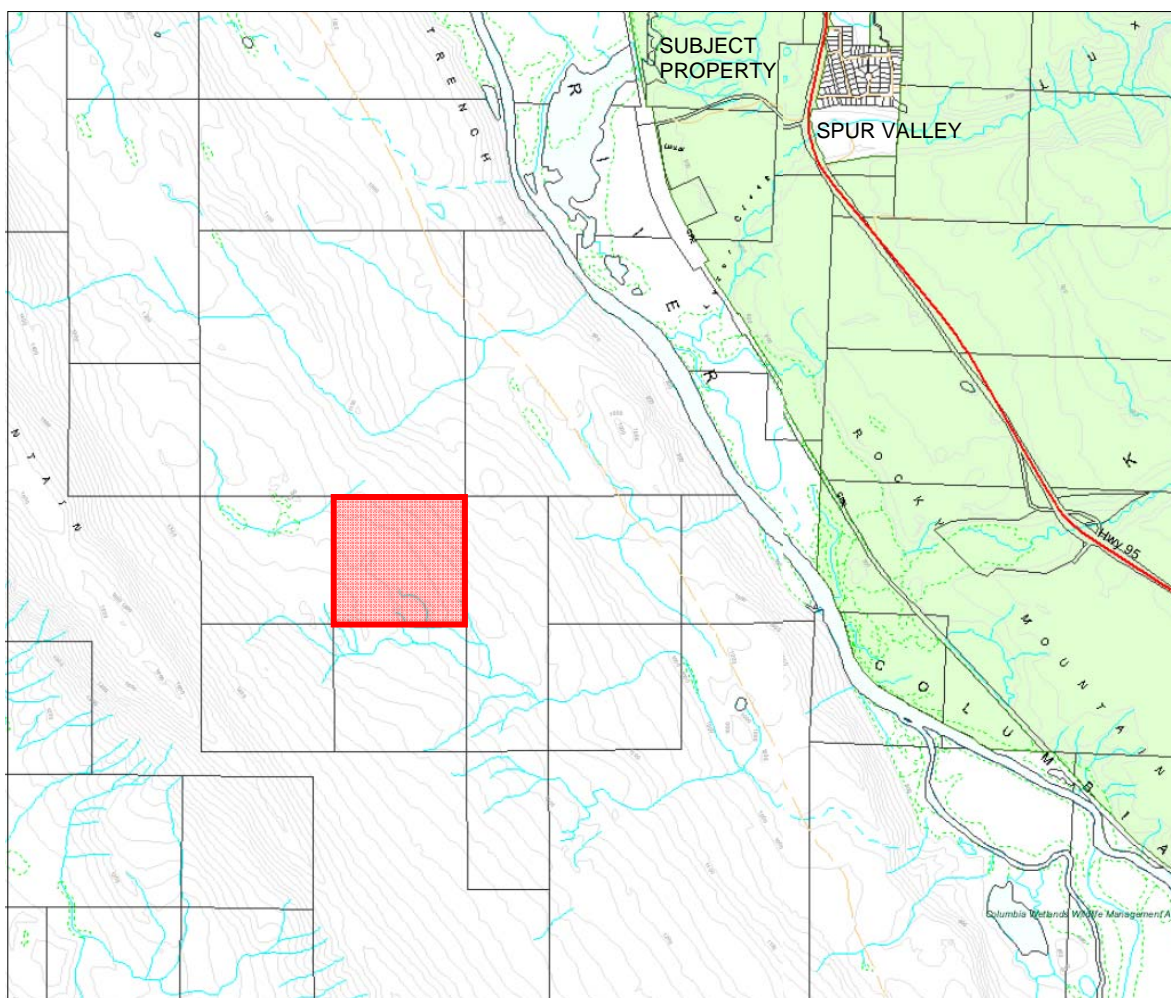


Sale No. 5

LOCATION	4421 Red Rock Road, near Radium Hot Springs
LEGAL DESCRIPTION	NE ¼ District Lot 11368 Kootenay District 26
DATE OF SALE	January 12, 2015
CONSIDERATION	\$381,500
IMPROVEMENTS	\$75,000
BARE LAND VALUE	\$306,500
SIZE	154.00 acres
BARE LAND \$/ACRE	\$1,990/acre
ZONING	A-1 (Rural Resource)
ALR STATUS	out

REMARKS This land is on the west side of the Columbia Valley, about 20 km northwest of Radium Hot Springs. It is quite remote and the last couple of kilometres of the access is along a logging road that crosses a cut block off Red Rock Road. This is largely rugged land on the upper slopes of Steamboat Mountain. There is a 12± year old, very good condition, 920 sf 1½ storey cabin, and a couple of small outbuildings on the property. It is served by solar power system, propane, and a septic system.

This property was listed for \$575,000 from May 31, 2013 and August 16, 2013 when it was reduced to \$489,000, and was reduced again on October 18, 2013 to \$445,000, then again on August 7, 2014 to \$395,000, where it remained until it sold.

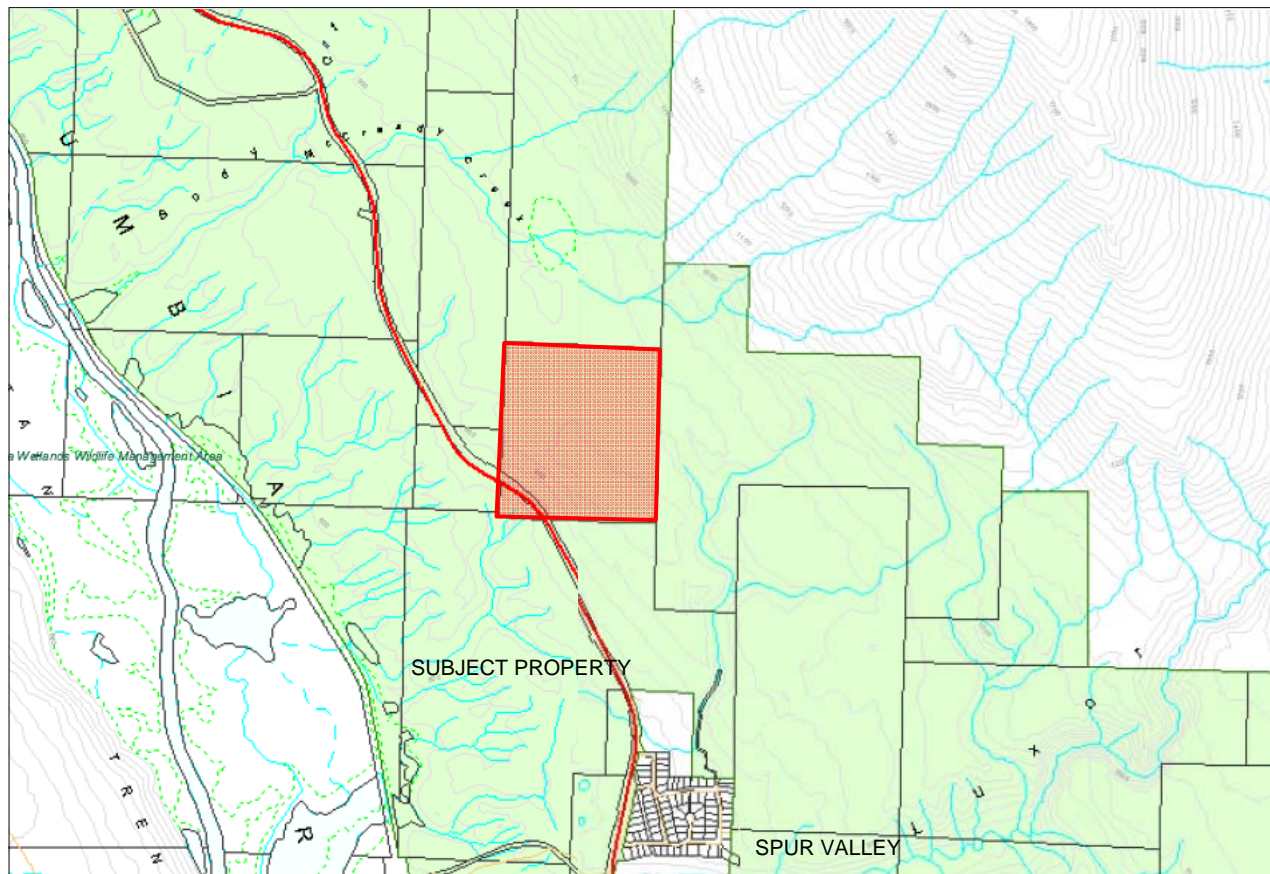


Sale No. 6

LOCATION	DL 9574 Highway 95, near Radium Hot Springs
LEGAL DESCRIPTION	District Lot 9574 Kootenay District
DATE OF SALE	November 13, 2014
CONSIDERATION	\$387,500
IMPROVEMENTS	\$20,000
BARE LAND VALUE	\$367,500
SIZE	156.72 acres
BARE LAND \$/ACRE	\$2,345/acre
ZONING	A-2 (Rural Resource)
ALR STATUS	in

REMARKS This land is immediately north of the subject property. A small area is severed by Highway 95, but the larger part is east of the highway. This land rises steeply from the highway to a large, gentle open pasture. There is a large hay shed on this land. Rural services are available.

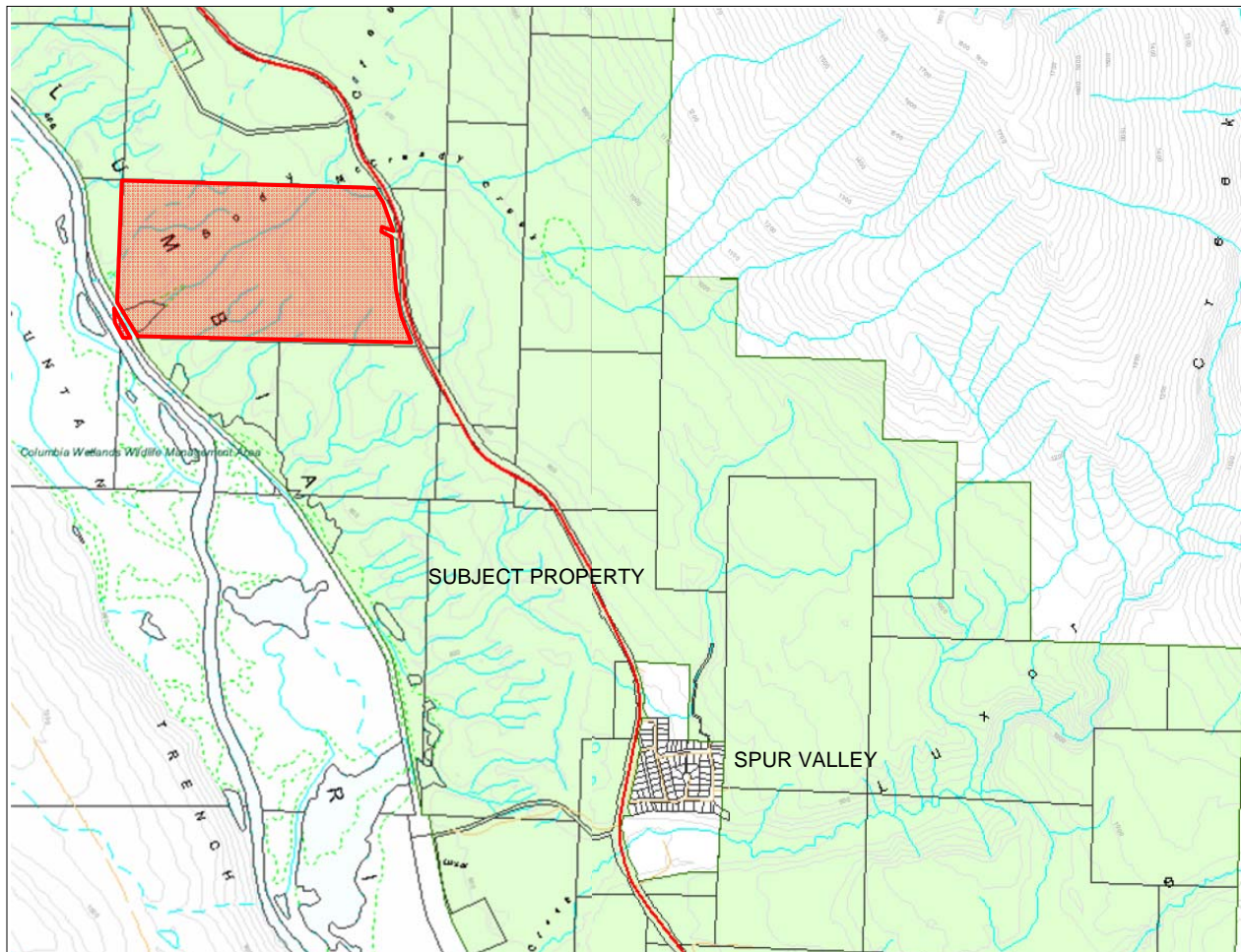
This property was listed for \$418,750 from April 17, 2014 to June 25, 2014, when it was reduced to \$399,000, where it remained until it sold.



