

**Rentable Value Appraisal of
Courtenay Airpark Lease Sites
100 20th Street
Courtenay, BC**

for

City of Courtenay



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November 13, 2025

Our File: CR25-20098

City of Courtenay

830 Cliffe Avenue
Courtenay, BC V9N 2J7

Attention: Maris Russell

Re: Courtenay Airpark Lease Sites, 100 20th Street, Courtenay, BC

At your request, I have completed a market rentable value appraisal of the Courtenay Airpark Ground Lease Lands, legally described within the body of this report, for the purpose of estimating the current market rentable value of the leased fee interest.

Based on my research and analyses, it is my opinion that the market rentable value of the Courtenay Airpark Ground Lease Lands for five (5) year lease terms or rent review periods commencing January 1, 2026, or thereafter, is summarized as follows:

\$5.00 per m²

The Courtenay Airpark Ground Lease Lands were inspected on November 6, 2025, and all necessary investigations and analyses were completed. The accompanying report, which forms the basis of my value opinion, subject to the assumptions and limiting conditions contained in the body of this report, is enclosed.

This report has been prepared for the City of Courtenay for lease negotiation, review and/or planning/land use purposes. No other users were authorized, and I deny any liability in this respect.

I hereby certify that I have no interest, present or contemplated, in the subject property.

Yours truly,
CUNNINGHAM & RIVARD APPRAISALS LTD.

David L. Kirk
AACI, P. App.

DLK/sc

Encl.

AERIAL PHOTOGRAPH OF SUBJECT PROPERTY

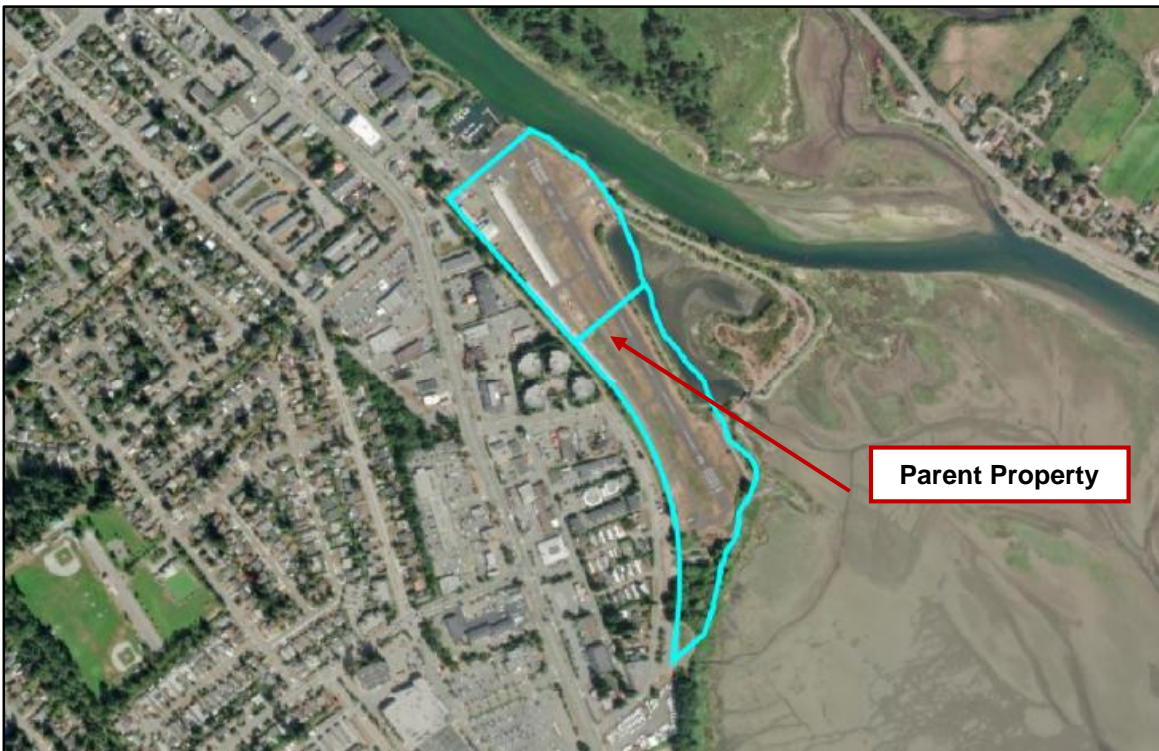


TABLE OF CONTENTS

| | Page |
|---|-------------|
| SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS | 1 |
| DEFINITION OF APPRAISAL PROBLEM AND PERTINENT INFORMATION | 2 |
| ASSUMPTIONS AND LIMITING CONDITIONS, DISCLAIMERS AND LIMITATIONS ON LIABILITY | 7 |
| <u>PROPERTY DESCRIPTION</u> | |
| REGIONAL DESCRIPTION | 11 |
| LOCATION DESCRIPTION..... | 12 |
| DESCRIPTION OF PARENT PARCEL LAND | 17 |
| DESCRIPTION OF EXISTING LEASE SITES | 20 |
| LAND USE CONTROLS..... | 22 |
| <u>MARKET OVERVIEW</u> | |
| NATIONAL AND PROVINCIAL OVERVIEW | 30 |
| REGIONAL OVERVIEW..... | 34 |
| REGIONAL AIRPORT ECONOMIC REPORT | 39 |
| <u>VALUATION ANALYSIS</u> | |
| APPRAISAL TECHNIQUES | 41 |
| RETURN ON MARKET VALUE APPROACH | 42 |
| DIRECT COMPARISON APPROACH – ACTUAL GROUND RENT | 53 |
| DIRECT COMPARISON APPROACH – BENCHMARK RENT | 55 |
| RECONCILIATION AND FINAL ESTIMATE OF RENTABLE VALUE | 59 |
| CERTIFICATION | 60 |
| QUALIFICATIONS OF APPRAISER | 61 |
| <u>ADDENDA</u> | |
| TITLE DOCUMENTS..... | 1 |

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

| | |
|---|---|
| Civic Address: | 100 20 th Street, Courtenay, BC |
| Legal Description: | Lot 1 of Section 66, Comox District, Plan 14942 Except Any Portion of the Bed of the Courtenay River (PID: 000-892-149) |
| Appraisal Purpose: | To estimate the current market rentable value of the Courtenay Airpark Ground Lease Lands. |
| Intended Use of Appraisal: | Lease negotiation, review and/or planning/land use purposes. |
| Zoning: | PA1 (Public Use and Assembly) |
| Probable Highest and Best Use: | Continuation of the airpark and aviation related uses. |
| Estimate of Market Rentable Value: | \$5.00 per m ² |

DEFINITION OF APPRAISAL PROBLEM AND PERTINENT INFORMATION

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market rentable value of the Courtenay Airpark Ground Lease Lands.

Definition of Market Rent

An accepted Canadian definition of market rentable value, from The Appraisal of Real Estate (4rd Canadian Edition, copyright 2023), is as follows:-

Market Rent means, for any particular period, the amount of annual rent for which a willing and knowledgeable Lessor would rent the property in the free and open commercial market to a willing and knowledgeable lessee. The property being available for leasing at the commencement of the period assuming that at such time:-

- i) the property is owned by the Lessor in fee simple and has no charges or encumbrances existing against title that limits use of the property;
- ii) the property includes the improvements supplied and installed by the Lessor and does not include improvements supplied and installed by the lessee (tenant improvements);
- iii) all necessary services to the property are available from the utility sources which are nearest to the property and which have adequate capacity to provide such services, unless clearly stated otherwise;
- iv) motor vehicle access from a public highway to the property is available without cost to the lessee;
- v) the property is leased for the use permitted in the lease;
- vi) a reasonable time is permitted to find a willing and knowledgeable lessee; and
- vii) the Lessor and Lessee are acting at arm's length and neither is acting under compulsion.

Definition of Market Value

An accepted Canadian definition of market value, from The Appraisal of Real Estate (4th Canadian Edition, copyright 2023), is as follows:-

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other 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 seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”

Implicit in this definition is the consummation of a sale as of the 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.

Definition of Exposure Time

Exposure time is the time a property remains on the market. In an appraisal, the term means the estimated length of time an owner would likely need to market the appraised

property interest before the hypothetical consummation of a sale at market value on the effective date of the appraisal. An opinion of exposure time is a retrospective estimate that has its basis in an analysis of past events assuming a competitive and open market.

The period of exposure time occurs immediately before the effective date of the appraisal. The overall concept of reasonable exposure time encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable marketing effort. Exposure time is different for various types of real estate and value ranges and under various market conditions.

