

Appraisal Report

prepared for:

Mr. Richard Symonds
Sheppard Case Architects

prepared by:

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Northside Municipal Buildings

Former CAF Arena, 83 Edmonton St.

Labrador Training Centre, 84 Edmonton St.

Curling Club, 126 Edmonton St.

Happy Valley – Goose Bay, NL

At March 12th, 2014

April 11th, 2014

Project No.: 1008973

File No.: 14-31

Mr. Richard Symonds
Sheppard Case Architects
683 Water Street, 2nd Floor
St. John's, NL A1E 1B5

Dear Mr. Symonds,

RE: Consulting - Various Municipal Buildings

Edmonton Street, Northside Industrial Park, Happy Valley – Goose Bay, NL

We refer to your instructions for Altus Group to provide appraisal consulting advice regarding the likely price that will be obtained on the future disposition of three recreational use buildings located in the Northside Industrial Park within the Town of Happy Valley-Goose Bay, Labrador. The properties are:

1. The former CAF Arena, 83 Edmonton Street
2. The Labrador Training Centre, 84 Edmonton Street, and
3. The Goose Bay Curling Club, 126 Edmonton Street.

The Town, in conjunction with Sheppard Case Architects, is currently exploring options for the development of a new wellness centre. The wellness centre would contain all amenities currently being offered in the Labrador Training Centre and the Curling Club and it is anticipated that these buildings will be surplus to requirements and will be sold once the new facility is completed. The former CAF arena is no longer in use and has been mothballed except for the storage of some personal chattels. This property is also being considered for sale.

The intended use of this report is to provide Sheppard Case Architects with a value range estimate of the price that each of the buildings may obtain on sale (in today's dollars). Furthermore, the appraisal is to assume that the properties would be sold for alternate use.

It should be noted that the value range estimates for the buildings are current value estimates and may change over time. The value estimates will require updating especially as the wellness centre complex is not likely to be completed until approximately 2018.

We have inspected the three properties and have completed our investigations and analyses in order to provide our opinion of the likely market value range.

The following report (with the appendices) must be read in its entirety, since it details the valuation methods and supporting data on which our conclusions are based.

Subject to Extraordinary Assumptions and Limiting Conditions located on page 5 of the main body of the report and the Contingent and Limiting Conditions in Appendix A, it is our opinion that the likely current market value range for the subject properties, as of the effective date, March 12th, 2014, is:

Summary - Northside Valuation Estimates		
Building	Address	Value
Former CAF Arena	83 Edmonton Street	\$400,000 - \$500,000
Labrador Training Centre	84 Edmonton Street	\$520,000 - \$610,000
Curling Club	126 Edmonton Street	\$240,200 - \$265,200

We would point out that the value estimates are based on their being no environmental contamination issues relating to the buildings. We know that there is some asbestos in at least one of the buildings and that there were tanks and pipes associated with oil and also cooling fluids. If contamination does exist, then the value estimates will require amending according to the degree of contamination clean-up or containment required.

Based on this estimate of market value liquidity is considered “**modest**”. We estimate a normal exposure time of **up to 12** months to sell these properties at its market value.

Respectfully submitted,

Altus Group Limited

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- Legal Description & Survey Plan (84 Edmonton Street)
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- Comparable Sales - Building

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- Comparable Sales - Building



Introduction

Date and Purpose of the Assignment

The purpose of this assignment is to provide a preliminary estimate of the likely **current** market value range of the **fee simple interest** in the subject properties as at **March 12th, 2014**, the date of inspection. The intended use of this appraisal is to assist in a consulting assignment for the Town of Happy Valley-Goose Bay and provide advice regarding the potential sale price of the subject properties which will become surplus if / when the construction of a new recreational facility within the Town is completed.

We refer you to Appendix A of this report for a detailed description of the Terms of Reference, including definitions of Market Value, Liquidity, and Highest and Best Use.

Extraordinary Assumptions and Limiting Conditions

The reader's attention is drawn to certain Contingent and Limiting Conditions that are outlined at Appendix A. In addition, the estimated value included herein will potentially be impacted if any of the following Extraordinary Assumptions are not realized as of the effective date.

Title	A title search was not completed for this assignment. Title is assumed to be good and clear.
Financing	For the purpose of this appraisal we have assumed that the property is free and clear of all financing.
Site Area	We have not been provided with updated surveys for the subject properties. We have obtained an older survey for 84 Edmonton Street and an older site plan for 83, 84 and 126 Edmonton Street and assumed that the site areas are correct. The value estimates may change if the actual site area is different to that used in this report.
Environmental	We are not experts in environmental matters and make no representations regarding them. It is assumed for the purpose of this report that there is no environmental contamination. A formal environmental audit should be conducted for certainty. Any costs associated with contamination would need to be

deducted from the final value concluded herein.

Use assumption

We have been instructed to assume that the properties would be sold on the basis of alternate use. The Town would not allow continued use as recreational facilities.

Easements / rights-of-way

We have not been provided with modern surveys of the subject property. During the site inspections, power/transmission lines were noted on all sites. It is recommended that modern surveys be completed to identify any easements or rights of way on the sites.

Encumbrances

A full search and interpretation of the title are beyond the scope of this appraisal and the report is contingent on the expectation that there are no material encumbrances that would affect value unless otherwise noted. However, as these can have a significant impact on the market value and / or marketability, legal advice is recommended.

Ownership and History of the Property

The former CAF Arena, 83 Edmonton Street and the Goose Bay Curling Club, 126 Edmonton Street are currently owned by the Town of Happy Valley - Goose Bay. The Labrador Training Centre, 84 Edmonton Street is currently owned by Her Majesty the Queen in Right of Newfoundland and Labrador.

To the best of our knowledge, there have been no sales or listings of the subject properties within the last three years and the properties are not currently listed for sale.



Property Description

Property Identification

Municipal Address All the subject properties are located within the Northside Industrial Park and have the following municipal addresses:

- Former CAF Arena, 83 Edmonton Street, Happy Valley–Goose Bay, NL
- Labrador Training Centre, 84 Edmonton Street, Happy Valley-Goose Bay, NL
- Goose Bay Curling Club, 126 Edmonton Street, Happy Valley-Goose Bay, NL

Legal Description An older site plan pertaining to the subject properties is contained at Appendix B along with a legal description and survey plan for the 84 Edmonton Street property. This information was provided by the Town of Happy Valley - Goose Bay and the Department of Transportation and Works with the Government of Newfoundland and Labrador and is assumed to be correct.

Location Overview – Northside Industrial Park

The subject properties are located along Edmonton Street within the Northside Industrial Park. The Northside Industrial Park is located in the north western portion of the Town, adjacent to the Goose Bay Airport. The park originated as the RCAF Station Goose Bay and was transferred to the Town/Newfoundland and Labrador Housing Corporation following consolidation of the RCAF and RAF operations with the USAF on the south side of the airport. Development within the immediate area is mostly industrial in nature along with aviation related uses. Buildings within the park are a combination of older, rundown warehouse structures and new construction or refurbishment of existing buildings over the past several years. The exact location of the subject properties is indicated on the map below. Additional photographs of the subject properties are located at Appendix B.

Northside Municipal Buildings
83, 84 & 126 Edmonton Street, Happy Valley – Goose Bay, NL
1008973

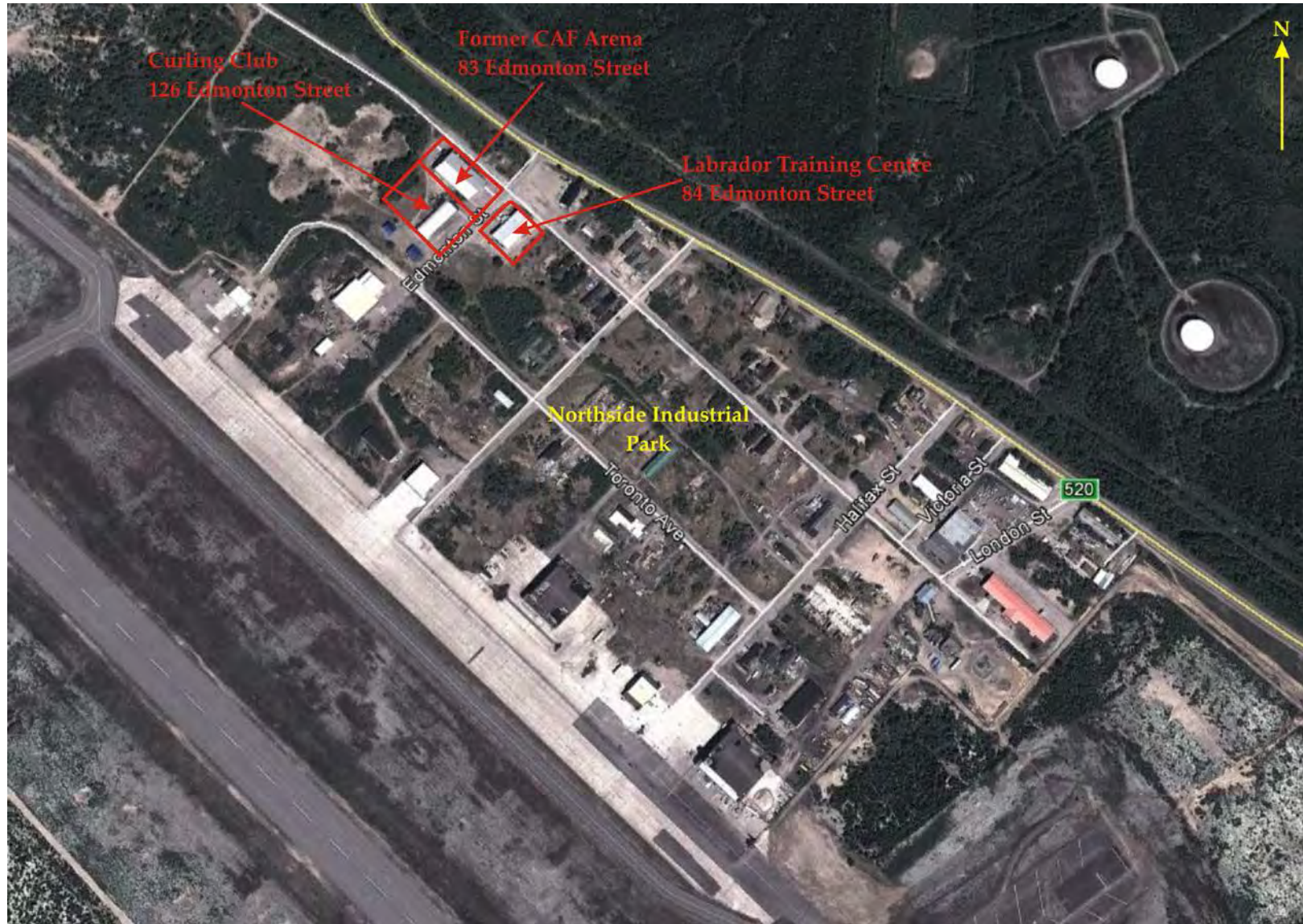


Photo Credit: Google Earth. Subject properties outlined in red



Position and Access

- Site Position** The properties are located along both sides of Edmonton Street.
- Local Access** Edmonton Street is a two lane street accessed off Hamilton River Road, the main road through the Town of Happy Valley-Goose Bay.
- Regional Access** Hamilton River Road (Route 520) provides access to the Port, North West River and Sheshatshiu to the west and to the centre of Happy Valley-Goose Bay and the Trans-Labrador Highway to the east.

Adjacent Land Uses

- North** To the north of the subject property is vacant undeveloped land.
- West** To the west of the subject properties are several industrial buildings including sheds owned by Grand River Snowmobile Club located on the adjacent town land, Pen-Cal industrial building and the Canadian Helicopters hangar along with other industrial buildings and hangars and vacant industrial lands. Further west is 5 Wing Goose Bay and Goose Bay Airport.
- South** To the south of the subject properties are several aviation related industrial buildings along with vacant industrial land and some dilapidated warehouse structures. Further south is 5 Wing Goose Bay and Goose Bay Airport.
- East** To the east of the subject properties is vacant industrial land along with some dilapidated warehouse structures and industrial buildings.

Commentary

Overall, the surrounding area contains a combination of vacant industrial land, older, dilapidated warehouse structures and new and refurbished industrial buildings. The current use of the subject properties, as recreational buildings, does not conform to the surrounding uses.

Site Description – 83 Edmonton Street

Site Area	Approximately 1.18 acres (51,346 sq. ft.).
Topography	The property is at grade with Edmonton Street and Ottawa Avenue.
Configuration	Rectangular.
Frontage	Approximately 144 feet (44 meters) along Edmonton Street. Approximately 356 feet (108 meters) along Ottawa Avenue.
Depth	Approximately 356 feet (108 metres) from Edmonton Street.
Services	The subject property has access to municipal water and sewer services.
Access	The subject property is accessible via Edmonton Street and Ottawa Avenue. Access to the building by transport trailers may be difficult due to the site size and position of the building on the site.
Environmental	We are not experts in environmental matters and make no representations regarding them. It is assumed for the purpose of this report that there is no environmental contamination. A formal environmental audit should be conducted for certainty. Any costs associated with contamination would need to be deducted from the final value concluded herein.
Encumbrances	According to the site plan provided there are no easements or rights-of-way over the subject property. During the site inspection it was noted that there is a power line extending along the Ottawa Avenue frontage and rear of the property. There is also a snowmobile trail at the rear of property. We have been informed by the client that there is no right-of-way for this trail.

A full search and interpretation of the title are beyond the scope of this appraisal and the report is contingent on the expectation that there are no material encumbrances that would affect value unless otherwise noted. However, as these can have a significant impact on the market value and / or marketability, legal advice is recommended.



Site Description – 84 Edmonton Street

Site Area	0.96 acres (41,798 sq. ft.)
Topography	The property is at grade with Edmonton Street and Ottawa Avenue.
Configuration	Rectangular.
Frontage	Approximately 194 feet (59 meters) along Edmonton Street. Approximately 207 feet (63 meters) along Ottawa Avenue.
Depth	Approximately 207 feet (63 metres) from Edmonton Street.
Services	The subject property has access to municipal water and sewer services.
Access	The subject property is accessible via Edmonton Street and Ottawa Avenue. Access to the building by transport trailers may be difficult due to the site size and position of the building.
Environmental	We are not experts in environmental matters and make no representations regarding them. It is assumed for the purpose of this report that there is no environmental contamination. A formal environmental audit should be conducted for certainty. Any costs associated with contamination would need to be deducted from the final value concluded herein.
Encumbrances	According to the legal description, there is a power line easement running along the northeast boundary of the property and a sewer line easement along the northeast and north west boundary and extending into the lot to the building. There is also a water line easement crossing the lot and extending into the lot to the building.

A full search and interpretation of the title are beyond the scope of this appraisal and the report is contingent on the expectation that there are no material encumbrances that would affect value unless otherwise noted. However, as these can have a significant impact on the market value and / or marketability, legal advice is recommended.

Site Description – 126 Edmonton Street

Site Area	Approximately 1.97 acres (86,000 sq. ft.).
Topography	The property is at grade with Edmonton Street.
Configuration	Rectangular.
Frontage	Approximately 242 feet (74 meters) along Edmonton Street.
Depth	Approximately 356 feet (108 metres) from Edmonton Street.
Services	The subject property has access to municipal water and sewer services.
Access	The subject property is accessible via Edmonton Street.
Environmental	We are not experts in environmental matters and make no representations regarding them. It is assumed for the purpose of this report that there is no environmental contamination. A formal environmental audit should be conducted for certainty. Any costs associated with contamination would need to be deducted from the final value concluded herein.
Encumbrances	According to the survey provided there are no easements or right of ways over the subject property. During the site inspection it was noted that there is a power line extending through the centre of the property to the rear of the building. There is likely an easement associated with this power line although no details are known. There is also a snowmobile trail extending through property. We have been informed by the client that there is no right-of-way for this trail.

A full search and interpretation of the title are beyond the scope of this appraisal and the report is contingent on the expectation that there are no material encumbrances that would affect value unless otherwise noted. However, as these can have a significant impact on the market value and / or marketability, legal advice is recommended.



Land Use Controls – Northside Industrial Park

The three subject properties along Edmonton Street are located within the Industrial – Commercial Northside (IC-NS) zone. A summary of the development regulations and the zoning map are contained below. A complete copy of the development regulations is contained at Appendix B.

Zoning / Land Use Industrial – Commercial (IC-NS)

Permitted Uses Antenna, Catering, club and lodge, communications, conservation, convenience store, fire station, general industry, general service, light industry, mineral exploration, office, personal services, police station, public services and public utilities, service station, shop, taxi stand, transportation and veterinary.

Discretionary Uses Animal, hazardous industry, mineral exploration, mineral working, recreational open space and utilities.

General Condition and Development Standards Development in the Northside Industrial Park as shown on Land Use Zoning Map 2 as Industrial-Commercial Northside (IC-NS) must comply with a comprehensive plan for all or part of the area that has been adopted by the Town, or, alternatively, with the requirements set out in Condition 2. This comprehensive plan will set out standards for roads and other services, landscaping, and building location and design, together with other such elements as the Town deems necessary.

Applications for new development in the Northside Industrial Park shall be referred to the Governments of Canada and Newfoundland and Labrador, the Department of National Defence and the Goose Bay Airport Authority for review before a permit is issued by the Town.

Frontage (min) 66 feet (20 metres)

Height (max) As determined by the Town

Municipal Services Development shall be connected to municipal water and sewer services.

Limitations For the purposes of this appraisal, we have assumed that the data obtained is correct and that the property represents a legal use or at least a legal non-conforming use. Legal and planning advice would be required for certainty.