Sale No. 7

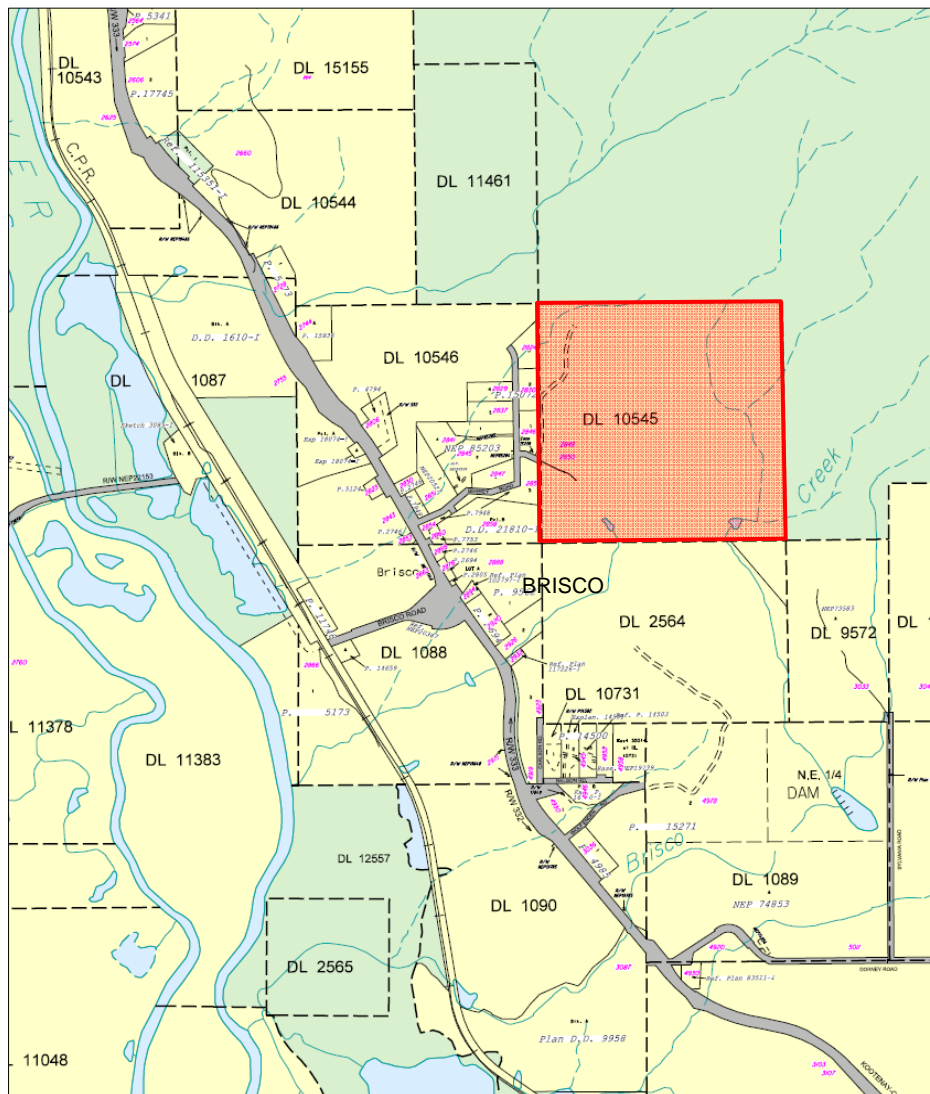
LOCATION	3745 Highway 95, near Radium Hot Springs
LEGAL DESCRIPTION	Part of N½ of SE¼ of District Lot 351 Lying NE of Railway Kootenay District Except Plan R241 NEP66484
DATE OF SALE	September 15, 2014
CONSIDERATION	\$917,000
IMPROVEMENTS	\$200,000
BARE LAND VALUE	\$717,000
SIZE	275.56 acres
BARE LAND \$/ACRE	\$2,602/acre
ZONING	A-2
ALR STATUS	in
REMARKS	This land is located about 20 km north of Radium Hot Springs, just north of the subject property. It is mostly gently rolling forest with 65± acres of irrigated hay land. Most of this property is situated between the highway and the railway tracks above the Columbia River wetlands, but a very small area at the southwest corner is severed by the railway tracks. Improvements include an older, but renovated 1,140 sf house, a barn, stable, arena and corrals, hay storage, and other outbuildings.

This property was listed for sale for \$975,000 on May 16, 2013, where it remained until it sold.



Sale No. 8

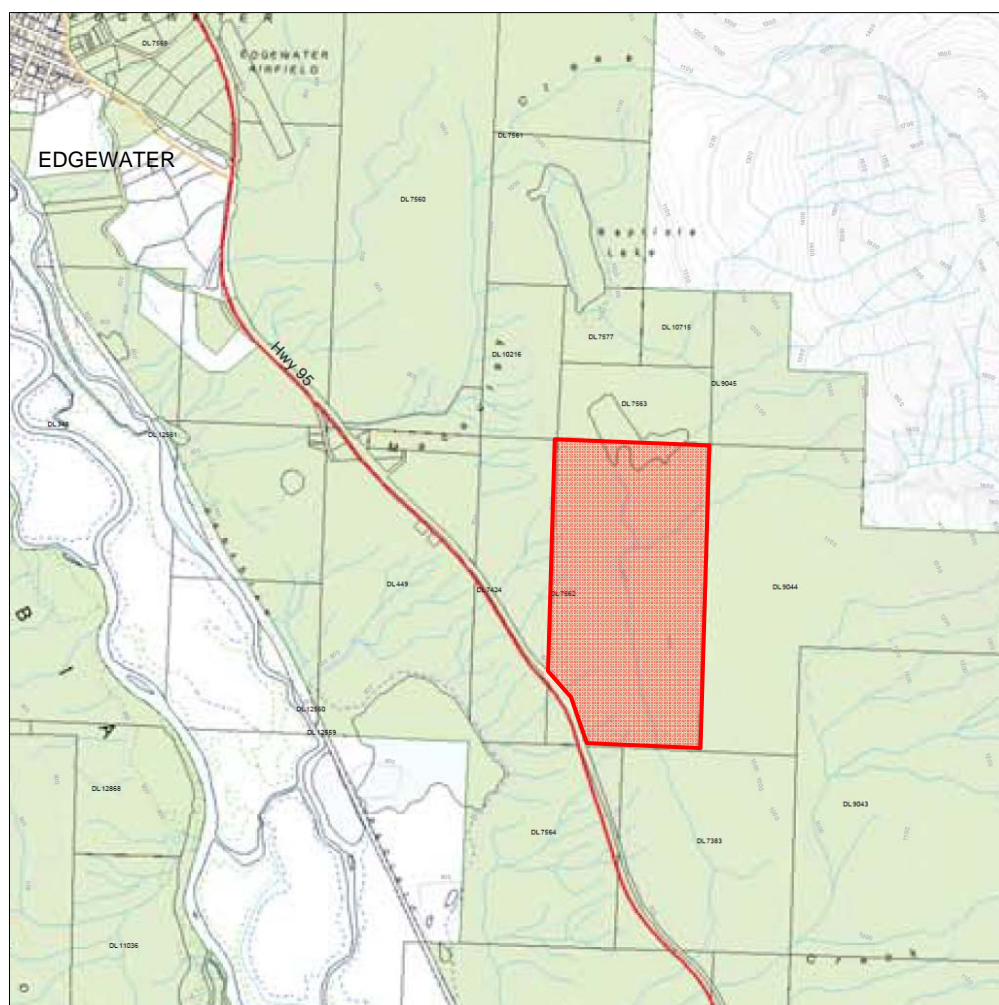
LOCATION	2848 Berrey Road, Brisco
LEGAL DESCRIPTION	District Lot 7562 Except Plan R316 Kootenay District
DATE OF SALE	August 22, 2014
CONSIDERATION	\$500,000
IMPROVEMENTS	\$100,000
BARE LAND VALUE	\$400,000
SIZE	160.00 acres
BARE LAND \$/ACRE	\$2,500/acre
TIME ADJUSTED \$/ACRE	\$2,500/acre
ZONING	A-2
ALR STATUS	in
REMARKS	This is gently rolling pasture to rolling forested land that is located about 30 km north of Radium Hot Springs, at the northeast corner of Brisco. It has excellent gravel access a short drive off the highway.
	Improvements include an old, 900 sf house and various farm outbuildings.
	This property was listed for sale for \$575,000 on August 18, 2014, and it sold three days later.



Sale No. 9

LOCATION	DL 7562 Highway 95, near Radium Hot Springs
LEGAL DESCRIPTION	District Lot 7562 Except Plan R316 Kootenay District
DATE OF SALE	August 21, 2013
CONSIDERATION	\$925,000
IMPROVEMENTS	na
BARE LAND VALUE	\$925,000
SIZE	316.30 acres
BARE LAND \$/ACRE	\$2,924/acre
ZONING	A-2
ALR STATUS	in
REMARKS	This is rolling forested land with a large meadow that is located about 5 km north of Radium Hot Springs. This is the Ward Ranch in the Elk Park Ranch, a master planned, gated ranch community. It has a water supply and power and communications are developed to the lot line. Two Elk Park roads sever this parcel into three areas. An active gravel pit is situated on the west side.