Authorized Use of the Appraisal

This appraisal was prepared for use by the **City of Courtenay** for lease negotiation, review and/or planning/land use purposes. It was not authorized for use by any others and any liability in this respect is strictly denied. A party receiving a copy of this report does not become an authorized user unless consent is provided by the appraiser.

Scope of the Appraisal

This appraisal encompasses the research and analysis necessary to provide a full estimate of market value for the subject property and meets the requirements of the Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada effective January 1, 2024. The scope of the analysis is as follows:-

Inspection

I inspected the Ground Lease Lands on November 6, 2025. Identification of the property also involved a review of mapping prepared by the City of Courtenay and ParcelMap BC. The photographs appended were taken on November 6, 2025.

Data Research

I received my instructions from Ms. Maris Russell on behalf of the City of Courtenay. Publications produced by the Regional District of Nanaimo as well as the Aeronautics Act provided information on applicable land use controls. Sources of market evidence included the local Real Estate Board, Land Title Office transactions (including those reported by BC Assessment and local assessors) and real estate agents, vendors and purchasers active in the market. BC Land Title and Survey Authority provided information on the state of title.

Audits and Technical Investigations

I did not complete technical investigations such as:

- An environmental review of the property;
- A site or building survey;
- Investigations into the bearing qualities of the soils;
- Audits of financial and legal arrangements.

Verification of Third-Party Information

The analysis set out in this report relied on written and verbal information obtained from a variety of sources that were considered reliable. All reasonable efforts have been undertaken to verify this information from primary sources. The mandate for this appraisal did not require a report prepared specifically for in-depth cross-examination within a court or arbitration hearing, so I did not include full documentation, confirmation and/or include the reference material to primary sources for all information reported herein.

Type of Analysis

The research and analysis necessary to provide a full estimate of market rentable value, including a review of market data necessary to properly apply the approach to value was

undertaken. In this regard, the Direct Comparison Approach and Return on Market Value Approach have been applied and later reconciled to a final estimate of value.

Extraordinary Assumptions, Limiting Conditions, and Hypothetical Conditions

An *Extraordinary Assumption* refers to a hypothesis, either supposed or unconfirmed, which, if not true, could alter the appraiser's opinions and conclusions. Full disclosure of any *Extraordinary Assumption* must accompany statements of each opinion / conclusion so affected (Appraisal Institute of Canada's Canadian Uniform Standards of Professional Appraisal Practice).

An *Extraordinary Limiting Condition* refers to a necessary modification or exclusion of a Standard Rule. The burden is on the appraiser to explain and justify such necessity in the report, and to conclude before accepting an assignment and invoking an *Extraordinary Limiting Condition* that the scope of work applied will result in opinions / conclusions that are credible (Appraisal Institute of Canada's Canadian Uniform Standards of Professional Appraisal Practice).

Hypothetical Conditions may be used when they are required for legal purposes, for the purpose of reasonable analysis, or for purposes of comparison. For every *Hypothetical Condition*, an *Extraordinary Assumption* is required in the report. The *Hypothetical Condition* must be clearly disclosed in the report, with a description of the hypothesis, the rationale for its use, and its effect on the result of the assignment. An analysis based on a *Hypothetical Condition* must not result in an appraisal report that is misleading (Appraisal Institute of Canada's Canadian Uniform Standards of Professional Appraisal Practice).

The following extraordinary assumptions were made with respect to the determination of the market rentable value range:

- absolutely, or fully net, lease fixed for a five (5) year term commencing January 1, 2026, or thereafter; and
- no extraordinary issues or conditions which would interfere with the property or any other aspect of the use and ownership of the property.

Date of Lease Commencement

January 1, 2026, or thereafter

Litigation and Compliance with Supreme Court Civil Rules

In the event that this appraisal report is used in a civil action, the appraiser is aware of and acknowledges a duty to assist the British Columbia Supreme Court and not be an advocate for any party. This appraisal report is prepared in conformity with the appraiser's duty to the court. If the appraiser is called upon to give oral or written testimony, that testimony will be in conformity with the duty to the court.

Real Property Interest to be Valued

Interests in real property vary so real property is said to include a "bundle of rights" that are inherent in the ownership of real estate. Ownership rights include the right to use real estate, to sell it, to lease it, to give it away or to choose to exercise all or none of these rights.

A person who owns all of the property rights has fee simple title. A fee simple estate implies absolute ownership unencumbered by any other interest or estate. Partial interests in real estate are created by selling, leasing or otherwise limiting the bundle of rights in a fee simple estate. A leased fee estate is an ownership interest held by a landlord with the right of use and

occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease or leases.

The interest valued in this report is the leased fee interest in the fee simple estate.

Possession

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 their authorized client. It shall not be disclosed, quoted from or referred to, in whole or in part, or published in any manner without the express written consent of the appraiser. This is subject only to confidential review by the APPRAISAL INSTITUTE OF CANADA as provided in the Canadian Uniform Standards.

Validity

Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the 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.

Competency Provision

The Canadian Uniform Standards require that competency for the type of property to be appraised must be demonstrated by the appraiser. In this regard, I advise that I have completed numerous rentable value appraisals involving aviation lands throughout Vancouver Island, lower mainland and other parts of BC and have first-hand knowledge of the issues involved in the valuation of this type of property.

Legal Description

Lot 1 of Section 66, Comox District, Plan 14942 Except Any Portion of the Bed of the Courtenay River (PID: 000-892-149)

Registered Owner

The Corporation of the City of Courtenay

Market History

The Canadian Standards require that the appraiser report and analyze any listings or sales of the subject property over the previous three years.

The City of Courtenay has held title to the Airpark lands for decades consequently, there is no listing or sales information relative to these lands.

Lease History

The Courtenay Airpark has four (4) ground lease parcels summarily leased as follows:

| Parcel | Tenant | Lot Area (m ²) | Expiry | Rate/m ² at Expiry |
|----------------|----------------------|----------------------------|---------------|-------------------------------|
| Lease Parcel 1 | AP Aviation Services | 725 | December 2024 | \$3.50 |
| Lease Parcel 2 | Duane Dubyk | 1,270 | December 2025 | \$3.64 |
| Lease Parcel 3 | North Bend Ventures | 1,400 | December 2025 | \$3.62 |
| Lease Parcel 4 | Airspeed Ultralights | 961 | December 2025 | \$3.64 |

The four lease agreements are near expiry, or have expired, with the rent in the fifth year of the term shown in the table above. All base rents did include escalations on an annual basis.

Title and Encumbrances

A title search for the Courtenay Airpark land was obtained, and a copy of the title is included in the addenda for reference. The title search indicates that there are no charges that negatively impact the ability of the City of Courtenay to lease portions of their lands.

ASSUMPTIONS, LIMITING CONDITIONS, DISCLAIMERS AND LIMITATIONS ON LIABILITY

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

1. This report is prepared only for the authorized client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the authorized client and written authorization from the authors. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the appraisal fee has no effect on liability. Reliance on this report without authorization or for an unauthorized use is unreasonable.
2. Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author(s).
3. The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. No registry office search has been performed and the author assumes that the title is good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed authorized client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
4. Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the appraiser. Any information provided by the appraiser is for informational purposes only and any reliance is unreasonable. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
5. It is assumed that the property is in full compliance with all applicable federal, provincial, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
6. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described and considered in the appraisal report.
7. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, provincial, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
8. No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.

9. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
10. This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to: adequate time to review the report and related data, and the provision of appropriate compensation.
11. Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighbouring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report, have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
12. The author is not qualified to comment on detrimental environmental, chemical or biological conditions that may affect the market value of the property appraised, including but not limited to, pollution or contamination of land, buildings, water, groundwater or air which may include, but are not limited to, moulds and mildews or the conditions that may give rise to either. Any such conditions that were visibly apparent at the time of inspection, or that became apparent during the normal research involved in completing the report, have been noted in the report. It is an assumption of this report that the property complies with all regulatory requirements concerning environmental, chemical and biological matters, and it is assumed that the property is free of any detrimental environmental, chemical and biological conditions that may affect the market value of the property appraised. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical or biological conditions that may impact the value conclusion herein, that party is advised to retain an expert qualified in such matters. The author expressly denies any legal liability related to the effect of detrimental environmental, chemical or biological matters on the market value of the property.
13. The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify authorized client-supplied information, which the author believed to be correct.
14. The term "inspection" refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.
15. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.
16. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into

evidence of a duly qualified judicial or quasi-judicial body. The author acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the author's privacy policy. The authorized client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author's privacy policy and in accordance with the PIPEDA.

