

CBRE VALUATION & ADVISORY SERVICES

APPRAISAL REPORT

LAND VALUATION
SUNSET DRIVE
FREDERICTON, NEW BRUNSWICK
FILE NO. 22-APPRHAL-0122
EFFECTIVE DATE: APRIL 28, 2022

CBRE



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CBRE File No.: 22-APPRHAL-0122

May 2, 2022

Ryan Seymour
City of Fredericton 397 Queen Street
Fredericton, New Brunswick
E3B 1B5

RE: Appraisal Report – PID 1412972, Sunset Drive, Fredericton, New Brunswick ("Property")

Dear Mr. Seymour:

At your request and authorization, CBRE Limited has completed an investigation and analysis of the above referenced property and is pleased to submit this narrative appraisal report.

This appraisal report is prepared for the purpose of providing an estimate of the current market value of the 100% fee simple interest for the property identified by a portion of PID 01412972 and located at Sunset Drive within Fredericton, New Brunswick. This report is based on an effective date of April 28, 2022, which is the date of inspection. We understand this report will be utilized by the client for acquisition purposes.

The market value reported herein is subject to the Extraordinary Limiting Condition, Extraordinary Assumption and Hypothetical Condition noted on pages 5 & 6 and the Limiting Conditions noted within Addendum "A", which are an integral part of this report and are inseparable from this letter. The analyses, opinions and conclusions utilized in this report were developed based on our interpretation of the standards set forth in the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP).

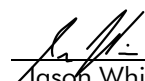
Based on the analysis contained in this report, the estimate of the current market value of the subject property as at April 28, 2022 is:

**Three Thousand Two Hundred Dollars
\$3,200**

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE Limited can be of further service, please contact us.

Respectfully submitted,

CBRE LIMITED



Jason White, BBA, AACI, P.App., R/W-AC
Director
Valuation & Advisory Services
NBAREA#: 904065

TABLE OF CONTENTS

1 EXECUTIVE SUMMARY 3

2 PROPERTY OVERVIEW 7

3 MARKET OVERVIEWS..... 14

4 HIGHEST AND BEST USE 18

5 VALUATION METHODOLOGY..... 20

6 DIRECT COMPARISON APPROACH..... 23

7 RECONCILIATION OF VALUE 28

8 CERTIFICATION 30

ADDENDUMS

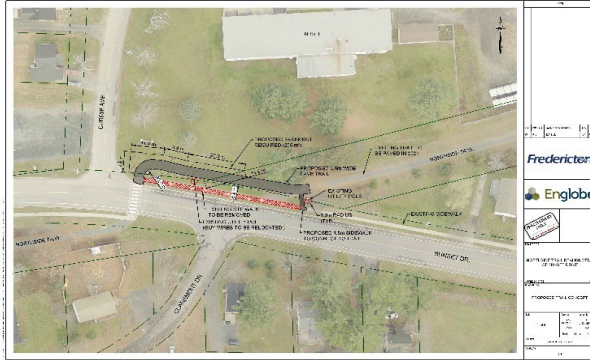
Addendum A

- Terms of Reference
- Assumptions and Limiting Conditions
- Photographs

EXECUTIVE SUMMARY

VALUATION SUMMARY

235 m² (0.058 acres) from PID 01412972



Property Description

The subject comprises one parcel of vacant land located along the north side of Sunset Drive in the northwest section of the City of Fredericton. The subject is zoned GI - General Industrial, forms part of a larger parcel and has limited to no utility as a standalone parcel. The Highest and Best Use is for use in conjunction with the parent property (entire PID 01412972); however, is being acquired for a lower value use (part of a walking trail).

Salient Details

Property Address	Sunset Drive
Effective Date	April 28, 2022
Interest Appraisal	100% Fee Simple
Property Type	Vacant Land
Submarket	Fredericton, New Brunswick
Legal Description (PID)	portion of PID 01412972
Zoning	General Industrial (GI)
Site Area (Ac.)	0.058
Access	From Sunset Drive
Configuration	Irregular
Services	Full municipal, utilities and telecommunications services along Sunset Drive
Topography	At/below road grade and generally level

Direct Comparison Approach Summary

Direct Comparison Approach	\$3,200
Price / Acre	\$55,000

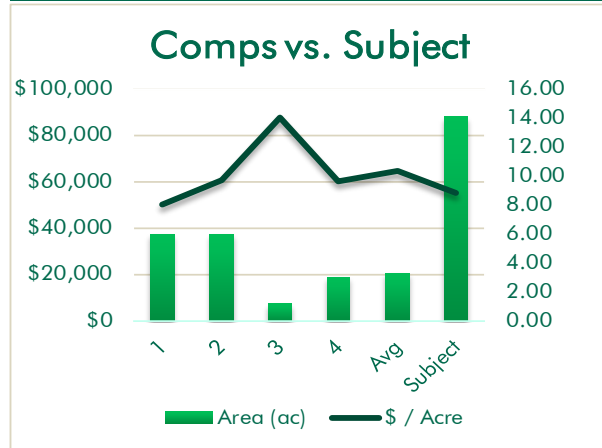
Valuation Limitations: Extraordinary Limiting Condition, Extraordinary Assumption and Hypothetical Condition noted on pages 5 & 6 and the Limiting Conditions noted within Addendum "A"

Valuation Summary

Final Value	\$3,200
* Value per acre	\$55,107

**Unit rate equals final value (rounded) divided by total area*

Sales Summary



Highest & Best Use

Industrial use in conjunction with the parent property

PROPERTY CHARACTERISTICS

Strengths

- Subject is level, at road grade and is comprised of grass/lawn.
- Subject is located in a mixed use area on the north side of the city with good access, frontage along a major arterial and access to full urban services.
- Average to good location for an industrial use.
- The parent property contains 14.01 acres of land, which is considered to be unique for industrial land within city limits.