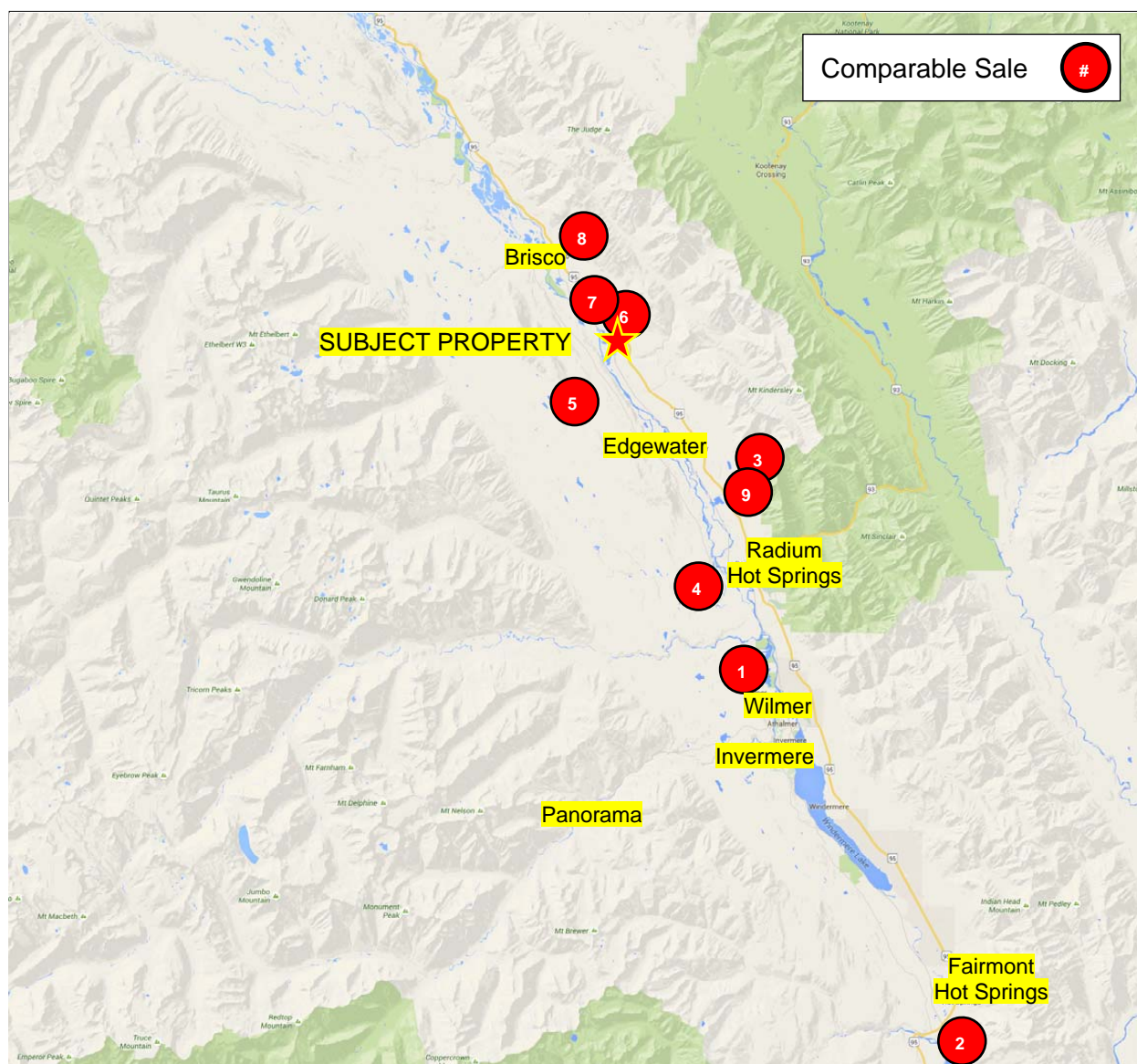
This property was listed for sale for \$2,610,000 on July 22, 2010, and was reduced to \$2,200,000 on April 27, 2011, where it remained until it sold. It had also been listed for sale privately previously.



The comparable sales are summarized in the following table; arranged according to size.

Group 1 Comparable Sales Summary						
Sale No.	Sale Date	Zone / ALR	Size (acres)	Time Adjusted Sale Price (Bare Land)		Remarks
				(\$)	(\$/acre)	
9	08/13	A-2 / in	316.30	\$915,750	\$2,895	rolling forest and meadow in Elk Park Ranch, 5 km north of Radium Hot Springs; active gravel pit; extensive country residential
4	06/15	A-1 / in	292.06	\$365,000	\$1,216	wetland to forested hillside along Columbia River just west of Radium Hot Springs; on Radium Hot Springs water system; easement crosses; extensive country residential
7	09/14	A-2 / in	275.56	\$742,000	\$2,602	gently rolling forest with 65± acres of irrigated hay land, Columbia River frontage beyond railway tracks; 20 km north of Radium Hot Springs; extensive country residential and agricultural
8	08/14	A-2 / in	160.00	\$400,000	\$2,500	gently rolling forest at Brisco about 30 km north of Radium Hot Springs; extensive country residential
6	11/14	A-2 / in	156.72	\$367,500	\$2,345	steep to gently rolling land under forest and pasture just north of the subject property; extensive country residential
5	01/15	A-1 / out	154.00	\$306,500	\$1,990	rugged forested hilltop 20 km northwest of Radium Hot Springs; fair access; extensive country residential
3	06/15	A-2 / in	119.99	\$380,000	\$3,167	gentle to rolling forest in Elk Park Ranch 6 km north of Radium Hot Springs; extensive country residential
1	11/15	A-2, R-1, SH-3, W-1 / in	116.52	\$650,000	\$5,578	gentle to steep hill at Wilmer; severed by two roads; large plateau that offers excellent view over Wilmer and Columbia Valley; extensive country residential with good potential for subdivision
2	08/15	RES-1 / out	103.54	\$1,000,000	\$9,658	flat parcel just south of Fairmont; approved resort development; large man-made water ski lake with swimming pond; (sold under foreclosure); extensive country residential with very good potential for subdivision

Location of Comparable Property Sales

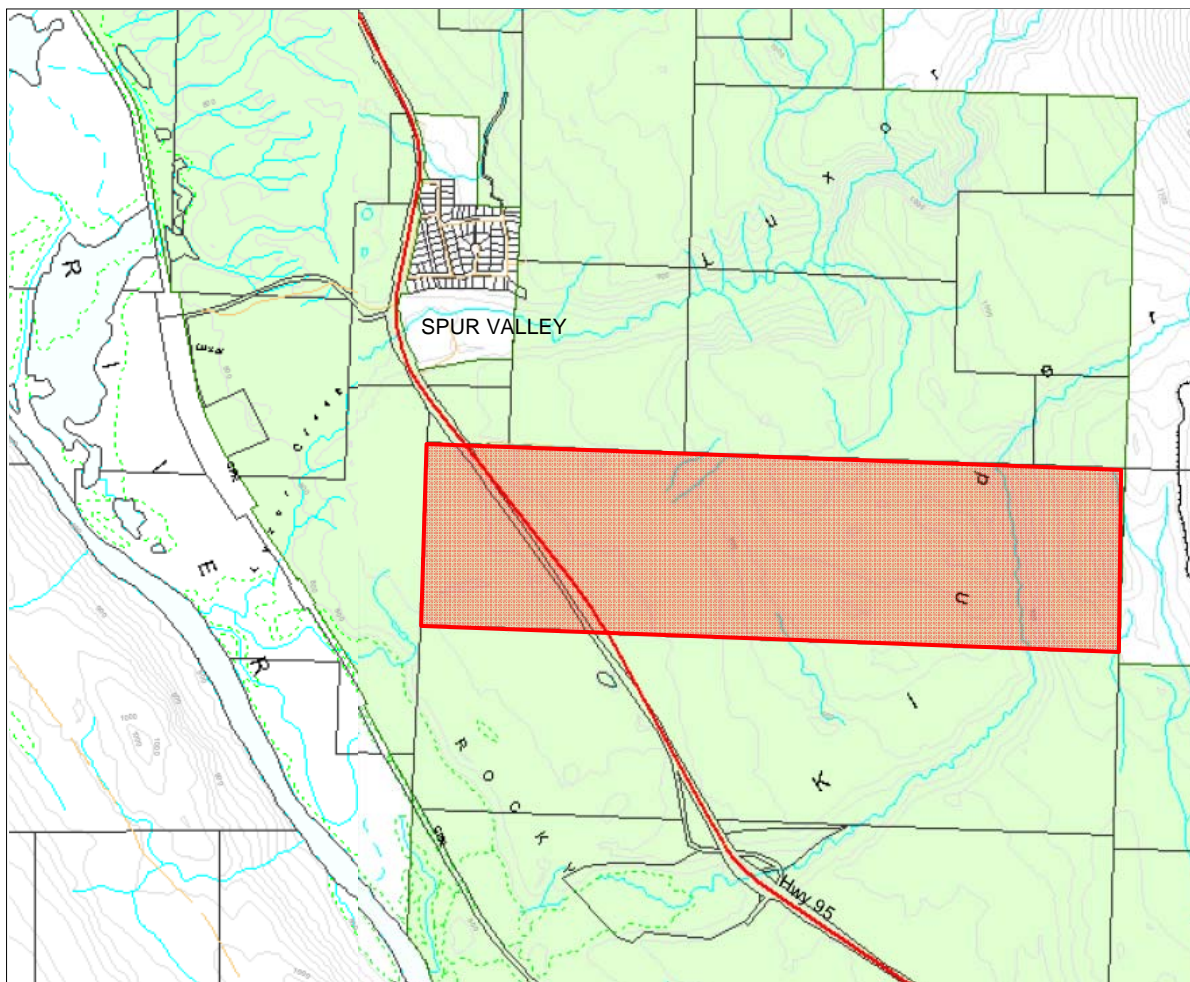


Listing No. L1

STATUS	Active
LOCATION	DL 352 Highway 95, near Radium Hot Springs
LEGAL DESCRIPTION	N½ of N½ District Lot 352 Except Plan NEP19248 Kootenay District
DATE OF LISTING	January 29, 2014
LIST PRICE	\$850,000
IMPROVEMENTS	na
BARE LAND PRICE	\$850,000
SIZE	630.47 acres
BARE LAND \$/ACRE	\$1,348/acre
ZONING	A-2 (Rural Resource)
ALR STATUS	in

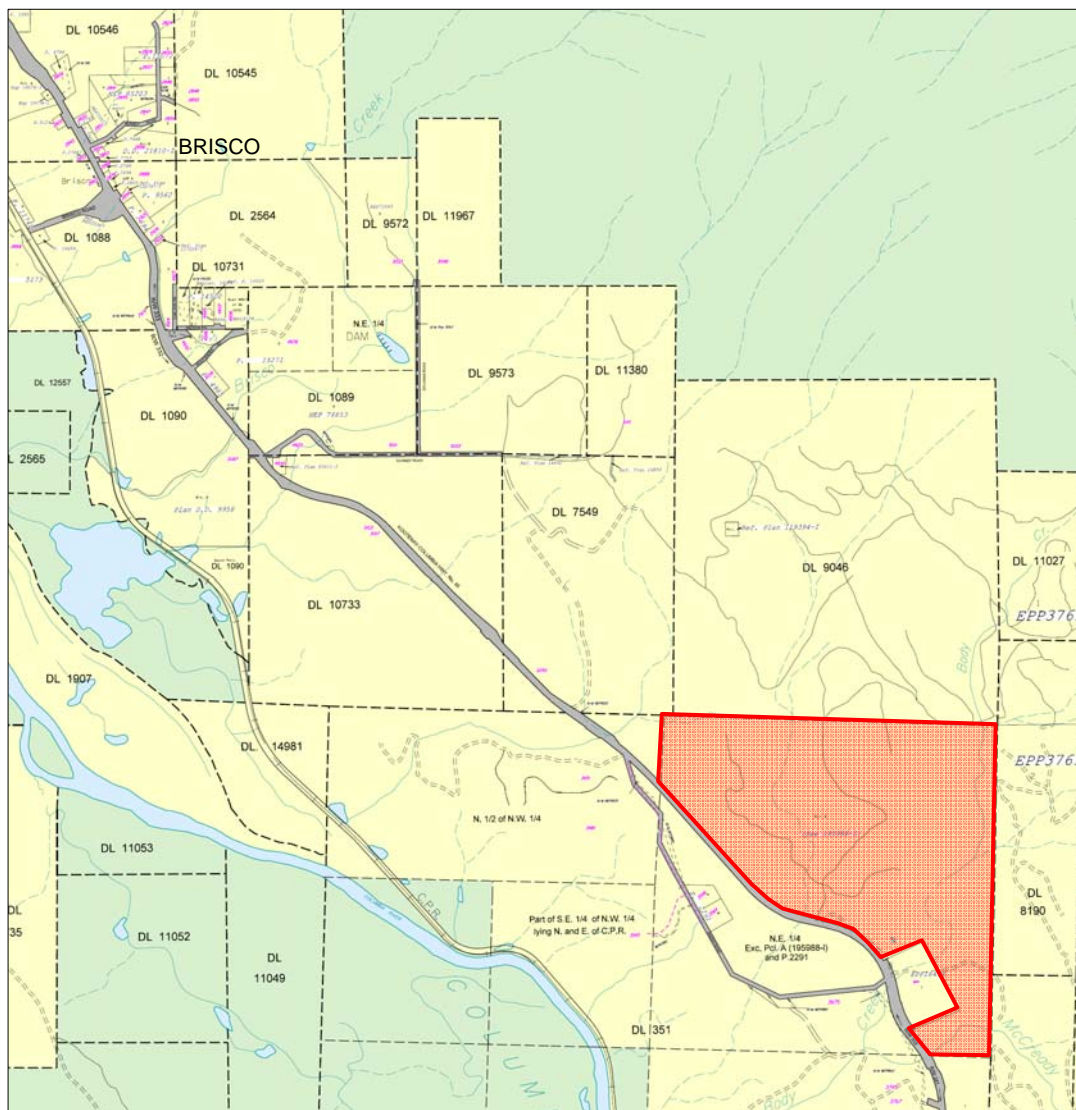
REMARKS This land is just south of the Luxor Creek Valley, south of the subject property. This parcel is severed by Highway 95 and the north boundary runs along Kindersley Creek Road. The east side is gently rolling forest that was mostly selective logged several years ago. The west side is older forest.