17. The author has agreed to enter into the assignment as requested by the authorized client named in this report for the use specified by the authorized client, which is stated in this report. The authorized client has agreed that the performance of this report and the format are appropriate for the authorized use.
18. This report, its content and all attachments/addendums and their content are the property of the author. The authorized client, authorized users and any appraisal facilitator are prohibited, strictly forbidden, and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within, for any commercial, or other, use.
19. This report is valid only if it bears the original signature and seal of the author. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the author can be reasonably relied upon.
20. As a member of the Appraisal Institute of Canada, the appraiser carries professional liability insurance for errors and omissions in the amount of \$2,000,000 per occurrence and \$2,000,000 in the aggregate annually. In the event that a claim of liability is made against the appraiser and Cunningham & Rivard Appraisals Ltd. pursuant to this report, the authorized client and / or the authorized users of this report agree to limit the claim to a maximum of \$2,000,000.
21. This report form is the property of the Appraisal Institute of Canada (AIC) and for use only by AIC members in good standing. Use by any other person is a violation of AIC copyright.
22. Where the authorized use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending, underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.
23. Values contained in this appraisal are based on market conditions as at the time of this report. This appraisal does not provide a prediction of future values. In the event of market instability and/or disruption, values may change rapidly and such potential future events have NOT been considered in this report. As this appraisal does not and cannot consider any changes to the property appraised or market conditions after the effective date, readers are cautioned in relying on the appraisal after the effective date noted herein.

PROPERTY DESCRIPTION

REGIONAL DESCRIPTION

Comox Valley

The Comox Valley is situated on the east coast of Vancouver Island, approximately midway between Victoria on the southern tip and Cape Scott at the northern tip. It is the traditional territories of the Sahtloot, Sasitla, Leeksun, and Puntledge peoples, known as the K'omoks First Nation today. The Comox Valley encompasses an area of 194,256 hectares (750 square miles), which includes the City of Courtenay, the Town of Comox, the Village of Cumberland, the territories of the K'omoks First Nation, and a large area of unincorporated communities within the administration of the Comox Valley Regional District, extending from Fanny Bay to the Oyster River. The City of Campbell River is located \pm 55 km north; the City of Parksville is located \pm 75 km south; and the City of Nanaimo is located \pm 110 km south.



The City of Courtenay, Town of Comox, and the Village of Cumberland comprise the three municipalities of the Comox Valley. All are located within a 22 km radius and serve a population of approximately 47,673. The largest, the City of Courtenay, has a 2021 census population of 28,420. The Town of Comox is considered a bedroom community and has a 2021 census population of 14,806. The Village of Cumberland is the oldest community, originally being a coal mining city over 100 years ago and has a 2021 census population of 4,447. The overall 2021 census population of for the Comox Valley is 72,445.

The economy has been historically linked to the forest industry, with value added wood processing still a contributor. The local economy, however, has become much more diversified, with tourism, government offices, wholesale and retail trade, education, and construction becoming key contributors. The City of Courtenay is the economic centre for the area, containing \pm 63% of all retail outlets, and providing \pm 75% of all commercial employment. Retail/commercial establishments are centred around Cliffe Avenue, with Driftwood Shopping Mall located to the south along Island Highway 19A. East of Courtenay River, along Ryan Road and Island Highway 19A, the area has emerged as a regional shopping centre with newer strip developments and large-format retailers. CFB Comox is located near Comox and employs \pm 1,600 service and related people. North Island Hospital Comox Valley, which opened in 2017, is a state of the art, 153-bed facility located in Courtenay, replacing the dated St. Josephs Hospital in Comox.

The Comox Valley has a highly-developed transportation network with the double lane Inland Island Highway, completed from Victoria to Campbell River in 2001, BC Ferries sailings to and from Powell River and neighbouring Northern Gulf Islands (Denman Island and Hornby Island), and a civilian airport terminal situated on 18 acres of leased land at CFB Comox. In the early 2000s, the Comox Valley Airport Commission constructed an \$8 million passenger and cargo terminal. The airport facility has since seen strong increase in passenger loads, with daily scheduled flights to Vancouver, Calgary, Edmonton, and charter flights to Mexico during winter months.

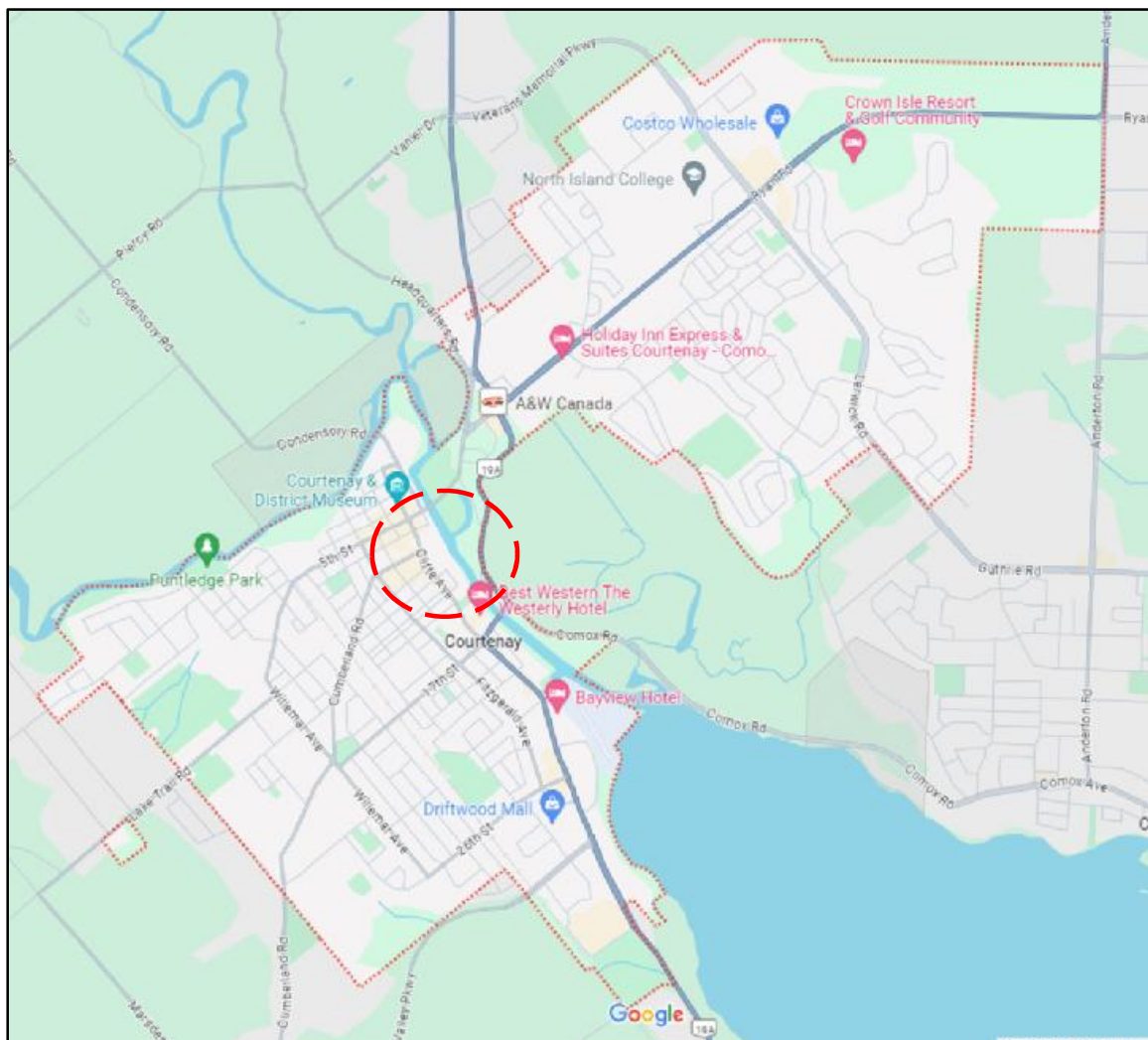


Further information may be obtained from local municipal web sites: <https://cumberland.ca/>
<http://comox.ca>
www.courtenay.ca
<https://www.comoxvalleyrd.ca/>
<https://komoks.ca/>