Zoning/Land Use Map

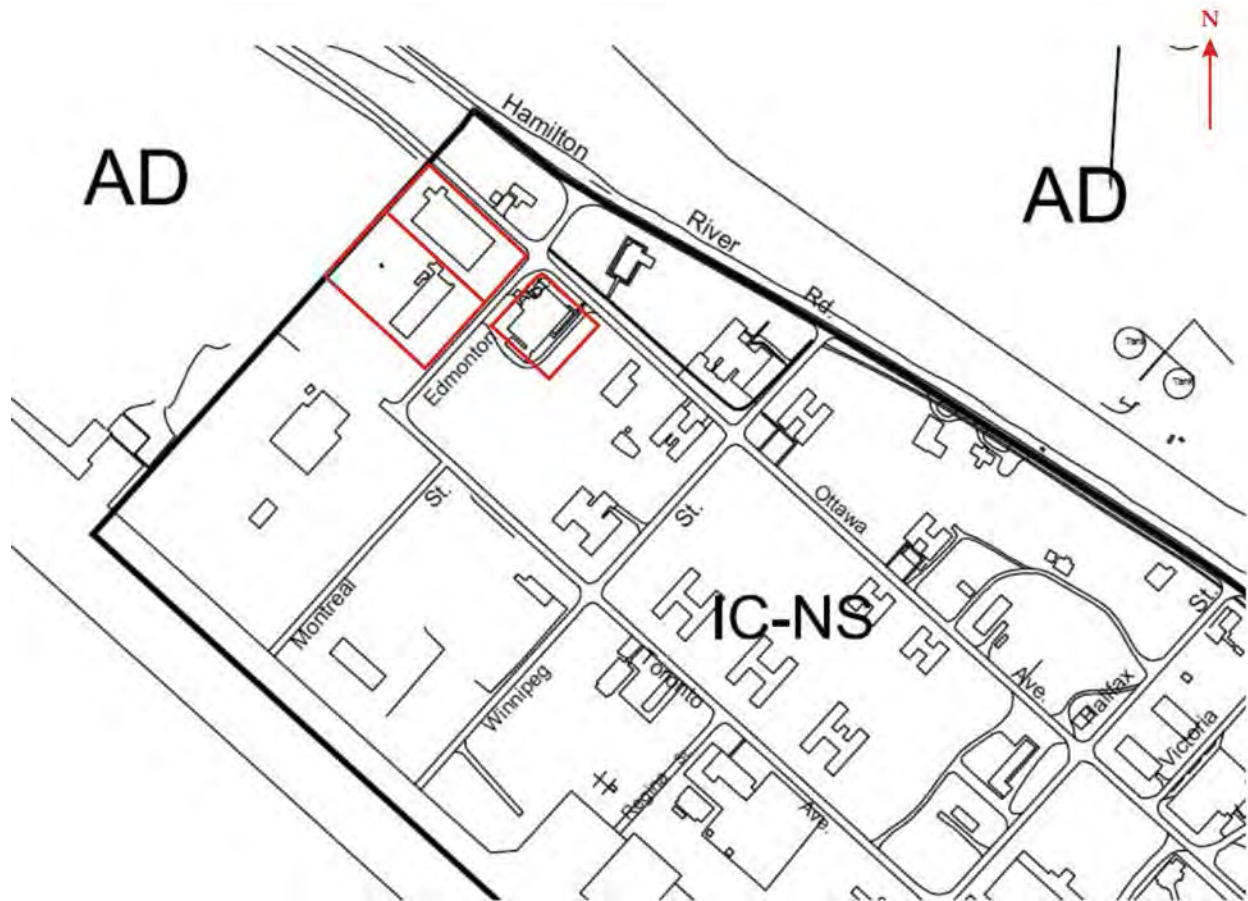


Photo Credit: Town of Happy Valley-Goose Bay. The subject properties are outlined in red.

Commentary

Given consideration to the information contained above, the current zoning regulations allow for a variety of commercial and industrial uses.



Building Descriptions

The following is based on our inspection and data obtained from the property owner.

Former CAF Arena – 83 Edmonton Street



The former CAF Arena was constructed in the early 1950's and was utilized as an arena until the 1980's. The building was been vacant since that time and is currently utilized as unheated informal storage. Minimal maintenance has been performed on the building in recent years.

Date of Inspection	March 12 th , 2014
Occupancy Type	Vacant
Use	Former arena, currently utilized as informal unheated storage.
Year Built	Early 1950's
Building Configuration	Mostly rectangular
Number of Storeys	1 Storey with two storey section containing bleachers on the second level with locker and storage rooms on the main level.
Base Building Area	21,500 square feet

Parking Parking is available at the front and rear of the building.

Construction

Foundation	Poured concrete slab on grade.
Floors	Poured in place reinforced concrete.
Structure	Steel frame.
Exterior Walls	Vertical aluminum siding.
Roof	Sloped, corrugated aluminum.
Windows	None

Locker Rooms/Bleachers

Arena Space

Clear Height	22' clear height
Lighting	High intensity light fixtures in the arena
Heating	Mostly unheated, some wall mounted electric fan heaters.
Shipping	One manual 10' x 12' overhead door at the rear of the building.
Fire Protection	Emergency lighting, exit lighting and fire extinguishers throughout.
Washroom	Male and female washrooms and changing rooms.

Condition The building is considered in be in fair-poor condition. As the building has not been utilized for approximately 20 years, the changing room/washroom areas have fallen into disrepair. The boards from the arena use are still in place.

Limitation We have not undertaken a structural survey and for the purpose of the report have assumed the building to be structurally sound. In order to verify this assumption, a qualified engineer should be retained.



Labrador Training Centre – 84 Edmonton Street



The Labrador Training Centre was constructed in the early 1950's and is currently the main recreational building within the Town of Happy Valley - Goose Bay. The Training Centre contains a swimming pool area, change rooms and meetings rooms, gymnasium and judo and fitness area. This facility is owned and operated by the Provincial Government.

Date of Inspection	March 12 th , 2014
Occupancy Type	Owner-occupied
Use	Recreational facility with pool, gymnasium, judo and fitness area, changing rooms and meeting rooms.
Year Built	1950's
Building Configuration	Rectangular
Number of Storeys	One storey with centre two storey section containing changing rooms and meeting rooms. There is also a one storey judo room attached to the gymnasium which is a portable building and can be removed.
Base Building Area	16,026 square feet
Gross Building area	18,409 square feet

Net Rentable Area

Space use	Area (sq.ft.)
Warehouse section 1 (former pool)	3,956
Warehouse section 2 (former Gym)	7,094
Central office/washrooms	4,766
Modular addition	1,814
Common entrance	779
Total Area	18,409

Parking

Parking is currently available at the front of the building. Patrons also utilize the curling club and former arena parking areas on the opposite side of Edmonton Street.

Construction

Foundation	Poured concrete slab on grade.
Floors	Poured in place reinforced concrete.
Structure	Steel concrete frame.
Exterior Walls	Vertical metal siding.
Roof	Sloped roof, corrugated metal.
Windows	Double glaze aluminum frame, minimal windows in the building.

Offices

Finishes	Combination of vinyl and carpet flooring, gyproc walls, gyproc and tile ceilings.
Lighting	Fluorescent lighting.
Heating	Electric baseboard heating along with wall mounted electric fan units throughout.
Fire Protection	Fire alarm system, exit and emergency lighting, pull stations, wall mounted fire extinguishers.
Washroom	Adequate washroom facilities.



Recreational Facilities

Layout The subject building contains a swimming pool area at the western portion of the building, a two level section containing change rooms below and a viewing area/meeting rooms above along with a gymnasium and judo room at the eastern portion of the building.

Ceiling Height The pool and gymnasium sections of the building both have a 21' clear height.

Electrical 800 amp, 347/600 volt electrical service.

Accessibility The swimming pool and change room facilities are inaccessible to people with physical challenges as they are only accessible via stairs.

Condition The building appears to be in fair-good condition overall with no deferred maintenance noted during our inspection. One exception to this is problems caused in the ceiling over the swimming pool area due to poor ventilation and moisture content. It is our understanding that the ceiling has to be replaced every 2-3 years due to moisture deterioration. The finishes in the offices/meeting rooms on the second level are dated.

Limitation We have not undertaken a structural survey and for the purpose of the report have assumed the building to be structurally sound. In order to verify this assumption, a qualified engineer should be retained.

Goose Bay Curling Club – 126 Edmonton Street



The Goose Bay Curling Club was constructed in the 1950's and is currently utilized as a curling rink with lounge area. We have been informed that the icemaker within the building is no longer functional and has been condemned by Service NL.

Date of Inspection	March 12 th , 2014
Occupancy Type	Owner-occupied
Use	Curling rink with lounge area, canteen and washrooms.
Year Built	1950's
Building Configuration	Rectangular
Number of Storeys	One storey.
Base Building Area	12,028 square feet including storage and mechanical rooms.
Gross Building area	12, 028 square feet including storage and mechanical rooms.



Net Rentable Area

Rentable Area	
Description	Area (sq.ft.)
Curling Rink	9,000
Lounge Area	1,680
Storage Additions	773
Mechanical Room	575
Total Rentable Area	12,028

Parking

Parking is currently available at the front of the building.

Construction

Foundation	The property has a concrete frost wall with no floor slab. The ice surface is currently over a sand floor with the lounge area being wood frame.
Structure	Steel frame.
Exterior Walls	Vertical metal siding.
Roof	Corrugated metal dome roof.
Windows	Wood frame, minimal windows in the building.

Lounge Area

Finishes	Combination of vinyl and carpet flooring, gyproc walls, gyproc and tile ceilings.
Lighting	Fluorescent lighting.
Heating	Electric baseboard heating along with wall mounted electric fan units.
Fire Protection	Exit and emergency lighting, wall mounted fire extinguishers.
Washroom	Adequate washroom facilities.

Recreational Facilities

Curling Rink	The curling rink contains four playing surfaces.
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Electrical

400 amp 120/208 volt service.

Condition The building appears to be in poor-fair condition overall. A structural evaluation report completed by DMG Consulting Limited indicated several structural concerns relating to the existing truss, exterior columns and the refrigeration plant section. During inspection, impact damage was noted to the exterior of the building likely due to snow being pushed against the exterior.

Municipal Assessment and Taxes

2014 is the second year of a three-year assessment cycle in the Town of Happy Valley-Goose Bay with the values based on a 1 January 2011 base date. The former cycle had a base date of 1 January 2008. All buildings are currently assessed by the Municipal Assessment Agency but are categorized as “non-taxable” as the buildings are owned by the Municipal and Provincial Governments. We have shown the tax rate and taxes that would be payable from a non-exempt owner. We have included this data for information purposes only, typically assessments for non-taxable buildings may not always be accurate.

The 2014 commercial property tax rate is 10.5 mils. The 2014 recreational tax rate is 8.0 mils. The water and sewer rate is \$10.00 per unit per annual. We have assumed that all properties would be assessed using the commercial property tax rate. Our calculation of the taxes payable for the subject property for 2014 is outlined in the table below.

Former CAF Arena – 83 Edmonton Street

Total Assessment (2014)	\$443,700
2014 Tax Levy	\$5,169

Labrador Training Centre – 84 Edmonton Street

Total Assessment (2014)	\$461,600
2014 Tax Levy	\$5,357

Goose Bay Curling Club – 126 Edmonton Street

Total Assessment (2014)	\$226,300
2014 Tax Levy	\$2,886



Market Overview

Newfoundland and Labrador, Economic Overview

Economic Overview - Newfoundland and Labrador							
	2011A	2012A	2013P	2014P	2015P	2016P	2017P
Gross Domestic Product (GDP) (2007\$ millions)	\$28,850	\$27,585	\$28,964	\$29,486	\$30,164	\$30,465	\$30,831
- Percentage change	2.9	-4.4	5.0	1.8	2.3	1.0	1.2
Manufacturing	\$1,027	\$1,024	\$931	\$1,091	\$1,173	\$1,061	\$1,180
- Percentage change	7.5	-0.3	-9.1	17.2	7.5	-9.6	11.2
Construction	\$1,699	\$2,389	\$2,553	\$2,346	\$2,404	\$3,291	\$2,745
- Percentage change	23.9	40.6	6.9	-8.1	2.5	36.9	-16.6
Office	\$7,840	\$7,975	\$8,064	\$8,209	\$8,407	\$7,926	\$8,652
- Percentage change	2.3	1.7	1.1	1.8	2.4	-5.7	9.2
Wholesale and Retail Trade	\$1,871	\$1,932	\$1,990	\$2,030	\$2,089	\$2,077	\$2,101
- Percentage change	3.9	3.3	3.0	2.0	2.9	-0.6	1.1
Inflation (C.P.I.) - Percentage Change	3.4	2.1	1.6	1.9	2.1	2.0	2.1
Population, in thousands	513	513	513	515	516	517	517
- Annual change (000s persons)	1	0	1	2	1	1	0
- Percentage change	0.2	0.0	0.1	0.3	0.3	0.1	0.0
Employment, in thousands	225	231	233	236	239	240	241
- Annual change (000s persons)	6	5	3	3	3	1	1
- Percentage change	2.7	2.3	1.2	1.1	1.3	0.5	0.5
Manufacturing	11	11	12	23	24	24	24
- Percentage change	8.2	6.6	10.6	87.3	1.1	0.5	1.0
Construction	19	20	22	23	24	24	25
- Percentage change	22.7	4.8	12.4	5.2	3.7	0.5	3.0
Services	176	180	179	170	171	171	170
- Percentage change	1.0	2.3	-0.7	-5.3	0.9	-0.2	-0.3
Unemployment Rate	12.7	12.5	11.3	11.1	10.9	10.6	10.3
Personal Income, \$ millions	\$15,432	\$16,752	\$17,429	\$17,849	\$18,515	\$18,866	\$19,257
- Percentage change	8.8	8.6	4.0	2.4	3.7	1.9	2.1
Housing Starts (000s units)	3.5	3.9	2.9	2.9	2.6	2.7	2.6
- Single-detached, in thousands	2.6	2.5	2.3	2.2	2.0	2.0	2.0
- Semi/Row, in thousands	0.2	0.2	0.2	0.2	0.2	0.2	0.2
- Apartment, in thousands	0.7	1.2	0.4	0.5	0.5	0.5	0.4
Retail Sales, \$ millions	\$7,830	\$8,203	\$8,593	\$8,918	\$9,277	\$9,461	\$9,669
- Percentage change	5.1	4.8	4.8	3.8	4.0	2.0	2.2

Source: Altus Group Economic Consulting based on Statistics Canada, CMHC, and Conference Board of Canada (data as at December, 2013)

The 2012 contraction in Newfoundland's GDP is not representative of its long term prospects. An expanding resource sector has helped the province record strong growth in personal income, which has supported growth in domestic consumption. Mineral exploration continues and investment intentions are, especially for the oil and gas sector, quite high. Full production at Terra Nova and White Rose, as well as construction of major capital projects should fuel growth in 2013. All told, the economy is expected to expand at an average annual rate of 2.2% over the 2013-2017 forecast period, though this is due largely to a rebound of growth in 2013.

In the third quarter of 2013, employment declined by 0.8% compared to the previous quarter as 2,000 jobs were lost on net (seasonally adjusted). The winding down of construction of energy projects is forecast to result in annualized employment growth slowing to 1.0%, on average, over the 2013-2017 forecast period.

In the third quarter of 2013, housing starts were at 2,500 units (SAAR), a 17.1% increase compared to the previous quarter. Minimal population growth is expected to slow the pace of housing starts going

forward. After strong housing starts in 2010 and 2011, levels are expected to moderate through the 2013-2017 forecast period (averaging 2,700 units annually) and remain more in line with levels experienced over the past decade.

After being exceptionally strong over 2010-2011, spending on non-residential structures has been weak since early 2012, with spending in the third quarter falling 17.3% in comparison to the previous quarter on a seasonally adjusted basis. Work on the Hebron and Hibernia oil fields, iron ore mining and processing, and the Muskrat Falls hydroelectric project should provide a boost to investment.

Economic growth in the province continues to be fuelled by demand for oil and minerals, with the expectation of higher oil production in coming years. Expansion of iron ore mining as well as utilities projects should also help spur future growth.

Population & Employment

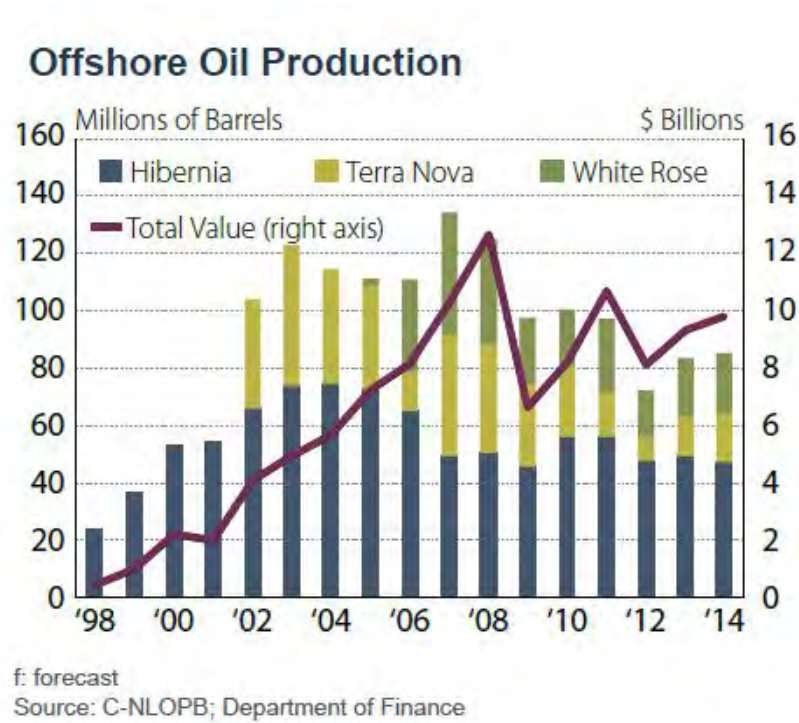
The province's population stood at 526,896 as of Q1, 2014, according to the latest information released by Statistics Canada. This represents a decrease of 568 persons from Q4, 2013, and a decrease of 757 persons from the Q1, 2013 which had the highest population reported since 2005.

Labour market performance was strong in 2013 being driven by major project development and related spin-off projects. The Department of Finance's March 2014 forecast projects employment to increase by 0.3% and the unemployment rate to average 11.4% in 2014 which if maintained would be the lowest rate since 1973.

Energy Sector

According to the Province of Newfoundland's Department of Finance, Oil production from the province's three producing projects increased to 83.6 million barrels in 2013, representing growth of 15.8% or 11.4 million barrels from 2012 (see chart). This increase reflects a return to more recent production levels following extended maintenance downtime in 2012. The estimated value of oil production increased 15.1% to \$9.4 billion in 2013 as a result of higher production volumes; however, the increase was partially offset by lower crude oil prices.