Weaknesses

- Subject has limited to no utility as a standalone parcel; as such, is being valued as part of the parent property.

LIMITING CONDITIONS

As per Section 3.45 of CUSPAP 2022, a Limiting Condition is a statement in an Assignment identifying conditions that impact the conclusion. The Limiting Conditions for this reported have been included in Addendum "A".

EXTRAORDINARY LIMITING CONDITIONS

As per Section 3.26 of CUSPAP 2022, an Extraordinary Limiting Condition is a necessary modification to, or exclusion of, a Standard Rule which may diminish the reliability of the report. This report is subject to the following Extraordinary Limiting Condition:

- A title search was not completed for this assignment.

EXTRAORDINARY ASSUMPTIONS

As per Section 3.25 of CUSPAP 2022, an Extraordinary Assumption is an assumption, directly related to a specific Assignment, which, if were not assumed to be true, could materially alter the opinions or conclusions. This report is subject to the following Extraordinary Assumptions:

- Title is assumed to be good and clear.
- Based on the Hypothetical Condition, this appraisal assumes the parent property is vacant land.

HYPOTHETICAL CONDITIONS

As per Section 3.33 of CUSPAP 2022, Hypothetical Conditions are a specific type of an Extraordinary Assumption that presumes, as fact, simulated but untrue information about physical, legal, or economic characteristics of the subject property or external conditions, and are imposed for purposes of reasonable analysis. This report is subject to the following Hypothetical Condition:

- The parent property is improved with industrial buildings and site improvements. For analysis purposes, this appraisal is based on the Hypothetical Condition that the parent property is vacant land.

PROPERTY OVERVIEW

TENURE

The ownership interest valued within this appraisal is as follows:

- 100% fee simple interest

LOCATION DESCRIPTION

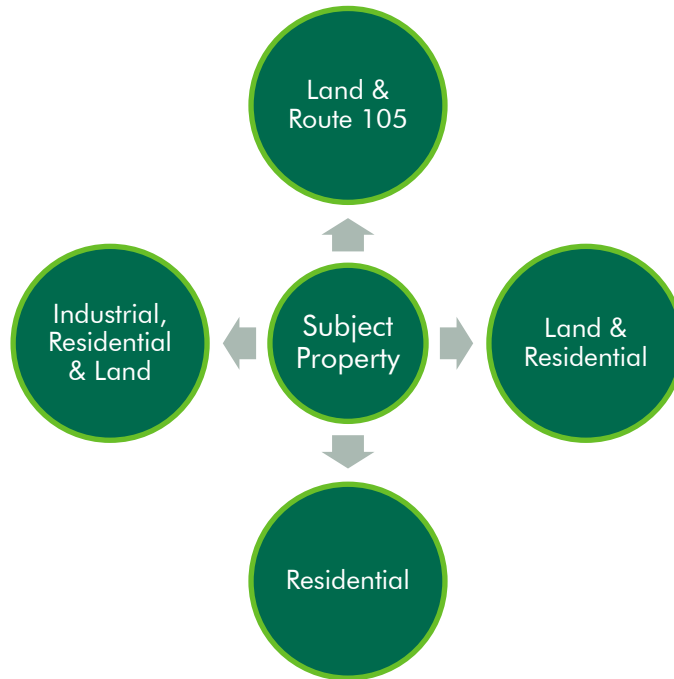
The subject property is located along the north side of Sunset Drive, which is in the northwest portion of the City of Fredericton, NB. The neighbourhood is considered to be mixed use as it is comprised of residential (single & multi-family), industrial, recreational, agricultural, vacant land (conservation & future development) as well as a nursing home.

The following satellite image depicts the subject property within the general area.



Land Use

The surrounding area is characterized by a mix of uses, including industrial.



Access

Regional

Good – located approximately 500m east of Route 105/Ring Road

Local

Good – Sunset Drive is a major arterial connecting residential areas to Route 105 and Main Street

Amenities

All major amenities, such as hospital, universities (UNB & STU), grocery, regional shopping, employment, etc., are within 3-15km of the subject on the north and south side of the City of Fredericton.