City of Courtenay

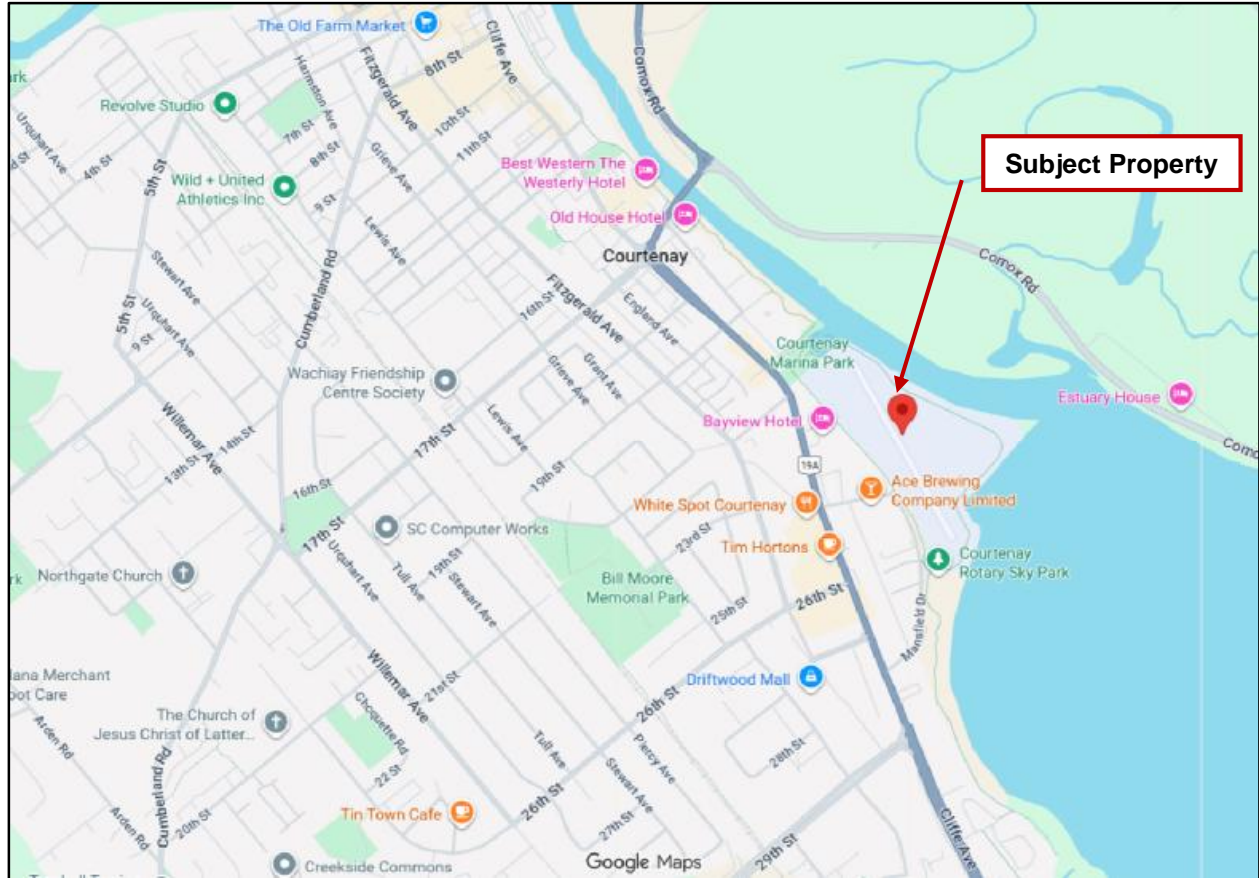
The City of Courtenay is one of the main coastal communities on the east coast of Vancouver Island, north of Nanaimo, and forms the central community in the Comox Valley. The city features a pedestrian oriented downtown core along 5th Street, with Cliffe Avenue further south to 29th Street at Driftwood Mall, and Island Highway 19A northeast to Ryan Road, comprising a commercial corridor with uses oriented to the travelling public, including hotels / motels, gas stations, automotive servicing, fast food restaurants, and retail strip centres. The East Courtenay area, surrounding the intersection of Lerwick and Ryan Roads, has emerged as the regional commercial and shopping district for the Comox Valley, with recent commercial developments including Crown Isle Plaza, anchored by Thrifty Foods, along with Costco & Home Depot. Several new automobile dealerships have also migrated to this area, which also contains the campus of North Island College, Crown Isle Golf and Country Club, and the new North Island Hospital Comox Valley.

There are numerous established residential neighbourhoods with intermittent multi-family townhouse and low-rise apartments, with higher density housing increasingly concentrated on arterial roads. There are six elementary schools and five secondary schools (including French immersion) operating within School District No. 71. Outside of city limits, within the jurisdiction of the Comox Valley Regional District, the area becomes rural residential and agricultural in nature, within uses ranging from single family residences on small to medium sized acreages, hobby farms, and working agricultural acreages.