The outlook for 2014 is stable with Oil production is expected to increase 1.8% to 85.1 million barrels. However, this will be offset by prices as Brent crude prices are expected to decline 2.7% to US\$105.64/barrel. As well, construction of the Hebron structure will continue at Bull Arm, Marystown, and other fabrication sites in the province while exploration activity is expected to intensify.



Activity associated with development of the Hebron Ben Nevis field is accelerating. The construction of the Gravity Base Structure (GBS) commenced in October 2012 at the Bull Arm industrial fabrication site with the installation of the steel skirts. The project will create an estimated 4.1 million person hours of employment in the province with an estimated 707 million barrels of recoverable reserves. As of December 31, 2013, the Hebron project employed 4,937 people in the province, of which 4,227 (85.6%) were residents of Newfoundland and Labrador. The first oil production is expected towards the end of 2017.

Husky is also exploring options for developing the White Rose Extension Project. On October 10, 2013, the province and Husky Energy jointly announced that they had reached an agreement to advance the development of the White Rose Extension Project. The project is expected to cost approximately \$2.3 billion and the development phase of the project is expected to generate 2,800 person years of employment in the province.

Statoil announced two new discoveries in of high-quality oil in the Flemish Pass basin, 500 kilometers northeast of St. John’s, in 2013. The Hapoon discovery, announced in June will require more drilling to determine if the site contains enough oil to be economically viable. While the Bay du Nord discovery was announced in August and is estimated to contain between 300 and 600 million barrels of oil.

Muskrat Falls is considered the most attractive undeveloped hydroelectric resource in North America; the combined generating capacity of the Project’s Gull Island and Muskrat Falls installations is over 3,000 megawatts (MW). This project, a portion of the Lower Churchill Project was sanctioned by the Government of Newfoundland and Labrador on December 17, 2012. Arrangements to secure the Federal Loan Guarantee, long-term debt financing and equity financing were successfully completed in December 2013. Achieving this milestone provides certainty with respect to how the Lower Churchill Project will be financed and the costs of this financing over the next 40 years.

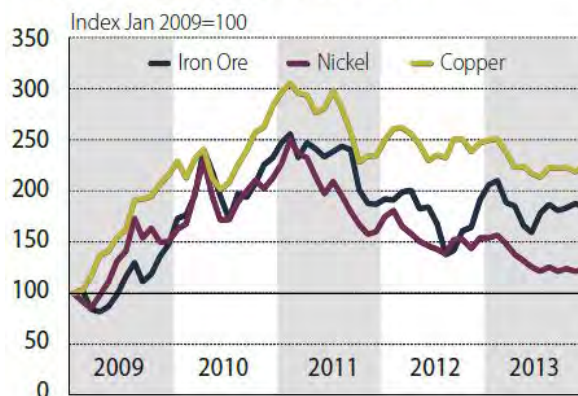
On July 22nd, the Nova Scotia Utility and Review Board has approved, with conditions, a \$1.52-billion deal for the Maritime Link – a subsea cable designed to transport electricity from the Muskrat Falls project to Nova Scotia. In November 2013, the Nova Scotia Utility and Review Board (UARB) approved the Maritime Link and the Energy Access Agreement between Nalcor and Emera Inc.

In 2013, employment on the Muskrat Falls Project peaked in September with 1,682 people working on the project. During that month, 1,593 of the total project workforce were Newfoundland and Labrador residents, accounting for 95 per cent of the total peak workforce in that month. There were 1,122 people working directly in Labrador and, of these, 462 (41 per cent) were Labrador residents.

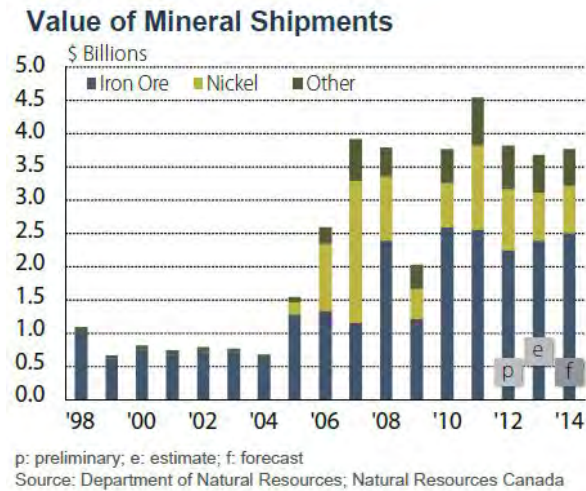
Mining

Mineral prices experienced volatility throughout 2013 (evidenced in the graph below). Iron ore spot prices averaged about US\$135/tonne last year—up approximately 5% from 2012 (see chart). Nickel and copper prices, however, were consistently lower in 2013. Nickel prices averaged US\$6.81/pound, a decline of more than 14% compared to 2012, while copper prices averaged US\$3.32/pound, down by about 8%. This volatility was a result of global economic uncertainty and weak growth in the China market.

Mineral Price Indices (Monthly)



Source: London Metal Exchange, MetalPrices.com



Iron ore shipments totalled approximately 20 million tonnes in 2013, an increase of about 5% relative to 2012, mainly due to higher production at the Iron Ore Company of Canada (IOC). The value of shipments rose approximately 7% last year as a result of the higher production and prices.

IOC continues to expand its capacity. Shipments from IOC increased from about 14 million tonnes in 2012 to about 15 million tonnes in 2013 as a result of the implementation of Phase 1 of the Concentrate Expansion Project (CEP). Phase 1, which includes a new crusher and conveyor at the Luce pit, was operational as of August 2012 and increased production capacity at IOC from 18 million tonnes of iron ore concentrate per year to 22 million tonnes per year. Phase 2 will expand capacity to 23.3 million tonnes and is scheduled to be completed and operational by the second quarter of 2014. The original plan included a Phase 3 that would increase production to 26 million tonnes; this is under consideration. IOC is also investigating an additional expansion plan, called Project Genesis that would increase production to 50 million tonnes annually. This entails a staged expansion that involves investment in the company's mines, plants, rails and ports. The company completed an order of magnitude study and the engineering selection process has begun. If sanctioned, first production is expected in 2015.

Wabush Mines shipped about three million tonnes of iron ore concentrate in 2013, relatively unchanged from the previous year, and employed about 500 people. In February, 2014, Cliffs Natural Resources announced plans to idle the mine, effectively shutting it down and laying off nearly 400 employees. Idling the mine will allow the company or another company to resume operations in the future. The company stated that the shut was caused by high operating costs and volatile markets.

Vale Newfoundland and Labrador's (VNL) operations at Voisey's Bay, Labrador The company shipped about \$1.0 billion of metal concentrates in 2013, down over 20% compared to 2012, mainly due to lower nickel production and prices.

The construction of Vale Newfoundland & Labrador's nickel processing facility in Long Harbour completed Phase 1 in October 2013. The total capital cost for the plant is estimated at US\$4.25 billion and capital expenditures for 2013 amounted to approximately US\$1.1 billion.

Labour Iron Mines Ltd (LIM) began operations in April 2011 and shipped its first iron ore the following October. In 2013, the company shipped about 1.6 million tonnes of iron ore products, up approximately 5% from 2012.

Tata Steel Minerals Canada Ltd.'s (TSMC) Elross Lake project began shipping iron ore in September 2013. The first load of iron ore from the project was shipped in September 2013 with another shipment in November for a combined total of 243,000 tonnes. The project's year-round processing plant and associated railway spur is expected to be operational in 2014, which will support an increase in production. The company plans to further increase shipments to three and four million tonnes in 2015 and 2016, respectively.

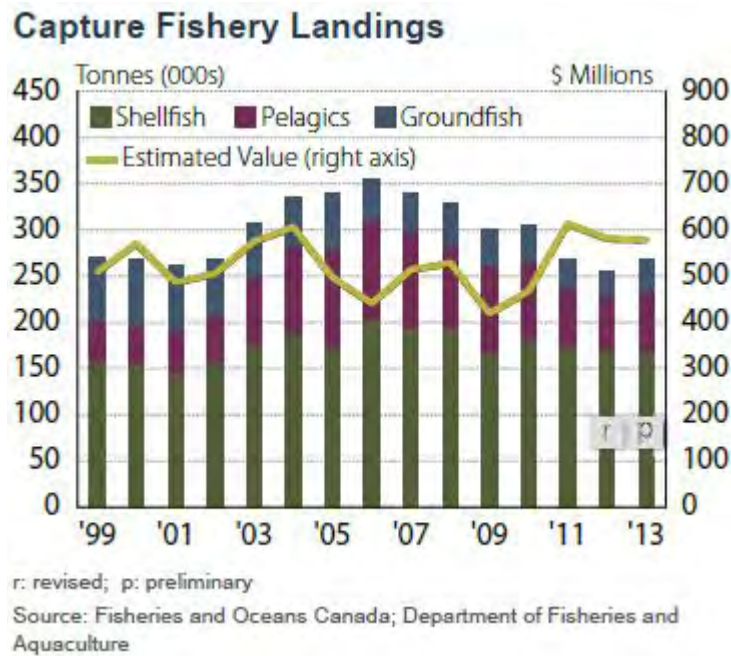
Developing projects within Labrador include Alderon's Kami mine and Labec Century mine at Joyce Lake. Alderon's Kami iron ore project was released from environmental assessment in early 2014 with the majority of construction to take place in 2014 and 2015 and operations to begin in 2016. Capital costs are expected to be approximately \$1.3 billion. Alderon entered into a Power Purchase Agreement with the Provincial Government following the announcement of the construction of a third transmission line from Churchill Falls to Lab West.

Fishery & Aquaculture

The fishery recorded a relatively good year in 2013. The volume of fish landings increased by almost 5% and both the volume and value of aquaculture production increased significantly. The number of people deriving income from the seafood industry decreased to about 18,400 workers in 2013, down 8.1% from 2012. This was the result of fewer individuals working in both the harvesting and fish processing sectors.

Seafood production totalled approximately 147,100 tonnes in 2013, up 5.1% from 2012. There were 86 active processing operations in the province in 2013, down from 99 in 2012. Of the 86 processors operating in 2013, 70 were primary processing facilities, two were secondary, three were aquaculture and 11 were retail.

The Newfoundland and Labrador aquaculture industry continued to grow in 2013. Preliminary data shows that production volume rose 25.1% to about 26,600 tonnes (see chart). Total market value increased 74.3% from \$113 million in 2012 to \$197 million last year, largely the result of higher Atlantic salmon production and stronger market prices.



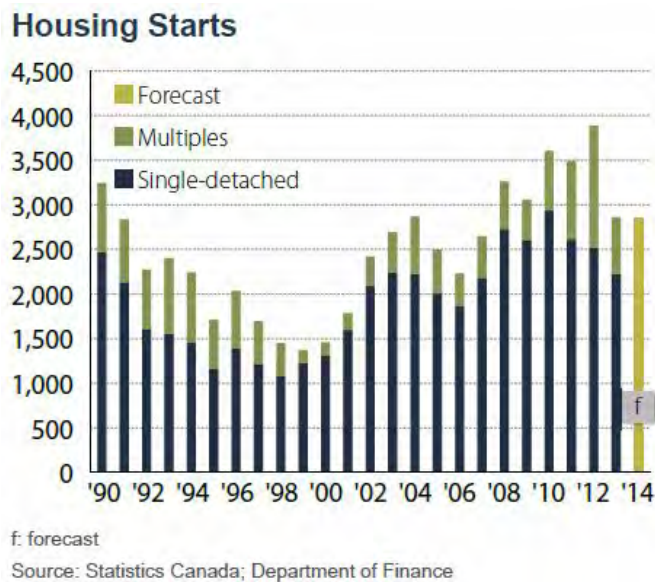
Real Estate & Construction

Newfoundland and Labrador’s construction industry has experienced unprecedented levels of growth over the past six years, with record investment, employment and wages. Construction investment in the province rose to \$10.2 billion in 2013, up 33.1% from 2012 (see chart), representing the strongest gain among provinces. Growth in construction expenditures was led by the private sector which accounted for approximately 80% of total construction spending. Resource-based major project activity dominated private sector spending.

The surge in construction investment in the province is reflected in the industry’s labour market indicators. Construction wages have increased considerably over the past six years (see chart). Between 2007 and 2013, construction average weekly wages in Newfoundland and Labrador increased by 59.2%. In 2013 alone, wages in the industry grew by 11.4%, reaching \$1,276, the second highest among provinces after Alberta. Additionally, average employment in the construction industry increased by 8.6% in 2013, reaching the highest level ever recorded.



Housing starts totalled 2,862 units in 2013, a decrease of 26.3% compared to 2012 (see chart). By comparison, starts were down 15.6% in the Maritimes and 12.5% in Canada. The decline in starts across the country reflects, in part, the tightening of mortgage regulations over the past five years as well as higher mortgage rates in the latter half of 2013. Most of the province’s housing is comprised of single-detached residences. Single starts declined 11.8% to 2,225 units in 2013. Multiple starts (which include denser housing types such as row, semi-detached homes, apartments and condominiums) fell by 53.2% to 637 units, after reaching uncharacteristically high levels in 2012.



Non-residential investment expenditures accounted for the largest portion of construction investment in the province (83.3% of the total in 2013). Expenditures in this sector reached \$8.5 billion last year, up



45.4% from the record levels experienced in 2012. This increase is caused by expenditures heavily concentrated in the mining and oil and gas extraction industries. The advancement of private sector major projects, in particular activity related to the Long Harbour nickel processing facility, the IOC expansion, the Hebron project, and tie-ins to the Hibernia oilfield, all contributed to high levels of spending.



Outlook for 2014

Overall the outlook for the provincial economy in 2014 is a positive one. Real GDP is expected to increase 0.5% in 2014 primarily due to higher consumer expenditures. The real value of exports is expected to be virtually unchanged as declines in nickel and fish offset gains in oil and iron ore. Employment is forecast to grow by 0.3% and the unemployment rate to remain at 11.4%.

The resource sector has been a primary driver of the economy in 2013 with expansion of existing projects and continued ramp up of new projects. Higher oil production along with growth in iron ore production and investment has contributed to economic growth. Oil production is expected to increase by 1.8% to 85.1 million barrels due primarily to an increase in Terra Nova production following extended maintenance downtime in 2013. Annual average Brent crude oil prices are expected to decline 2.7% to US\$105.64/barrel. The value of mineral shipments is anticipated to increase about 2% to \$3.8 billion on the strength of higher iron ore production.

The above information was obtained from “The Economy 2014” produced by the Newfoundland & Labrador Department of Finance along with supplemental sources. More detailed information on the Newfoundland & Labrador economy is available at www.gov.nl.ca.

Town of Happy Valley – Goose Bay



The Happy Valley-Goose Bay region's economy has remained relatively flat, and in a virtual holding pattern since 2006 when the last of the NATO allies pulled out of CFB 5-Wing Goose Bay, the town's economic nucleus.

Prior to 2006, CFB 5-Wing Goose Bay accounted for approximately 650 direct jobs and contributed an estimated 97 million dollars annually into the local economy. At its peak, the base employed 1,700 people. The last two air forces to utilize the base, the British and the Dutch, pulled out of the base during 2005 and 2006. The base currently employs only a fraction of the level of soldiers and support staff that were in place just a few years ago.



Given the history of activity in recent years, there does not appear to be a trend toward future usage of the facility at former levels. While our investigations do not indicate significant risk associated with base closure, there does appear to be risk associated with permanent downscaling of activities.

Outside of activity associated with the military base, Happy Valley-Goose Bay functions as a service centre for central Labrador, as well as a centre for significant mining and hydro-electric related activity. The town is the primary service centre for the Voisey's Bay mineral development, which is situated some 350 kilometres north at a remote location. There has also been significant activity in recent years relating to uranium exploration; however the Labrador Inuit had placed a moratorium on uranium mining on Labrador Inuit lands from 2008-2011 which was lifted in 2012.

The Lower Churchill Hydro Project has commenced development of the first phase – the Muskrat Falls Generating Facility which has already resulted in expanded economic activity within the region. The Churchill River has long been recognized as a significant, low-cost supply of clean, renewable energy that has yet to be fully-developed. The Lower Churchill hydro resource includes two potential sites. Phase one, which is Muskrat Falls involves an 824 MW generating facility and two HVac transmission lines connecting to Churchill Falls. Other components of Muskrat Falls include the Labrador-Island Transmission Link from Muskrat Falls to Soldiers Pond near Holyrood and the Maritime Transmission Link from Granite Canal to Cape Ray and undersea to Cape Breton, NS.

Phase two involves Gull Island (2,000 MW) which is located 225 kilometres downstream from an existing 5,428 MW generating facility at Churchill Falls. Combined, the projects can produce sufficient energy to supply up to 1.4 million households annually. The Gull Island Project will proceed several years after Muskrat Falls, which is currently underway.

Muskrat Falls is considered the most attractive undeveloped hydroelectric resource in North America. In November 2010 The Government of Newfoundland and Labrador announced a partnership between Nalcor Energy and Emera Inc. for the development of Muskrat Falls. The Muskrat Falls Development was sanctioned by the Government of Newfoundland and Labrador in December 2012. Construction is currently underway and is expected to take approximately five years to complete. Peak employment for the project will be in 2015.

Muskrat Falls is located approximately 25 kilometres west of the Town of Happy Valley – Goose Bay and therefore the Town has become a service centre for the development. Although there are on-site camps, industrial and office buildings, demand for residential and commercial real estate within the Town has increased largely from sub-contractors completing work on the project. This is expected to continue throughout the construction period.

Road access to Happy Valley Goose Bay was expanded in recent years with the completion of the Trans Labrador Highway to the south. The last phase of this road links Labrador to the island via a ferry crossing the Strait of Bell Isle.

The opening of the road to the south has resulted in increased forestry and tourism related activity for the area. Opening of the road will hasten development of the proposed Mealy Mountain National Park to the south of Lake Melville. The opening of the road has also provided residents of Happy-Valley Goose Bay with more travel options and also provides further tourism options for the Town.

Population

Happy Valley-Goose Bay is one of two majors centres within the Labrador region, with the other being Labrador City-Wabush, an iron-ore mining centre in the western section, near the Quebec border. Both areas have similar populations and together represent approximately two-thirds of the Labrador population.

According to the Canadian Government's 2011 census, the community of Happy Valley-Goose Bay has a population of 7,552. This represents a 0.3% decrease from the 2006 population of 7,572. The total service area, which includes the Upper Lake Melville area, is estimated at approximately 10,000.