This property was listed on January 29, 2014 for \$1,100,000, and was reduced on October 28, 2014 to \$925,000, then again on June 16, 2015 to \$850,000, where it remains.



Listing No. L4

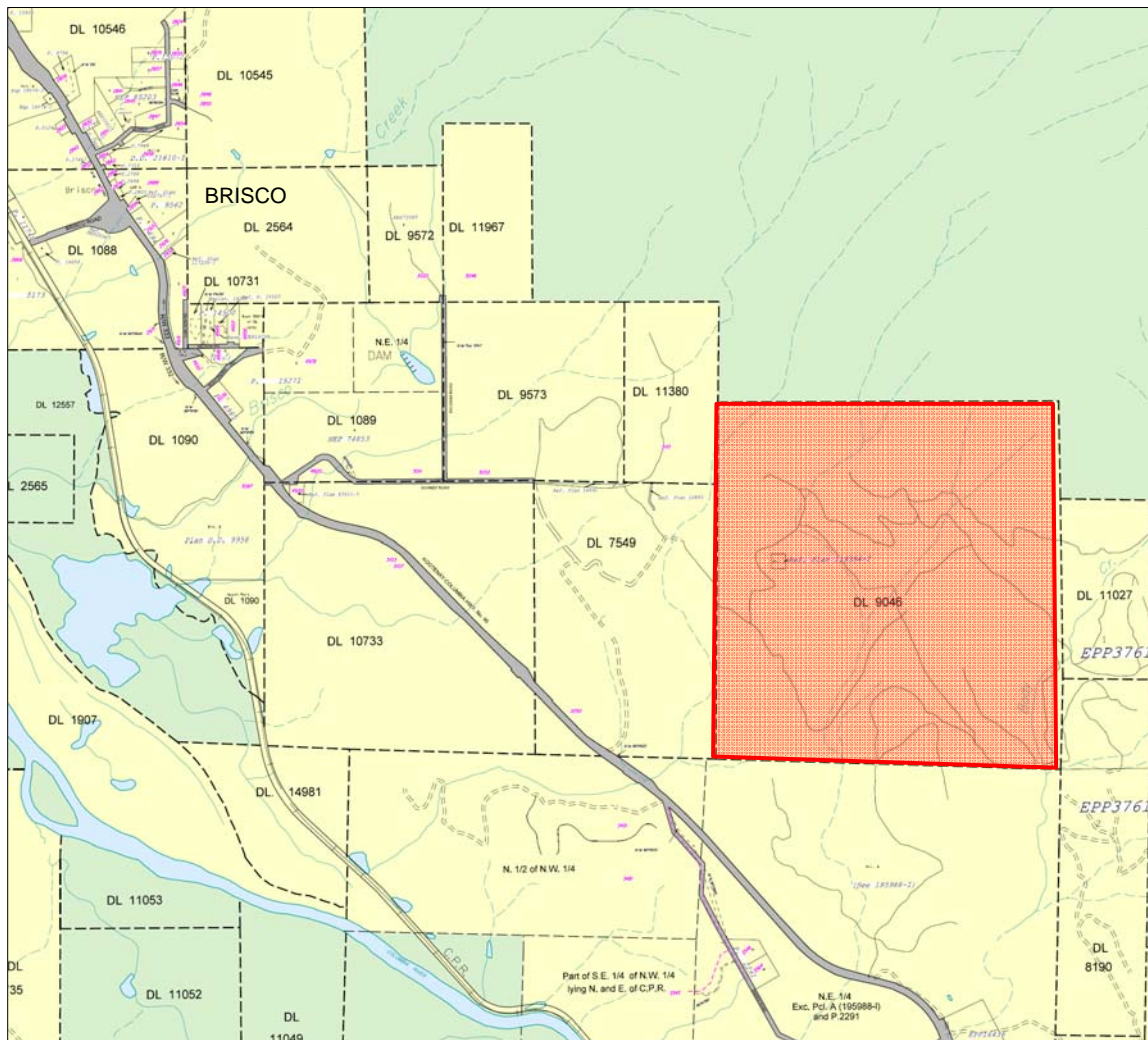
STATUS	Expired
LOCATION	DL 351 Highway 95, near Radium Hot Springs
LEGAL DESCRIPTION	District Lot 351 Except Plan EEP16436 Kootenay District (See 195988I)
DATE OF LISTING	May 13, 2014 to October 30 2015
LIST PRICE	\$669,000
IMPROVEMENTS	na
BARE LAND PRICE	\$669,000
SIZE	384.13 acres
BARE LAND \$/ACRE	\$1,742/acre
ZONING	A-2 (Rural Resource)
ALR STATUS	in
REMARKS	This is rolling to steep forest land that is located about 20 km north of Radium Hot Springs. Part has been selectively logged. Rural services are available. This property was listed for \$699,000 from May 13, 2014, but was increased to \$720,000 on May 21, 2014, then was reduced to \$669,000 on March 25, 2015, where it remained until it expired on October 30, 2015.



Listing No. L5

STATUS	Expired
LOCATION	DL 9046 Highway 95, near Radium Hot Springs
LEGAL DESCRIPTION	District Lot 9046 Except Parcel A (Ref PI 119394I) Kootenay District
DATE OF LISTING	May 13, 2014 to October 30, 2015
LIST PRICE	\$720,000
IMPROVEMENTS	na
BARE LAND PRICE	\$720,000
SIZE	626.90 acres
BARE LAND \$/ACRE	\$1,149/acre
ZONING	A-2 (Rural Resource)
ALR STATUS	in
REMARKS	This is rolling to steep forest land that has been selectively logged. It is located about 21 km north of Radium Hot Springs. It does not have direct legal developed access, and hydro and communications are not developed to the property.

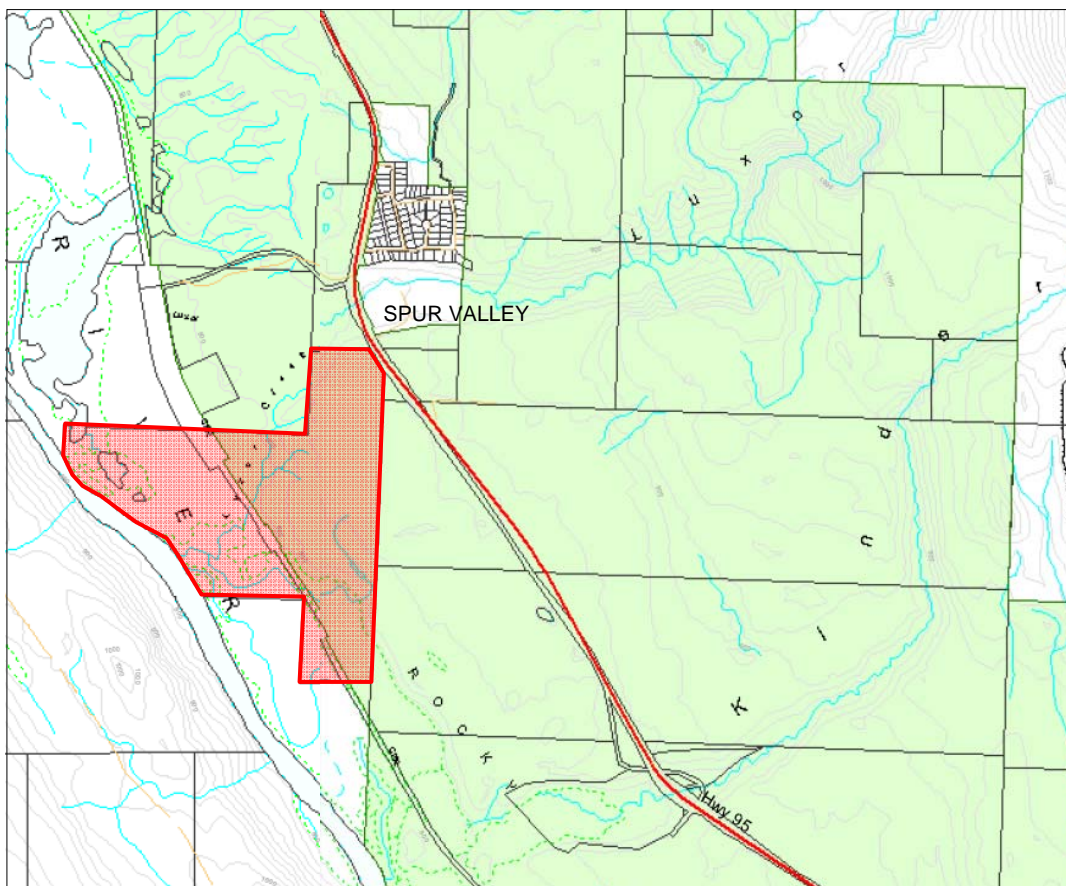
This property was listed for \$720,000 from April 8, 2013 to May 1, 2014, then for \$699,000 from May 13, 2014 to May 21, 2014, when it was increased to \$720,000, then was reduced to \$669,000 on March 25, 2015, where it remained until it expired on October 30, 2015.



Listing No. L6

STATUS	Expired
LOCATION	DL 7571 Highway 95, near Radium Hot Springs
LEGAL DESCRIPTION	Parcel 1 (See 123131) District Lot 7571 Kootenay District
DATE OF LISTING	February 1, 2014 to January 1, 2015
LIST PRICE	\$575,000
IMPROVEMENTS	na
BARE LAND PRICE	\$575,000
SIZE	330.57 acres
BARE LAND \$/ACRE	\$1,739/acre
ZONING	A-2 (Rural Resource)
ALR STATUS	in
REMARKS	This land is just south of the Luxor Creek Valley, south of the subject property. The east side is gently rolling forest and the west side descends into the Columbia River Wetlands. It is severed by the railway tracks. The only improvements include a large hay shed. It adjoins the highway. Rural services are not developed, but are available.