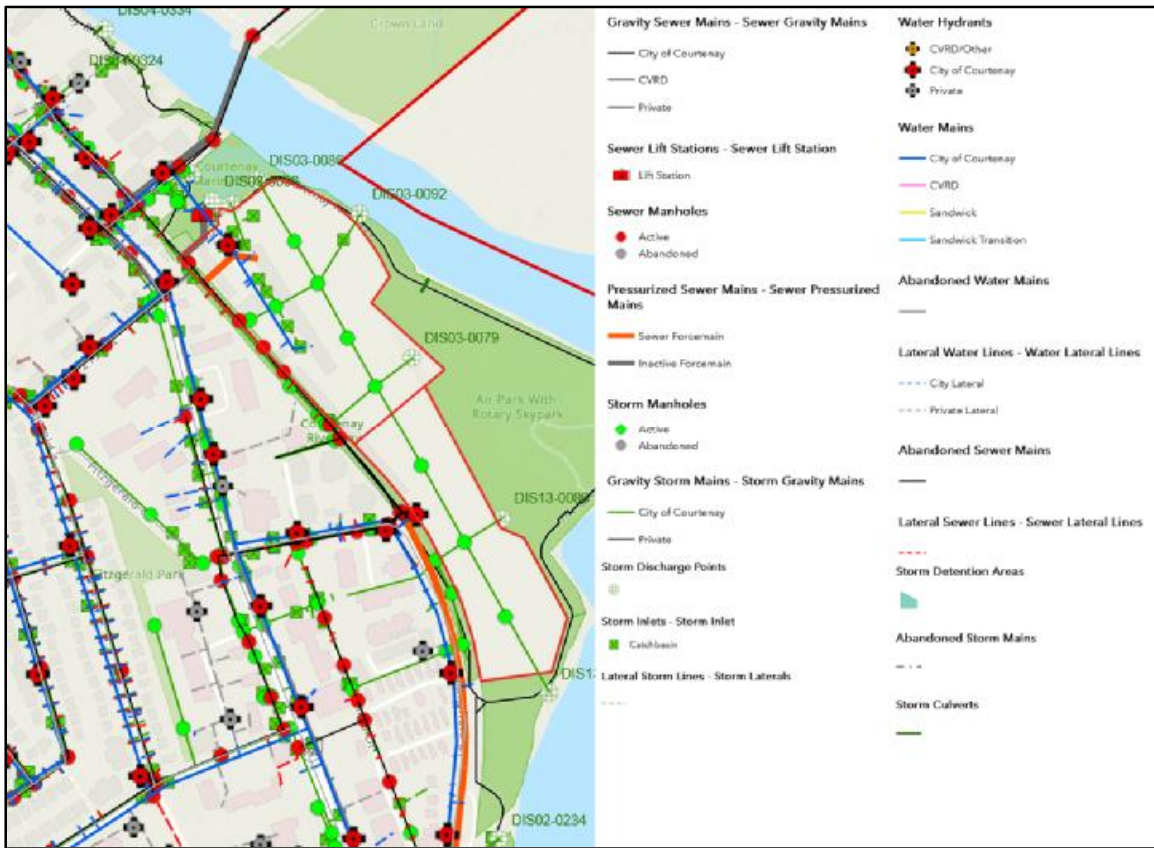


LOCATION DESCRIPTION

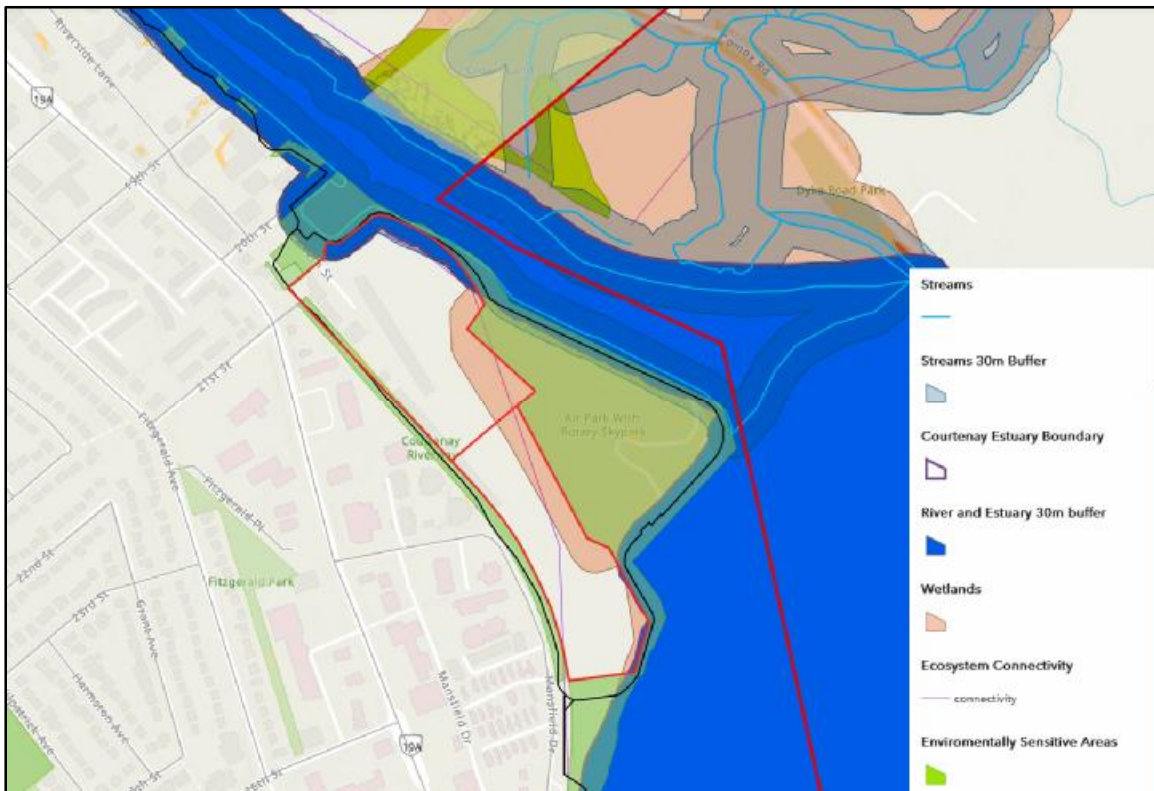
The Courtenay Airpark lands lie at the foot of 20th Street within the City of Courtenay adjacent to the Courtenay River. Courtenay Airpark is a recreational airfield with single 549 m / 1,800 foot runway.



Utilities Map



Sensitive Ecosystem / Wetlands Map

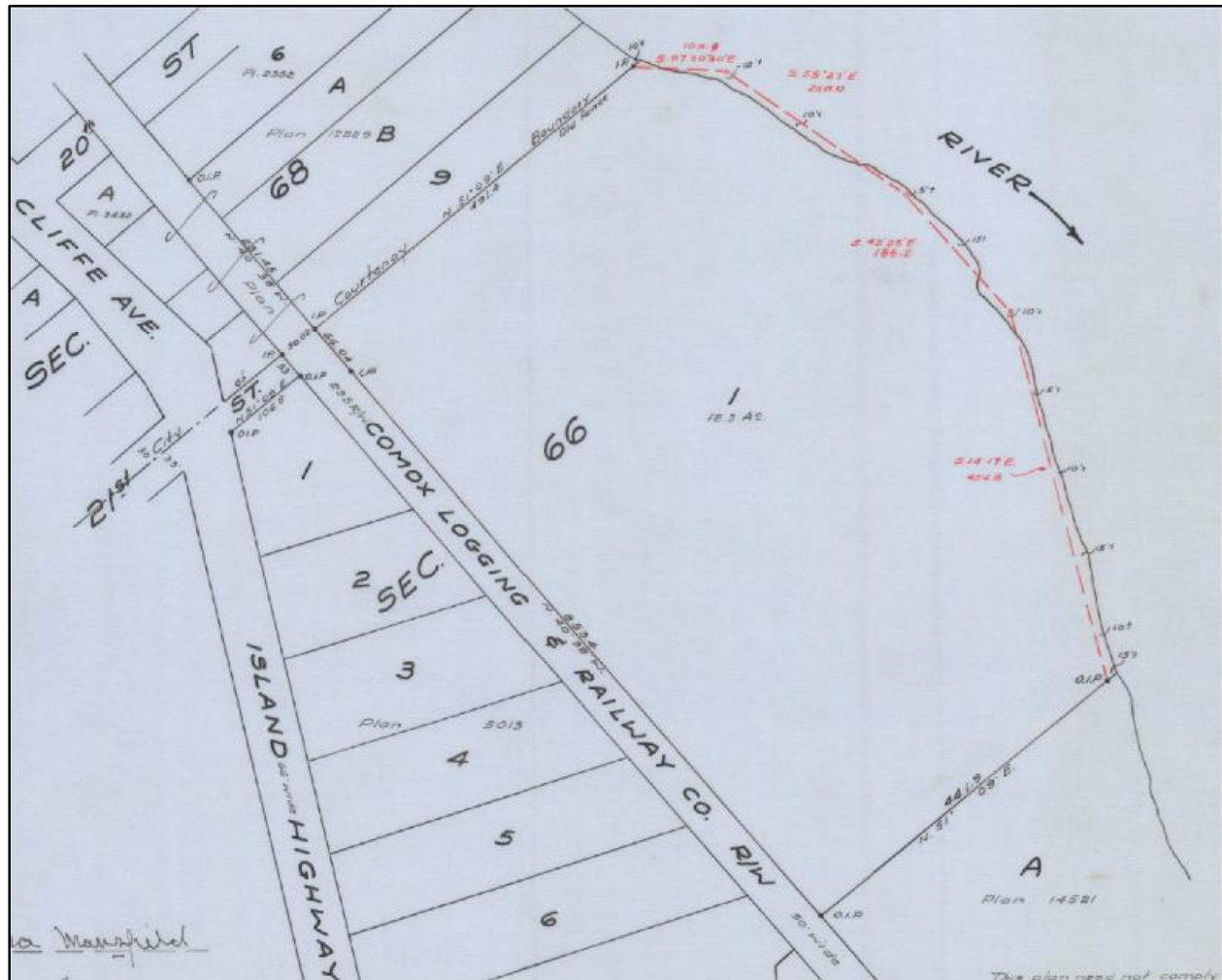


DESCRIPTION OF PARENT PARCEL LAND

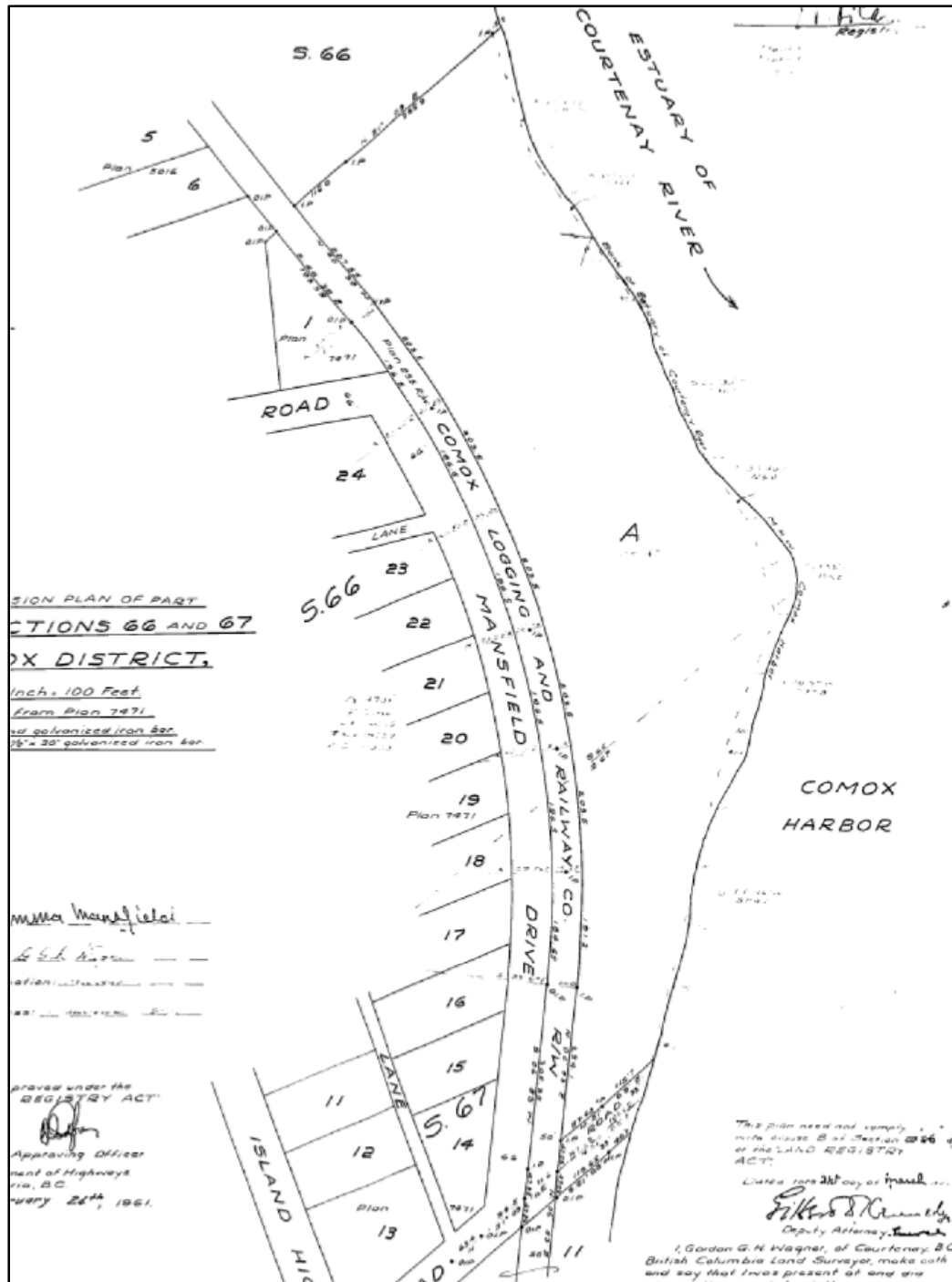
Lot Size and Configuration

The Courtenay Airport lands comprise two fee simple interest parcels totalling approximately 10 ha (24.8 acres). The parent parcel lands are identified as Lot 1, Plan 14942 and Lot A, Plan 14521 as shown below:

