

APPRAISAL REPORT

ESTIMATE OF CURRENT MARKET VALUE

Vacant Land
Nils Way, St. John's, NL



Aerial View of Subject Property Showing Approximate Boundaries

Effective Date:
November 27, 2024

Prepared for:
H3 Development Ltd.

Prepared by:

KIRKLAND
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appraisers | advisors

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December 9, 2024

H3 Development Ltd.
685 Topsail Road
St. John's, NL A1E 2S3

Attention: Gary Bishop

Re: Estimate of Current Market Value - Vacant Land, Nils Way, St. John's, NL

Dear Mr. Bishop;

Further to your instructions, the undersigned has prepared an appraisal estimating the market value of the above captioned property.

The definition of *Market Value*, as employed in this report, is outlined under the *Terms of Reference* section of this report. The report complies with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) and is subject to the Contingent and Limiting Conditions outlined in this report. Based on our interpretation and analysis of the data outlined in this report, the estimated market value of the property, as of **November 27, 2024**, is:

Four Million, Five Hundred Thousand Dollars (\$4,500,000)

The above estimate is subject to the Assumptions and Limiting Conditions and the Certificate of the Appraiser contained in this report.

This appraisal critically assumes that:

- 1. Construction of commercial buildings would be permitted by the City of St. John's, with adequate access to water and sewer infrastructure and that public street access off Nils Way is permitted to the rear section of the property.*
- 2. The overall site area and measurements provided by the client are reasonably accurate.*
- 3. The existence of any easements does not adversely affect the property.*
- 4. No on-site or neighbouring sources of environmental contamination or deleterious material affect the property.*
- 5. Storm water detention is in place for the front approximate 2.5-acre section of the property.*
- 6. Approximately 25% of the subject is "pad ready" for construction and 75% of the total area is cleared and partly leveled.*

If you have any questions regarding this report, please contact the undersigned at your convenience.

Yours truly,



Michael Kirkland, BBA, AACI, P. App.
KIRKLAND, BALSOM AND ASSOCIATES-ARA

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- A Economic and statistical data**
- B Industrial General (IG) Zoning Uses and Regulations**
- C Photographs of Competitive Listings**

1.4 EXECUTIVE SUMMARY

Property Identification:	Vacant Land, Nils Way, St. John's, NL
Property Owner/Authorized User:	H3 Development Ltd.
Property Type:	Vacant Land
Zoning:	Industrial General (IG)
Overall Site Area:	10.0 acres
Highest and Best Use:	Commercial Development
Effective Date:	November 27, 2024
Estimated Market Value:	\$4,500,000

The above estimate is subject to the Assumptions and Limiting Conditions and the Certificate of the Appraiser contained in this report.

This appraisal critically assumes that:

- 1. Construction of commercial buildings would be permitted by the City of St. John's, with adequate access to water and sewer infrastructure and that public street access off Nils Way is permitted to the rear section of the property.*
- 2. The overall site area and measurements provided by the client are reasonably accurate.*
- 3. The existence of any easements does not adversely affect the property.*
- 4. No on-site or neighbouring sources of environmental contamination or deleterious material affect the property.*
- 5. Storm water detention is in place for the front approximate 2.5-acre section of the property.*
- 6. Approximately 25% of the subject is "pad ready" for construction and 75% of the total area is cleared and partly leveled.*

1.5 ASSUMPTIONS AND LIMITING CONDITIONS

1. *This appraisal has been prepared at the request of our client, for the purpose of providing an estimate of the market value of the property identified herein as Nils Way, St. John's, NL. It is understood that the appraisal report will be utilized by the client for internal asset deliberations purposes.*

It is not reasonable for any other person to rely upon this appraisal without first obtaining written authorization from the appraiser signing this report. There may be qualifications, assumptions, or limiting conditions in addition to those set out below relevant to that person's identity or his authorized use. The report is prepared on the assumption that no other person will rely on it for any other purpose and that all liability to such person is denied.

2. While expert in appraisal matters, the author of this report is not qualified to give legal advice. It is assumed that:
 - i) the site plan provided by the client and employed in this report is correct;
 - ii) title to the property is good and marketable;
 - iii) there are no encroachments, encumbrances, indebtedness, restrictions, leases or covenants that would affect the valuation, except as expressly noted in this report;
 - iv) the existing use is a legally conforming use, which may be continued by any person purchasing the property from the existing owner;
 - v) right-of-ways, easements or encroachments over other real property and leases or other covenants as might be noted are legally enforceable;

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

3. The author of this appraisal is not a qualified architect or surveyor. Any sketches, diagrams, plans and photographs are presented for illustration and interpretation purposes only and are not to be relied upon in themselves.
4. No investigation has been undertaken with the local 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.
5. 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. This report 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 of the Appraisal Institute of Canada as provided in the Code of Ethics, Standards of Professional Conduct and Standards of Professional Practice of the Institute.
6. Market data has been obtained, in part, from documents at the provincial registry of deeds office, or as reported by the local 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. WHERE INFORMATION HAS BEEN SUPPLIED BY OTHERS, ABSOLUTELY NO OBLIGATION IS ASSUMED BY THE APPRAISER FOR ITS ACCURACY.

7. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without warning, the market value expressed as of the date of this appraisal cannot be relied upon to estimate the market value as of any other date except with further advice of the appraiser.
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 a case, it is acknowledged that it is the judicial body, which will decide the use of the report, which best serves the administration of justice.
9. The appraiser reserves the right to review all calculations referred to in this report and, if necessary, revise his opinion in the light of any new facts, trends, or changing conditions existing at any date prior to or at the valuation date, which became apparent to him subsequent to the date of this appraisal.
10. The appraiser is not expert or qualified in environmental contamination auditing. No environmental audit information was made available to the undersigned. This appraisal critically assumes that no on-site or neighbouring sources of environmental contamination or deleterious materials affect the property. We do not warrant that this is the case and accept no liability in this regard.
11. ***This appraisal critically assumes that:***
 1. ***Construction of commercial buildings would be permitted by the City of St. John's, with adequate access to water and sewer infrastructure and that public street access off Nils Way is permitted to the rear section of the property.***
 2. ***The overall site area and measurements provided by the client are reasonably accurate.***
 3. ***The existence of any easements does not adversely affect the property.***
 4. ***No on-site or neighbouring sources of environmental contamination or deleterious material affect the property.***
 5. ***Storm water detention is in place for the front approximate 2.5-acre section of the property.***
 6. ***Approximately 25% of the subject is "pad ready" for construction and 75% of the total area is cleared and partly leveled.***

2.0 TERMS OF REFERENCE

2.1 Purpose and Authorized Use of the Assignment

This appraisal has been prepared at the request of the client and authorized user, **H3 Development Ltd.** for the purpose of providing an estimate of the market value of the property. **It is understood that the appraisal report will be utilized by the client regarding asset deliberations.**

2.2 Property Right Appraised

The property right appraised is the freehold interest, free and clear of any existing financing and other encumbrances, liens, or charges, unless specifically addressed in this report. It is understood that **H3 Development Ltd.** currently holds the freehold interest in the property.