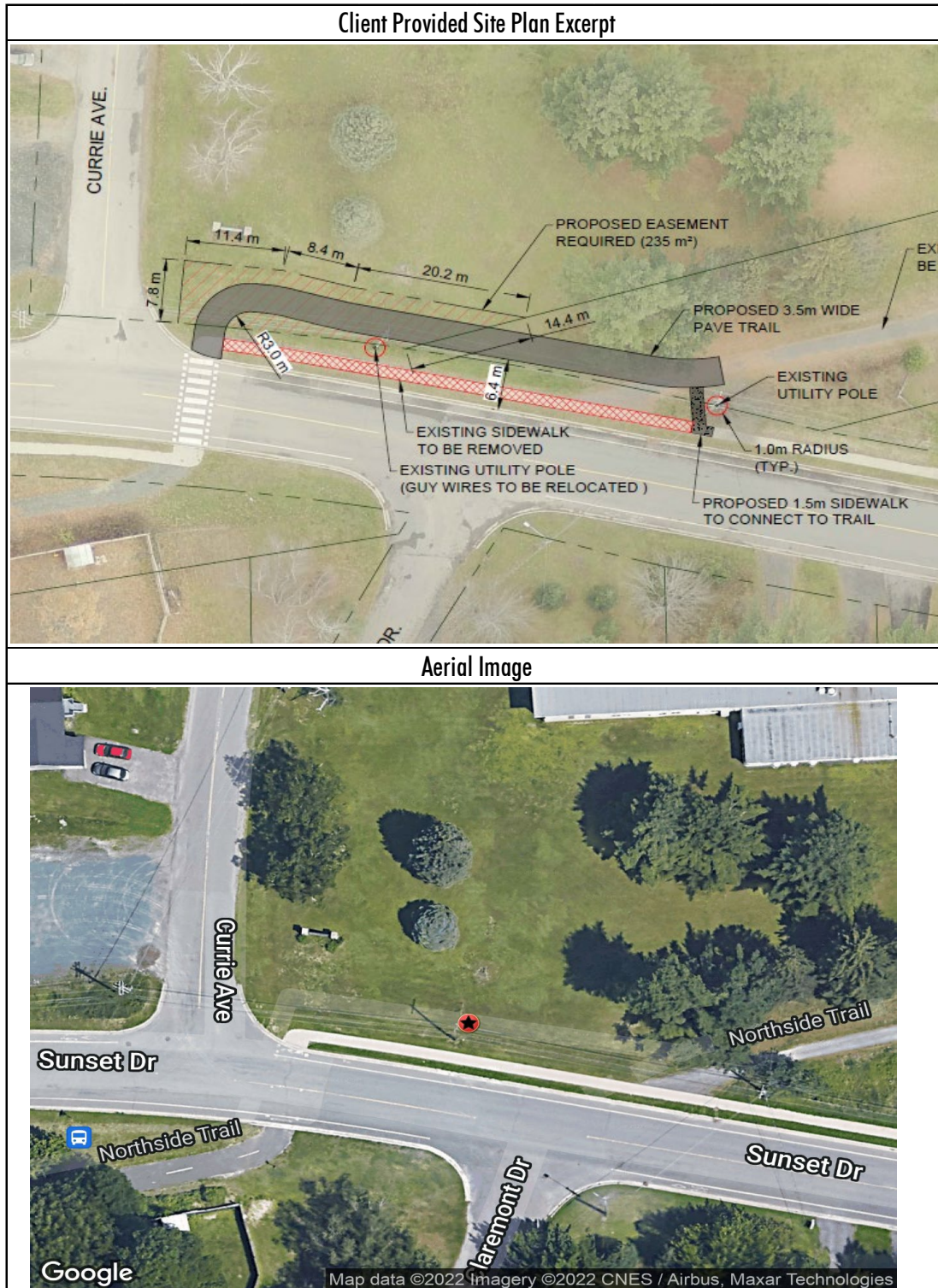
Conclusion

Overall, the location is considered average to good for an industrial use given the location within the city and regional/local access.

SITE DESCRIPTION

Site Description

Attribute	Details
Address	Sunset Drive
City	Fredericton
Province	New Brunswick
Site Area (Ac.)	0.06
Data Source: Client provided site plan	
Property Identification (PID)	portion of PID 01412972
Frontage	± 85 feet of frontage along Sunset Drive based on GIS measurement (not identified on the client provided site plan)
Topography	At/below road grade and generally level
Configuration	Irregular
Access	From Sunset Drive
Services	Full municipal, utilities and telecommunications services along Sunset Drive
Ground Cover	Lawn
Wetlands / Flood Zone	None noted
Site Improvements	Lawn
Easement & Encumbrances	Based on the client provided site plan, there is a utility easement along the southern portion of the subject property. The utility pole will be relocated to permit the paved walking trail; as such, does not negatively impact the market value of the subject property
Valuations Limitations	Extraordinary Limiting Condition, Extraordinary Assumption and Hypothetical Condition noted on pages 5 & 6 and the Limiting Conditions noted within Addendum "A"



Conclusion

The subject property is considered to occupy an average to good location for industrial use within the City of Fredericton. The parent property, which the subject forms a part of, contains 14.01 acres of land that has 2.15 acres within a regulated wetland and 30m buffer area.

LAND USE REGULATIONS

Land Use / Zoning

Land Use / Zoning	
Description	
Zoning - General Industrial (GI)	The GI zone permits 46 different uses including, but not limited to, animal shelter, bulk fuel station, cannabis production facility, distribution facility, equipment sales and rental, light manufacturing, indoor recreation facility, self-storage facility, warehouse, etc.

Limitations

- For the purpose of this appraisal CBRE has assumed the information obtained is correct and that the subject property is a conforming use.

Conclusion

The subject use as vacant land is a permitted use while the parent property use as a transportation depot is a permitted use.

ASSESSMENT & TAXES

The 2022 assessment taxes are presented below for information purposes and have no impact on the current market value estimate of the subject property.

Subject Parcel Assessment & Taxes	
2022 Tax Year	
Assessment	\$1,482,000
Taxes	\$23,486.74
PAN	6422802
Assessment Type	Sign Shop & Government Garage

**The subject only forms a portion of the assessment and taxes above for PAN 6422802*

MARKET OVERVIEWS

PROVINCIAL ECONOMIC OUTLOOK

Next 5 Years, 2021 – 2026

New Brunswick, Q4 2021

Key Findings

- Economy:** The economy in New Brunswick is forecasted to grow at an annual average rate of +1.3% over the next five years from 2021 – 2026. Relative to the other tracked provinces, this ranks New Brunswick's real GDP growth at #9 in Canada.
- Employment & Job Growth:** Total employment is expected to grow by +4,000 jobs over 2021 – 2026, for an annual average growth rate of +0.2%. This ranks employment growth in New Brunswick as #9 among the tracked Canadian provinces. The unemployment rate is projected to compress from 9.0% in 2021 to 7.8% by 2026.
- Population:** The population in New Brunswick is projected to grow at an annual average rate of +0.2% over the next five years from 2021 – 2026. This ranks population growth in New Brunswick as #8 among the tracked Canadian provinces.
- Local Industries:** New Brunswick's largest industry by GDP is the FIRE industry, which accounts for 22.8% of total GDP. The next largest industries are public administration and health care, which respectively represent 11.6% and 10.0% of total GDP.
- Residential Housing Market:** Housing starts in New Brunswick are forecasted to average 2,401 units each year from 2021 – 2026. Singles construction is expected to account for 28.2% of the units while multiples account for 71.8%.