Plan 14942



Plan 14521



Topography

The Courtenay Airpark land is level land that is entirely cleared for aviation purposes. The Airpark abuts the Courtenay River.

Access

All access to the Courtenay Airpark is via 20th Street directly off Cliffe Avenue (Highway 19A).

Services and Utilities

Hydro, water, sanitary sewer, telephone and cable/data services are available. Fire protection is provided by the City of Courtenay Fire Department and police protection is provided by the RCMP.

Environmental Hazards

The appraiser is not aware of any environmental hazards relating to the existing use and is not qualified to comment on the current environmental condition of the property. No hazardous substances were called to the attention of the appraiser, nor did the appraiser become aware of such, during the property inspection. The appraiser has no knowledge of the existence of hazardous substances on or in the property unless otherwise stated. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. For the purpose of this report, the subject property has been valued assuming that it is free of any environmental hazards or contamination. If any further clarification in this regard is required, it is suggested that an environmental assessment report be prepared.

DESCRIPTION OF EXISTING LEASE SITES

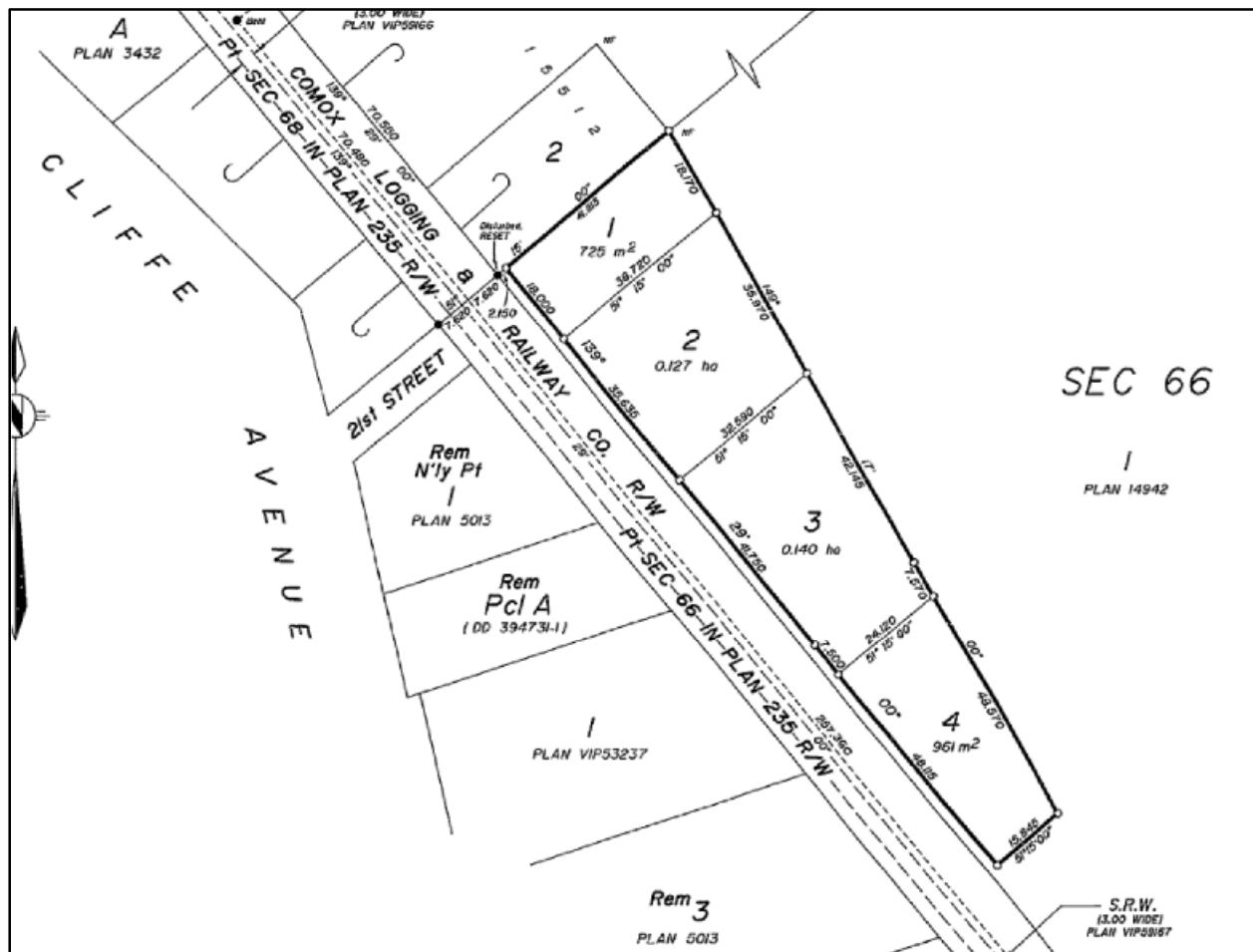
The existing Aviation Lease Sites within the Courtenay Airpark lands lie within Lot 1, Plan 14942 along the northwest portion of the Airpark.

Lease Lot Sizes and Areas

The Aviation Lease Sites comprise four (4) parcels of varying shape and size summarized as follows:

| Parcel | Lot Area (m ²) | Lot Frontage (m) |
|----------------|----------------------------|------------------|
| Lease Parcel 1 | 725 | 18.17 |
| Lease Parcel 2 | 1,270 | 35.97 |
| Lease Parcel 3 | 1,400 | 42.14 |
| Lease Parcel 4 | 961 | 48.57 |

The Aviation Lease Sites are depicted on Plan VIP64872 as follows:



Access

The Courtenay Airpark is a controlled access facility with gated access. Access to the individual lease sites is within the gated Airpark.

Services

The individual lease sites are fully serviced.