2.3 Definition of Value to be Estimated

The property's market value is estimated in this report. Market value is defined as:

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

(Source: Uniform Standards of Professional Appraisal Practice, Canadian Supplement)

2.4 Effective Date, Inspection Date and Report Submission Date

Effective date: November 27, 2024
Inspection date: November 27, 2024
Report submission date: December 9, 2024

2.5 Scope of the Appraisal

This appraisal has been carried out in conformance with the requirements set out in the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) as adopted by the Appraisal Institute of Canada. The analysis herein encompasses those methods, procedures and investigations considered to be typical and appropriate for this class of property and the authorized use of this report, including:

- A site plan provided by the client and contained herein was perused to determine the overall lot size, configuration, and area.
- A cursory physical inspection of the property was undertaken on **November 27, 2024**, to obtain photographs and confirm the property's physical characteristics and improvements. The inspection included a walk about the perimeter, during which notes and photographs were taken.
- A drive about the neighbourhood was completed, noting relevant competition characteristics and general property uses and compatibility.
- Comparable sales and listing data were researched from various sources, including the provincial Registry of Deeds, industry professionals and market participants, which may have included: vendors, purchasers, and brokers, as well as Multiple Listing Service (MLS) data and information retained on file.

2.6 Property's Marketing History

Online searches of the provincial Registry of Deeds and local MLS revealed that the subject property has not sold in recent years.

The front section of the property is currently listed for sale with Colliers International, with asking prices as follows: Lot 10: 0.96 acres - \$465,000, Lot 11: 0.84 acres - \$407,400 and Lot 12: 0.77 acres - \$373,450.

3.0 LOCATIONAL OVERVIEW

3.1 Macro Environment Macro Market¹

The outlook for the province's oil and mining sectors declined over 2023, likely driving the economy into a contraction as a result. The sputtering of activity in these industries, which account for a sizeable 25% of the province's output, largely dominated otherwise decent performance across most other economic indicators. Real GDP declined 0.4% for 2023, which would mark a second consecutive annual decline after the province struggled to gain momentum in 2022. Despite the reversal, a strong turnaround in real GDP is expected in 2024 (+2.2%), which puts Newfoundland at the top of the growth charts.

The delayed restart of the Terra Nova oilfield, coupled with maintenance at other offshore facilities, was a negative for the Newfoundland oil sector. Overall crude oil production is due for another sizeable pullback, slumping now for a third straight year. Fortunately, the Terra Nova oilfield will be operational and in full force in 2024, alongside other major offshore facilities, which should result in robust oil production growth next year. Terra Nova is now expected to add 70 million barrels of oil to its production capacity over the next ten years.

On the mining front, a sharp pullback in prices relative to last year's peak levels for iron ore, nickel and copper have weighed on mineral shipments, which are on track to decline by 10–15% for 2023. Despite the pullback, the mining sector remains a medium-term bright spot for the province's economy, as mineral exploration expenditures ramp up. Further, base metal prices are poised to find support as central banks move into a less restrictive policy mode next year, spurring an increase in global demand.

The province also recently signed an agreement with the federal government that, if passed, would allow Newfoundland to solely regulate its renewable energy developments on various Bays around the province. This would mark a significant economic opportunity for the jurisdiction and would support future investment for offshore wind development projects.

The performance of domestic oriented industries has held up comparatively well, notwithstanding the Bank of Canada's aggressive rate hiking campaign. Decent employment strength has broadly supported consumer spending, with retail sales slated to advance this year as of the third quarter.

Several recent economic and industry schedules and statistical charts are included in Addendum A for information purposes.

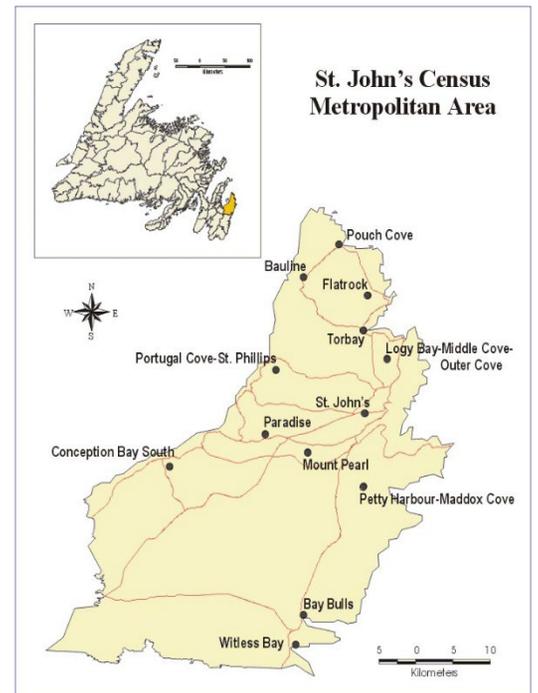
¹ Economic and statistical data obtained from the Government of Newfoundland and Labrador and various publicly available reports.

3.2 Micro Market - St. John's Census Metropolitan Area

The St. John's Census Metropolitan Area (CMA), with a population of 212,579, encompasses the northeast tip of the Avalon Peninsula on the extreme eastern coast of the island portion of the province. It is comprised primarily of the cities of St. John's and Mount Pearl, as well as the towns of Paradise and Conception Bay South. The CMA also encompasses nine smaller satellite communities located within a 40 kilometer radius. The CMA population grew 5.8% from 2011 to 2016 and 2.0% from 2016 to 2021.