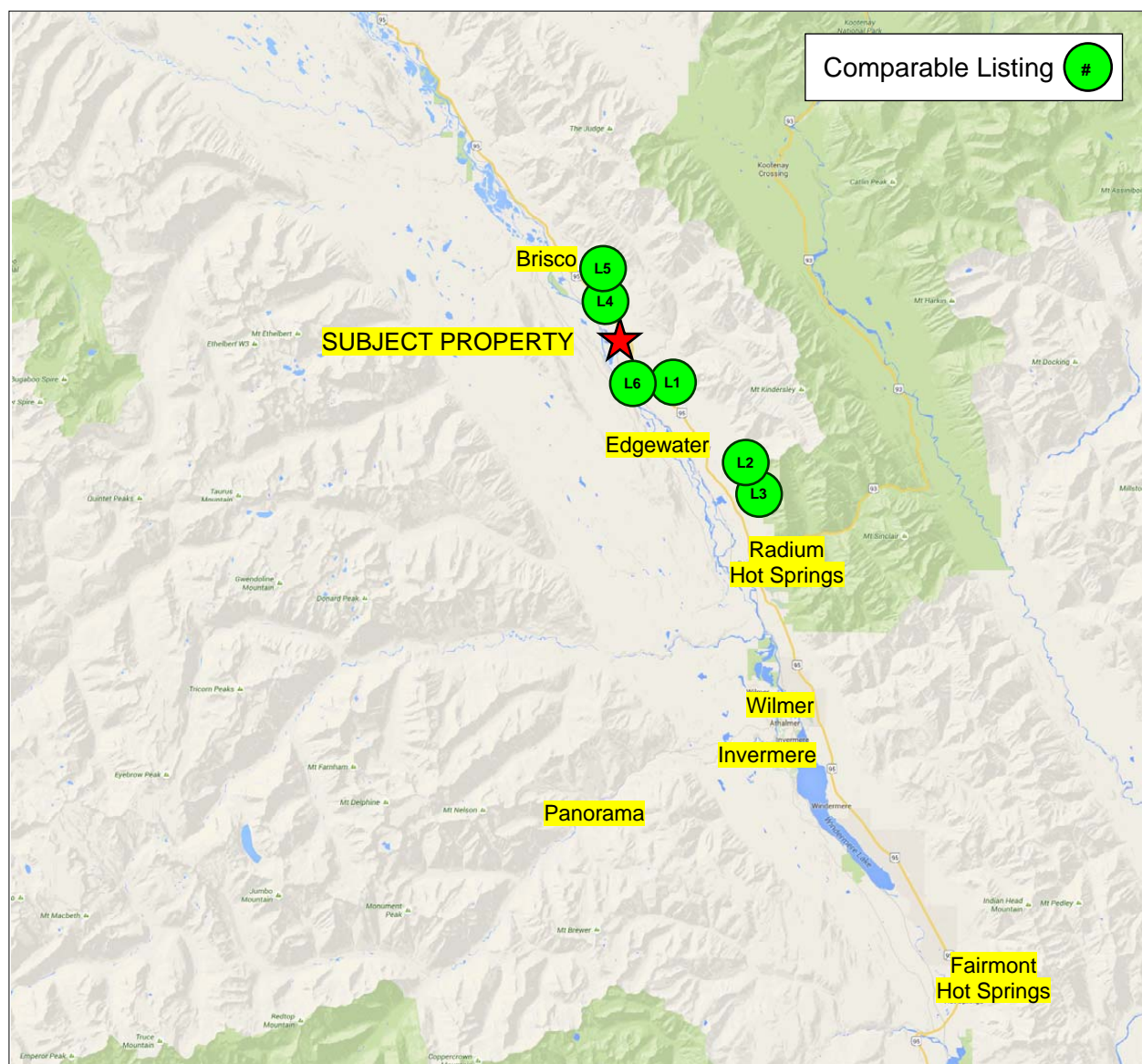
This property was listed for \$1,430,000 from October 7, 2008 to October 27, 2008, when it was reduced to \$1,150,000 until March 6, 2009, when it was further reduced to \$975,000 until it expired on May 31, 2009. It was listed again for \$898,000 on July 22, 2009 until April 28, 2010, when it was reduced to \$799,000. It was reduced again to \$750,000 on July 2, 2010, and again to \$699,000 on August 6, 2010, and again to \$649,000 on June 10, 2011 until it expired on September 30, 2011. It was re-listed for \$639,000 on January 30, 2012 until it expired on September 30, 2012, and was re-listed again for \$599,900 between October 5, 2012 and September 30, 2013. It was listed again for \$575,000 on February 1, 2014, where it remained until it expired on January 30, 2015.



The comparable listings are summarized in the following table; arranged according to size.

Comparable Listings Summary						
List No.	List Date	Zone / ALR	Size (acres)	List Price ² (Bare Land)		Remarks
				(\$)	(\$/acre)	
L1	08/12	A-2 / in	630.47	\$850,000	\$1,348	gently rolling forest on south side of valley just southeast of the subject property; extensive country residential; large area severed by highway; extensive country residential
L5	05/14	A-2 / in	626.90	\$720,000	\$1,149	rolling to steep selectively logged forest 21 km north of Radium Hot Springs; no direct legal access or developed services; agricultural with potential for extensive country residential
L3	03/13	A-2 / in	479.99	\$700,000	\$1,458	rolling forested hillside in Elk Park Ranch, 5 km north of Radium Hot Springs; extensive country residential
L2	07/12	A-2 / in	405.78	\$750,000	\$1,848	rolling forested hillside in Elk Park Ranch, 5 km north of Radium Hot Springs; extensive country residential
L4	05/14	A-2 / in	384.13	\$720,000	\$1,842	rolling to steep forest 20 km north of Radium Hot Springs; highway access; extensive country residential
L6	08/14	A-2 / in	330.57	\$575,000	\$1,739	gently rolling to steep forest and wetland area on south side of valley just south of the subject property; extensive country residential with a large area suited as wild-land

² The list price shown here represents the land component only



The nine sales and six listings provide a good cross section of large rural properties that vary widely in terms of their overall desirability for various uses. Sales provide a direct guide to value, whereas listings simply provide a guide to the high end of the potential range that should be contemplated, under the logic that no prudent purchaser would pay more than the list price for a property - especially in a flat or declining market.

Many of these sales are located within 15 km of the subject property, but they vary widely in terms of their overall desirability. Some are very near a major community while others are remote. Topography, quality of access, and availability of public services vary widely. None are as large as the subject property (at 463.24 acres), with sizes ranging between 103.5 acres and 316.3 acres. They are all extensive country residential properties, but two of them also show potential for subdivision and development, like the subject property. Values range widely, from \$1,216/acre to \$9,658/acre.

Similarly, the listings vary widely in terms of their descriptions. Most are situated near the subject property, they vary widely in terms of topography, services, and access, and they range from 103.54 acres to 316.30 acres. Only one has any perceptible potential for subdivision and development. Their list prices range between \$1,149/acre and \$1,848/acre.

Comparable properties that are considered superior overall and others that are considered inferior overall to the subject property are employed in the analysis. However, in poorly defined real estate markets like this one, where there are relatively few transactions in any given year, it is not unusual to find parts of the analysis conflicting with other parts. It follows that the data that prevails and follows consistent logic must be accorded the greatest weight, and it is reasonable to believe that once differences between the comparable properties and the subject property, such as date of sale, location, parcel size, zoning, topography, aesthetics, and access and services, are accounted for, the data will provide a reasonable guide for estimating the value of the subject property.

When the market data adequately supports the derivation of adjustment factors that can be used to render the comparable properties more similar to the subject property, it is appropriate to extract those factors directly from the market, and then apply them to the sale prices of the comparable properties. However, in poorly defined markets it is often not possible to extract reliable quantified adjustment factors directly from the market. It would be misleading to state, or even imply, that adjustment factors are supported by analysis of market data if a record of the analysis cannot be produced, so if quantitative adjustments are applied that are based on supposition instead of facts, it is appropriate to disclose their origin. None of the individual comparable properties that are available are considered ideal for the purpose of a direct comparison analysis, but collectively they are believed to provide a reasonable basis for preparing an estimate of value of the subject property.

The current real estate market is flat, with no measurable change over most of the past few years. All of the sales employed occurred since 2012, so no time adjustments are warranted. Other adjustments will be addressed later.

Specific adjustment factors for other characteristics of the comparable properties cannot be supported in this analysis. As such, it is appropriate to employ logic and reasoning, with direct reference to the indicated sale prices on a \$/acre basis. Even when there is an abundance of data available, there is no substitute for sound judgment, which can only be made through familiarity with the market; and when there is little relevant data available, even more judgment is required. Anecdotal and hearsay information, which cannot be verified, can also have a great influence, but care must be taken to consider the source and gauge the reliability, and ensure the information is impartial. Furthermore, privacy laws prohibit use of information that is provided in confidence, and even when it cannot be documented, it can still influence the appraiser's opinion.

The comparable properties employed here clearly differ in many respects, and some are much more desirable than others. It is apparent that there are a number of factors influencing their values – though it is also noted, again, that this is a very poorly defined market.

While quantitative adjustments cannot be derived from the market, qualitative adjustments can, and a liberal use of logic will help to determine the direction that an adjustment would be applied, depending on whether the specific factor addressed is likely to enhance or impair utility (and value). For instance, there is an inverse relationship between parcel size and \$/acre value; as total size increases total value also increases, but \$/acre value tends to decline, all other factors being equal. Logic dictates that “larger and more” is almost always preferable to “smaller and less”.

There is also a direct relationship between total and \$/acre value for some features that influence the desirability of a site, such as the general location or aesthetics, so the total value and unit value increases or decreases in unison for some factors, though often at different rates. As such, each factor may have a positive or a negative impact on value, depending on whether it is the total value that is addressed or the unit value. Unit values (\$/acre) are addressed here to derive an estimate of the total value.

However, all other factors being equal, the incremental utility of each additional unit of a characteristic (such an acre) progressively diminishes, as does the incremental value (in keeping with the principle of diminishing marginal returns). So, as incremental utility of each additional unit of utility progressively diminishes, so does the marginal change to unit value and total value.

The comparative analysis of each comparable property is presented in a table that shows the qualitative adjustments that can be applied to the unit values to render the comparable properties more similar to the subject. All adjustments are made on a \$/acre basis. The opinion of whether a feature of a comparable property is superior, inferior, or similar to the same feature on the subject property is respectively represented by a negative ("-"), a positive ("+"), or a nil ("") adjustment to demonstrate the logical direction that the adjustment under that feature would change the comparable property \$/acre value, without regard to the magnitude of the adjustment.

Some factors have a much greater influence on value than others. For instance, the total size difference may be so great, or the desirability of the general location may be so great that the impact of the other adjustments becomes negligible. Furthermore, some factors have a cumulative impact while others offset one another, and the total or cumulative impact does not necessarily equal the sum of the parts (the "positives", "negatives" and "nils"). In any case, no single sale is relied on exclusively as the basis for the estimate of value of the subject property, though some sales do have more influence than others. The qualitative adjustments to the comparable property sales are presented in the following table.