Lease Parcel 1



Lease Parcel 2



Lease Parcel 3



Lease Parcel 4

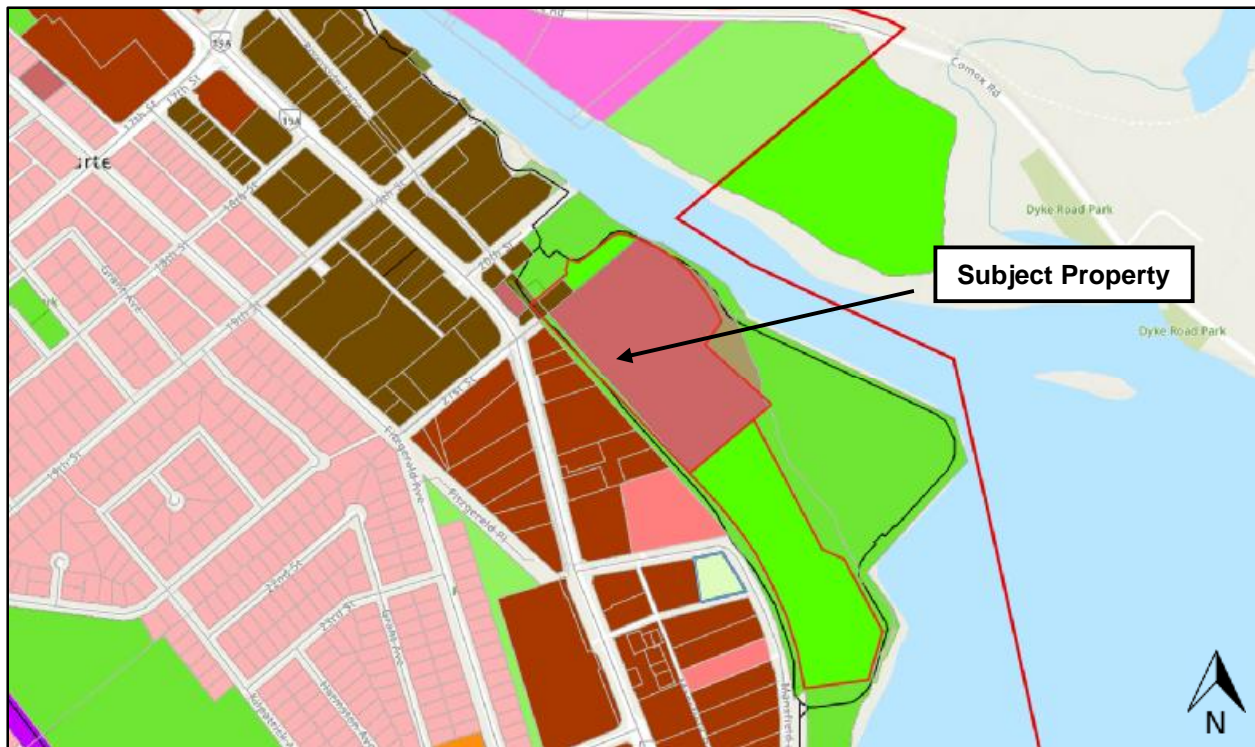


Overview of Aprons/Common Area

LAND USE CONTROLS

Zoning

The zoning for the subject property has been established from bylaws as they were in effect at the time of the appraisal. Pertinent sections of this bylaw, as they affect the subject property, are included in the following pages. The subject property is zoned PA1 (Public Use and Assembly) within the City of Courtenay Zoning Bylaw No. 2500, enacted 2007 and subsequent amendments.



Zoning Bylaw

Part 26 - Public Use and Assembly One Zone (PA-1)

8.26.1 Permitted Uses

In the PA-1 zone, the following uses are permitted and all other uses are prohibited except as otherwise noted in this bylaw:

- (1) *Assembly hall*
- (2) *Care facility*
- (3) *Cemetery*
- (4) *Church and religious centre, including one (1) accessory residential use and accessory day care*
- (5) *Facility for adults with a disability*
- (6) *Government office and facility*
- (7) *Hospital and related facility*
- (8) *Utility facility*
- (9) *School*
- (10) Notwithstanding the provisions of this bylaw, a short term *care facility* is permitted on Lot 2, D.L. 127, Comox District, Plan VIP62286 (632 Pidcock Avenue) providing the following conditions are met:
 - 2684 (a) operated by a non-profit society either licensed or under permit from the Provincial Ministry of Human Resources for the purposes of providing short term emergency care;
- 2932 (11) Notwithstanding the provisions of this bylaw a care facility, with meal services, 24/7 support and staffing services for individuals who are homeless or are at risk of homelessness is permitted on the property legally described as Lot 1, District Lot 127, Comox District, Plan EPP81814 (988 8th Street).
- 2984 (12) Notwithstanding any provision of this bylaw, two (2) accessory residential uses are permitted on Lot 16, Section 16, Comox District, Plan 7037 Except That Part in Plan 44368 (1581 Dingwall Road).

8.26.2 Minimum Lot Size

A *lot* shall have an area of not less than 2,500 m².

8.26.3 Minimum Lot Frontage

A *lot* shall have a frontage of not less than 45.0 m.

8.26.4 Lot Coverage

A *lot* shall not be covered by buildings and *accessory* buildings to a greater extent than forty percent (40%) of the total area of the *lot*.

8.26.5 Setbacks

Except as otherwise specified in this bylaw, the following minimum *setback* requirements shall apply:

- (1) *Front yard:* 7.5 m
- (2) *Rear yard:* 10.0 m
- (3) *Side yard:* 9.0 m

8.26.6 Height of Buildings

No *building* shall exceed a *height* of 12.0 m.

8.26.7 Usable Open Space

Usable open space shall be provided for a *care facility* at 10.0 m² per unit.

8.26.8 Accessory Buildings and Accessory Structures

- (1) Shall not exceed 4.5 m in *height*
- (2) Shall have a *floor area* not exceeding 50.0 m²
- (3) Shall be permitted in the *side* and *rear yard* provided they shall conform to all relevant siting regulations of this bylaw
- (4) Shall not be permitted at the front of a *principal building*

8.26.9 Off-Street Parking and Loading

Off-*street* parking and loading shall be provided and maintained in accordance with the requirements of Division 7 of this bylaw.

8.26.10 Landscaping and Screening

In addition to the Landscape Requirements identified in Part 14 of this bylaw, the following landscape requirements shall be met:

- (1) Where a *lot* adjoins a residential zone, a landscaped area of at least 7.5 m shall be provided along the inside of all affected property lines.
- (2) Where a *lot* adjoins a *street*, a landscaped area of at least 6.0 m in width extending along the entire frontage of the property on the *street* shall be provided inside the property line.
- (3) Notwithstanding the above, where a property is 2.0 ha or larger, a minimum 7.5 m landscaped area shall be provided along all property lines. Retention of existing natural vegetation, including mature trees, is required and any trees which are removed or destroyed shall be replaced, provided however that a public access trail may be constructed within this buffer area.

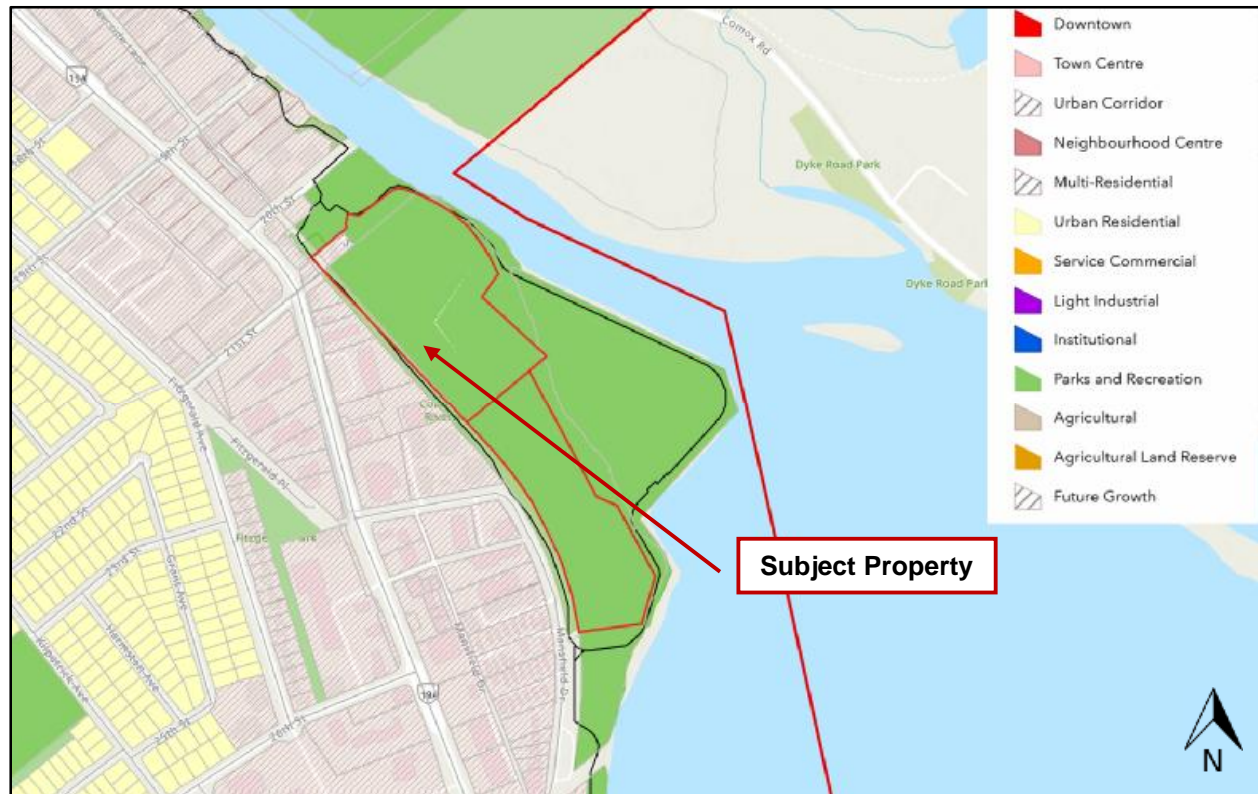
Official Community Plan (OCP)

All local governments are required to ensure that zoning bylaws and new development conform to the OCP. Proposed zoning changes must comply with land uses permitted by the OCP in order to be passed by city council. Proposed rezoning not supported by the OCP requires that the OCP be amended. Such applications are also considered by city council.