The CMA is the province's major business, financial and service center and is home to several corporate head offices. As the province's largest urban center, it also serves as the main provider of healthcare and post-secondary education services, with major hospitals and educational institutions housed within the region. Other economic indicators in the City of St. John's are as follows:

- Commercial permits up 85% from \$19,654,033 in 2022 to \$36,272,924 in 2023.
- Residential permits down -24% to \$17,703,219 for 2023 over \$23,225,511 for 2022.
- Total value of all permits was up 33% to \$58,200,200 for 2023 over \$43,663,874 for 2022.



3.3 Property Location and Environment

The subject property is part of a 109 acre infill land development known as **Kenmount Crossing** in north St. John's. The development is located off Kenmount Road, near Topsail Road, two of the region's main four-lane connector routes. Access from Kenmount Road to Nils Way will be via a controlled intersection (partly constructed).

Initiated in 2019, the subject's development is located between three of the province's largest municipalities, St. John's, Mount Pearl, and the Town of Paradise. Nearby connections are also available to the TransCanada Highway (TCH), Harbour Arterial Road, and the Outer Ring Road.

Neighborhood development consists of a 100,000 square foot pre-engineered steel frame building constructed by Atlantic Cultivation in 2020, and a recently constructed 25,000 square foot, tilt up concrete commercial building, with several units listed for sale. Finally, a 15,000 square foot Kubota dealership is located at the corner of Nils Way and Kenmount Road.

Land absorption in the park has been limited to date, with four large parcels of land sold since 2019. This slow absorption is mainly due to the adequate supply of competing industrial land with superior highway access (Galway Development). **On November 4, 2024, the Government of Newfoundland and Labrador announced that they will be purchasing a significant portion of the development for the construction of a new healthcare facility.** The new Acute Care Hospital Campus will support the acute care needs for the region and tertiary care services for the province. It will include the consolidation of general medicine, general surgery, and orthopedic programs. It will also include other tertiary diagnostic and interventional services; acute care of the elderly; the cardiovascular and stroke institute; and a hub for clinical teaching. **The total land required for the new facility is 63 acres. It is reported that the government is purchasing 53 acres for \$23,000,000 or approximately \$425,000 per acre; however, the transaction has not closed.** The location of the facility is at the rear section of the development, which is predominantly raw land.

Clearly, the construction of such a substantial facility will cause spinoff demand for the subject's development and the remaining lands. The client indicates that the recent announcement has caused increased developer interest in land in the area. Several other parcels of land have been considered for purchase and one large parcel of land has received an offer to purchase in recent weeks.

Outlying neighborhoods to the north off Kenmount Road in the Town of Paradise, and to the north off Topsail Road, have developed steadily with detached homes over the past decade. Just west of the subject off Topsail Road is Donovan's, the region's largest light industrial/business park, initiated in the 1970s and developed through 2010. Two miles further west and north of the TCH and Kenmount Road is the Kenmount Business Park.

Other property uses in the general area include a large self-storage mall (adjacent property) and a mixture of office, hotel, retail, and automotive sales buildings. Most of the region's automotive dealerships are situated along Kenmount Road, including several larger outlets constructed in recent years. Aerial photographs are shown on the following page, followed by neighboring property photographs.

3.4 Aerial Photographs Showing Location of Subject Property



3.5 Neighboring Property Photographs



Nils Way Looking North



Kenmount Road/Entrance to Development

4.0 PROPERTY DESCRIPTION

4.1 Property Details

The client indicates that the subject has a total area of 10.0 acres, or 4.04 hectares, with approximately 410 feet of frontage along Nils Way. **This appraisal critically assumes that the overall land area, measurements, frontage and property location are accurate. No legal survey or legal description were provided. Aerial photographs are shown on the following page.**

4.1.1 Topography

The subject is level, at street grade along Nils Way and slopes slightly upwards from the end of Nils Way to the extreme rear of the property.

4.1.2 Access/Egress

The site currently has direct access to Nils Way. **This appraisal critically assumes that public street access off Nils Way is permitted to the rear section of the property.**

4.1.3 Services

This appraisal critically assumes that access to all municipal services, water, sanitary and storm sewer, street maintenance and snow clearing are provided.

4.1.4 Easements

According to the client, no easements were shown to have existed, **and this appraisal critically assumes that the existence of any easements does not adversely affect the site.**

4.1.5 Environmental Considerations

No environmental audit information was made available to the undersigned. This appraisal critically assumes that no on-site or neighbouring sources of environmental contamination or deleterious material affect the property.

4.1.6 Site Improvements

The client indicates that the subject has approximately 7.5 acres cleared and grubbed, and storm water detention requirements completed for 2.5 acres (located at the front section). The client also indicated that 2.5 acres of land off Nils Way is pad ready for building construction. The extreme rear and eastern sections of the site are heavily treed.



Subject Property (shown in Blue) - As provided by Client



Subject Property Boundaries - As provided by Client

4.2 Property Photographs



Frontage along Nils Way



Property from Nils Way



Middle/Rear Section of Property from Nils Way



Middle Section of Property looking to Nils Way



Western Section of Property



Western Section of Property



Eastern Section of Property



Upper Section of Property

5.0 MUNICIPAL TAXATION AND ZONING

5.1 Taxation

5.1.1 Assessment

A market value based system of municipal property assessment operates in St. John's. The base date for the 2024 municipal assessment is **January 1, 2022**. The current assessment cycle runs for two years (2024 - 2025). The subject property is currently assessed in conjunction with the overall development and not independently assessed.

5.2 Land Use Zoning

The subject property is zoned Industrial General (IG). The subject's commercial zoning permits a wide range of possible commercial usages. A section extracted from the City of St. John's online map service follows, showing the subject site in the IG zone. The zoning regulations are shown in Addendum B.

Zoning Location Map



6.0 HIGHEST AND BEST USE

6.1 Introduction

Highest and Best Use may be defined as: "The reasonable, probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible and that results in the highest value."

Zoning regulations and by-laws must be considered in determining Highest and Best Use, as well as economic, social, and political forces that affect the property. The principles of real property value, including substitution, change, anticipation, contribution, surplus productivity, balance, and conformity must also be analyzed. Aside from these factors, the physical characteristics (i.e. size, shape, frontage, access, topography, etc.) of the site must be examined to determine their impact on the potential utility of the property. Consideration should also be given to neighborhood and area trends that could impact on the future use of the property in question.