GDP Growth

Market	5-Yr CAGR	Rank
British Columbia	2.1%	5
Newfoundland	2.1%	6
Quebec	1.8%	7
Nova Scotia	1.4%	8
New Brunswick	1.3%	9
Median	2.1%	-
Canada	2.3%	-

Employment Growth

Market	5-Yr CAGR	Rank
British Columbia	1.1%	5
Nova Scotia	0.7%	6
Quebec	0.7%	7
Newfoundland	0.3%	8
New Brunswick	0.2%	9
Median	1.1%	-
Canada	1.3%	-

Top 5 Local Industries

Industry	% of GDP
FIRE	22.8%
Public Administration	11.6%
Health Care	10.0%
Manufacturing	9.5%
Primary & Utilities	7.9%

Key Economic Indicators - New Brunswick

	2020	2021	2022F	2023F	2024F	2025F	2026F
Real GDP (\$2012 millions)	\$29,581	\$31,149	\$31,881	\$32,167	\$32,503	\$32,841	\$33,213
Annual Growth (%)	-3.7%	5.3%	2.4%	0.9%	1.0%	1.0%	1.1%
Total Employment (000s)	351.7	360.8	366.3	366.2	365.3	364.9	364.7
Annual Growth (%)	-2.6%	2.6%	1.5%	0.0%	-0.3%	-0.1%	0.0%
Unemployment Rate (%)	10.1%	9.0%	8.3%	8.2%	8.2%	8.0%	7.8%
Household Income per Capita (\$)	\$49,024	\$49,394	\$48,860	\$50,122	\$51,352	\$52,643	\$54,061
Population (000s)	782.3	787.4	791.0	792.0	793.7	795.1	796.2
Annual Growth (%)	0.8%	0.6%	0.5%	0.1%	0.2%	0.2%	0.1%
Total Housing Starts (units)	3,483	4,082	3,025	2,884	2,401	1,992	1,706
Retail Sales (\$ millions)	\$13,419	\$14,877	\$14,682	\$14,881	\$15,260	\$15,626	\$16,034
Annual Growth (%)	1.0%	10.9%	-1.3%	1.4%	2.5%	2.4%	2.6%
CPI (2002 = 1.00)	1.37	1.41	1.45	1.48	1.51	1.54	1.57
Annual Growth (%)	0.2%	3.6%	2.5%	2.1%	2.0%	2.0%	2.0%

F = Forecast data. Forecast completed January 10, 2022.

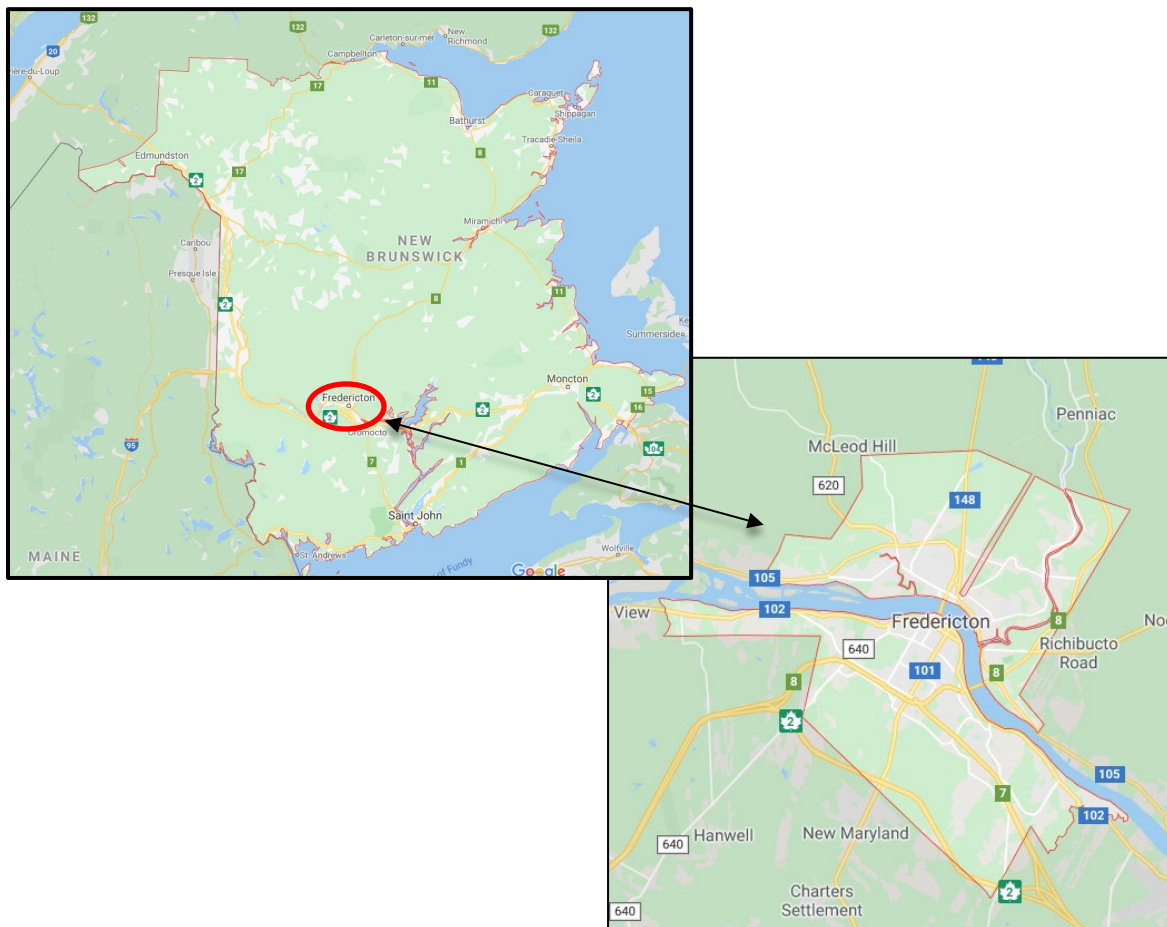
Source: The Conference Board of Canada, 2022.