	Population	% Change
1996	8,655	-
2001	7,969	-7.9%
2006	7,572	-5.2%
2011	7,552	-0.3%

Employment

Happy Valley - Goose Bay is centrally located within Labrador and is the main source of air traffic in Labrador. Its central location makes Happy Valley-Goose Bay the central point for shipment of goods along the coastal areas of Labrador. Partly due to the Town's central location, business services are the largest employment industry in Happy Valley - Goose Bay.

Major employers in the town include: Serco Facilities Management Inc., Woodward's Group of Companies, Labrador School Board, Grenfell Regional Health Services and Muskrat Falls.



Town Facilities

Educational facilities in Happy Valley Goose Bay include four fully equipped schools as well as the College of North Atlantic and Labrador Institute of Memorial University. Health care facilities within the Town include the Labrador Health Center containing 25 beds, a 24 hour emergency department and outpatient clinic. The Town also contains the Happy Valley-Goose Bay Long-Term Care Home which is a 50 bed accredited facility providing levels three and four nursing care to its residents.

The Town has a variety of indoor and outdoor recreational facilities including: EJ Broomfield Arena, CFB Recreation Centre, Labrador Sports Training Centre, soccer fields, tennis courts, softball fields, Amaruk Golf Course, Goose Bay Curling Club, CFB Golf Facility and a variety of trails throughout the town.



Highest and Best Use

We refer the reader to Appendix A for the definition of Highest and Best Use.

Highest and Best Use as Improved

Based on our review of the existing by-laws and the Municipal Plan, the current uses of the subject buildings do not appear to conform to existing land use controls. The subject buildings were in place prior to the current development regulations and therefore would be considered a legal non-conforming use.

The subject properties are located along Edmonton Street, in the Northside Industrial Park within the Town. The properties are well located for industrial use with good access to Hamilton River Road and local and regional transportation networks along with the Port. The subject properties consist of the former CAF Arena, the Goose Bay Curling Club and the Labrador Training Centre. The CAF Arena is currently vacant and being utilized as unheated storage, the Curling Club is currently being utilized as a curling rink and the Labrador Training Centre is the main recreational building within the Town having a swimming pool, a gymnasium and a multi-purpose room addition. For the purposes of this analysis we have been instructed to assume that the buildings will be sold for an alternate use following the construction of a new recreational facility within the Town.

The former CAF Arena is a steel frame building, formerly utilized as an arena, which has remained vacant for approximately 20 years. The frame and exterior of the building appear to be in good condition, the interior has not been maintained and therefore would require significant refurbishment prior to use. The location, layout and ceiling height of the building are most conducive for use as a warehouse or other industrial use.

The Goose Bay Curling Club is a steel frame building currently utilized as a curling rink with lounge area. A structural evaluation report completed by DMG Consulting Limited indicated several structural concerns relating to the existing truss, exterior columns and the refrigeration plant section. During inspection damage was noted to the exterior of the building likely due to snow being pushed against the exterior. As well, the current ice making equipment has been condemned by Service NL. It is our opinion that due to the shape and condition of the building, it would not be suitable for an alternate use and therefore the highest and best use would be for demolition of the current building and redevelopment of the site.

The Labrador Training Centre is the main recreational facility within the Town and contains a gymnasium, swimming pool and change rooms, meeting rooms and a judo room. The building appears to be in good overall condition, although there are issues with the fact that the building is not handicap accessible. There have been moisture and ventilation issues with the ceiling in the pool section. Once the new recreational facility is completed, the current facilities will no longer be required. Due to the building structure, location and ceiling height the most probable use would be for a light industrial warehouse use. Several renovations to the building would be required including filling in the pool, adding loading doors and possibly reconfiguring the centre two-level space.

There is currently good demand for light industrial/warehouse space mostly in relation to the Muskrat Falls project. There are minimal available spaces for sale or lease that contain the ceiling heights available in the former CAF Arena and the Labrador Training Centre. Demand is also strong for serviced industrial land within the Northside Industrial Park with several acquisitions occurring during the past year for both new construction and also laydown area. The current zoning of the property allows for a variety of industrial and commercial uses.

Due to the site sizes and location of the buildings on the site, accessibility by commercial trucks to the former arena and training centre buildings may be difficult due to the configuration of the buildings on the site.

Based on the foregoing discussion, we have determined the Highest and Best Use for the subject properties, assuming that the new recreational facility is constructed and the current uses are no longer needed. For the former CAF Arena and the Labrador Training Centre, we conclude the highest and best use will be for acquisition to refurbish each building for general warehouse use. Refurbishment would require gutting existing fittings and fixtures, and upgrades including rewiring, installing new mechanical systems and lighting, infilling the pool, new flooring, installing exterior commercial doors, improving parking and loading areas, etc. For the Goose Bay Curling Club, we conclude the highest and best use to be for demolition and redevelopment of the site.

Highest and Best Use as if Vacant Land

Given the location of the subject property, the size and configuration of the sites as well as the current zoning, it is likely that its use would be consistent with similar properties in the immediate area. Based on the foregoing, we conclude that the Highest and Best Use of the properties, as vacant land, is for the development of a commercial or industrial property as per permitted by the development regulations.



Valuation

Three approaches can be used to estimate Market Value: the Income Approach, the Direct Comparison Approach and the Cost Approach.

Income Approach

The Income Approach recognizes the principle of anticipation, where the anticipation of future benefits creates value. The Income Approach is usually used as the primary method of valuation when a property is expected to be acquired by an investor. The two primary capitalization procedures are:

Direct Capitalization: This procedure involves dividing stabilized annual net income by a singular rate that takes into account all of the comparative investment characteristics of the property.

Discounted Cash Flow (DCF): The Discounted Cash Flow Procedure calculates the present value of the future cash flows over a specified time period, including the potential proceeds of a deemed disposition, to determine market value.

Direct Comparison Approach

The Direct Comparison Approach recognizes the principle of substitution, according to which a buyer will not pay more for one property than for another that is equally desirable. By this approach, an opinion of value is developed by applying a comparative analysis of properties that are similar to the subject property that have recently sold, are listed for sale or are under contract, which focuses on the similarities and differences that affect value.

Cost Approach

The Cost Approach recognizes the principle of substitution, according to which a knowledgeable purchaser would not pay more for a property than it would cost to construct a property of similar design and utility, assuming no unreasonable delays. The Cost Approach involves adding the market value of the land to the depreciated value of the building and site improvements.

Valuation Methodology Selected

For the former CAF Arena, we have utilized a modified Cost Approach due to the poor condition of the building and the need to convert the fixtures and fittings associated with the former use. The only portion of the building that we deem useful is the frame, exterior cladding, foundations and slab. We have estimated the depreciated replacement cost of these items in our valuation.

Northside Municipal Buildings

83, 84 & 126 Edmonton Street, Happy Valley – Goose Bay, NL

1008973

The Labrador Training Centre is still in use and has been reasonably well maintained and upgraded over the years, unlike the CAF Arena. Consequently, we have utilized the Income Approach and Direct Comparison Approach to value the building assuming that it had been converted to warehouse use. We have then deducted the costs for conversion.

In our opinion, there is no value to the Curling Club structure under an alternate use. We have completed a land valuation using a direct comparison approach and deducted the cost of demolition of the building.



Land Value – Northside Industrial Park

Estimate of Land Value – Northside Industrial Park

The subject sites have been valued by comparison with the price paid for lands similar to the subject that have sold recently within the general market area, by the use of the direct comparison market approach.

Research was undertaken in order to locate recent land sales and any relevant listings. Those sale properties considered to have the greatest degree of comparability with the subject land have been detailed at Appendix C and are summarized on the table below. The sites were compared on the basis of price per acre, as this is considered to be the most common method of comparison for this type of site.

Land Summary Report						
	Sale ID Address	Vendor Purchaser Status	Closing Date Firm Date Registration Adjusted Price	Area (Acre) Area (S.F.) # of Holes Frontage	Price/Acre Price/S.F.	Official Plan Zoning Designation
1	ID 45189 17 TORONTO AVE Happy Valley-Goose Bay, NL	3MK Construction Limited Pardy's Holdings Limited Closed	12/25/2013 n/a 615201 \$560,000	3.19 138,956 n/a 360	\$175,549 \$4.03	Industrial IC-NS
2	ID 42819 5 TORONTO AVE Happy Valley-Goose Bay, NL	10497 Newfoundland Inc. CGI Development Inc. Closed	7/3/2013 n/a 603091 \$170,000	1.23 53,579 n/a 226	\$138,211 \$3.17	Industrial IC-NS
3	ID 42817 98-2 TORONTO AVE Happy Valley-Goose Bay, NL	Matthew Pike CGI Development Inc. Closed	6/26/2013 n/a 602489 \$300,000	1.85 80,586 n/a 371	\$162,162 \$3.72	Industrial IC-NS

Analysis & Adjustment

The comparables utilized in our analysis are the most recent available in the subject and competitive markets and range in sale date from June 26th, 2013 to December 25th, 2013. The comparables provide good benchmarks upon which to estimate a market value for the subject land and reflect an unadjusted price range from \$138,211 to \$175,549 per acre.

The direct comparison approach requires adjustments to be made to the comparables to reflect differing characteristics from the subject. The adjusted comparable sale price reflects the price that would have been paid for the comparable if it had all the same characteristics as the subject. A brief discussion of the comparability of the sales is given below.

Comparable Land Index 1 is located at the corner of Toronto Avenue and Edmonton Street within the Northside Industrial Park within the Town of Happy Valley – Goose Bay. Development within the immediate area is light industrial in nature. The property was level, cleared with access to full municipal services at the time of sale. Following acquisition, the property was utilized as laydown storage area.

Comparable Land Index 2 is located along Toronto Avenue within the Northside Industrial Park within the Town of Happy Valley – Goose Bay. Development within the immediate area is light industrial in nature. The property was level, cleared with access to full municipal services at the time of sale. There is a power line easement along the western boundary and a right of way along the northeast boundary. The property was acquired along with an adjacent lot by a Newfoundland based construction contractor.

Comparable Land Index 3 is located at the corner of Halifax Street and Toronto Avenue within the Northside Industrial Park within the Town of Happy Valley – Goose Bay. Development within the immediate area is light industrial in nature. The property was level, cleared with access to full municipal services at the time of sale. There is a power line easement along the western boundary and a water line easement along the southern boundary. The property was acquired along with an adjacent lot by a Newfoundland based construction contractor.

The three land sales described above indicate a range of \$138,211 to \$175,549 per acre. All sales were cleared and level at the time of sale. Overall, based on our surveys of market participants and review of transactions uncovered, it is our opinion that the subject land has an average unit value in the range of \$150,000 to \$170,000 per acre, if vacant.

Giving consideration to the location and condition of the subject land, our final value estimate for the land has been based on an average \$160,000 per acre, the total land value estimate being calculated as follows:

Land Value			
	83 Edmonton Street	84 Edmonton Street	126 Edmonton Street
Unit value	\$160,000	\$160,000	\$160,000
Site area (acres)	1.18	0.96	1.97
Site value estimate	\$188,800	\$153,600	\$315,200



Valuation – Former CAF Arena – 83 Edmonton Street

Valuation Methodology

The former CAF Arena is an old structure that for conversion to another use would require substantial refurbishment. The existing interior fixtures and fittings would have no value for an alternate use and have no value. Likewise, the electrical services and mechanical systems were specifically designed for the existing use and would be redundant for alternate use, and also would require upgrade to meet modern code. Consequently, the only portion of the building that would have contributory value for alternate use would be the structural frame, footings and slab, the exterior siding and roof.

We have used a cost approach to determine the likely overall cost of replacing a warehouse building of the size of the subject buildings, but mainly to determine the value of those portions of the building that have ongoing contributory value, that is the frame, footings and slab.

The Cost Approach to value is based on the premise that the market value of an improved property is equal to the cost of replacement less depreciation. The cost of replacement includes the value of the underlying land plus the depreciated replacement cost of all site and built improvements. Depreciation is analyzed from observation and market forces from physical, functional and economic sources.

The basic steps involved in the application of the Cost Approach to value are:

- Estimate of land value
- Estimate of replacement cost new of both site and built improvements
- Estimate of accrued depreciation from all sources
- Calculating overall market value by the cost approach by adding to the land value the depreciated replacement cost of the improvements

Estimate of Land Value

The land value for the subject site has been described in a previous section. As described, our estimate of land value for the subject site is as follows:

Land Value	
Unit value	\$160,000
Site area (acres)	1.18
Site value estimate	\$188,800

Replacement Cost New of Improvements

Built Improvements

'Replacement' cost is the estimated cost to construct a building with utility equivalent to the subject, using modern materials and current standards, design and layout. 'Reproduction' cost is an exact duplication of the subject using the same materials, construction standards, etc embodying all the existing deficiencies, super adequacies and obsolescence. The cost approach utilizes the 'replacement' as opposed to 'reproduction' cost of the subject building as the purpose is to replicate the utility of the subject with modern construction materials and standards.

The estimate of replacement cost new for the improvements has been obtained through discussions with Wayne Fitzpatrick, PQS, of our Altus Cost division in the St. John's office. He has reviewed the photographs and descriptions of the building, and based on his knowledge of construction costs for similar industrials has estimated that a replacement cost new would likely be in the range of \$140 to \$160 per square foot, and we have taken the mid-point of this range at \$150 per square foot for our estimate. A summary of the replacement cost estimate is contained in the table below.

Building Replacement Cost	
Base building area (sq. ft.)	21,500
Replacement cost / sq. ft.	\$150
Replacement cost new	\$3,225,000

The above replacement cost new is the estimated cost to build a new warehouse of the size of the subject building. This estimate provides an indication of the alternate cost of developing a new warehouse as opposed to acquiring the existing building and refurbishing it.

We would emphasize that the costing estimate is meant to represent only approximate development cost estimation and should not be misrepresented as being a detailed quantity survey. Actual development costs will fluctuate depending on economic conditions, supply of labour, materials cost, etc at any given time.

As described previously in the report, the building has not been utilized or maintained for approximately 20-30 years. The interior mechanicals, fixtures and fittings were designed specifically for the arena use and will have no value under an alternate use and will require removing from the building. It is our opinion that the current value of the building is in the steel structure, envelope and concrete foundation and slab. The next phase of our valuation is to estimate the value of just these portions of the building.

We have obtained replacement cost new amounts for the component sections of the building from Wayne Fitzpatrick. These costs are shown in the table below from which we are able to determine a likely depreciated value.



Building Component	Replacement Cost
Foundation	\$325,000
Steel Structure	\$320,000
Aluminum Cladding	\$360,000
Concrete Slab	\$114,000
Total	\$1,119,000

Site Improvements

There are no site improvements on the subject property considered to be of value to a purchaser. There is a gravel parking area at the front and rear of the building.

Estimate of Accrued Depreciation

Accrued depreciation is the difference between the cost new of improvements and the current value of those improvements. Depreciation occurs through three basic categories:

Physical Depreciation

Physical depreciation is a loss in value due to wear and tear, advanced age, dilapidation or construction defects. Curable physical deterioration (deferred maintenance) is the cost of bringing the physical aspects of the building to a state whereby a normal maintenance cycle can commence. Incurable physical deterioration pertains to major construction elements that age over the economic life of the building.

The depreciation figures shown in the table below are estimated based on the typical life span and estimate of economic age as discussed with Altus Group Cost Consulting. All elements of the structure are expected to have a remaining life of approximately 20 years.

Functional Obsolescence

Functional obsolescence is the adverse effect on value resulting from design defects that impair a structure's usefulness. It can be caused by changes over the years that make some aspect of the structure, material, or design, obsolete by current standards. We are of the opinion that there is some functional obsolescence due to the relatively large size of the building. The majority of warehouse users in the Town have smaller space requirements than the subject 21,500 square feet. This will likely result in a purchaser under-utilizing the space in the warehouse or being required to subdivide the space for multi-occupancy. In either respect, the super-adequacy of the building will likely negatively affect value.

Economic Obsolescence

Economic, sometimes referred to as locational, obsolescence is the adverse effect on value resulting from influences outside the property itself. These include changing property or land-use patterns and adverse economic conditions. We have estimated that there is no economic obsolescence which affects the subject building.

We have estimated overall depreciation within the ranges shown in the table below to reach our estimate of depreciated replacement. The depreciated cost in the right hand column results from the mid-point of the range of overall depreciation.

Building Component	Replacement Cost	Depreciation	Depreciated Cost
Foundation	\$325,000	45% - 55%	\$162,500
Steel Structure	\$320,000	70% - 80%	\$80,000
Aluminum Cladding	\$360,000	45% - 55%	\$180,000
Concrete Slab	\$114,000	70% - 80%	\$28,500
Total	\$1,119,000		\$451,000

Estimate of Market Value (Cost Approach)

The final estimate of value is calculated by deducting estimated interior demolition costs (for the removal of redundant mechanical systems, fixtures and fittings) from the depreciated replacement cost. We then add the land value estimate to arrive at the price we consider a purchaser would be willing to pay for the existing structure. Based on the foregoing, the estimate of market value by the Cost Approach is as follows:

Cost Approach Valuation	
Depreciated Shell Cost	\$451,000
Less Interior Demolition Cost	\$200,000
Building Value	\$251,000
Add Land Value	\$188,800
Total value by the cost approach	\$439,800
Total value by the cost approach (Rounded)	\$440,000
Total value per sq. ft.	\$20.47

Market Analysis

As part of our analysis, we have reviewed sales and listings of older buildings that have occurred within the Northside Industrial Park within recent years. As with the subject property, these buildings required refurbishment prior to use. In other cases, buildings have been demolished with the sites redeveloped or



held for future use. One building sale and one listing are considered indicative of the likely value that would be achieved for the subject building if placed on the market. The transactional evidence regarding the two buildings is set out in the table below.

Address	Floor Area (sq. ft.)	Date of Sale/Listing	Status	Price	Price / sq. ft.
20-26 Toronto Street	21,260	Jan-12	Sold	\$280,000	\$13.17
11 Toronto Avenue	13,186	Dec-12	Active	\$200,000	\$15.17

20-26 Toronto Street involves the sale of an industrial building in close proximity to the subject property. The property was acquired and refurbished by the current owner and is currently utilized as a warehouse. 11 Toronto Avenue is currently for sale. This building will also require refurbishment prior to use. The valuation indicated by the cost approach is \$20.47 which is in-line with the acquisition and listing price of the two properties described above.