6.2 Discussion and Conclusion

The subject property is situated in a commercial business/industrial park in north St. John's, with growing demand. The surrounding area has been steadily developing in recent years, with several buildings being constructed. As discussed, the recent announcement for the new Acute Care Hospital Campus will add to the demand for the area.

The property is currently zoned **Industrial General (IG)**, and its overall size would be adequate for commercial development. **According to the owner, the subject site is approved for independent commercial development.** The client indicates that the subject has approximately 7.5 acres cleared and grubbed, and storm water detention requirements completed for 2.5 acres (located at the front section). The client also indicated that 2.5 acres of land off Nils Way is pad ready for building construction.

Considering the physical characteristics of the property, its zoning and location, the highest and best use of the property is commercial development that is permitted within the IG zoning classification.

7.0 LAND VALUATION – DIRECT COMPARISON APPROACH

7.1 Introduction

The most common method of estimating property value in the subject property's market is the Direct Comparison Approach. In this approach, sales of comparable properties are adjusted for differences from the subject to arrive at an estimate of value.

Sales and listings are typically analyzed based on units of comparison, such as rate per square foot, rate per square metre, etc. In that no two properties are identical, it is necessary to consider the impact upon value of significant items recognized by potential purchasers, such as property rights conveyed, financing terms, conditions of sale, market conditions, location, physical characteristics, highest and best use, motivation, etc. The approach is most reliable when comparable properties are like the subject property in most respects. The greater the difference from the subject to the sales data, the reliability of the data decreases.

In analyzing the comparable market data relative to the subject property, it is necessary to quantify and rationalize the differences from the perspective of the marketplace. There are several methods of accomplishing this.

One method employs the application of quantitative adjustments. While it would be ideal to derive and apply adjustments from the marketplace, this is rarely, if ever, possible due to the lack of comprehensive relevant market evidence (i.e. highly similar property sales and re-sales) upon which to base the adjustments. *Alternatively, the primary factors that influence value are considered for each market data item relative to the subject. Adjustments are applied based on the appraiser's experience and judgement regarding the factor's impact on value. This qualitative approach is applied in this analysis.*

7.2 Estimated Market Value Analysis

As discussed, the highest and best use of the property is for commercial development that is approved under the current zoning regulations. We have researched the subject's general marketing area for similar land sales. Also relevant were active and expired listings of similar parcels of land. While not sold, these properties serve as alternatives to the subject and can set the upper limit of value. **The most relevant sales follow, with the appropriate adjustments, along with a summary schedule outlining individual property characteristics relative to the subject property.**

Sale One **218 Danny Drive, St. John's, NL**



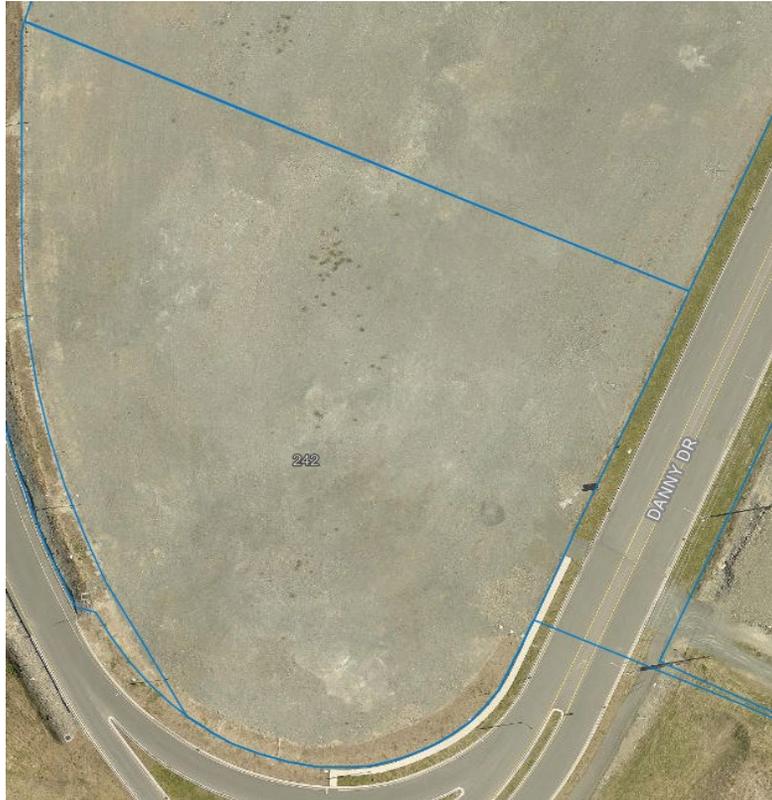
VENDOR:	10718 Nfld Inc.
PURCHASER:	Superior Plus LP
SALE PRICE:	\$1,500,000
SALE DATE:	December 2023
REGISTRATION #:	1097467
SIZE (ACRES):	3.00
LAND DESCRIPTION:	Raw and treed land that was generally level when purchased. It required site work/clearing/grubbing.
INDICATED SALE PRICE PER ACRE:	\$500,000

Sale Two **234 Danny Drive, St. John's, NL**



VENDOR:	Camtacc GP Inc
PURCHASER:	Atlas Structural Systems
SALE PRICE:	\$3,300,000
SALE DATE:	May 2024
REGISTRATION #:	1120186
SIZE (ACRES):	5.00
LAND DESCRIPTION:	Level and cleared land that required limited site work. It was not considered fully pad ready.
INDICATED SALE PRICE PER ACRE:	\$660,000

Sale Three **242 Danny Drive, St. John's, NL**



VENDOR:	10718 Nfld Inc.
PURCHASER:	Boathouse Ventures Inc.
SALE PRICE:	\$1,930,000
SALE DATE:	June 2023
REGISTRATION #:	1075724
SIZE (ACRES):	3.86
LAND DESCRIPTION:	Level and cleared land that required limited site work. It was not considered fully pad ready.
INDICATED SALE PRICE PER ACRE:	\$500,000

Sale Four **235 Danny Drive, St. John's, NL**



VENDOR:	10718 Nfld Inc.
PURCHASER:	Armour Realty Inc.
SALE PRICE:	\$5,747,000
SALE DATE:	January 2022
REGISTRATION #:	1010549
SIZE (ACRES):	16.41
LAND DESCRIPTION:	Level and cleared land that required limited site work. It was not considered fully pad ready.
INDICATED SALE PRICE PER ACRE:	\$350,213