Qualitative Adjustments to Comparable Property Sales								
Sale No.	Time Adjusted Sale Price (\$/acre)	Direction of Adjustments						
		Size	General Location	Aesthetics	Topography	Access & Services	Dev'ment Potential	Net Adjustment
9	\$2,895	-	-				+	+
4	\$1,216	-	-	-	+	-	+	-
7	\$2,602	-					+	+
8	\$2,500	-		+			+	+
6	\$2,345	-		+			+	+
5	\$1,990	-	+	+		+	+	+
3	\$3,167	-	-				+	+
1	\$5,478	-	-	-	+	-		-
2	\$9,658	-	-	-	-	-	-	-

The adjustments to the sale prices support an estimate that is higher than \$3,167/acre, while lower than \$5,478/acre. One adjusted sale (No. 4) is much lower than any of the others, and it is clearly an anomaly and is given little further regard.

The same adjustment process is now applied to the comparable listings.

List No.	List Price	Size	General Location	Aesthetics	Topography	Access & Services	Dev'ment Potential	Net Adjustment
L1	\$1,348	+		+	-		+	+
L5	\$1,149	+	-		-	+	+	+
L3	\$1,458		-				+	+
L2	\$1,848	-	-	+			+	+
L4	\$1,842	-	+	+			+	+
L6	\$1,739	-			+		+	+

The adjustments to the listings appear to support an estimate of above \$1,848/acre. Although the list prices of the comparable listings are all lower than the range supported by the sale prices of the comparable sales, it is notable that none of these listings have apparent potential for subdivision and development. However, the low end potential is also positioned at the lower end of the range of sale prices - even when compared only with the sales that do not have subdivision and development potential. The listings support an estimated maximum potential value that leans heavily toward the low end of the range of sale prices only until the subdivision and development potential of the subject property is considered, and that potential is believed to have a significant, positive impact on value.

This analysis does not indicate the magnitude of any of the adjustments, so the ranges must be used cautiously. Were reliable quantitative adjustments possible, some of the values and prices could adjust to values or prices that are well outside the ranges.

The listings that are close to the subject property show most of the lowest list prices, and this has considerable influence on the estimate. With the subject not suited to imminent development, it would be competing directly with the other country residential properties in this area, and it is not reasonable to believe that very many participants in that market would place a great deal of weight on its prospects for development. In fact, it is reasonable to believe that the subject property would compete in a fairly restricted market. As such, an estimate that places considerable weight on the lower priced listings is appropriate.

The two sales that do have the zoning that allows for subdivision and development (Nos. 1 and 2) show a significantly higher values than sales that do not have that potential, but their development potential is not believed to be the only factor that has led to their relatively high values. Both of those sales have quite superior locations than the other sales (and the subject), near major communities, and they are also considered superior in terms of their aesthetic qualities than most of the other comparables sales. The combination of these three factors clearly has a significant impact on the desirability of those two sales. This observation is also supported by older sales of other properties (which have not included among the data here) that enjoy these characteristics.

A few of the sales and listings are located very nearby to the subject property, yet there are large differences in their sale prices and list prices (on a total price and unit price basis³). Sale Nos. 6, 7, and 8 and Listing Nos. 1, 4, 5, and 6 are all located very near the subject, and the \$/acre sale prices of these sales are much higher than the list prices of these listings. There is an overlap of the time when all seven of these properties were listed for sale, so they competed directly, and even though all of the comparable listings are larger than the comparable sales, the purchasers chose the more expensive, smaller properties. It is noted that the higher total cost to purchase some the listings would undoubtedly exceed the maximum total price that some market participants would be willing to spend, and only one of the sales exceeded the total list price of any of the listings.

There is some variation, but all of these properties are quite desirable from an aesthetics standpoint. Listing No. 5 is the only property among them that has inferior access, and it is noted to have the lowest price. The three sales have higher agricultural capacity, but this is not believed to be the factor that supports the higher value than the listings - country residential use, which is influenced by aesthetics, convenience of location, quality of access and the like tend to drive this market more than agricultural utility. Clearly the comparable sales offered greater utility than these comparable listings.

The physical characteristics of Sale No. 7 and Listing Nos. 1 and 6 are considered most similar to the subject property, but aside from more cleared land on most of the others, they are all considered reasonably comparable lands for the purpose of an appraisal. Upon adjustment, the listings all support a higher estimate than their list price, so the minimum contemplated here (without regard to subdivision and development potential) is about \$1,750/acre.

The potential for subdivision and development clearly has a significant influence on value, as is demonstrated by Sale Nos. 1 and 2. However, other characteristics influence the value of those two properties as well. The locations of both of those properties is quite superior to that of the subject property and the other comparable properties, and this will have had a significant positive influence on their respective values. These two properties are also considerably smaller than the subject and other comparable properties, which will also influenced their unit values positively. Furthermore, their aesthetic attributes are at least equal, if not superior to that of the subject and other comparable properties. As such, even before the subdivision and development potential is considered, it is reasonable to believe that the unit value of Sale Nos. 1 and 2 exceed that of the subject property.

The influence of location is observed in the unit values of Sale Nos. 3 and 9, and the list prices of Listing Nos. 2 and 3, all of which are located in the Elk Park Ranch, just north of Radium Hot Springs (which is considered a superior location to the subject property). Other factors certainly influence their values, but it is noted that Sale Nos. 3 and 9 have the highest unit values among the properties that do not have subdivision and development potential, and No. 2 is the highest priced listing on a unit basis, while No. 3 is mid range.

Given this analysis, the potential high-end estimate for the subject property cannot logically exceed that of the lower valued comparable sale, Sale No. 1, at about \$5,600/acre. In fact, a much lower estimate of the high end of the potential range is in order, so an estimated value that is well within the indicated potential range of between about \$1,750/acre and \$5,600/acre would be reasonable.

³ Unless stated otherwise, prices and values (whether list or sale prices) refer to their unit prices or unit values on a \$/acre basis.

However, the low end of that range represents the low end of the potential range that would be applicable if the subject property had no potential for subdivision and development, when in fact, the subject has some potential for subdivision and development. As such, an estimate that leans toward the lower valued comparable property that has such potential (Sale No. 1) is in order. However, the properties that have subdivision development potential are quite superior to the subject property overall, so an estimate that is well within this potential range is in order.

Unfortunately, the data does not support a more refined basis for the estimate - that is simply a reality of this poorly defined market, so considerable judgement is required. It is noted that the subject is currently listed with the two properties that it was purchased with in the Spring 2007 (during a period when this real estate market was very strong, if not its strongest), and that if the same ratio of contributory value that was applied when the three parcels were purchased is attributed to the current list price, the subject property would have a list price of \$3,855/acre. However, there really is no reason to believe that that number has any relevance to this analysis - the current list price is based on a purchase of the entire three parcel assemblage. Furthermore, on that basis, the contribution of the other two (very inferior) properties would be just slightly lower on a unit basis, which would be an unreasonable conclusion, and this information is simply offered to dissuade any reference to that type of analysis.

Given the current market conditions, along with the conclusion that this property is unlikely to attract a purchaser who is intent on exploiting its subdivision and development potential any time soon, an estimate that is mid range is in order. This land is, without question, unique in this area, so a premium over the mid point is believed reasonable. As such, on considering all of the information that is available, an estimate based on an even \$4,000/acre is reasonable. This works out to a total value estimate as follows:

$$\$4,000 \times 463.24 \text{ acres} = \$1,852,960.$$

The appraiser can be no more precise than the market data that is available. As such, with rounding, the final estimated prospective value of *Parcel 1 (See 123131) of District Lot 10717 Kootenay District* (as is) is an even \$1,850,000.

ADDENDUM

Contents

- Certificate of Title
- BCAA Tax Assessment Record
- Zoning Bylaw
- Photographs
- Appraiser's Resume

Certificate of Title

TITLE SEARCH PRINT

File Reference:

Declared Value \$2311215

2015-11-19, 08:22:57

Requestor: Scott Frank

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

Land Title District

Land Title Office

NELSON

NELSON

Title Number

From Title Number

LB35209

KX19320

Application Entered

2007-04-04

Application Received

2007-03-29

Registered Owner in Fee Simple

Registered Owner/Mailing Address:

GENESIS LAND DEVELOPMENT CORP.
200 - 3115 - 12TH STREET N.E.
CALGARY, AB
T2E 7J2

Taxation Authority

EAST KOOTENAY ASSESSMENT AREA

Description of Land

Parcel Identifier:

012-510-335

Legal Description:

PARCEL 1 (SEE 12313I) OF DISTRICT LOT 10717 KOOTENAY DISTRICT

Legal Notations

NONE

Charges, Liens and Interests

Nature:

STATUTORY RIGHT OF WAY

Registration Number:

V17032

Registration Date and Time:

1986-07-16 13:17

Registered Owner:

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

Remarks:

INTER ALIA

PARTIAL RELEASE AS TO ALL EXCEPT PART

INCLUDED IN PLAN NEP19637 XF758

13 01 1992

Nature:

STATUTORY RIGHT OF WAY

Registration Number:

XD10545

Registration Date and Time:

1990-04-24 10:52

Registered Owner:

SPUR VALLEY IMPROVEMENT DISTRICT

Remarks:

PART PLAN 18808

TITLE SEARCH PRINT

2015-11-19, 08:22:57

File Reference:

Requestor: Scott Frank

Declared Value \$2311215

Nature: EASEMENT
Registration Number: KN76688
Registration Date and Time: 1999-08-25 10:30
Remarks: PART ON PLAN NEP65082 APPURTENANT TO DL 9047
KD

Nature: EASEMENT
Registration Number: KN76692
Registration Date and Time: 1999-08-25 10:30
Remarks: PART ON PLAN NEP65087 APPURTENANT TO DL 9047
KOOTENAY DISTRICT

Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

BCAA Records

Tax Assessment Full

Tax Record Detail

DB Modified: **2015/05/16**
 Prop Modified: **2015/05/16**
 Jurisdiction: **704 Invermere Rural**
 Roll No: **2726010**

Address: **HIGHWAY 95**

PID/MHR Details

PID No: **012-510-335**
 Additional PID #'s
 MHR(s):

Municipal Taxes

Tax Year: **2014** Gross Txs: **\$3,892**

Actual Values

Year: **2015** Land: **\$1,036,000** Imprvmnts: \$ Total: **\$1,036,000**

Taxable Values

<u>Municipal</u>	<u>Land</u>	<u>Imprvmnts</u>	<u>Total</u>	<u>Sch/Hosp</u>	<u>Land</u>	<u>Imprvmnts</u>	<u>Total</u>
Gross:	\$1,036,000	\$	\$1,036,000	Gross:	\$1,036,000	\$	\$1,036,000
Exmpt:	\$	\$	\$	Exmpt:	\$518,000	\$	\$518,000
Net:	\$1,036,000	\$	\$1,036,000	Net:	\$518,000	\$	\$518,000

Legal Description

Plan: Lot: Block: Dist Lot: **10717**
 Section: Tnshp: Range: Meridian:
 L.D.: **26 Kootenay** Freeform: **Parcel 1, (SEE 123131).**

Lot Size

SqFt: Width: Acres: **463.2430** Depth:

Last Three Sales per BCA

<u>Year</u>	<u>Month</u>	<u>Price</u>	<u>Title</u>	<u>Type</u>
2007	3	\$2311215	LB35209	Vacant Single Property Cash Transaction
2005	2	\$300462	KX19320	Vacant Single Property Cash Transaction
1997	9	\$280000	KL165181	Vacant Single Property Cash Transaction

Exemption/Taxation Code

Land In The Agricultural Land Reserve

Nghbrhd:
 Actual Use: **2 Acres or More - Vacant**

Tenure: **Crown-Granted**
 Equity: **Registered Owner**

Miscellaneous Codes

School Dist: **06** Elect Area: **G** Impr Dist: Spc/Df Ar: **WY**
 Reg Dist: **12** Indian Band: Local Area:

Owner Information

Owner 1 Address: **7315 8 ST NE**
CALGARY AB
T2E8A2

Owner 2 Address:
 Owner 3 Address:
 Owner 4 Address:

Information Deemed Reliable But Cannot Be Guaranteed

RURAL RESIDENTIAL (COUNTRY) ZONE: A-2

7.16 (1) Permitted Uses

Within the A-2 zone the following uses only are permitted:

- (a) Single family dwelling;
- (b) Agricultural use;
- (c) Seasonal produce stand;
- (d) Veterinary clinic;
- (e) Kennel, subject to subsection (5)(e);
- (f) Guest Ranch, subject to subsection (7)(d);
- (g) Riding stable, equestrian center;
- (h) Rifle, archery, trap and skeet range, subject to subsection (5)(f);
- (i) Fish pond;
- (j) Rural retreat;
- (k) Hostel;
- (l) Extraction of sand and gravel, including grading, washing, screening, crushing and transporting of materials;
- (m) Harvesting, transport and storage of forest resources; silviculture practices and Christmas tree management;
- (n) Sawmill, shakemill and planemill, subject to subsections (5)(g), (h), (i) and (7)(c);
- (o) Private air strip and helicopter landing pad;
- (p) Wildland Use;
- (q) Sanitary landfill site, subject to subsection (5)(j);
- (r) Uses permitted under Section 4.03 of this Bylaw.