FREDERICTON, NB OVERVIEW

Fredericton is the capital city of New Brunswick, with approximately 58,220 residents per the most recent Statistics Canada Census profile (2016), which represents an increase of 3.6 per cent since 2011. Fredericton is located on the St. John River, which dissects the city flowing from west to east. Fredericton is the third largest city of province of New Brunswick and is home to University of New Brunswick as well as the Fredericton campus of St. Thomas University.

Fredericton is one hour from New Brunswick's major deep-sea port, which provides direct sea access to Europe and the Eastern US. Situated on the Trans-Canada Highway, Fredericton is Atlantic Canada's closest city to I-95—the major North-South corridor for the US Eastern Seaboard. The Fredericton International Airport (YFC) provides a number of daily direct flights to Toronto, Montreal, Ottawa, and Halifax, with service to all major international destinations.¹ Fredericton has made significant investments in its digital infrastructure and has twice been named one of the world's "Top 7 Intelligent Communities" by the Intelligent Communities Forum of New York. Fredericton is the epicentre of research and development in New Brunswick, with more than 75% of all publicly funded research taking place within the city's limits.¹

Location Mapping



¹ Ignite Fredericton. <https://www.ignitefredericton.com/economic-highlights>

GREATER FREDERICTON INDUSTRIAL

- Fredericton's industrial node is comprised of several distinct parks - the original Fredericton Industrial Park, Vanier Industrial Park and the newer Alison Boulevard Business Park. These parks are all strategically located nearby each other, with convenient access to the Vanier Highway connecting with the TransCanada Highway, the Fredericton Bypass and heading north into the City of Fredericton.
- Hanwell has two parks, which abut each other, with one being an industrial park (Hanwell Industrial Park) and the other being a business park with restrictive covenants (Greenview Business Park). Both have immediate access to the TransCanada Highway with Greenview Business Park having partial exposure to the TransCanada Highway.
- Single tenant and owner-occupied buildings have been dominant in the greater Fredericton industrial market while the stock of multi-tenant properties has recently become more evident throughout the Alison Boulevard Business Park and in the Fredericton Industrial Park. Due to the dominance of single tenant and owner-occupied buildings in the overall market, Fredericton's industrial properties are not surveyed in a comprehensive manner. Vacancy has been observed to be relatively flat, with asking rents from \$6.50 to \$9.50 psf net; however, given the high cost of construction newly constructed buildings are asking higher rents.

HIGHEST AND BEST USE

HIGHEST AND BEST USE

As per section 3.32 of CUSPAP 2022, Highest and Best Use is defined as “the reasonably probable use of real property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value”.

Highest and Best Use is also known as the optimal use and represents the premise upon which value is based.

Highest and Best Use Criteria:

- legal permissibility – requires the current use or planned use to meet land use regulations, environmental controls, deed restrictions, etc.;
- physical possibility – are there size, shape, topography or soil condition constraints that limit the current use or planned use;
- financial feasibility – requires returns higher than operating expenses and debt services; and
- maximum profitability – the use that produces the highest price/value.

The subject property has limited to no utility as a standalone parcel; as such, the Highest and Best Use of the subject property is for use in conjunction with the parent property.

The parent property comprises one parcel of land along Sunset Drive, contains 14.01 acres of land, is zoned General Industrial (GI), has 2.15 acres within a wetland and buffer and has good regional/local access. The most likely use of the parent property is industrial in conformity with the GI zoning.

Based on the above, it is concluded that the Highest and Best Use of the subject property is for use in conjunction with the parent property for industrial use.

VALUATION METHODOLOGY

VALUATION METHODOLOGY

There are three basic approaches to value:

- The Income Approach
- The Direct Comparison Approach
- The Cost Approach

In practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

Income Approach

The Income Approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by expected income. Since the investment is expected to be acquired by an investor who would be willing to pay to receive an income stream plus reversion value from a property over a period of time, the Income Approach is used as the primary approach to value. The two common valuation techniques are the Discounted Cash Flow (DCF) Method and the Direct Capitalization Method.

Discounted Cash Flow Method

Using this valuation method, future cash flows are forecasted over an investment horizon, together with the proceeds of a deemed disposition at the end of the holding period. This method allows for modeling any uneven revenues or costs associated with lease up, rental growth, vacancies, leasing commissions, tenant inducements and vacant space costs. These future financial benefits are discounted to a present value at an appropriate discount rate based on market transactions.

Direct Capitalization Method

This method involves capitalizing a fully leased net operating income estimate by an appropriate yield. This approach is best utilized with stabilized assets, where there is little volatility in the net income and the growth prospects are also stable. It is most commonly used with single tenant investments or stabilized investments.

Direct Comparison Approach

The Direct Comparison Approach utilizes sales of comparable properties, adjusting for differences to estimate a value for the subject property. This approach is developed to establish a market value conclusion for Fee Simple assets as this is the primary approach to value.

Cost Approach

The Cost Approach is based upon the proposition the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements, which represent the Highest and Best Use of the land, or when relatively unique or specialized improvements are located on the site and for which there exist few sales or leases of comparable properties.