Sale Five **50 Nils Way, St. John's, NL**



VENDOR:	H3 Development Ltd.
PURCHASER:	Atlantic Cultivation Limited
SALE PRICE:	\$2,783,500
SALE DATE:	September 2019
REGISTRATION #:	910089
SIZE (ACRES):	5.85
LAND DESCRIPTION:	Cleared land that required site work. It was not considered fully pad ready.
INDICATED SALE PRICE PER ACRE:	\$475,812

Sale Six

80 Kelsey Drive St. John's, NL



VENDOR:	Bristol Development Inc.
PURCHASER:	Government of Canada
SALE PRICE:	\$4,938,120
SALE DATE:	October 2023
REGISTRATION #:	1095602
SIZE (ACRES):	13.30 total/9.50 usable
LAND DESCRIPTION:	Large parcel of cleared and leveled land that required site work. A large section of the land was zoned Open Space (O) and was below grade, with a river running through. It was not considered fully pad ready.
INDICATED SALE PRICE PER (USEABLE) ACRE:	\$519,802

7.3 Comparable Sales Summary Chart

	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6	SUBJECT
Address	218 Danny Drive, St. John's	234 Danny Drive, St. John's	242 Danny Drive, St. John's	235 Danny Drive, St. John's	50 Nils Way, St. John's	80 Kelsey Drive, St. John's	Nils Way
Sale Price	\$1,500,000	\$3,300,000	\$1,930,000	\$5,747,000	\$2,783,500	\$4,938,120	N/A
Date of Sale	December 2023	May 2024	June 2023	January 2022	September 2019	October 2023	Effective November 2024
Acres (Useable)	3.00	5.00	3.86	16.41	5.85	9.50	10.00
Clearing/Leveling	Raw	Full	Full	Full	Full	Full	Partly Cleared/Raw Partly Pad Ready/ Partly Raw
Indicated Price Paid per Acre	\$500,000	\$660,000	\$500,000	\$350,213	\$475,812	\$519,802	
ADJUSTMENTS							
Location	-5%	-5%	-5%	-5%	0%	-5%	
Time	5%	5%	5%	5%	10%	5%	
Size	-20%	-15%	-15%	15%	-15%	0%	
Clearing/Leveling	15%	-5%	-5%	-5%	-5%	-5%	
Net adjustments	-5%	-20%	-20%	10%	-10%	-5%	
Adjusted Unit Rate	\$475,000	\$528,000	\$400,000	\$385,235	\$428,231	\$493,812	

7.4 Reconciliation of Sales Data

The sales presented were in the subject's general marketing area of suburban St. John's and were considered the most relevant transactions to the subject. All appear to be arm's length transactions, with no unusual motivations associated with the buyer or seller. Finally, all transactions have similar commercial zoning to the subject. In analyzing the sales relative to the subject property, consideration was given for individual property differences. Influential factors include location, market fluctuations over time and physical characteristics (clearing/leveling/pad ready land).

7.4.1 Location

As discussed, all sales utilized are in suburban St. John's, commercially zoned and approved for development. Sales 1 through 4 were recent sales in the Galway Industrial Park. This area has superior highway access compared to the subject. Demand for land in Galway appears to be strong and the four sales were adjusted accordingly. Sale 5 is in the subject's immediate area, while Sale 6 was in the Kelsey Drive area. While the land is below grade, the Kelsey Drive area is considered superior to the subject and this sale was adjusted accordingly.

7.4.2 Time/Market Conditions

Market research suggests that commercial land values have not substantially changed in recent years. We have included some dated sales, as they are of relatively similar size and location to the subject. As discussed, the government will be purchasing a significant portion of the development for the construction of a new healthcare facility. **This is considered a positive influence for the area and**

demand for land in the immediate area is anticipated to increase. Adjustments for time/market conditions will be applied to all sales given this recent announcement (November 2024).

7.4.3 Size/Physical Characteristics

The sites vary in size from approximately 3.00 to 16.41 acres of useable land. Sale 6 contained a total of approximately 13.30 acres; however, 3.8 acres of the land was zoned Open Space (river) and not useable. Market trends typically suggest that as site area increases, the unit rate per acre decreases. **The subject's land size at approximately 10.0 acres is larger than typical in the market.** Sales 1 through 3 and Sale 5 were adjusted negatively (smaller sites), whereas Sale 4 was adjusted positively (larger site). The useable area of Sale 6 was similar to the subject; therefore, no adjustment was required.

7.4.4 Site Improvements/Clearing/Levelling/Pad Ready Section

As discussed, according to the client, the subject's site has approximately 7.5 acres of cleared and grubbed land. Storm water detention requirements are completed for 2.5 acres (located at the front section). This land off Nils Way is also considered pad ready for building construction, while the extreme rear and eastern sections of the subject are heavily treed.

As shown in the photographs provided in the sale information charts, Sale One was raw land when purchased and required site work (clearing, grubbing and leveling). This sale was adjusted to reflect the inferior site work compared to the subject.

The remaining sales were cleared, grubbed and generally level. They were considered to have more site work compared to the subject and negative adjustments were therefore applied accordingly.

7.5 Active/Competing Listings

A market investigation revealed several competing sites for sale in the subject's general marketing area. Details pertaining to these listings are shown in the table below. The asking rates from the listings ranged from **\$450,000 to \$893,103 per acre**. Although not sold, these listings provide further general support to the sales analysis. Photographs of these listings are shown in Addendum C.

ACTIVE COMMERCIAL LAND AVAILABLE FOR PURCHASE							
	LISTING 1	LISTING 2	LISTING 3	LISTING 4	LISTING 5	LISTING 6	SUBJECT
Address	10 Edmonds Place	26-28 Bremigens Boulevard	463-467 Torbay Road	7 Bremigens Boulevard	373 Kenmount Road	19 Allston Street	Nils Way
Asking Price	\$1,129,900	\$1,290,000	\$1,295,000	\$1,400,000	\$3,150,000	\$2,835,000	N/A
Listing Date	July 2024	November 2023	November 2021	May 2022	July 2024	November 2022	Effective November 2024
Acres (Useable)	2.00	2.60	1.45	3.00	6.00	6.30	10.00
Clearing/Leveling	Full	Full	None	Full	None	None	Partial
Indicated Asking Price Paid per Acre	\$564,950	\$496,154	\$893,103	\$466,667	\$525,000	\$450,000	

7.6 Estimated Market Value

Following the necessary adjustments of the comparable sales to equate to the subject and the market data analysed above, a unit rate of **\$450,000 per acre** for the subject is considered appropriate, or:

Site Area @ Unit Rate	=	Value
10.0 acres @ \$450,000 per acre	=	\$4,500,000

The above estimate is subject to the Assumptions and Limiting Conditions and the Certificate of the Appraiser contained in this report.