BL 1047
09 Jul93

(2) Accessory Uses

- (a) Cement, concrete, asphalt or ready-mix plant accessory to sand and gravel pit, subject to subsection 5(g);
- (b) Concession stand accessory to fish pond;
- (c) Cabin accessory to Wildland use;
- (d) Guide-outfitting lodge accessory to Wildland use;
- (e) Home based business;
- (f) Secondary dwelling for farm hands;
- (g) Other uses, buildings and structures accessory to above permitted uses.

(3) Parcel Area

- (a) No parcel shall be created in the A-2 zone which is less than 8.0 ha (19.8 acres) except as provided for in clause (b) and under Section 5.03 and 5.04 of this Bylaw.
- (b) The Approving Officer may permit the creation of parcels having an area less than 8.0 ha (19.8 acres) but greater than 1.0 ha (2.48 acres) provided:
 - (i) the applicant for such subdivision is a farmer who intends to retire from the occupation of farming on the land to be subdivided; and
 - (ii) the applicant provides an undertaking that he intends to reside on the parcel.

(4) Density

- (a) No person shall site more than one (1) single family dwelling on a parcel within the A-2 zone, except as permitted under subsection (2)(f) above.

(5) Siting

- (a) No person shall site a principal building in the A-2 zone which has:
 - (i) a front yard less than 7.5 m (24.6 ft);
 - (ii) a rear yard less than 7.5 m (24.6 ft);
 - (iii) a side yard less than 7.5 m (24.6 ft).
- (b) No person shall site an accessory building or structure in the A-2 zone which has:
 - (i) a front yard less than 7.5 m (24.6 ft);
 - (ii) a rear yard less than 1.5 m (4.9 ft), nor less than 4.5 m (14.8 ft) where adjacent to a highway right-of-way other than a lane;
 - (iii) a side yard less than 1.5 m (4.9 ft), nor less than 4.5 m (14.8 ft) where adjacent to a highway right-of-way other than a lane.
- (c) No person shall site a secondary dwelling for farm hands in the A-2 zone which has:
 - (i) a front yard less than 7.5 m (24.6 ft);
 - (ii) a rear yard less than 7.5 m (24.6 ft);
 - (iii) a side yard less than 7.5 m (24.6 ft).

Subsection (5)(d) deleted by Bylaw No. 1668 adopted 11 April 2003.

- (e) No person shall site a kennel building, structure or enclosed run closer than 60 m (196.9 ft) from a parcel line.

- (f) No person shall establish a rifle, archery, trap and skeet range in the A-2 zone less than 50 m (164 ft) from a parcel line, and not less than 100 m (328.1 ft) from an existing dwelling not on the same parcel.
- (g) No person shall site a sawmill, shakemill, or use permitted under subsection (2)(a) less than 100 m (328.0 ft) from a parcel line.
- (h) No person shall establish a planermill in the A-2 zone less than 300.0 m (984.3 ft) from a parcel line.
- (i) All sawmills, shakemills, and planermills shall be located on a contiguous area not larger than 1.6 ha (3.95 acres) in area, including log storage area, mill area, and waste disposal area.
- (j) No person shall site sewage treatment or sanitary landfill sites in the A-2 zone less than 1000.0 m (3280.8 ft) from any dwelling, nor from any buildings or structures in the P-1 zone.

(6) Size and Dimensions of Buildings and Structures

- (a) No person shall site a building or structure in the A-2 zone which exceeds a height of 10.0 m (32.8 ft).

BL 1408
05 Mar 99

- (b) Parcel coverage in the A-2 zone shall not exceed 10%.

(7) Other Regulations

- (a) All persons carrying out a use permitted in the A-2 zone shall comply with the relevant provisions of Parts 4, 5, and 6 of this Bylaw.
- (b) No person shall use or permit the use of any portion of a parcel in the A-2 zone for the wrecking and repair of vehicles or for the storage of derelict vehicles except for the storage of not more than one derelict vehicle in other than the front yard.
- (c) All planermills shall be enclosed by walls on three (3) sides and a roof.
- (d) A guest ranch:
 - (i) shall consist only of guest ranch cabins or a guest ranch lodge, or both, as well as accessory buildings, structures and facilities;
 - (ii) may include guest ranch cabins that are constructed in clusters of two guest ranch cabins separated by a common wall;
 - (iii) shall have all guest ranch cabins and accessory buildings, structures, and facilities on the same 2.0 hectare portion of the parcel.

SINGLE FAMILY RESIDENTIAL ZONE: R-1**7.03 (1) Permitted Uses**

Within the R-1 zone, the following uses only are permitted:

- (a) Single family dwelling;
- (b) Uses permitted under Section 4.03 of this Bylaw.

(2) Accessory Uses

- (a) Home based business;
- (b) Other uses, buildings and structures accessory to a permitted use.

(3) Parcel Area

Subject to Section 5.02 of this Bylaw, no parcel shall be created in the R-1 zone which is less than 555 m² (5974.2 ft²) in area.

(4) Density

No person shall site more than one (1) single family dwelling on a parcel in the R-1 zone.

(5) Siting

- (a) No person shall site a principal building in the R-1 zone which has:

- (i) a front yard less than 7.5 m (24.6 ft);
- (ii) a rear yard less than 6 m (19.7 ft);
- (iii) a side yard less than 1.5 m (4.9 ft), nor less than 4.5 m (14.8 ft) where adjacent to a highway right-of-way other than a lane.

- (b) No person shall site an accessory building or structure in the R-1 zone which has:

- (i) a front yard less than 7.5 m (24.6 ft);
- (ii) a rear yard less than 1.5 m (4.9 ft), nor less than 4.5 m (14.8 ft) where adjacent to a highway right-of-way other than a lane;
- (iii) a side yard less than 1.5 m (4.9 ft), nor less than 4.5 m (14.8 ft) where adjacent to a highway right-of-way other than an lane.

Subsection (5)(c) deleted by Bylaw No. 1668 adopted 11 April 2003.

(6) Size and Dimensions of Buildings and Structures

- (a) No person shall site a principal building in the R-1 zone which exceeds a height of 9.0 m (29.5 ft).
- (b) No person shall site an accessory building or structure in the R-1 zone which exceeds a height of 5.0 m (16.4 ft).
- (c) Parcel coverage in the R-1 zone shall not exceed 30%.
- (d) No horizontal dimension of a single family dwelling not including dimensions of an addition or a non-rectangular building, shall be less than 5.5 m (18.0 ft).

BL 1408
05 Mar 99

(7) Other Regulations

- (a) All persons carrying out a use permitted in the R-1 zone shall comply with the relevant provisions of Parts 4, 5, and 6 of this Bylaw.
- (b) No person shall use or permit the use of any portion of a parcel in the R-1 zone for the wrecking and repair of vehicles or for the storage of derelict vehicles except for the storage of not more than one derelict vehicle in other than the front yard.

TWO FAMILY RESIDENTIAL ZONE: R-2**7.06 (1) Permitted Uses**

Within the R-2 zone, the following uses only are permitted:

- (a) Single family dwelling;
- (b) Two family dwelling;
- (c) Uses permitted under Section 4.03 of this Bylaw.

(2) Accessory Uses

- (a) Home based business;
- (b) Other uses, buildings and structures accessory to a permitted use.

(3) Parcel Area

- (a) Subject to Section 5.02 of this Bylaw, no parcel shall be created in the R-2 zone which is less than 700 m² (7535 ft²) in area.
- (b) A parcel in the R-2 zone may be subdivided along a common wall of a two family dwelling provided each parcel after subdivision is not less than half the minimum parcel size for the level of servicing specified in Section 5.02 of this Bylaw.
- (c) Notwithstanding clauses (a) and (b), parcels in the R-2 zone with a two family dwelling constructed prior to August 7, 1980 may be divided into two (2) strata lots pursuant to the provisions of the Condominium Act.

(4) Density

- (a) No person shall site more than one (1) single family dwelling or one (1) two family dwelling on a parcel in the R-2 zone.
- (b) No person shall site more than one (1) dwelling unit of a two family dwelling on a parcel in the R-2 zone where one wall of the dwelling unit is a common wall along an existing parcel line.

(5) Siting

- (a) No person shall site a principal building in the R-2 zone which has:
 - (i) a front yard less than 7.5 m (24.6 ft);
 - (ii) a rear yard less than 7.5 m (24.6 ft);
 - (iii) a side yard less than 1.5 m (4.9 ft), nor less than 4.5 m (14.8 ft) where adjacent to a highway right-of-way other than a lane.

- (b) No person shall site an accessory building or structure in the R-2 zone which has:
- (i) a front yard less than 7.5 m (24.6 ft);
 - (ii) a rear yard less than 1.5 m (4.9 ft), nor less than 4.5 m (14.8 ft) where adjacent to a highway right-of-way other than a lane;
 - (iii) a side yard less than 1.5 m (4.9 ft), nor less than 4.5 m (14.8 ft) where adjacent to a highway right-of-way other than a lane.
- (c) Where a parcel is subdivided along the common wall separating two dwelling units of a two family dwelling, there shall be one side yard not less than 3.5 m (11.5 ft.) except where the side parcel line abuts a highway right-of-way other than a lane, that side yard shall be not less than 4.5 m (14.8 ft.).

Subsection (5)(d) deleted by Bylaw No. 1668 adopted 11 April 2003.

(6) Size and Dimensions of Buildings and Structures

- (a) No person shall site a principal building in the R-2 zone which exceeds a height of 9.0 m (29.5 ft).
- (b) No person shall site an accessory building or structure in the R-2 zone which exceeds a height of 5.0 m (16.4 ft).
- (c) Parcel coverage in the R-2 zone shall not exceed 30%.
- (d) No horizontal dimension of a single family dwelling or two family dwelling not including dimensions of an addition or a non-rectangular building shall be less than 5.5 m (18.04 ft).

(7) Other Regulations

- (a) All persons carrying out a use permitted in the R-2 zone shall comply with the relevant provisions of Parts 4, 5, and 6 of this Bylaw.
- (b) No person shall use or permit the use of any portion of a parcel in the R-2 zone for the wrecking and repair of vehicles or for the storage of not more than one derelict vehicle in other than the front yard.