Value Support

As stated previously, there are no known structural issues with the subject building, however the building has not been utilized or maintained for approximately 20-30 years and therefore the interior has fallen into a state of disrepair. In order for a potential purchaser to use or lease the building, significant refurbishment/upgrading would be required. The estimate of basic refurbishment/upgrade costs has been obtained through information supplied by Altus Cost and is contained below.

Cost to Purchase & Refurbish to Basic Warehouse:	
Purchase price	\$440,000
Heat & Light System	\$125,000
Insulation	\$40,000
Plumbing & Safety	\$30,000
Office/Washrooms	\$55,200
Loading & Exit Doors	\$35,000
Misc.	\$25,000
Total Cost	\$750,200
Contingency & Developer's Profit	30%
Contingency & Developer's Profit	\$225,060
Total Cost Including Developer's Profit	\$975,260
Cost per sq. ft.	\$45.36

We have included an allowance of 30% for contingency and developer's profit. This amount recognizes the risk associated with the project and the required rate of return. Once refurbishment has been completed, the resultant property value is estimated to be in the order of approximately \$45 per square foot. Newer warehouse building sales that we have researched are selling in the range of \$100 to \$140 per

Northside Municipal Buildings

83, 84 & 126 Edmonton Street, Happy Valley – Goose Bay, NL

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square foot. The difference in value is that the sale properties have been partitioned to provide separate warehouse space / office space, are smaller in size to suit the local market, with larger building to site ratios, are of higher quality and have a long remaining life, unlike the subject. Consequently, we are of the opinion that the value on basic refurbishment reflects these differences and supports our value estimate 'as is'.



Valuation – Labrador Training Centre – 84 Edmonton Street

Valuation Methodology

The Labrador Training Centre, unlike the former CAF Arena building, is in current use and has been upgraded and maintained over the years up to present. Much of the electrical and mechanical components still have a good remaining economic life and the building is suited to conversion to warehouse. Consequently, we have utilized more standard market valuation methods of the income approach and direct comparison approach. These approaches have been utilized assuming a refurbished building and we have then deducted from this figure a cost to complete refurbishment.

Income Approach

In the income approach, we convert an estimate of net operating income (NOI) for a single year into an indication of value. We use an estimated market income for the year starting at the effective date.

This procedure entails two steps:

- Determine market rent and NOI for the subject building as if refurbishment to warehouse had been completed
- Capitalize the NOI at an appropriate Capitalization Rate to determine an estimate of value

The following headings provide our analysis of potential market rent, vacancy/bad debt and operating expenses which together result in an estimate of net operating income (NOI).

Potential Market Rent

Market rent is generally defined as being the most probable rent that a rental unit would command if exposed to the open market for a reasonable period of time. The process of estimating the market rent presumes that the space in question is vacant and available for lease in a balanced market. Since no two rental units are alike, the estimation of market rent accounts for the specific characteristics of location, physical features and functional attributes.

The subject building contains 18,409 sq. ft. of rentable area in four distinct sections. We are assuming that there would be two warehouse sections, one at each side of the 2-level office/washrooms section. The central office/washroom could be leased separately but more likely in concert with one or split between each of the adjacent warehouse sections. The fourth section is the attached modular space that could be utilized for office or storage.

The areas of each are approximately:

Space use	Area (sq.ft.)
Warehouse section 1 (former pool)	3,956
Warehouse section 2 (former Gym)	7,094
Central office/washrooms	4,766
Modular addition	1,814
Common entrance	779
Total Area	18,409

We have completed a rental survey of commercial office, retail and industrial properties in the Happy Valley-Goose Bay area, and have held discussions with active commercial marketing professionals.

Discussion with market participants indicates that the majority of rentals within the Happy Valley-Goose Bay area are leased on a semi-gross basis with tenants responsible for heat and light and landlords responsible for all other operating costs related to the building. We have been informed that office space typically leases for \$18.00 - \$25.00 per sq. ft. on a semi-gross basis while warehouse space leases for \$12.00 - \$18.00 on a semi-gross basis. The higher rents are obtained in newer, higher quality buildings.

We have also been informed of a recent lease negotiated for \$8.40 per sq. ft. on a gross basis for unheated storage space located in the vicinity of the airport.

The subject property is located within the Northside Industrial Park. This is a desirable location for industrial property within the Town. As stated above, warehouse space typically leases for \$12.00 - \$18.00 per square foot on a semi-gross basis. Due to the age of the subject building, the size of the space, the fact that it will be a conversion and the limited site size, it is our opinion that the market rental rate obtainable would be at the lower end of what is currently achieved in the market for typical warehouse space but higher than rental rates for unheated storage space. Therefore, we have utilized a market rental rate of \$11.00 per sq. ft. on a semi-gross basis for the subject property.

Rental Income			
Description	Area	Rate (\$/sq.ft.)	Total
Warehouse section 1 (former pool)	3,956	\$11.00	\$43,516
Warehouse section 2 (former Gym)	7,094	\$11.00	\$78,034
Central office/washrooms	4,766	\$11.00	\$52,426
Modular addition	1,814	\$11.00	\$19,954
Common entrance	779	\$11.00	\$8,569
Total	18,409		\$202,499



Vacancy and Bad Debt Allowance

The layout of the subject building lends itself to subdivision and use by two to three tenants. The 2-level office/washroom space may be subject to a higher than normal level of vacancy if neither warehouse user wants to rent the space as it will be difficult to rent separately. In addition, the modular space may carry a higher than normal vacancy as office space is not in high demand in the Northside Industrial area and the building section is not ideal for warehouse/storage use. Overall, it is our opinion that a vacancy of between 10 and 20% may be realised and we have utilised the mid-point of this range at 15% in our valuation.

Operating Expenses

Our estimate of stabilized general operating costs and realty taxes at full occupancy are as shown below. The semi-gross rents assume that the tenant is responsible for heat and light expense. We have included a heat and light amount for the common entrance area only.

Operating Expenses		
Item	Total Estimated (standard)	Standard (sq. ft)
Heat & Light	\$1,560	\$0.08
General Operating ¹	\$46,023	\$2.50
Insurance	\$9,205	\$0.50
Realty Taxes	\$5,357	\$0.29
Management Fee	\$11,045	\$0.60
Total Estimated Expenses	\$73,189	\$3.98

¹Includes snow clearing, repairs & maintenance, security, landscaping, misc.

Operating expenses are based on historical operating costs of similar projects. We have also estimated a management expense of 5.0% of estimated gross income which is considered typical for the subject property type.

Net Operating Income

Based on the foregoing, our estimate of market income and expense for the subject property is projected as outlined on the following page:

NOI Estimate		
Rental Revenue		\$202,499
Less :Vacancy & Bad Debt	15.0%	\$30,375
Effective Gross Revenue (EGR)		\$172,124
Less: Total Operating Expenses		\$72,269
NOI Estimate		\$99,855

Selection of Capitalization Rate

Our selection of the appropriate capitalization rate (CR) gives some consideration to alternative investment yields, but is based primarily on our analysis of the most relevant sales, other market activity and on our analysis of the subject’s investment characteristics.

The market-derived capitalisation rates are analysed from known sales of investment properties. The CR represents the relationship between the sale transaction NOI and sale price, expressed in terms of a rate of return. The rate of return is affected by many factors, dominated by the risk of maintaining future income stream, but also taking into consideration the age and quality of the building, location, the leasing structure, requirement for future capital upgrades, cost of financing, competition, etc. The greater the risk of the investment, the higher the rate of return required by investors.

In the St. John’s market, we have reviewed industrial building sales that have taken place over the last 3-4 years. We have shown 4 typical sales at Appendix D. The overall capitalisation rates range generally from 8.75% to 10.37%.

Issues that we have considered in our choice of CR include:

- the location of the property in the Northside Industrial Park
- the requirement and cost required to convert the building to a warehouse use
- the age and condition of the building and site improvements
- the functionality of the building for alternative uses
- remaining economic life
- fee simple ownership
- good demand for warehouse space within the local area

Taking all risk factors into consideration, it is our opinion that an appropriate capitalization rate for the subject would be in the range of 11.00% to 12.00%.

Value Estimate

Based on the previous discussion, below is our value estimate of the subject property based on the Income Approach to Value.

Final Value - Direct Capitalization Procedure		
Stabilized NOI	\$99,855	\$99,855
Selected Capitalization Rate	12.00%	11.00%
Stabilized Value	\$832,128	\$907,776
Value as if Converted to Warehouse	\$830,000	\$910,000
	\$45.09	\$49.43



Direct Comparison Approach

The Direct Comparison Approach has, as its basis, the comparison of the subject with recent sales of properties that have similar characteristics in terms of location and building type.

Where recent, good comparable sales evidence is available, the approach can provide a dependable value estimate. The weight given to the value estimate derived through this approach depends on the characteristics of the subject property, available market data and the extent to which purchasers rely on this methodology.

The Direct Comparison Approach is considered useful not only in terms of estimating value but also in demonstrating that the final value estimate concluded in the appraisal falls within a reasonable range of value evident in the marketplace.

The typical procedure for undertaking the Direct Comparison Approach involves:

- researching the market for data from sales, contracts, offers and listings of competitive properties;
- verifying that the data is accurate and representative of arms-length transactions;
- determining relevant units of comparison;
- comparing the subject with the comparables and adjusting the comparables for differences; and
- reconciling the multiple value indications into a single value or range of values for the subject.

Comparable Activity

We have conducted a survey of market evidence for properties having similar characteristics to the subject property. Such evidence includes:

- Sale transactions that have taken place as close to the effective date as possible and in similar geographic locations to the subject.
- Listings of properties similar to the subject provide evidence of current vendor expectations. Depending upon the level of sophistication of the vendor, or advice from the listing agent, listing prices indicate the upper level of vendor's price expectations.
- Other evidence that may be available from various sources such as marketing agents and other reliable real estate professionals.

Listing Data and Analysis

Shown below are several commercial properties located in the general area of the subject property that are listed for sale.

Address	Type	Floor Area (sq. ft.)	Date of Listing	Listing Price	Price / sq. ft.
83 Hamilton River Road	Retail	2,250	Sep-13	\$349,000	\$155
21 Green Street	Office/Retail	2,840	Feb-14	\$259,000	\$91
200 Kelland Drive	Office	7,500	Oct-13	\$2,100,000	\$280
6 Hillcrest Road	Office/Garage	5,000	Oct-13	\$899,000	\$180
324 Hamilton River Road	Office	2,500	Oct-13	\$549,500	\$220
86 Portage Road, North West River	Office/Residential	12,837	Jul-13	\$799,000	\$62
350 Hamilton River Road*	Retail/Office	3,000	Nov-13	\$399,000	\$133
1 Burnwood Drive*	Retail/Office	5,000	May-13	\$650,000	\$130

*Recently Expired

The range of listing prices for these commercial buildings varies from \$62 per square foot to \$280 per square foot. Civic 83 Hamilton River Road is a small retail building consisting of 2,250 square feet. This was a former gardening and speciality supply store. 21 Green Street is a former retail building that is currently vacant. Civic 200 Kelland Drive is a modern office building currently occupied by the Nunatsiavut Government. 6 Hillcrest Road is an office/garage building located in an industrial area. Another active listing is 324 Hamilton River Road. This is a 2,500 square foot office building with reception area, offices, conference room and storage. 86 Portage Road is a former treatment centre located within North West River, approximately 30 kilometres from Happy Valley Goose Bay. 350 Hamilton River Road is a retail/office building that recently expired. 1 Burnwood Drive is a former pub/lounge within the Burnwood commercial area of the Town.

Sales Data and Analysis

For the purposes of our analysis, we have analyzed the sales of four light industrial buildings located within the Town of Happy Valley – Goose Bay.



Direct Comparison Approach - Summary of Adjustments

	Subject Property	Index No. 1	Index No. 2	Index No. 3
Address	84 Edmonton Street Happy Valley - Goose B	22 Burnwood Drive Happy Valley-Goose Bay	29-31 Aspen Road Happy Valley-Goose Bay	106-112 Corte Real Road Happy Valley - Goose Bay
Building Characteristics				
Occupancy Type	Multi-Tenant	Owner Occupied	Owner Occupied	Owner Occupied
Rentable Area (sq.ft.)	18,409	6,000	10,561	5,000
Office area	13%	10.0%	30.0%	0.0%
Condition	Average	Good	Good	Good
Structure (frame)	Steel Frame	Steel	Steel	Wood
Land Area (sq.ft.)	41,820	19,376	38,768	38,771
	38%	31%	27%	13%
Sale Date	12-Mar-14	Sep-13	Sep-13	Dec-12
Sale Price		\$840,000	\$1,300,000	\$500,000
Adjusted Price		\$840,000	\$1,300,000	\$500,000
Price per sq.ft.		\$140.00	\$123.09	\$100.00
QUANTITATIVE ADJUSTMENTS				
Time adjustment		0.9%	0.9%	2.5%
Time adjusted Price / sq.ft.		\$141.24	\$124.19	\$102.50
Other Adjustments				
QUANTITATIVE ADJUSTMENTS				
Location		0.0%	0.0%	5.0%
Age/Condition		-15.0%	-15.0%	-15.0%
Building Size		-10.0%	-5.0%	-10.0%
Site Coverage/Position		-20.0%	-20.0%	-20.0%
Building Quality		-20.0%	-20.0%	-15.0%
Overall Adjustment		-65.0%	-60.0%	-55.0%
Adjusted Price per sq. ft.		\$49.44	\$49.68	\$46.12

Index Sale One:

This comparable involves the sale of a 6,000 sq. ft. commercial building located along Burnwood Drive within Happy Valley – Goose Bay. The building contains 5,400 sq. ft. of warehouse space and 600 sq. ft. of office space. The building contains three loading docks with 8' x 8' doors and an incline loading ramp with a 14' x 14' doors. The property was considered to be in good condition at the time of sale. The building was sold with an adjacent lot which is utilized for truck access to the loading docks and also can be utilized for laydown storage. The building sold in September 2013 for \$840,000 which equates to \$140 per sq. ft.

The comparable property is considered similar in terms of location. We have made a downward adjustment of 15.0% for age/condition. We have made a downward adjustment of 10.0% for building size as the comparable is smaller than the subject. We have also made a downward adjustment of 20.0% for site size as the comparable property has additional land area for truck access and laydown. Finally, we have made a downward adjustment of 20.0% for building quality as the comparable property is a purpose built warehouse and the subject property is a converted building. The adjusted price is \$49.44 per sq. ft.

Index Sale Two:

This comparable involves the sale of a 10,561 office/warehouse building located along Aspen Road within the Town of Happy Valley – Goose Bay. The building contains 30% office space and 70% warehouse space. The property was acquired for owner occupation as HeavyQuip, a supplier for heavy equipment and truck parts, equipment, tools and supplies. The building was considered to be in good condition at the time of sale. The property was sold with the adjacent lot, however, the existing site coverage for the improve site is approximately 58% and the adjacent lot would be required for truck access and potential laydown storage. The building sold in September, 2013 for \$1,300,000 which equates to \$123 per sq. ft.

The comparable property is considered similar in terms of location. We have made a downward adjustment of 15.0% for age/condition. We have made a downward adjustment of 5.0% for building size as the comparable is smaller than the subject. We have also made a downward adjustment of 20.0% for site size as the comparable property has additional land area for truck access and laydown. Finally, we have made a downward adjustment of 20.0% for building quality as the comparable property is a purpose built warehouse and the subject property is a converted building. The adjusted price is \$49.68 per sq. ft.

Index Sale Three:

This comparable involves the sale of an industrial building located along Corte Real Road within the Town of Happy Valley-Goose Bay. This is a developing industrial area within the Town, however, is somewhat removed from transportation networks as access to this area is through a residential neighbourhood. The property was improved with a 5,000 sq. ft. building containing four bays. The



building was in good overall condition at the time of sale. The property sold in December, 2012 for \$500,000 which equates to \$100 per sq. ft.

The comparable property is considered to have an inferior location and we have made an upward adjustment of 5.0%. We have made a downward adjustment of 15.0% for age/condition. We have made a downward adjustment of 10.0% for building size as the comparable is smaller than the subject. We have also made a downward adjustment of 20.0% for site size as the comparable property has additional land area for truck access and laydown. Finally, we have made a downward adjustment of 15.0% for building quality as the comparable property is a purpose built garage and the subject property is a converted building. The adjusted price is \$46.12 per sq. ft.

Estimate of Market Value (Direct Comparison Approach)

The previous adjustment chart shows our adjusted estimate of value range or \$46 - \$50 per sq. ft. Based on this unit value conclusion, it is our opinion that the preliminary estimate of market value of the subject property through use of the Direct Comparison Approach is **\$850,000 - \$920,000**.

Direct Comparison Approach - Valuation

Unit Value / sq. ft.	\$46	\$50
Rentable Area (sq. ft.)	18,409	18,409
Value	\$846,814	\$920,450
Value as if Converted to Warehouse	\$850,000	\$920,000

Reconciliation of Value

We have completed an income approach utilizing direct capitalization and a direct comparison approach to complete an estimate of value of the subject property as if refurbished and converted to warehouse. A summary of our conclusions is contained within the table below:

We have concluded a preliminary value estimate for the subject property, as if refurbished to be **\$830,000 - \$920,000**.

Valuation Methodology	Parameters		Conclusion (Rounded)	
Direct Capitalization	Cap Rate	11% to 12%	\$830,000	\$910,000
Direct Comparison	Unit Value	\$46 to \$50	\$850,000	\$920,000

Conversion & Refurbishment Costs

The above analysis has been completed on the basis that the building has been converted to a warehouse use. We have obtained estimated conversion costs required through Altus Cost consulting. It has been determined that the costs would be in the order of \$310,000 as shown below. This amount has been deducted from our 'as if converted' value to determine an estimate of the current market value.