This appraisal critically assumes that:

- 1. Construction of commercial buildings would be permitted by the City of St. John's, with adequate access to water and sewer infrastructure and that public street access off Nils Way is permitted to the rear section of the property.*
- 2. The overall site area and measurements provided by the client are reasonably accurate.*
- 3. The existence of any easements does not adversely affect the property.*
- 4. No on-site or neighbouring sources of environmental contamination or deleterious material affect the property.*
- 5. Storm water detention is in place for the front approximate 2.5-acre section of the property.*
- 6. Approximately 25% of the subject is "pad ready" for construction and 75% of the total area is cleared and partly leveled.*

7.7 Reasonable Exposure Time

Exposure time is the estimated duration a property would be offered on the open market prior to its sale. Considering prevailing market conditions, as well as the subject's location and physical characteristics, a reasonable exposure time to realize the appraised value would have been three to six months as at the effective date, assuming a prudent marketing strategy.

8.0 CERTIFICATE OF THE APPRAISER

I, the appraiser, certify that:

1. I personally inspected the subject property herein described on **November 27, 2024**.
2. The effective date of this appraisal report is November 27, 2024.
3. To the best of my knowledge and belief, the statements of fact contained in this report are correct and have been verified where possible.
4. The reported analysis, opinions and conclusions are unbiased and limited only by the reported assumptions and limiting conditions (whether such conditions are imposed by the terms of this assignment or by the appraiser).
5. I have no past, present or prospective interest in the property that is the subject of this report and have no personal interest or bias with respect to the parties involved.
6. My compensation is not contingent on the reporting of a predetermined market value that favours the cause of the client, the amount of the current market value, the attainment of a stipulated result, or the occurrence of a subsequent event.
7. My analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the current Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics of the Appraisal Institute of Canada.
8. No one provided significant professional assistance to the appraiser signing this report.
9. The Appraisal Institute of Canada reserves the right to review this report.
10. The Appraisal Institute of Canada has a Mandatory Recertification Program for designated members. As of the date of signing this report, I have fulfilled the requirements of this program.
11. The final estimate of the property's current market value, as defined elsewhere in this report, as of the effective date, **November 27, 2024**, is:

Four Million, Five Hundred Thousand Dollars (\$4,500,000)

The above estimate is subject to the Assumptions and Limiting Conditions and the Certificate of the Appraiser contained in this report.

This appraisal critically assumes that:

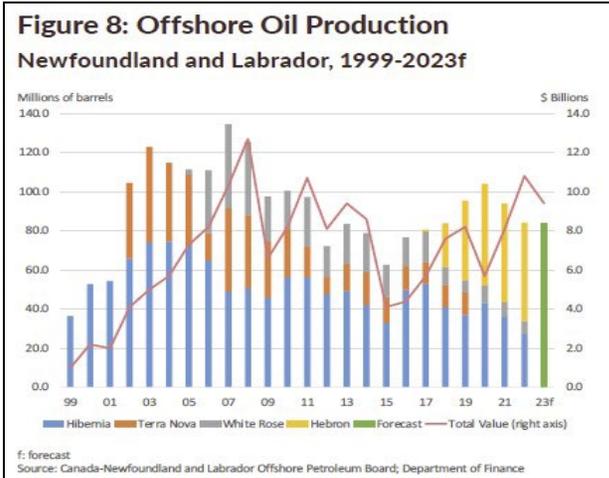
1. *Construction of commercial buildings would be permitted by the City of St. John's, with adequate access to water and sewer infrastructure and that public street access off Nils Way is permitted to the rear section of the property.*
2. *The overall site area and measurements provided by the client are reasonably accurate.*
3. *The existence of any easements does not adversely affect the property.*
4. *No on-site or neighbouring sources of environmental contamination or deleterious material affect the property.*
5. *Storm water detention is in place for the front approximate 2.5-acre section of the property.*
6. *Approximately 25% of the subject is "pad ready" for construction and 75% of the total area is cleared and partly leveled.*



Michael Kirkland, BBA, AACI, P. App.
KIRKLAND, BALSOM AND ASSOCIATES - ARA

ADDENDUM A

Economic and statistical data obtained from the Government of Newfoundland and Labrador and various publicly available reports



Offshore Oil Production

Table 3: Real GDP Growth (per cent) by Province, 2022-23f

	2022e	2023f
Newfoundland and Labrador*	0.3	2.8
Prince Edward Island	2.4	1.2
Nova Scotia	2.1	0.9
New Brunswick	2.0	0.7
Quebec	2.9	0.4
Ontario	3.4	0.4
Manitoba*	3.6	0.7
Saskatchewan	5.4	1.5
Alberta*	4.8	2.8
British Columbia*	2.8	0.4
Canada	3.4	0.7

Note: Provinces with an asterisks denote actual Budget 2023 estimates/forecasts that were available at the time of publishing.
e: estimate; f: forecast
Source: Department of Finance; Average of Major Canadian Banks; Conference Board of Canada; Statistics Canada; Government of Manitoba; Government of Alberta; Government of British Columbia

Brent Crude Price Volatility

Figure 27: Residential MLS® Sales and Average Price Newfoundland and Labrador, 2000-2023f