BL 1408
05 Mar 99

MULTIPLE FAMILY RESIDENTIAL - HIGH DENSITY ZONE: R-4**7.09 (1) Permitted Uses**

Within the R-4 zone, the following uses only are permitted:

- (a) Multiple family dwelling;
- (b) Rest home;
- (c) Uses permitted under Section 4.03 of this Bylaw.

(2) Accessory Uses

- (a) Home based business;
- (b) Other uses, buildings and structures accessory to a permitted use.
- (c) Central check-in facility accessory to a permitted use.
- (d) Recreation facility accessory to a permitted use.

BL 1854
19 Feb 06

(3) Parcel Area

No parcel shall be created in the R-4 zone which is less than 1500 m² (16146.4 ft²) in area.

(4) Density

No person shall site more than sixty (60) dwelling units per gross hectare (24.3 dwelling units per gross acre) of usable site area on a parcel in the R-4 zone.

(5) Siting

- (a) No person shall site a principal building or structure in the R-4 zone which has:
 - (i) a front yard less than 7.5 m (24.6 ft);
 - (ii) a rear yard less than 6 m (19.7 ft);
 - (iii) a side yard less than 4.5 m (14.8 ft), nor less than 6.0 m (19.7 ft) where adjacent to a highway right-of-way other than a lane.
- (b) No person shall site an accessory building or structure in the R-4 zone which has:
 - (i) a front yard less than 7.5 m (24.6 ft);
 - (ii) a rear yard less than 1.5 m (4.9 ft), nor less than 6.0 m (19.7 ft) where adjacent to a highway right-of-way other than a lane;
 - (iii) a side yard less than 1.5 m (4.9 ft), nor less than 6.0 m (19.7 ft) where adjacent to a highway right-of-way other than a lane.

- (c) Where a parcel is subdivided along the common wall separating two dwelling units, there shall be one side yard not less than 3.5 m (11.5 ft.) except where the side parcel line abuts a highway right-of-way that side yard shall be not less than 4.5 m (14.8 ft.).

Subsection (5)(d) deleted by Bylaw No. 1668 adopted 11 April 2003.

BL 1854
10 Feb 06

(6) Size and Dimensions of Buildings and Structures

- (a) No person shall site a principal building which does not include an underground parkade in the R-4 zone which exceeds a height of 13.0 m (42.65 ft).
- (b) No person shall site a principal building which includes an underground parkade in the R-4 zone which exceeds a height of 16.0 metres (52.5 ft).
- (c) No person shall site an accessory building or structure in the R-4 zone which exceeds a height of 5.0 m (16.4 ft).

(7) Other Regulations

- (a) All persons carrying out a use permitted in the R-4 zone shall comply with the relevant provisions of Parts 4, 5, and 6 of this Bylaw.
- (b) No person shall site a principal building on a parcel in the R-4 zone unless it is served by a community water system and a community sewer system.
- (c) No person shall use or permit the use of a parcel or a portion of a parcel in the R-4 zone for the wrecking and repair of vehicles or for the storage of not more than one derelict vehicle in other than the front yard.

BL 1488
09 Jun 00**MULTIPLE FAMILY RESIDENTIAL – COMMUNITY (CLUSTER) ZONE: R-5****7.09(B) (1) Permitted Uses**

Within the R-5 zone, the following uses only are permitted

- (a) Cluster development;
- (b) Rest home;
- (c) Uses permitted under Section 4.03 of this Bylaw.

(2) Accessory Uses

- (a) Home based business;
- (b) Other uses, buildings and structures accessory to a permitted use.

(3) Parcel Area

- (a) No parcel shall be created in a R-5 zone which is less than 0.5 ha (1.24 ac).

(4) Density

- (a) No person shall site more than eighteen (18) dwelling units per gross hectare (7.3 dwelling units per acre) of usable site area on a parcel in the R-5 zone.

(5) Siting

- (a) In a bare land strata development or fee simple parcel in the R-5 zone, no person shall site a principal building or structure any part of which has:
 - (i) a front yard less than 6.0 m (19.7 ft);
 - (ii) a rear yard less than 6.0 m (19.7 ft);
 - (iii) a side yard less than 1.5 m (4.9 ft), nor less than 4.5 m (14.8 ft) where adjacent to a highway right-of-way other than a lane.
- (b) In a bare land strata development or fee simple parcel in the R-5 zone, no person shall site an accessory building or structure any part of which has:
 - (i) a front yard less than 6.0 m (19.7 ft);
 - (ii) a rear yard less than 1.0 m (3.3 ft) nor less than 4.5 m (14.8 ft) where adjacent to a highway right-of-way other than a lane.
 - (iii) a side yard less than 1.5 m (4.9 ft), nor less than 4.5 m (14.8 ft) where adjacent to a highway right-of-way other than a lane.

Subsection (5)(c) deleted by Bylaw No. 1668 adopted 11 April 2003.

SL 1488
09 Jun 00

(6) Size and Dimensions of Buildings and Structures

- (a) No person shall site a principal building in the R-5 zone which exceeds a height of 9.0 m (29.5 ft).
- (b) No persons shall site an accessory building or structure in the R-5 zone which exceeds a height of 5.0 m (16.4 ft).

(7) Other Regulations

- (a) All persons carrying out a use permitted in the R-5 zone shall comply with the relevant provisions of Parts 4, 5 and 6 of this Bylaw.
- (b) No persons shall site a dwelling unit on a parcel in the R-5 zone unless it is served by both a community water system and a community sewer system.
- (c) No person shall use or permit the use of any portion of a parcel in the R-5 zone for the wrecking and repair of vehicles or for the storage of not more than one derelict vehicle in other than the front yard.

RESORT RECREATION ZONE: RES-2**7.19 (1) Permitted Uses**

Within the RES-2 zone the following uses only are permitted:

- (a) Skiing facility;
- (b) Golf course;
- (c) Driving range;
- (d) ~~Marina~~ – *deleted by Bylaw 1874 adopted Nov 2/07*;
- (e) Equestrian centre;
- (f) Waterslide;
- (g) Commercial swimming pool;
- (h) Rifle, archery, trap and skeet range, subject to subsection (7)(d);
- (i) Mini-golf;
- (j) Fish pond;
- (k) Go cart track;
- (l) Automobile, motorcycle, and horse race track;
- (m) Amusement park;
- (n) Uses permitted under Section 4.03 of this Bylaw.

(2) Accessory Uses

- (a) Dwelling unit accessory to a permitted use;
- (b) Food services accessory to a permitted use; (921)
- (c) Tavern, bar, nightclub, and club accessory to a permitted use; (922)
- (d) Recreation facility accessory to a permitted use;
- (e) Concession stand accessory to a permitted use;
- (f) Other uses, buildings and structures accessory to above permitted uses.

(3) Parcel Area

No parcel shall be created in the RES-2 zone which is less than 0.5 ha (1.2 ac) in area.

(4) Density

No person shall site more than one (1) dwelling unit on a parcel in the RES-2 zone.

(5) Siting

(a) No person shall site a building or structure in the RES-2 zone which has:

- (i) a front yard less than 7.5 m (24.6 ft);
- (ii) a rear yard less than 7.5 m (24.6 ft);
- (iii) a side yard less than 7.5 m (24.6 ft).

Subsection (5)(b) deleted by Bylaw No. 1668 adopted 11 April 2003.

(6) Size and Dimensions of Buildings and Structures

(a) No person shall site a building in the RES-2 zone which exceeds a height of 12 m (39.4 ft).

(b) No person shall site a concession stand which exceeds 35 m² (376.7 ft²).

(7) Other Regulations

(a) All persons carrying out a use permitted in the RES-2 zone shall comply with the relevant provisions of Parts 4, 5 and 6 of this Bylaw.

(b) All persons carrying out a use permitted in the RES-2 zone shall comply with the relevant provisions of Section 4.12 of this Bylaw with respect to screening of outdoor storage.

(c) No person shall use or permit the use of any portion of a parcel in the RES-2 zone for the wrecking and repair of vehicles or for the storage of derelict vehicles except for the storage of not more than one derelict vehicle in other than the front yard.

(d) No person shall establish a rifle, archery, trap and skeet range in the RES-2 zone less than 50 m (164 ft) from a parcel line, and not less than 100 m (381.1 ft) from an existing dwelling not on the same parcel.

Photographs



View over the area west of the highway.



West view along Luxor Station Road and the small parcel.



Southwest entrance off Luxor Station Road.



Typical forest and meadow.



North view from near the southwest corner.

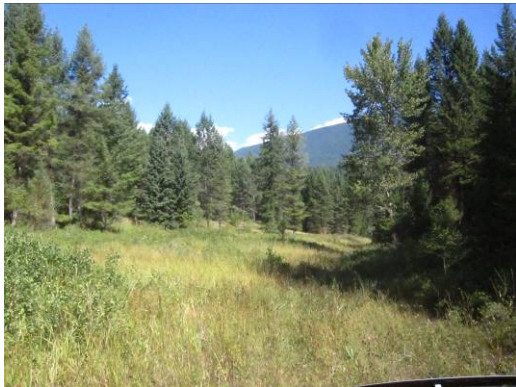
Typical forest and meadow.



Typical forest and meadow.



Typical forest and meadow.



Typical forest and meadow.



Typical forest and meadow.



Typical forest and meadow.



North view along the highway.



South view along the highway.

Northeast entrance off the highway.

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RESUMÉ

SCOTT C. FRANK, AACI, P.App

PROFESSIONAL EXPERIENCE

Appraising

- for negotiation, marketing, financing, foreclosure, expropriation, eco-gifts, litigation, estate planning and settlement, tax appeals, and capital gains appeals
- fee simple interests, leasehold interests, strata interests, and damages;
- urban and rural improved and bare land properties including private property, Crown land, utility and railway corridor lands, Indian reserve property, development land
- residential, country residential, recreational, agricultural, commercial, industrial, and institutional properties in British Columbia, Alberta, and Saskatchewan.

Consulting

- appraisal and environmental audit reviews;
- environmental audits and reclamation plan reviews;
- loss of income evaluations;
- impact of sour gas and salt-water contamination on value and utility evaluations;
- retrogressive analysis of revenue losses (Indian Land Claim);
- opinions of cultural impact of oil and gas activities on Indian Reserves;
- range management prescriptions;
- agricultural feasibility studies;
- subdivision and area structure plans;
- negotiations for acquisition of utility rights of way and surface leases.

Expert Witness Testimony

- accepted by the Supreme Court of British Columbia, the Alberta Surface Rights Board, the Alberta Planning Board, the Alberta Local Authorities Board, and various Municipal Councils.

EDUCATION

- AACI academic requirements: Appraisal Institute of Canada (1995)
- B.Sc. Agriculture: University of Alberta (1988)
- Forest Technology Diploma: Northern Alberta Institute of Technology (1980)

EMPLOYMENT HISTORY

- Appraiser/Consultant, S.C. Frank Appraisal Services Ltd. (1996 to present)
- Appraiser/Consultant, Berrien Associates Ltd. (1989 to 1995)
- Range Technologist, B.C. Ministry of Forests (1987)
- Resource Assistant/Recreation Technologist, B.C. Forest Service (1980 to 1981)
- Forest Technologist, Alberta Forest Service (1978 to 1979)

PROFESSIONAL ASSOCIATIONS

- Appraisal Institute of Canada, AACI (1995 to present)
- British Columbia Institute of Agrologists, P.Ag. (1995 to 2012)

OTHER ASSOCIATIONS

- Community Futures East Kootenay (Director: 2003 to 2014; Chairman: 2012 to 2014)
- Kinsmen Club of the Windermere Valley (Member: 1996 to 2004)