For the valuation of vacant land, the Cost and Income Approaches do not apply and the Direct Comparison Approach does not always apply. The land valuation approaches are as follows.

Land Valuation Approaches

There are six approaches available to value land, which draw from one or more of the main valuation approaches previously discussed.

1. Direct Comparison – The most widely utilized and recognized approach to valuing land when there is adequate quantity and quality of transactions. The approach compares recent transactions to the subject property adjusts for differences to estimate a value for the subject property.
2. Allocation – Sales of improved properties are analyzed to establish a typical ratio of land value to total property value and this ratio is applied to the property being appraised or the comparable sale being analyzed.
3. Extraction – The depreciated cost of the improvements on the improved property is estimated and deducted from the total sale price to arrive at an estimated sale price for the land
4. Subdivision Development – Utilized when subdivision development if the Highest and Best Use. Direct and indirect costs and entrepreneurial profit are deducted from the gross sale price of the finished lots, the net sale proceeds are then discounted to present value to indicate the value of the raw land.
5. Land Residual – The net operating income attributable to the land is isolated and capitalized to produce an indication of the land's contribution to the total property.
6. Ground Rent Capitalization – Utilized when the ground rent corresponds to the owner's interest in the land, the leased fee interest, and market derived capitalization rates are available to convert ground rent into an indication of market value.

Conclusion

We have identified a sufficient number of transactions of vacant land that are similar to the subject and in comparable locations to the subject. As such, we have utilized the Direct Comparison Approach; all other approaches are irrelevant and have not been utilized. The subject property will be analyzed on a price per acre basis.

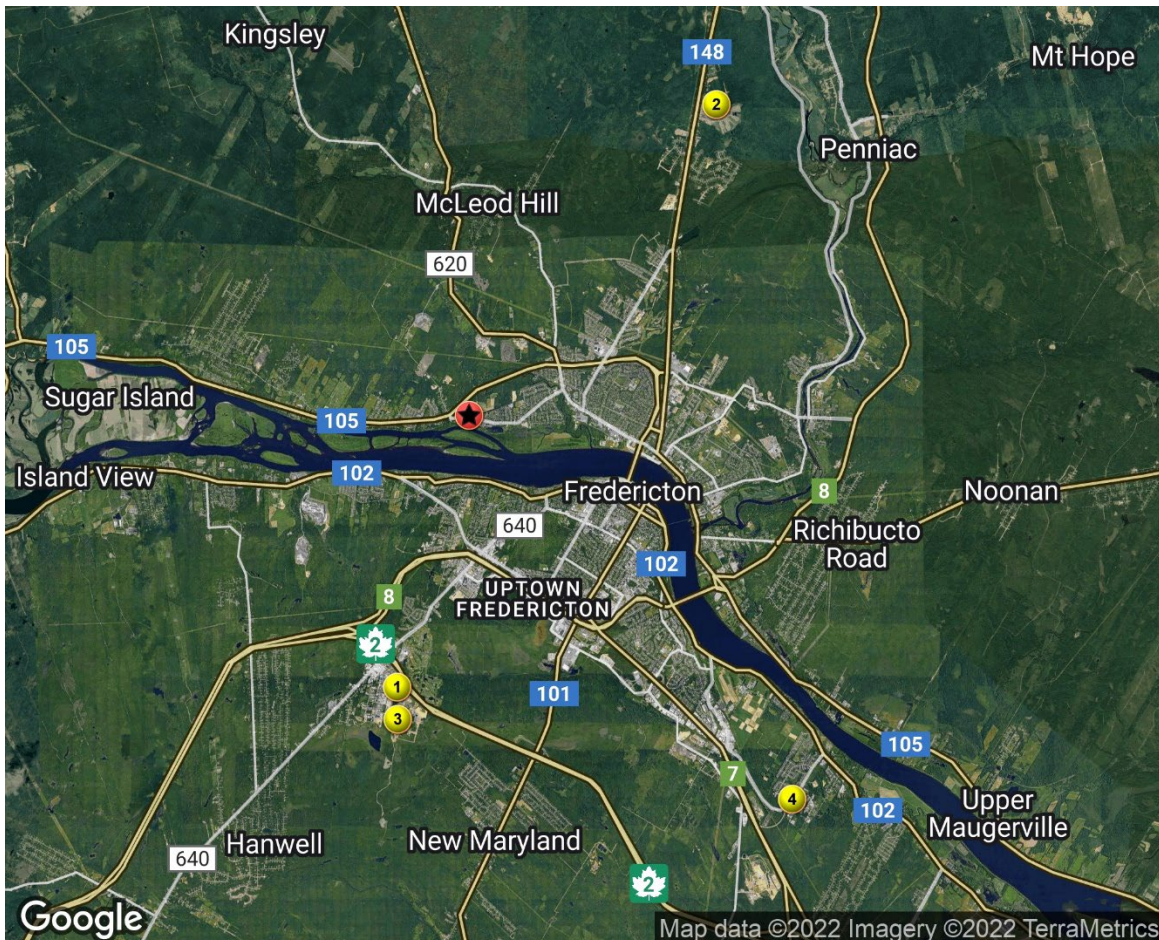
DIRECT COMPARISON APPROACH

DIRECT COMPARISON APPROACH



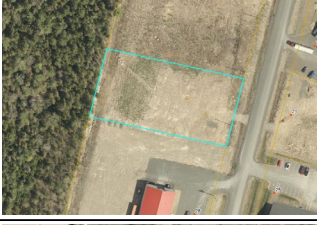

The Direct Comparison Approach is applied using the price per acre as the basis of comparison. In this approach, we have utilized qualitative adjustments to reflect the following factors:

- Timing
- Ground Cover
- Topography
- Access
- Land Size
- Location

The most relevant land sales have been identified in the following map, chart and analysis.