Warehouse Conversion Costs		
Warehouse section 1		
Fill in pool and add concrete floor		\$30,000
Demolition of pool ceiling		\$20,000
Rearrange mechanicals and lighting		\$20,000
Loading door		\$15,000
Contingency and developers profit	30%	<u>\$25,500</u>
		\$110,500
Warehouse section 2		
Remove floor and place concrete coating		\$10,000
Install loading door		\$15,000
Structural modifications		\$10,000
Contingency and developers profit	30%	<u>\$10,500</u>
		\$45,500
Central office/washrooms		
Separate from adjacent spaces, refurbish office and washrooms, make handicap accessible		\$119,150
Contingency and developers profit	30%	<u>\$35,745</u>
		\$154,895
Modular addition		
Separate and secondary exit		\$7,500
Contingency and developers profit	30%	<u>\$2,250</u>
		<u>\$9,750</u>
Total estimated refurbishment costs		\$310,895
Rounded		\$310,000

Based on the estimate refurbishment costs at **\$310,000**, the preliminary estimate of market value for the subject property would be in the range of **\$520,000 - \$610,000** as indicated in the table below:

Final Value Estimate		
Value as if Converted to Warehouse	\$830,000	\$920,000
Less cost to convert	\$310,000	\$310,000
Final Value	\$520,000	\$610,000



Valuation – Curling Club – 126 Edmonton Street

As stated previously in the report, due to the current poor condition of the curling club building structure and the fact that there is little potential for alternate use, the highest and best use has been determined to be demolition of the building and redevelopment of the site. Therefore, the value of this property would be determined by deducting the cost to demolish the building from the value of the land.

The land valuation for the subject site was completed previously in the report and was estimated to be \$160,000 per acre. A summary of the land value is contained in the table below.

Land Value	
Unit value (Land)	\$160,000
Site area (acres)	1.97
Site value estimate	\$315,200

The demolition cost of the building must take into account different factors including the known presence of asbestos in the pipe insulation and tiles, possible contamination of the site from ammonia and the demolition of the building frame. For the purposes of this analysis, we have assumed that there is no contamination on the site from the ice making plant.

In order to determine an estimate of the cost to remove the hazardous materials and demolish the building we have contacted contractors that operate in the Happy Valley – Goose Bay market and confirmed this amount with information provided by Richard Symonds with Sheppard Case. The demolition cost for the subject building is estimated to be in the range of \$50,000 - \$75,000. The removal of hazardous materials would be in addition to this amount and would be based on the results of a hazmat assessment.

Our final value estimate for the Curling Club property for alternate use is in the range of **\$240,000 - \$265,000, rounded.**

Land Value	
Unit value (Land)	\$160,000
Site area (acres)	1.97
Site value estimate	\$315,200
Less Demolition Cost	\$50,000 - \$75,000
Total Value Estimate	\$240,200 - \$265,200



Valuation Conclusion

Further to our analysis of the subject properties and market data outlined in this report, our preliminary estimate of the likely current market value range of the Municipal Buildings located within the Northside Industrial Park as at March 12th, 2014, is:

Summary - Northside Valuation Estimates		
Building	Address	Value
Former CAF Arena	83 Edmonton Street	\$400,000 - \$500,000
Labrador Training Centre	84 Edmonton Street	\$520,000 - \$610,000
Curling Club	126 Edmonton Street	\$240,200 - \$265,200

It should be noted that the value range estimates for the buildings are current value estimates and may change over time. The value estimates will require updating especially as the wellness centre complex is not likely to be completed until approximately 2018.

We would also point out that the value estimates are based on their being no environmental contamination issues relating to the buildings. We know that there is some asbestos in at least one of the buildings and that there were tanks and pipes associated with oil and also cooling fluids. If contamination does exist, then the value estimates will require amending according to the degree of contamination clean-up or containment required.

The above value estimate is subject to the extraordinary assumptions and limiting conditions outlined on pages 5-6 and throughout the main body of the report as well as the underlying Contingent and Limiting Conditions outlined in Appendix A

Based on this estimate of current market value, liquidity is considered “modest”. We estimate a normal exposure time of up to 12 months to have sold this property at its current market value.



Marketing Comments

We have also been asked to provide comment with regard to marketing the three properties discussed in this report. Once the Town of Happy Valley – Goose Bay completes construction of the new wellness centre, the three properties will not be required by the Town and it is anticipated they will be sold into the open market for alternate use.

Presently, the former CAF Arena is vacant and utilized for informal storage. The Goose Bay Curling Club is currently being operated as a curling rink, however the ice making operations were recently condemned by Service NL and they are no longer functional. This building is considered unsuitable for alternate use. The Labrador Training Centre is currently being utilized as the primary recreation centre in the Town containing a swimming pool, gymnasium and judo and fitness area. We have concluded that the most likely alternate uses for the properties include warehouse/storage use for the former arena and training centre and demolition and redevelopment for the curling club site.

The three properties are located along Edmonton Street with the former arena and curling club being adjacent and the training centre being on the opposite side of the street. The properties have all been subdivided and can therefore be sold separately or together based upon timing of sale and interest in the properties.

The commercial real estate market has been active within Happy Valley-Goose Bay for the past 2 years due mostly to demand driven by development at nearby Muskrat Falls. Discussions with market participants indicate a good demand for commercial industrial buildings and land within the Town at the present time. Currently, the Northside Industrial Park is the only serviced industrial area with land available in the Town.

We recommend the following with regards to marketing the subject buildings:

- Due to the demand for industrial space within the subject market from the nearby Muskrat Falls Development it is recommended that the former CAF Arena be marketed for sale this year to take advantage of the current market for this type of property.
- If the curling club building can no longer be utilized it is recommended that this property also be marketed for sale in the near term as the land component provided may well help motivate a purchase of the adjacent Arena property.
- Depending on the timing of sale of the properties, another option may be to sell the three properties together if the municipality is willing to close Edmonton Street, thereby allowing for the three properties to be utilized together. This may not be an option due to the effect on transportation in the Northside Industrial Park and the effect on surrounding property owners.



Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct
- The reported analyses, opinions, and conclusions are limited only by the reported Extraordinary Assumptions and Limiting Conditions and Contingent and Limiting Conditions, and are our personal, unbiased professional analyses, opinions and conclusions
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved
- Compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of Sheppard Case Architects, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event
- To the best of our knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (“The Standards”)
- The property was inspected on March 12th, 2014 by Katie Manojlovich, AACI. The content, form, and reasoning have been prepared and reviewed by Katie Manojlovich. A detailed inspection was not completed to report building condition. We have not knowingly withheld any comments or observations that might affect the opinions of value stated in this report
- We have the knowledge and experience to complete the assignment competently
- No one provided significant professional assistance to the undersigned
- The confidentiality of our client’s individual subject property data is of paramount importance to Altus Group Limited and we have taken reasonable and appropriate measures to safeguard client data against unauthorized access. A full description of our Client Data Policy appears on our web page www.altusgroup.com.
- As of the date of this report the undersigned had fulfilled the requirements of the Appraisal Institute of Canada Continuing Professional Development Program for members

In our opinion, the preliminary estimate of the current market value range of the fee simple interest in the subject properties, subject to the Extraordinary Assumptions and Limiting Conditions listed on page 1 of this report and the Contingent and Limiting Conditions at Appendix A as at March 12th, 2014 is:

Summary - Northside Valuation Estimates		
Building	Address	Value
Former CAF Arena	83 Edmonton Street	\$400,000 - \$500,000
Labrador Training Centre	84 Edmonton Street	\$520,000 - \$610,000
Curling Club	126 Edmonton Street	\$240,200 - \$265,200

Altus Group Limited

Katie Manojlovich, MBA, AACI

Date: April 11th, 2014

Appendices

Appendix A

Terms of Reference

Scope of Work

Contingent and Limiting Conditions

Definitions



Terms of Reference

Identification	Northside Municipal Buildings 83, 84 and 126 Edmonton Street, Happy Valley – Goose Bay, NL
Legal Description	Survey and site plans pertaining to the subject properties are contained at Appendix B.
Purpose of Report	The purpose of this appraisal is to provide our unbiased opinion of the preliminary estimate of the current market value range of the properties identified herein.
Intended Use	The report will be used by the recipient to assist in potential sale of the properties.
Effective Date	March 12 th , 2014.
Tenure	The title to the property is appraised on the basis of the fee simple interest, without debt or encumbrances.
Ownership	83 Edmonton Street and 126 Edmonton Street are owned by the Town of Happy Valley – Goose Bay. 84 Edmonton Street is owned by Her Majesty the Queen in Right of Newfoundland and Labrador.

Scope of Work

The scope of work has involved the following procedures:

Site & Building Inspection

- Identify characteristics of location and any overall trends
- Identify site and building features based on a physical inspection and review of information provided by the client to consider consistency with other similar properties as opposed to a detailed condition report
- Note observed condition of property
- Visually review occupancy and / or status of the property
- Visually survey adjacent land uses and competitive buildings in the area
- Consider local and regional access as well as access to public transportation

Title

A title search has not been completed. The legal description provided is assumed to be correct and the title to be good and marketable. The final value reported herein, unless otherwise noted, is contingent on no encumbrances that would negatively affect the value. A legal review is required for certainty.

Planning/Land Use

- Consider zoning/official plan regulations
- Consider excess density
- A formal land use review was not completed

Highest & Best Use

Review existing use in terms of:

- Location
- Physical elements
- Land use controls
- Income characteristics
- Market conditions
- Consider alternate uses
- Analyze the highest and best use of the land as if vacant as well as the existing improvements



Income Forecast

Prepare a rational forecast of net income from a third party's perspective.

Market Survey

- Survey of active brokers
- Survey of potential investors
- Analyze sales and lease transaction activity of similar properties
- Review performance of competitive listings

Valuation

- Comparison Rating
- Strengths/Weaknesses
- Liquidity
- Outlook
- Consider Internal Rate of Return and Terminal Capitalization Rate
- Consider Value per sq. ft. for the buildings and value per acre for the land

Contingent & Limiting Conditions

- 1) This report is prepared at the request of Sheppard Case for a preliminary estimate of the current market value range to provide information required to assist in potential sale of the properties. It is not reasonable for any other person or corporation other than Sheppard Case to rely upon this appraisal without first obtaining written authorization from Altus Group Limited. There may be qualifications, assumptions, or limiting conditions in addition to those set out below, relevant to that person's identity or their intended use.

This report is prepared on the assumption that no other person will rely on it for any other purpose and that all liability to all such persons is denied.

- 2) While expert in appraisal matters, the author is not qualified and does not purport to give legal advice. It is assumed that:
 - any legal description provided is correct
 - title to the property is good and marketable
 - there are no encroachments, encumbrances, restrictions, servitudes, church taxes, heritage or cultural property restrictions, privileges, liens, leases or covenants that would in any way affect the valuation, except as expressly noted herein
 - leasehold interests referred to herein have, or will have, properly drawn and executed instruments that legally bind the parties in the described manner and that any rent due has been paid in full
 - the use is a legally conforming or non-conforming use which may be continued by any purchaser from the existing owner
 - rights of way, easements or encroachments over other real property and leases or other covenants noted herein are legally enforceable

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

- 3) The author is not a qualified surveyor and, unless noted, no legal survey concerning the subject property has been provided. Furthermore, any measurements of rentable areas that have been provided to us are assumed to be correct.

For certainty a formal up-to-date survey and architectural measurement are required. This appraisal is therefore contingent on the correctness of the areas given. Any sketches, drawings, diagrams, photographs, or graphs presented in this report for the limited purpose of illustration.

- 4) The author is not qualified to give engineering advice. In valuing the property it is assumed that:
 - the soil is stable and that there are no forms of contamination or hazardous waste affecting the site
 - there are no patent or latent defects in the improvements
 - no objectionable materials, such as Asbestos, PCBs, or Urea Formaldehyde foam are present



- the improvements are structurally sound and in need of no immediate repairs, unless expressly noted within this report
- the heating, plumbing, electrical, air conditioning or other systems are in good working order.

For certainty, a full engineering and environmental study is required.

- 5) No official investigation has been undertaken with the local municipal public utilities department, the zoning office, the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The subject property must comply with such government regulations, and if it does not comply, its non-compliance may affect market value. To be certain of compliance, further investigations may be necessary.

Unless otherwise noted, it is assumed that full municipal services (water, sanitary/storm sewers, etc.) and public utilities (gas, hydro and telephone) are available, without local improvement charges.

- 6) Neither possession of this report nor a copy of it carries with it the right of publication. All copyright is reserved to the author and is considered confidential by the author and his client. It shall not be disclosed, quoted from or referred to, in whole or in part, or published in any manner, without the express written consent of the appraiser.

This is subject only to confidential review by the APPRAISAL INSTITUTE OF CANADA

- 7) Market data has been obtained from documents at the Land Registry Office, or as reported by the Real Estate Board. As well as using such documented and generally reliable evidence of market transactions, it was also necessary to rely on hearsay evidence. Except as noted herein, a reasonable attempt has been made to verify all such information.
- 8) The compensation for services rendered in this report does not include a fee for court preparation or court appearance, which must be negotiated separately. However, neither this nor any other of these limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such case, it is acknowledged that it is the judicial body that will decide the use of the report which best serves the administration of justice.
- 9) Any distribution of value between land, buildings and other improvements applies only for the purpose and function of this appraisal and should not be taken out of context.
- 10) It assumed that any and all liabilities that might accrue against the real estate such as taxes, hypothecs, contracts or services of any kind, are paid when due.
- 11) Other assumptions, limiting conditions or clarifications are listed throughout the report as needed.

Definitions

Altus InSite Investment Trend Survey

Altus InSite, with assistance from key personnel at Altus Group’s Research, Valuation and Advisory Division, undertake a survey of the Canadian real estate industry to determine the informed consensus opinion on investment performance trends and valuation parameters from Canada's key investors, lenders and other opinion leaders. The results of this quarterly survey are presented online as a series of data reports and colour charts and address Office, Retail, Industrial and Multiple Unit Residential asset classes for 7 major markets across Canada.

Highest and Best Use

Highest and best use may be defined as:

“The reasonably probable and legal use of property, that is physically possible, appropriately supported, financially feasible, and that results in the highest value.”¹

The highest and best use of both land as though vacant and property as developed must meet four criteria. The highest and best use must be:

Physically Possible: The size, shape, terrain and soil conditions of a parcel of land affect its physical utility and adaptability. The size, design and condition of an improved property may suggest that rehabilitation, conversion, or demolition is in order

Legally Permissible: Depends on public restrictions such as zoning, building codes, historic preservation regulations, and environmental controls, as well as the private or contractual restrictions found in deeds and long-term leases

Financially Feasible: Uses that should produce returns that exceed the income required to satisfy operating expenses and debt service (interest and amortization)

Maximum Return: Among financially feasible uses, the use that produces the highest price or value consistent with the rate of return warranted by the market.

¹Canadian Uniform Standards of Professional Appraisal Practice, Ottawa. Appraisal Institute of Canada. 2012. Section 2.30.



Fee Simple¹

An interest consisting in absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.

Leased Fee²

An ownership interest held by the landlord with the rights of use and occupancy conveyed by the lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained with the lease.

Leasehold³

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

Liquidity

We have provided our opinions on the liquidity of the subject property if it were placed on the open market for sale. Our summary shows a single-word description from Excellent through Poor, explained as follows:

Excellent Liquidity

May achieve a price above market value and within a brief marketing period

- High competition among buyers, keen and able to make an acquisition
- Rare availability of similar assets
- A high availability of both debt and equity
- Brief marketing period is possible
- Evidence of similar properties achieving price above a common view of market value
- Overwhelming strengths of investment character

¹The Appraisal of Real Estate: 2nd Canadian Edition. Vancouver. University of British Columbia Real Estate Division. 2002. Glossary 14

^{2,3}The Appraisal of Real Estate: 2nd Canadian Edition. Vancouver. University of British Columbia Real Estate Division. 2002. Glossary 14

Good Liquidity

Likely to achieve market value within a reasonable marketing period

- Buyers, keen and able to make an acquisition
- Restricted availability of similar assets
- A good availability of both debt and equity
- Reasonable marketing period and brokerage effort required in order to achieve market value
- High confidence of brokers able to achieve market value estimate
- Similar properties demonstrate pricing at a common view of market value
- Investment character strengths outweigh the weaknesses

Modest Liquidity

Market value may be difficult to achieve; a more extensive marketing period may be required

- Selective and few buyers
- Demand/supply of investment opportunities is in balance
- A good availability of debt but at higher margins
- More cautious sources of equity
- Strengths and weaknesses of investment character offset each other
- More extensive marketing effort required in order to achieve value
- Similar properties demonstrate pricing at a common view of market value

Poor Liquidity

Market value is difficult to gauge and achieve notwithstanding an extensive marketing period

- Very few buyers and limited to a speculative nature only
- Unusual assets, or high, or potentially high availability of similar assets
- Poor availability of debt even at higher margins
- Very cautious sources of equity
- Limited trading activity
- Extensive marketing period required
- Overwhelming weaknesses of investment character
- Low broker confidence



Market Value¹

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

Reasonable Exposure Time

Reasonable Exposure Time is an estimate of the length of time that the property would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate an analysis of past events assuming a competitive and open market. It is always presumed to have preceded the effective date of the appraisal.² The estimate of time period for reasonable exposure is not intended to be a prediction, but is an estimate of the amount of time that the property would have required to be exposed for sale on the open market in an appropriate manner, and using an experienced broker.

¹ Canadian Uniform Standards of Professional Appraisal Practice, Ottawa. Appraisal Institute of Canada. 2012. Section 12.16.1, 12.16.2.and 12.16.3

² Canadian Uniform Standards of Professional Appraisal Practice, Ottawa. Appraisal Institute of Canada. 2012. Section 7.7.1

Appendix B

Photographs of Subject Property

Legal Description & Survey Plan (84 Edmonton Street)

Northside Industrial Park Site Plan



Photographs of Subject Property



Front view of the former CAF Arena.



Rear view of the former CAF Arena.



Interior view of the arena.



Alternate interior view of the arena.



Typical condition of locker/storage rooms.



Crack noted in floor of arena.

Northside Municipal Buildings
83, 84 & 126 Edmonton Street, Happy Valley – Goose Bay, NL
1008973



Front view of Labrador Training Centre.



Rear view of training centre.



Gymnasium.



Pool area.



Second level meeting room.



Lower level locker room.



Front view of curling club.



Rear view of curling club.



Interior ice surface.



Lounge area.



Condemned ice maker.



Damage to building exterior.

Legal Description - Labrador Training Centre (84 Edmonton Street)

Description

Land Required for Building 04, North Side, Goose Bay, Labrador.