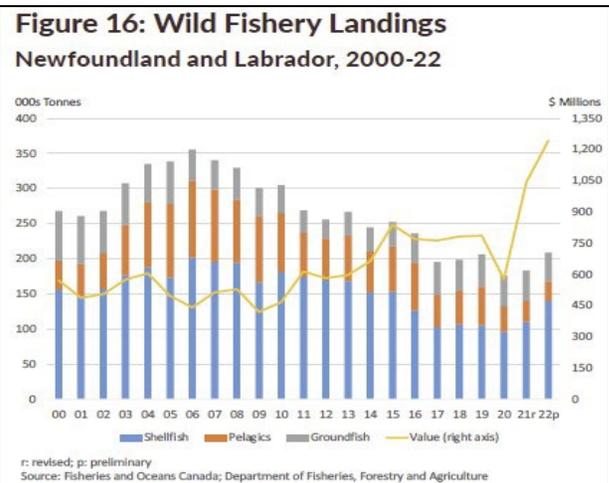
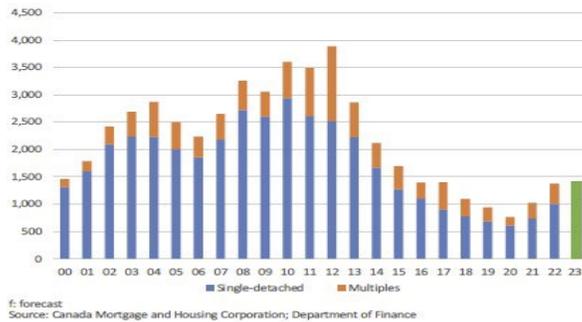


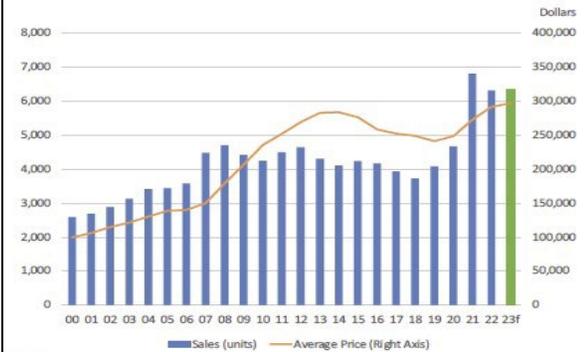
Figure 26: Housing Starts
Newfoundland and Labrador, 2000-23f



f: forecast
Source: Canada Mortgage and Housing Corporation; Department of Finance

New Home Construction, St. John's
Department of Finance

Figure 27: Residential MLS® Sales and Average Price
Newfoundland and Labrador, 2000-2023f



f: forecast
Source: Canadian Real Estate Association; Department of Finance

Table 4: Provincial Economic Indicators

	2020	2021e	2022f	2023f	2024f	2025f	2026f
GDP at Market Prices (\$M)	31,580	38,509	39,906	38,703	39,450	39,965	41,367
% Change	-10.7	21.9	3.6	-3.0	1.9	1.3	3.5
% Change, real	-5.4	3.5	0.5	3.4	2.6	1.1	2.3
Final Domestic Demand* (\$M)	32,859	35,219	36,719	37,670	37,999	39,065	39,595
% Change	-6.9	7.2	4.3	2.6	0.9	2.8	1.4
% Change, real	-8.1	4.1	1.4	1.1	-0.7	1.0	-0.3
Household Income (\$M)	26,691	27,662	28,542	29,036	29,889	30,715	31,419
% Change	1.9	3.6	3.2	1.7	2.9	2.8	2.3
% Change, real	1.7	0.0	-0.7	0.0	1.2	0.6	0.6
Household Disposable Income (\$M)	18,015	18,611	19,132	19,422	19,896	20,534	21,008
% Change	4.3	3.3	2.8	1.5	2.9	2.7	2.3
% Change, real	4.1	-0.3	-1.1	-0.2	1.2	0.6	0.7
Retail Sales (\$M)	9,124	10,094	10,446	10,497	10,636	10,868	11,075
% Change	1.4	10.6	3.5	0.5	1.3	2.2	1.9
% Change, real	1.0	6.4	0.4	-0.5	0.0	0.6	0.7
Consumer Price Index (2002=100)	139.6	144.7	150.4	153.0	155.6	158.9	161.5
% Change	0.2	3.7	3.9	1.7	1.7	2.1	1.6
Capital Investment (\$M)	7,236	7,537	7,901	8,544	8,574	9,212	9,314
% Change	-20.9	4.2	4.8	8.1	0.4	7.4	1.1
% Change, real	-21.6	-0.1	1.6	7.9	-1.1	5.5	-0.6
Housing Starts	763	1,022	1,090	1,040	1,103	1,154	1,196
% Change	-19.3	33.9	6.7	-4.6	6.1	4.7	3.6
Employment ('000s)	214.0	220.1	225.9	226.6	230.0	231.6	231.6
% Change	-5.7	2.9	2.6	0.3	1.5	0.7	0.0
Labour Force ('000s)	249.1	252.7	255.8	256.1	257.8	258.7	258.3
% Change	-3.7	1.4	1.2	0.1	0.7	0.3	-0.1
Unemployment Rate (%)	14.1	12.9	11.7	11.5	10.8	10.5	10.3
Participation Rate (%)	55.9	56.7	57.1	57.0	57.2	57.3	57.1
Population ('000s)	521.4	520.6	522.8	522.9	523.5	523.8	524.1
% Change	-0.4	-0.2	0.4	0.0	0.1	0.1	0.1

* Final domestic demand measures demand in the local economy by summing consumption, investment and government expenditures; it excludes net exports.

e: estimate; f: forecast; Department of Finance, April 2022
Source: Statistics Canada; Department of Finance

ADDENDUM B
Industrial General (IG)
Zoning Uses and Regulations

10-86

INDUSTRIAL GENERAL (IG) ZONE

IG

(1) PERMITTED USES, except Freshwater Bay

Accessory Building	Pipe Storage Yard
Accessory Dwelling Unit	Public Use
Car Wash	Recycling Depot
Commercial Garage	Restaurant, only at Pier 7 (PID #351587, 22880)
Craft Brewery/Distillery	Transportation Depot
Food and Beverage Processing	Transportation Terminal
Industrial Use	Warehouse
Light Industrial Use	Wharves and Stages
Lounge, only at Pier 7 (PID #351587, 22880)	

(2) DISCRETIONARY USES, except in Freshwater Bay

Heritage Use (2022-05-27)	Pedway (2022-10-14)
Mineral Working	Recreational Use
Park	Salvage Yard
Parking Lot	Wind Turbine – Small Scale
Parking Garage	

(3) PERMITTED USES, FRESHWATER BAY

- (a) Industrial offshore oil and gas exploration and development service base, together with related docking, loading, repair, storage, maintenance, and administrative facilities and compatible Uses



(4) ZONE STANDARDS, EXCEPTING PARK, PARKING LOT, PUBLIC USE, PUBLIC UTILITY, AND FRESHWATER BAY

- | | | |
|-----|--|--|
| (a) | Lot Area (minimum) | 1800 metres square (2022-05-27) |
| (b) | Lot Frontage (minimum) | 45 metres (2022-05-27) |
| (c) | Building Line (minimum) | 20 metres (2022-05-27) |
| (d) | Building Height (maximum),
except Lots abutting the
shore line or on Harbour Drive | 18 metres |
| (e) | Building Height (maximum),
Lots abutting the shore line
or on Harbour Drive | 14 metres |
| (f) | Side Yards (minimum) | Two of 3 metres, except on a corner Lot
where the Side Yard abutting the Street
shall be 6 metres. (2022-05-27) |
| (g) | Rear Yard (minimum) | 6 metres (2022-05-27) |

(5) ZONE STANDARDS FOR PARK, PUBLIC USE, PUBLIC UTILITY, PARKING LOT AND FRESHWATER BAY SHALL BE IN THE DISCRETION OF COUNCIL.