Land Sales

Index No.		Address City, Province PID(s) / Legal Description	Vendor Purchaser	Closing Date Sale Price	Area (ac)	Price per Acre (\$/Ac)	Ground Cover Topography Access Zoning
1		Greenview Drive Hanwell, NB Formerly 75543934	Greenview Developments Ltd. C. J. Stewart Holdings Ltd.	2021-06-02 \$300,000	6.00	\$50,000	Cleared & partially graded Level to low lying Road front Industrial
		Sale of one parcel of land comprising 6 acres of cleared land located in the Greenview Business Park. This index has a level topography and is zoned for Industrial uses.					
2		46 Cole Crescent Killarney Road, NB Formerly 75521526	Tanadem Properties Inc. MacDonald Builders and Suppliers (1976) Ltd.	2020-11-13 \$360,000	5.96	\$60,403	Treed Level Road front Rural
		Sale of one parcel of land comprising 5.96 acres of treed land located north of the City of Fredericton in a mixed residential and industrial area. This index has a level topography and is zoned for Rural (permits light Industrial use).					
3		Fairway Drive Hanwell, NB 75529875	Greenview Developments Ltd. 702481 NB Ltd.	2020-06-01 \$100,000	1.14	\$87,719	Cleared Level Road front Industrial
		Sale of one parcel of land comprising 1.14 acres of cleared land located in the Hanwell Industrial Park. This index has a level topography and is zoned for Industrial uses.					
4		140 Pepin Road Fredericton, NB 60058757	Sansom Equipment Limited Merriam Holdings Limited	2019-05-30 \$180,000	2.99	\$60,201	Treed Level Road front General Industrial (GI)
		Sale of one parcel of land comprising 2.99 acres of treed land located in the Vanier Industrial Park. This index has a level topography and is zoned for Industrial uses.					
Subject		Sunset Drive Fredericton 1412972	N.B. Supply and Services n/a	n/a n/a	14.01 (Parent Property)	n/a	Partially cleared At/below road grade and generally level None General Industrial (GI)

Sales Comparison Discussion & Analysis

- The indices range from \$50,000 to \$87,719 per acre, averaging \$64,581 per acre and range in size from 1.14 to 6.00 acres, averaging 3.22 acres. Typically, the unit rate decreases as the land area increases and vice versa with all else being equal.
- Index 1 at \$50,000 per acre represents most recent sale of industrial land in the data set and is located in the Greenview Business Park within Hanwell, NB, which is immediately south of Fredericton. The index has a superior location (high demand and close proximity to the T.C.H.) and is smaller; however, has inferior topography (low lying). Overall, the index is considered similar and indicates a similar unit rate.
- Index 2 at \$60,403 per acre represents the 2020 sale of land located immediately north of Fredericton. The index was tree covered (required clearing and grading) and is smaller than the subject. Overall, the index is considered similar and indicates a similar unit rate.
- Index 3 at \$87,719 per acre represents the 2020 sale of industrial land in the data set and is located in the Greenview Business Park within Hanwell, NB. The index has a superior location and is substantially smaller; as such, the index indicates a lower unit rate for the subject.
- Index 4 at 60,201 per acre represents the 2019 sale of industrial land in the Vanier Industrial Park that was tree covered and low lying. The inferior timing and ground cover are considered to offset the smaller lot size; as such, the index indicates a similar unit rate.

Our qualitative adjustments for each index are identified in the following chart.

Adjustment Summary

	Subject Sunset Drive Fredericton, NB	1 Greenview Drive Hanwell, NB	2 46 Cole Crescent Killarney Road, NB	3 Fairway Drive Hanwell, NB	4 140 Pepin Road Fredericton, NB
Sale Details					
Date of Sale		Jun-21	Nov-20	Jun-20	May-19
Sale Price (100% Interest)		\$300,000	\$360,000	\$100,000	\$180,000
Price per Acre		\$50,000	\$60,403	\$87,719	\$60,201
Property Details					
Area (Ac)	14.01	6.00	5.96	1.14	2.99
Qualitative Adjustments					
Timing		Similar	Inferior	Inferior	Inferior
Ground Cover		Similar	Inferior	Similar	Inferior
Topography		Inferior	Similar	Similar	Similar
Access		Similar	Similar	Similar	Similar
Land Size		Smaller	Smaller	Smaller	Smaller
Location		Superior	Similar	Superior	Similar
Overall Comparison		Similar	Similar	Superior	Similar
Overall Adjustment		Similar to \$50,000	Similar to \$60,403	Below \$87,719	Similar to \$60,201

Estimate of Market Value

The indices indicate a unit rate lower than \$87,719 per acre and near \$50,000 to \$60,403 per acre for the subject property.

Given the subject parcel's location, size, zoning and physical attributes, it is our opinion that a unit rate of **\$55,000 per acre** is reasonable for the subject property.

In conclusion, and based on the above discussion, the subject property's current market value by the Direct Comparison Approach is as follows:

Land Value Estimate			
PID(s)	Area (Ac)	Price per Acre (\$/Ac)	Value Estimates
1412972	0.058	\$55,000	\$3,194
Final Value			\$3,200

RECONCILIATION OF VALUE

RECONCILIATION OF VALUE

The Direct Comparison Approach was the only approach utilized and indicates a current market value of \$3,200.