ALL THAT piece or parcel of land situate and being on the southwestern side of Ottawa Avenue (reserved 15.0 meters wide) and the southeastern side of Edmonton Street (reserved 15.0 meters wide) in Goose Bay, Labrador in the electoral district of Maskaupi in the Province of Newfoundland, Canada being bounded and abutted as follows, that is to say beginning at a point in the Southeastern limit of Edmonton Street, said point having co-ordinates of North 5,911,025.955 meters and East 377,098.405 meters of the Transverse mercator projection for the Province of Newfoundland, Canada; thence by an open space, South forty-seven (47) degrees, forty-eight (48) minutes, fifty-nine (59) seconds East, Sixty-four decimal six eight zero (64.680) meters; thence by land for Building 5, North forty-two (42) degrees, zero two (02) minutes forty-three (43) seconds East, Sixty decimal three four three (60.343) meters to a point in the southwestern limit of Ottawa Avenue; thence along the said limit of Ottawa Avenue, North forty-seven (47) degrees, thirty-eight (38) minutes, thirty-one (31) seconds West, Fifty-eight decimal three two five (58.325) meters; thence along the arc of a curve to the left a distance of Nine decimal five six nine (9.569) meters; thence along the Southeastern limit of Edmonton Street, South forty-two (42) degrees, seventeen (17) minutes, thirty-eight (38) seconds West, Fifty-four decimal four five zero (54.450) meters more or less to the point of beginning and containing an area of Zero decimal three eight eight three (0.3883) hectares. All bearings being referred to Grid North. Which land is more particularly shown and outlined in red on plan hereto attached.

Handwritten signature and scribbles.



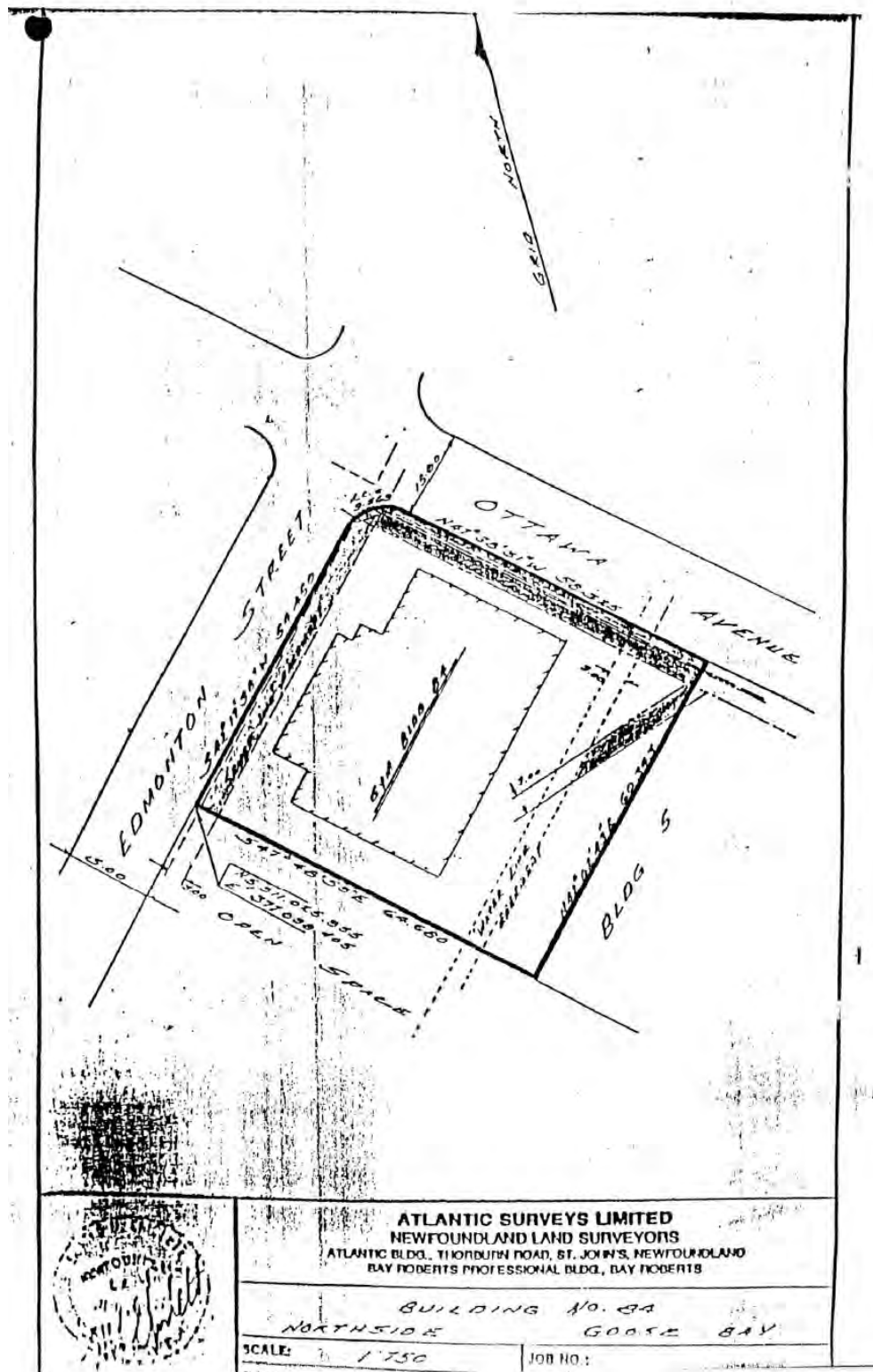
Description

Easements on land required for Building 84, North Side, Goose Bay, Labrador

RESERVING NEVERTHELESS out of the land required for Building 84 a power line easement (3 meters wide) running along the Northeastern boundary and extending into the lot and is shown coloured in yellow and a sewer line easement (3 meters wide) running along the northeastern boundary and the northwestern boundary and extending into the lot to the building and is shown coloured in green and also a water line easement (3 meters wide) crossing through the lot and extending into the lot to the building and is shown coloured in blue on the attached easement plan.

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Survey Plan - Labrador Training Centre (84 Edmonton Street)





Site Plan – Northside Industrial Park



Development Regulations

USE ZONE TABLE

INDUSTRIAL - COMMERCIAL NORTH SIDE (IC-NS) ZONE

ZONE TITLE	INDUSTRIAL - COMMERCIAL (IC-NS)
PERMITTED USE CLASSES - (see Regulation 94)	Antenna, Catering, Club and Lodge, Communications, Conservation, Convenience Store, Fire Station, General Industry, General Service, Light Industry, Mineral Exploration, Office, Personal Services, Police Station, Public Services and Public Utilities, Service Station, Shop, Taxi Stand, Transportation and Veterinary.
DISCRETIONARY USE CLASSES (see Regulations 23 and 95)	Animal, Hazardous Industry, Mineral Exploration, Mineral Working, Recreational Open Space and Utilities.

CONDITIONS FOR THE INDUSTRIAL - COMMERCIAL NORTH SIDE ZONE

1. General Conditions and Development Standards - North Side

- (1) Development in the North Side Industrial Park as shown on Land Use Zoning Map 2 as Industrial-Commercial North Side (IC-NS) must comply with a comprehensive plan for all or part of the area that has been adopted by the Town, or, alternatively, with the requirements set out in Condition 2. This comprehensive plan will set out standards for roads and other services, landscaping, and building location and design, together with other such elements as the Town deems necessary.
- (2) Applications for new development in the North Side Industrial Park shall be referred to the Governments of Canada and Newfoundland and Labrador, the Department of National Defence and the Goose Bay Airport Authority for review before a permit is issued by the Town.



2. General Development Standards

Frontage (minimum)	20 m
Building Line Setback (minimum)	8 m
Side Yard Width (minimum)	5 m
Side Yard Width Flanking Road (minimum)	10 m
Rear Yard Depth (minimum)	15 m
Height (maximum)	as determined by the Town

3. Landscaping

The Town shall require that the site be landscaped in accordance with the requirements set out by the Town in order to give a pleasant and uniform appearance to an area. A landscaping plan shall be included in an application for development.

4. Municipal Services

Development shall be connected to municipal water and sewer services.

5. Outdoor Storage

- (1) Outdoor storage or display areas shall be located to the rear of the principal building and screened from public view.
- (2) No garbage or refuse shall be stored outside except within a permanent refuse container, which container shall be completely enclosed in a material visually complementary to other lot structures and screened from public view.

6. Recyclers

Facilities for the recycling of paper, metals and other products can only be allowed if there is no outdoor storage.

6. Application and Parts I, II, III and IV and Schedules A, B, D and E of the Development Regulations

Appendix C

Comparable Sales - Land



Land



17 TORONTO AVE, Happy Valley-Goose Bay, NL



TRANSACTION DATA

Listing Date	n/a	Reference Number	45189
Listing Price	n/a	Registration Number	615201
Firm Date	n/a	Interest Transferred	100%
Closing Date	9/25/2013	Tenure	Fee Simple
Vendor	3MK Construction Limited		
Purchaser	Parly's Holdings Limited		
Vendor Broker	n/a		

PRICE ANALYSIS

Sale Price	\$560,000	Adj. Price (\$/buildable GFA)	n/a
Adj. Sale Price	\$560,000	Adj. Price (\$/buildable units)	n/a
Adj. Price (\$/acre)	\$175,549	Adj. Price (\$/frontage)	\$1,330
Adj. Price (\$/sq. ft.)	\$4.03		

LAND USE REGULATION

Official Plan	Industrial
Zoning Designation	IC-NS
Zoning Description	Industrial-Commercial North Side
Permitted Uses	Convenience Store, Fire Station, General Industry etc.

SITE DESCRIPTION

Frontage	421.00	Land Area (sq.ft.)	138,956
Depth	311.00	Land Area (acre)	3.19
Nearest Intersection	TORONTO AVE & EDMONTON ST		
Municipal Services	Available		
Legal Description	n/a		

INVESTMENT CHARACTERISTICS

Location:	The property is located at the corner of Toronto Street and Edmonton Avenue within the North Side Industrial Park within the Town of Happy Valley-Goose Bay. The property is adjacent to the Goose Bay Airport. Development in the area is mostly industrial in nature.
Physical:	The property is rectangular in shape, it is level, cleared and fully serviced. Its southwestern boundary fronts Toronto Avenue, 421 feet, while its northwestern boundary fronts Edmonton Street, 311 feet. Development regulations state that applications for new development shall be referred to the Governments of Canada and Newfoundland and Labrador, the Department of National Defence and Goose Bay Airport Authority for review before a permit is issued by the town. The southwestern boundary of the land is subject to waterline and pole line easements; each of which are 18 feet wide. The northwestern boundary is subject to a 18 foot wide sewer line easement. There is a 18 foot wide pole line easement runs through the center of the property.
General:	Acquisition of a corner lot within the Northside Industrial Park. Subsequent to purchase the land was utilized as laydown area.

The author is not qualified and does not purport to give legal advice. The legal description and/or cadastral number reported herein are assumed to be correct. Legal advice is required for certainty. OCRs, IRRs, TCRs, as well as NOI and cash flow yields, are based on Altus Group methodology and market inputs, and may not reflect the purchasers' or vendors' perception of the transaction.

Land



5 TORONTO AVE, Happy Valley-Goose Bay, NL



TRANSACTION DATA

Listing Date	n/a	Reference Number	42819
Listing Price	n/a	Registration Number	603091
Firm Date	n/a	Interest Transferred	100%
Closing Date	7/3/2013	Tenure	Fee Simple
Vendor	10497 Newfoundland Inc.		
Purchaser	CGI Development Inc.		
Vendor Broker	n/a		

PRICE ANALYSIS

Sale Price	\$170,000	Adj. Price (\$/buildable GFA)	n/a
Adj. Sale Price	\$170,000	Adj. Price (\$/buildable units)	n/a
Adj. Price (\$/acre)	\$138,211	Adj. Price (\$/frontage)	\$752
Adj. Price (\$/sq. ft.)	\$3.17		

LAND USE REGULATION

Official Plan	Industrial
Zoning Designation	IC-NS
Zoning Description	Industrial-Commercial North Side
Permitted Uses	Convenience Store, Fire Station, General Industry, etc.

SITE DESCRIPTION

Frontage	226.00	Land Area (sq.ft.)	53,579
Depth	236.00	Land Area (acre)	1.23
Nearest Intersection	TORONTO AVE & HALIFAX ST		
Municipal Services	Available		
Legal Description	n/a		

INVESTMENT CHARACTERISTICS

Location:	The property is located within the North Side Industrial Park within the Town of Happy Valley – Goose Bay. The property is adjacent to the Goose Bay Airport. Development within the immediate area is mostly industrial in nature.
Physical:	The property is rectangular in shape, it is level, cleared, and fully serviced. It's western border fronts Toronto Avenue, 226 feet. Development regulations state that applications for new development shall be referred to the Governments of Canada and Newfoundland and Labrador, the Department of National Defence and Goose Bay Airport Authority for review before a permit is issued by the town. There is a power line easement, 9 feet wide, that runs along the western border. There is a reserved right of way, 33 feet wide, which runs parallel along the outside of the property's northeast border.
General:	The land was purchased by CGI Development INC who also purchased the adjoining property, 98-2 Toronto Avenue, to the immediate south of this property.

The author is not qualified and does not purport to give legal advice. The legal description and/or cadastral number reported herein are assumed to be correct. Legal advice is required for certainty. OCRs, IRRs, TCRs, as well as NOI and cash flow yields, are based on Altus Group methodology and market inputs, and may not reflect the purchasers' or vendors' perception of the transaction.



Land



98-2 TORONTO AVE, Happy Valley-Goose Bay, NL



TRANSACTION DATA

Listing Date	n/a	Reference Number	42817
Listing Price	n/a	Registration Number	602489
Firm Date	n/a	Interest Transferred	100%
Closing Date	6/26/2013	Tenure	Fee Simple
Vendor	Matthew Pike		
Purchaser	CGI Development Inc.		
Vendor Broker	n/a		

PRICE ANALYSIS

Sale Price	\$300,000	Adj. Price (\$/buildable GFA)	n/a
Adj. Sale Price	\$300,000	Adj. Price (\$/buildable units)	n/a
Adj. Price (\$/acre)	\$162,162	Adj. Price (\$/frontage)	\$809
Adj. Price (\$/sq. ft.)	\$3.72		

LAND USE REGULATION

Official Plan	Industrial
Zoning Designation	IC-NS
Zoning Description	Industrial-Commercial North Side
Permitted Uses	Convenience Store, Fire Station, General Industry, etc.

SITE DESCRIPTION

Frontage	371.00	Land Area (sq.ft.)	80,586
Depth	236.80	Land Area (acre)	1.85
Nearest Intersection	TORONTO AVE & HALIFAX ST		
Municipal Services	Available		
Legal Description	n/a		

INVESTMENT CHARACTERISTICS

Location:	The property is located within the North Side Industrial Park within the Town of Happy Valley Goose Bay. The property is adjacent to the Goose Bay Airport. Development within the immediate area is mostly industrial in nature.
Physical:	The property is L-shaped and is on a corner lot. It's western border fronts Toronto Avenue, 371 feet, and it's southern border fronts Halifax Street, 149 feet. The property is level, cleared, and serviced. Development regulations state that applications for new development shall be referred to the Governments of Canada and Newfoundland and Labrador, the Department of National Defence and Goose Bay Airport Authority for review before a permit is issued by the town. There is a power line easement, 9 feet wide, that runs along the western border. There is a water line easement, 9 feet wide that runs along the southern border.
General:	The land was purchased by CGI Development INC who also purchased the adjoining 5 Toronto Avenue to the immediate north of this property.

The author is not qualified and does not purport to give legal advice. The legal description and/or cadastral number reported herein are assumed to be correct. Legal advice is required for certainty. OCRs, IRRs, TCRs, as well as NOI and cash flow yields, are based on Altus Group methodology and market inputs, and may not reflect the purchasers' or vendors' perception of the transaction.

Appendix D

Comparable Sales - Building



Industrial



20-22 BURNWOOD DRIVE, Happy Valley-Goose Bay, NL



TRANSACTION DATA

Listing Date	n/a	Reference Number	45223
Listing Price	n/a	Registration Number	620661
Firm Date	n/a	Interest Transferred	100%
Closing Date	9/30/2013	Tenure	Fee Simple
Vendor	Bessey's Moving Services Inc.		
Purchaser	66271 Newfoundland & Labrador Inc.		
Vendor Broker	n/a		

PRICE ANALYSIS

Sale Price	\$840,000	Time Frame	NOI	Cash Flow
Adjusted Sale Price	\$840,000	Year 1	n/a	n/a
Adj. Price (\$/sq. ft.)	\$140	Avg. Yrs. (1-5)	n/a	n/a
CR (stabilized)	n/a	Avg. Yrs. (6-10)	n/a	n/a
TCR	n/a			

YIELD ANALYSIS

IRR	n/a			
Canada Bond (10-Yr.)	2.57%	Time Frame	NOI	Cash Flow
Real Estate Premium	n/a	Year 1	n/a	n/a
		Avg. Yrs. (1-5)	n/a	n/a
		Avg. Yrs. (6-10)	n/a	n/a
		Leveraged IRR	n/a	

MORTGAGE DATA

TENANT PROFILE

VACANCY

Industrial Vacancy	0%
All Other Vacancy	0%

LEASE ROLLOVER

Year 1	n/a
Year 2	n/a
Year 3	n/a
Year 4	n/a
Year 5	n/a

PROPERTY DESCRIPTION

Year Built	2000	% Office	10.00%
Year Renovated/Expanded	n/a	Scheduled Base	n/a
Site Area (acres/sq. ft.)	0.89 / 38,768	Truck Level	3
Rentable Area (sq. ft.)	6,000	Drive-In	1
Mezzanine Included (Y / N)	n/a	Exterior	Metal
Building Type	Warehouse / Distribution	Structure	Steel
Occupancy Type	Single Tenant	Sprinkler	n/a
Zoning	COM	Land Coverage Ratio	15.00%
Clear Height	8 - 14 ft.	Parking Ratio (per 1,000 sq.ft.)	n/a

INVESTMENT CHARACTERISTICS

Location:	The property is located in the Northwest of the core residential area of Happy Valley - Goose Bay and just East of the Canadian Forces base of Goose Bay. It is located in a high-traffic, high exposure area and is surrounded by a mix of commercial and government buildings
Physical:	The property contains two adjacent lots (20 & 22 Burnwood) that together form a regular square shaped property (197 ft x 197 ft). The property has been graded and cleared consisting of a mix of asphalt and gravel. 20 Burnwood is currently a vacant lot that is primarily used to access the loading docks of the warehouse that is located on 22 Burnwood. The property is improved with a 6,000 sq. ft. warehouse building containing 600 sq. ft. of office space. The building was considered to be in good overall condition at the time of sale. We transaction included the vacant adjacent lot which currently provides truck access to the side loading doors.
General:	Acquisition of an office/warehouse building for investment purposes. Subsequent to purchase, the building was fully leased to a single tenant - Acklands Grainger.