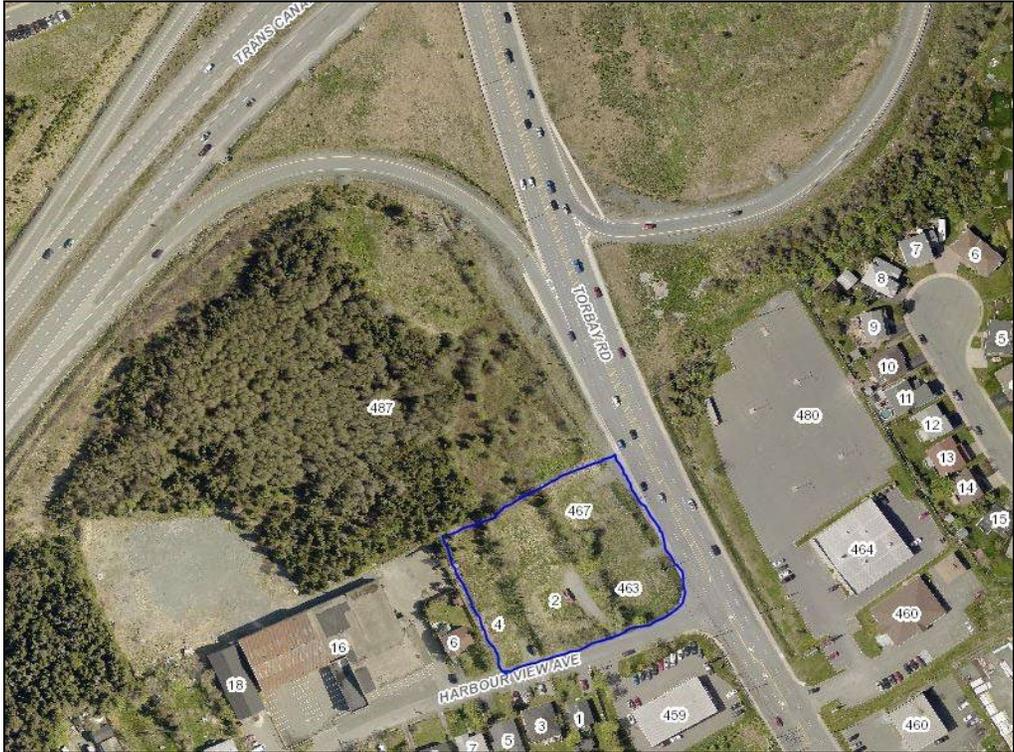
ADDENDUM C
Photographs of Competitive Listings



Competive Listing One – 10 Edmonds Place



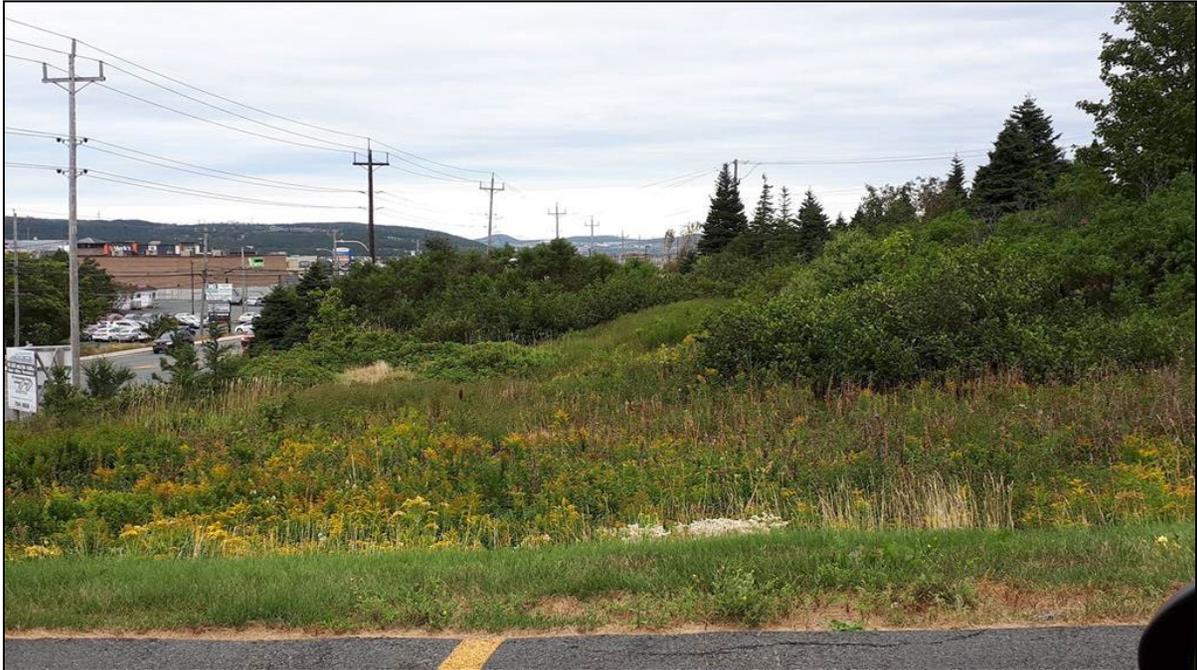
Competive Listing Two – 26-28 Bremigens Boulevard



Competive Listing Three – 463-467 Torbay Road



Competive Listing Four – 7 Bremigens Boulevard



Competive Listing Five – 373 Kenmount Road



Competive Listing Six – 19 Allston Street