Based on the information contained within this appraisal, it is our professional opinion that the current market value of the 100% fee simple interest in the subject property, subject to the Extraordinary Limiting Condition, Extraordinary Assumption and Hypothetical Condition noted on pages 5 & 6 and the Limiting Conditions noted within Addendum "A", as at April 28, 2022 is:

Three Thousand Two Hundred Dollars

\$3,200

CERTIFICATION


CERTIFICATION OF THE APPRAISAL

Sunset Drive (portion of PID 01412972), Fredericton, New Brunswick

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and represents our personal, unbiased professional analyses, opinions, and conclusions.
3. We have no 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.
4. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event, such as the approval of a loan.
5. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation or the approval of a loan.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice of The Appraisal Institute of Canada and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice
7. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
8. Jason White has completed the requirements of the continuing education program of the Appraisal Institute.
9. The subject property was inspected by Jason White on April 28, 2022. We also relied on recent aerial imagery and online information to describe and analyze the property.
10. No one has provided professional assistance to the persons signing this report.
11. Jason White has extensive experience in the appraisal of similar property types.
12. Jason White is currently certified in the Province where the subject is located.
13. Valuation and Advisory Services Group operates as an independent economic entity within CBRE Limited. Although other employees of CBRE Limited divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy are maintained at all times with regard to this assignment without conflict of interest.

It is our professional opinion that the current market value of the 100% fee simple in the subject property, subject to the Extraordinary Limiting Condition, Extraordinary Assumption and Hypothetical Condition noted on pages 5 & 6 and the Limiting Conditions noted within Addendum "A", as at April 28, 2022 is: \$3,200


 Jason White, BBA, AACI, P.App., R/W-AC
 Director
 Valuation & Advisory Services
 NBAREA#: 904065

May 2, 2022

Attachments and Addendum

ADDENDUM A

TERMS OF REFERENCE

Property Identification

The subject is identified by a portion of PID 01412972 and located along Sunset Drive in Fredericton, New Brunswick. The subject is more fully described, legally and physically, within the report.

Ownership and Property History

Subject History

Transaction Type	Details
Sale within the last 3 Years	None
Vendor(s) / Purchaser(s)	n/a
Listing within the past 12 months	None
Agreement, Contract, Option or Lease within the past 12 months	None that we are aware of
Current Owner	N.B. Supply and Services

Purpose of the Appraisal

The appraisal estimates the current market value of the subject property, subject to the Extraordinary Limiting Condition, Extraordinary Assumption and Hypothetical Condition noted on pages 5 & 6 and the Limiting Conditions noted within Addendum "A". The report is a narrative appraisal and has been prepared in accordance with the standards set forth by the Appraisal Institute of Canada.

Definition of Market Value

Market value is defined as follows:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress"².

Definition of Tenure

Tenure is defined as follows:

Fee Simple Interest

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the government, powers of taxation, expropriation, police power, and escheat.³

² CUSPAP Appraisal Practice, AIC, 2022, Section 3.48

³ UBC Real Estate Division, 2014, "Real Property Ownership and Interests", Chapter 6, Pg. 4

Client and Intended User

The client and intended user of this report is the City of Fredericton.

Intended Use

The intended use of the appraisal report is to provide information for acquisition purposes. The report is not intended for any other use. The City of Fredericton is the sole intended user. This report is not intended for use by other parties. The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

Effective Date

The effective date is the date of inspection, April 28, 2022.

Date of Report

This report is dated May 2, 2022.

Scope of Work

The following steps were completed by CBRE Limited for this assignment:

- Inspection of the subject property
- Review of surrounding land uses using aerial imagery
- Research into physical, legal, social, political, economic or other factors that could affect the value of the property
- Review of land use controls
- Research transactions of land from internal database, SNB, MLS and market participants
- Determine the Highest and Best Use
- Analyse the data collected using the appropriate appraisal approach (Direct Comparison Approach)
- Consider the effect on value of an assemblage (other than the parent property) and private improvements and there is deemed to be none
- Consideration of the effect on value of anticipated public improvements and there is deemed to be none
- Conclude a current market value

Report Format

- Narrative report format

Limiting Conditions

Current market value as at April 28, 2022.

A soil analysis for the site has not been provided for the preparation of this opinion. In the absence of a soil report, it is a specific assumption that the site has adequate soils to support the highest and best use.

A formal title search was beyond the scope of this assignment. Except as described herein, CBRE Limited has no knowledge of any easements or encroachments. It is recommended that the client/reader obtain a detailed title search outlining all easements and encroachments on the property, if any, prior to making a business decision.

To our knowledge, there are no known covenants, conditions and restrictions impacting the site, which are considered to affect the marketability or highest and best use, other than zoning restrictions.

CBRE Limited, or the consultant(s) has not observed, yet is not qualified to detect, the existence of potentially hazardous material or underground storage tanks, which may be present on or near the site. It should also be noted that the existence of hazardous materials or underground storage tanks might have an effect on the value of the property.

Exposure Time

Exposure time is not intended to be a prediction of a date of sale. Instead, it is an integral part of the opinion analysis and is based on one or more of the following:

- Statistical information about days on the market
- Information gathered through sales verification
- Interviews with market participants

The reasonable exposure time is a function of price, time, and use. It is not an isolated estimate of time alone. Exposure time is different for various types of real estate and under various market conditions.

As per Section 3.23 of CUSPAP 2022, exposure time is defined as “the estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal.”

It is a retrospective estimate based on an analysis of recent past events, assuming a competitive and open market. It assumes not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable marketing effort. Exposure and marketing time are therefore interrelated with opinion conclusion of value.

Based on the foregoing analysis, an exposure time of 3 to 6 months is reasonable for the parent property as vacant land. CBRE Limited assumes the subject would have been competitively priced and aggressively promoted.

ASSUMPTIONS AND LIMITING CONDITIONS

1. CBRE Limited, through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the Canadian Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, provincial, and national federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, provincial, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, provincial, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Disabilities Act of the province. CBRE is not qualified to assess the subject property's compliance with the Province's Disabilities Act, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.
13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.

14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

PHOTOGRAPHS OF THE SUBJECT PROPERTY



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