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Industrial



29-31 ASPEN RD, Happy Valley-Goose Bay, NL



TRANSACTION DATA

Listing Date	n/a	Reference Number	45228
Listing Price	n/a	Registration Number	620645
Firm Date	n/a	Interest Transferred	100%
Closing Date	10/10/2013	Tenure	Fee Simple
Vendor	Mushuau Innu First Nation Community Trust		
Purchaser	CGI Development Inc.		
Vendor Broker	n/a		

PRICE ANALYSIS

Sale Price	\$1,300,000
Adjusted Sale Price	\$1,300,000
Adj. Price (\$/sq. ft.)	\$123
CR (stabilized)	n/a
TCR	n/a
IRR	n/a
Canada Bond (10-Yr.)	2.42%
Real Estate Premium	n/a

YIELD ANALYSIS

Time Frame	NOI	Cash Flow
Year 1	n/a	n/a
Avg. Yrs. (1-5)	n/a	n/a
Avg. Yrs. (6-10)	n/a	n/a

LEVERAGE YIELD ANALYSIS

Time Frame	NOI	Cash Flow
Year 1	n/a	n/a
Avg. Yrs. (1-5)	n/a	n/a
Avg. Yrs. (6-10)	n/a	n/a
Leveraged IRR	n/a	

MORTGAGE DATA

TENANT PROFILE

VACANCY

Industrial Vacancy	60% - 80%
All Other Vacancy	30.00%

LEASE ROLLOVER

Year 1	n/a
Year 2	n/a
Year 3	n/a
Year 4	n/a
Year 5	n/a

PROPERTY DESCRIPTION

Year Built	n/a	% Office	30.00%
Year Renovated/Expanded	n/a	Scheduled Base	n/a
Site Area (acres/sq. ft.)	0.89 / 38,768	Truck Level	n/a
Rentable Area (sq. ft.)	10,561	Drive-In	1
Mezzanine Included (Y / N)	n/a	Exterior	Metal
Building Type	Warehouse / Distribution	Structure	Steel
Occupancy Type	Single Tenant	Sprinkler	n/a
Zoning	COM	Land Coverage Ratio	27.00%
Clear Height	n/a	Parking Ratio (per 1,000 sq.ft.)	n/a

INVESTMENT CHARACTERISTICS

Location:	The property is located along the western portion of Aspen Road, just south of the intersection with Hamilton River Road. Hamilton River Road is a major arterial road in the town of Happy Valley-Goose Bay and provides direct access to the Trans-Labrador Highway. The property is located close to the Goose Bay International Airport and located within the town's industrial district. Surrounding development contains the airport to the west, industrial and commercial properties.
Physical:	The property is rectangular in shape and level throughout. The property has approximately 197 feet of frontage along Aspen Road. A powerline easement, 18 feet wide, runs along the outside of it's western border. The property is improved with a steel framed industrial building which has approximately 30% office space. It was reported to be in good condition at the time of sale.
General:	Industrial office/warehouse building acquired by CGI Development Inc. for owner occupation by a related company. The price included the adjacent lot, however, the existing site coverage for the improved site is approximately 58%, and the adjacent lot may be a requirement for the full utilization of the property and truck access to the loading door. Therefore we have not adjusted the sale price.

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Industrial



106-112 COURTE REAL RD, Happy Valley-Goose Bay, NL



TRANSACTION DATA

Listing Date	n/a	Reference Number	42814
Listing Price	n/a	Registration Number	572065
Firm Date	n/a	Interest Transferred	100%
Closing Date	12/12/2012	Tenure	Leased Fee
Vendor	Gear Corp LTD		
Purchaser	Nunak Land Corporation		
Vendor Broker	n/a		

PRICE ANALYSIS

Sale Price	\$500,000			
Adjusted Sale Price	\$500,000			
Adj. Price (\$/sq. ft.)	\$100			
CR (stabilized)	n/a			
TCR	n/a			
IRR	n/a			
Canada Bond (10-Yr.)	1.82%			
Real Estate Premium	n/a			

YIELD ANALYSIS

Time Frame	NOI	Cash Flow
Year 1	n/a	n/a
Avg. Yrs. (1-5)	n/a	n/a
Avg. Yrs. (6-10)	n/a	n/a

LEVERAGE YIELD ANALYSIS

Time Frame	NOI	Cash Flow
Year 1	n/a	n/a
Avg. Yrs. (1-5)	n/a	n/a
Avg. Yrs. (6-10)	n/a	n/a
Leveraged IRR	n/a	

MORTGAGE DATA

TENANT PROFILE

VACANCY

Industrial Vacancy	0%
All Other Vacancy	0%

LEASE ROLLOVER

Year 1	n/a
Year 2	n/a
Year 3	n/a
Year 4	n/a
Year 5	n/a

PROPERTY DESCRIPTION

Year Built	n/a	% Office	n/a
Year Renovated/Expanded	n/a	Scheduled Base	n/a
Site Area (acres/sq. ft.)	0.89 / 38,768	Truck Level	n/a
Rentable Area (sq. ft.)	5,000	Drive-In	4
Mezzanine Included (Y / N)	n/a	Exterior	Other
Building Type	Warehouse / Distribution	Structure	Wood
Occupancy Type	Single Tenant	Sprinkler	n/a
Zoning	Industrial	Land Coverage Ratio	0.13%
Clear Height	15 ft.	Parking Ratio (per 1,000 sq.ft.)	n/a

INVESTMENT CHARACTERISTICS

Location:	The property is located along Corte Real Road within the Town of Happy Valley - Goose Bay. Developments within the immediate area contain some similar light industrial buildings along Corte Real Road along with residential properties to the west and south and vacant land to the north and east.
Physical:	The property is improved with a one level wood frame industrial building containing four bays. The property is clad with vinyl siding and an asphalt shingle roof. The ceiling height is approximately 15 feet. The building was in good condition at the time of sale.
General:	Transaction of a multi-tenant industrial building. One lease was assigned to the purchaser of the building. The lease was for an 8 year term commencing August, 2012 with an annual rental \$16.80 per square foot gross plus \$350 per month for the efficiency unit.

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Appendix E

Comparable Sales - Building



Industrial



36 PIPPY PL, St. John's, NL



TRANSACTION DATA

Listing Date	n/a	Reference Number	29189
Listing Price	n/a	Registration Number	n/a
Firm Date	11/30/2010	Interest Transferred	100%
Closing Date	4/21/2011	Tenure	Leased Fee
Vendor	Dorset Investments Limited		
Purchaser	NPR GP Inc.		
Vendor Broker	n/a		

PRICE ANALYSIS

Sale Price	\$1,250,163	Time Frame	NOI	Cash Flow
Adjusted Sale Price	\$1,250,163	Year 1	8.87%	8.27%
Adj. Price (\$/sq. ft.)	\$73	Avg. Yrs. (1-5)	9.45%	8.68%
CR (stabilized)	8.80%	Avg. Yrs. (6-10)	10.48%	9.64%
TCR	9.00%			

YIELD ANALYSIS

IRR	10.50%	LEVERAGE YIELD ANALYSIS		
Canada Bond (10-Yr.)	3.27%	Time Frame	NOI	Cash Flow
Real Estate Premium	7.23%	Year 1	n/a	n/a
		Avg. Yrs. (1-5)	n/a	n/a
		Avg. Yrs. (6-10)	n/a	n/a
		Leveraged IRR	n/a	

MORTGAGE DATA

TENANT PROFILE

AMEC
 Cabot Auto Glass
 Penney Polycoating Inc.
 Ladies on Ink Inc.
 Newfoundland Sportsman

VACANCY

Industrial Vacancy	0%
All Other Vacancy	0%

LEASE ROLLOVER

Year 1	< 20%
Year 2	20% - 40%
Year 3	0%
Year 4	40% - 60%
Year 5	20% - 40%

PROPERTY DESCRIPTION

Year Built	1985	% Office	20.30%
Year Renovated/Expanded	n/a	Scheduled Base	\$11.34
Site Area (acres/sq. ft.)	1.52 / 66,211	Truck Level	n/a
Rentable Area (sq. ft.)	17,070	Drive-In	6
Mezzanine Included (Y / N)	n/a	Exterior	Metal
Building Type	Other	Structure	Steel
Occupancy Type	Multi Tenant	Sprinkler	n/a
Zoning	Commercial Industrial (CI)	Land Coverage Ratio	20.00%
Clear Height	15 - 18 ft.	Parking Ratio (per 1,000 sq.ft.)	1.76

INVESTMENT CHARACTERISTICS

Location: Located in the O'Leary Business Park of St. John's on the east side of Pippy Place near its intersection with Austin Street in close proximity of 1 Austin Street.

Physical: Older industrial property in fair condition at the date of the sale comprising a front two level retail/office section and a rear warehouse/garage section.

Income: Fully occupied mainly by local tenants at rents considered slightly below market with some potential for income growth in the short-term.

Market: Stable industrial market with <5% vacancy levels.

General: One of three buildings purchased by Northern Property REIT with the other two including 1 Austin Street and 134 Clyde Avenue. Total purchase price of \$4,625,000 representing a stabilized capitalization rate of 9.20%; TCR of 9.50% and an IRR of 10.56%.

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Industrial



1 AUSTIN ST, St. John's, NL



TRANSACTION DATA

Listing Date	n/a	Reference Number	29205
Listing Price	n/a	Registration Number	n/a
Firm Date	11/29/2010	Interest Transferred	100%
Closing Date	4/21/2011	Tenure	Leased Fee
Vendor	Donovan Holdings Limited		
Purchaser	NPR GP Inc.		
Vendor Broker	n/a		

PRICE ANALYSIS

Sale Price	\$1,330,243	Time Frame	NOI	Cash Flow
Adjusted Sale Price	\$1,330,243	Year 1	9.01%	7.12%
Adj. Price (\$/sq. ft.)	\$76	Avg. Yrs. (1-5)	9.68%	8.95%
CR (stabilized)	9.58%	Avg. Yrs. (6-10)	10.50%	9.71%
TCR	9.50%			

YIELD ANALYSIS

IRR	10.28%	LEVERAGE YIELD ANALYSIS		
Canada Bond (10-Yr.)	3.27%	Time Frame	NOI	Cash Flow
Real Estate Premium	7.01%	Year 1	n/a	n/a
		Avg. Yrs. (1-5)	n/a	n/a
		Avg. Yrs. (6-10)	n/a	n/a
		Leveraged IRR	n/a	

MORTGAGE DATA

TENANT PROFILE

NL Liquor Corporation
 Dynamex Canada
 Trane Atlantic

VACANCY

Industrial Vacancy	0%
All Other Vacancy	0%

LEASE ROLLOVER

Year 1	n/a
Year 2	n/a
Year 3	n/a
Year 4	n/a
Year 5	n/a

PROPERTY DESCRIPTION

Year Built	1985	% Office	n/a
Year Renovated/Expanded	n/a	Scheduled Base	\$7.96
Site Area (acres/sq. ft.)	1.36 / 59,242	Truck Level	4
Rentable Area (sq. ft.)	17,500	Drive-In	3
Mezzanine Included (Y / N)	n/a	Exterior	Metal
Building Type	Other	Structure	Steel
Occupancy Type	Multi Tenant	Sprinkler	Wet
Zoning	n/a	Land Coverage Ratio	26.00%
Clear Height	20 - 24 ft.	Parking Ratio (per 1,000 sq.ft.)	n/a

INVESTMENT CHARACTERISTICS

Location: Located in the O'Leary Business Park of St. John's on the corner of Austin Street and Pippy Place.
Physical: Building in good condition at date of sale and leased to three tenants. Building comprises mainly warehouse space with some front office/service areas.
Income: NL Liquor Corporation lease rolling over in the short-term indicating some investment risk although local demand for warehouse space is high.
Market: Stable industrial market with <5% vacancy levels.
General: One of three buildings purchased by Northern Property REIT with the other two including 36 Pippy Place and 134 Clyde Avenue. Total purchase price of \$4,625,000 representing a stabilized capitalization rate of 9.20%; TCR of 9.50% and an IRR of 10.56%.

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Industrial



30 DUNDEE AVE, Mount Pearl, NL



TRANSACTION DATA

Listing Date	n/a	Reference Number	24277
Listing Price	\$995,000	Registration Number	401836
Firm Date	5/19/2010	Interest Transferred	100%
Closing Date	7/8/2010	Tenure	Leased Fee
Vendor	Blue Thunder Construction Ltd.		
Purchaser	Chino Holdings Inc.		
Vendor Broker	n/a		

PRICE ANALYSIS

Sale Price	\$980,000	Time Frame	NOI	Cash Flow
Adjusted Sale Price	\$980,000	Year 1	8.75%	n/a
Adj. Price (\$/sq. ft.)	\$99	Avg. Yrs. (1-5)	n/a	n/a
CR (stabilized)	8.75%	Avg. Yrs. (6-10)	n/a	n/a

YIELD ANALYSIS

TCR	n/a	LEVERAGE YIELD ANALYSIS		
IRR	n/a	Time Frame	NOI	Cash Flow
Canada Bond (10-Yr.)	3.22%	Year 1	n/a	n/a
Real Estate Premium	n/a	Avg. Yrs. (1-5)	n/a	n/a
		Avg. Yrs. (6-10)	n/a	n/a
		Leveraged IRR	n/a	

MORTGAGE DATA

TENANT PROFILE

VACANCY

Industrial Vacancy	0%
All Other Vacancy	0%

LEASE ROLLOVER

Year 1	n/a
Year 2	n/a
Year 3	n/a
Year 4	n/a
Year 5	n/a

PROPERTY DESCRIPTION

Year Built	2001	% Office	8.25%
Year Renovated/Expanded	n/a	Scheduled Base	n/a
Site Area (acres/sq. ft.)	1.29 / 56,192	Truck Level	n/a
Rentable Area (sq. ft.)	9,927	Drive-In	1
Mezzanine Included (Y / N)	No	Exterior	Metal
Building Type	Warehouse / Distribution	Structure	Steel
Occupancy Type	Single Tenant	Sprinkler	None
Zoning	Industrial Light	Land Coverage Ratio	18.00%
Clear Height	20 - 25 ft.	Parking Ratio (per 1,000 sq.ft.)	0.40

INVESTMENT CHARACTERISTICS

Location:	The subject property is located in Donovans Business Park which is developed with a variety of light industrial properties comprising mainly distribution warehouses and offshore oil related industrial properties.
Physical:	Property was constructed in 2001 and built to modern standards containing some 819 sq.ft. of office space, 9,108 square feet of unheated warehouse space, 20' to 25' clear ceiling height in the warehouse space. There is an additional 819 square feet of mezzanine storage space located directly above the office space. Mezzanine space has not been included in the net rentable area.
Income:	The property will be leased back to the vendor for a term of one year at a rental rate of \$9.84 per square foot with an option to terminate with 2 months notice. The tenant will also have the option to renew for one additional one year term.
General:	Sold with a vendor lease-back on a short-term basis.

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Industrial



Marley Building
59-61 PIPPY PL, St. John's, NL



TRANSACTION DATA

Listing Date	n/a	Reference Number	20980
Listing Price	n/a	Registration Number	347883
Firm Date	n/a	Interest Transferred	100%
Closing Date	9/28/2009	Tenure	Leased Fee
Vendor	Thomas Foley & Justin Martin		
Purchaser	P.J.'s Groceteria Limited		
Vendor Broker	n/a		

PRICE ANALYSIS

Sale Price	\$1,400,000
Adjusted Sale Price	\$1,400,000
Adj. Price (\$/sq. ft.)	\$81
CR (stabilized)	10.37%
TCR	10.50%
IRR	11.70%
Canada Bond (10-Yr.)	3.31%
Real Estate Premium	8.39%

YIELD ANALYSIS

Time Frame	NOI	Cash Flow
Year 1	8.88%	7.44%
Avg. Yrs. (1-5)	9.29%	8.65%
Avg. Yrs. (6-10)	9.85%	9.12%

LEVERAGE YIELD ANALYSIS

Time Frame	NOI	Cash Flow
Year 1	n/a	n/a
Avg. Yrs. (1-5)	n/a	n/a
Avg. Yrs. (6-10)	n/a	n/a
Leveraged IRR	n/a	

MORTGAGE DATA

TENANT PROFILE

Anixter Canada Inc.
 G. Mercer

VACANCY

Industrial Vacancy	0%
All Other Vacancy	5.21%

LEASE ROLLOVER

Year 1	n/a
Year 2	n/a
Year 3	n/a
Year 4	n/a
Year 5	n/a

PROPERTY DESCRIPTION

Year Built	1986 % Office	42.26%
Year Renovated/Expanded	2002 Scheduled Base	n/a
Site Area (acres/sq. ft.)	1.00 / 43,560 Truck Level	2
Rentable Area (sq. ft.)	17,320 Drive-In	1
Mezzanine Included (Y / N)	No Exterior	Other
Building Type	Other Structure	Steel
Occupancy Type	Multi Tenant Sprinkler	None
Zoning	CI Land Coverage Ratio	31.00%
Clear Height	18 ft. Parking Ratio (per 1,000 sq.ft.)	1.73

INVESTMENT CHARACTERISTICS

Location: The property is located within O'Leary Business Park in the centre of the City of St. John's. The property is located at the corner of Duffy Place, Pippy Place and Goldstone Street.

Physical: Property has road frontage along Pippy Place (210 feet), Duffy Place (188 feet), and Goldstone Street (187 feet). The site is generally level and at grade with Duffy Place and Pippy Place and slightly below the grade of Goldstone Street. There is a single access to the site from Duffy Place and two accesses from Pippy Place. The site is improved with a single built improvement comprising a two storey office with an attached one storey warehouse building. Paved parking is provided to the front of the site along Pippy Place and on the west side of the office off Duffy Place along with a truck apron area to the rear warehouse. A power line easement extends along the north, east and south boundaries of the site, it is felt that there is no adverse affect on the development potential of the site due to the easements. Exterior walls are a combination of face brick and metal siding to original two storey building with heavy gauge steel siding to rear warehouse.

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