In the City of Courtenay OCP the subject is designated Parks and Recreation.

The OCP can be accessed at:

<https://www.courtenay.ca/business-and-building/planning-and-land-use/official-community-plan>



INSTITUTIONAL

These civic and institutional uses encompass educational facilities, health-care facilities, religious institutions, utilities, and agencies with limited accessory uses.

Policies

1. Support integration of civic and institutional uses within centres and neighbourhoods.
2. Support limited office, commercial, and residential uses that are associated with and accessory to institutional uses.
3. Enable the flexible and appropriate adaptive use of institutional lands to meet evolving community needs.
4. Where land is designated as being within the provincial Agricultural Land Reserve, any uses must be permitted under the Agricultural Land Commission Act, regulations and orders.

Built Form

- *Ground-oriented buildings*
- Low-, medium- and high-rise buildings

Permitted Uses

- Government offices and facilities
- Schools and post-secondary institutions
- Health-care facilities
- Cultural and recreational facilities
- Community services
- Places of worship
- Supportive and transitional housing
- Long-term care
- Accessory commercial and office
- Accessory residential, including multi-residential
- Utilities
- Mixed-use

PARKS AND RECREATION

Parks, trails, recreation facilities, and natural areas with limited accessory uses.

Policies

1. Preserve, connect, and enhance access to natural areas, and open spaces.
2. Maximize opportunities for indoor and outdoor recreation programs and services.
3. Ensure safe, convenient access to neighbourhood parks and recreation amenities within walking distance.
4. Limit other uses that are associated with and accessory to parks and recreation uses.

Built Form

- *Ground-oriented and low-rise buildings*

Permitted Uses

- Parks and recreation areas
- Protected areas
- Recreational programs and services facilities

Area-Specific Profiles and Planning Directions

COURTENAY AIR PARK PRECINCT

The Courtenay Air Park is comprised of public lands, some of which function as public park, and others that are leased to the Courtenay Airpark Association who manage and operate the Courtenay Airpark aerodrome. The Courtenay Airpark has more than 50 years of history since the first plane landed. The Airpark portion of the lands are used not only as a recreational airport, but also for medical aircraft, tourism, associated businesses, and local economic development purposes.

Surrounded by the rich, natural estuarine environment, these lands are within the floodplain and future uses must be carefully considered. With views of the mountains, the combined area of the aerodrome Airpark, public Air Park, and adjacent public marina and walkway is one of the most popular recreational destinations for the residents and visitors of the Comox Valley. Immediately surrounding the Airpark and Air Park are a mix of private commercial and residential uses and re-development opportunities. A precinct concept is envisioned in order that the wider area will continue to be a key destination for residents and visitors to experience and enjoy the public amenities and natural environment, while carefully accommodating new adjacent development where safe to do so.

Policies

1. Initiate a process to develop a local area plan for the precinct in order to ensure the area continues to be a key destination for residents and visitors to experience and enjoy while providing clarity of land use goals for the publically owned lands as well as direction to the development of privately owned lands.
2. Support expanded recreational use of the marina including rowing facilities.
3. Work with the Airpark Association as well as the wider public to develop the local area plan.
4. In advance of a local area plan, any new developments in the vicinity must pay careful attention to the safety of the airport operation as well as impacts on traffic, view of the mountains, and trails.
5. Work with the Airpark Association to assist them in obtaining a Temporary Use Permit (TUP) in order to address the current land use regulations on public land.



Map B-7 Courtenay Air Park Precinct.

MARKET ANALYSIS

NATIONAL AND PROVINCIAL OVERVIEW

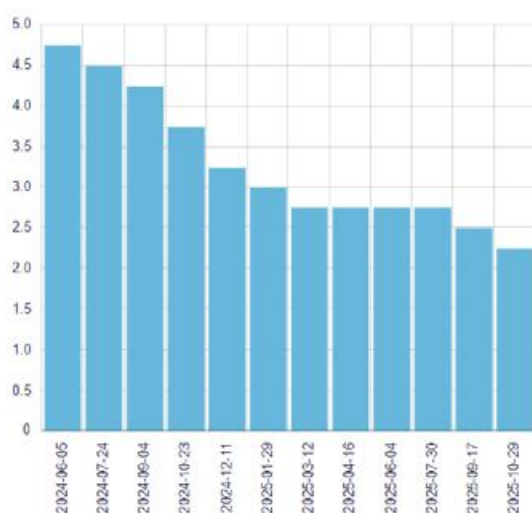
The following statistical data is derived from the Bank of Canada, Canada's Office of the Parliamentary Budget Officer, Statistics Canada, BC Stats, BC Ministry of Finance, CMHC, and the Canadian Real Estate Association.

From March 2022 to July 2023, the Bank of Canada implemented numerous interest rate hikes, raising the benchmark overnight lending rate from 0.25% to 5.00%. The core objective of the BoC's tightened monetary policy was to combat inflation, which nationally, peaked at 8.1% in June 2022. The policy target is 2.0%. As of September 2025, the inflation rate was 2.4%, up from 1.9% in August 2025. Due to recessionary fears, the BoC implemented seven consecutive rate reductions between June 2024 and March 2025. Due to tariff uncertainty, the BoC had opted to hold the rate steady over the ensuing three review sessions, but due to renewed recessionary fears and high unemployment, implemented -0.25% rate cuts in September and October 2025.

Bank of Canada Overnight Lending Rate Since June 2024

Source: Bank of Canada

Recent data



| Date* | Target (%) | Change (%) |
|--------------------|------------|------------|
| October 29, 2025 | 2.25 | -0.25 |
| September 17, 2025 | 2.50 | -0.25 |
| July 30, 2025 | 2.75 | --- |
| June 4, 2025 | 2.75 | --- |
| April 16, 2025 | 2.75 | --- |
| March 12, 2025 | 2.75 | -0.25 |
| January 29, 2025 | 3.00 | -0.25 |
| December 11, 2024 | 3.25 | -0.50 |
| October 23, 2024 | 3.75 | -0.50 |
| September 4, 2024 | 4.25 | -0.25 |
| July 24, 2024 | 4.50 | -0.25 |
| June 5, 2024 | 4.75 | -0.25 |

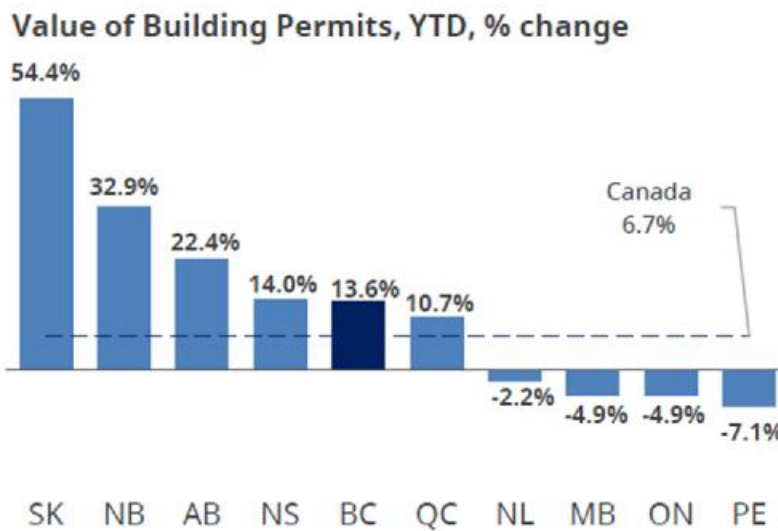
*As of 2021, a change takes effect the day after its announcement.

Canada's Office of the Parliamentary Budget Officer publishes a semi-annual Economic and Fiscal Outlook report every Spring and Autumn. According to their September 2025 report, real GDP growth has been revised downward to reflect increased trade uncertainty and US tariffs; projected to average 1.2% annually over 2025 and 2026. The Canadian economy performed stronger than expected in Q1 of 2025 as some trade activity was pushed forward in anticipation of US tariffs. These gains were unwound in Q2, with real GDP contracting by 1.6% at an annualized rate. The labour market also softened in line with the broader economy, with the unemployment rate increasing to 7.1% in August 2025. Economic growth is expected to remain subdued through the second half of 2025 with gradual recovery extending into 2026. Inflation is projected to average 1.9% in 2025, as upward pressure from tariffs is offset by excess supply and stronger Canadian dollar, as well as removal of the federal fuel surcharge.

After a decade of being among Canada’s leading performers, Provincial economic growth trailed the national average in 2024, as higher interest rates disproportionately impacted British Columbians due to elevated debt levels. This has forced both consumers and businesses to adapt through constrained spending, hiring, and investment. It is expected that the pace of growth in BC will recover to the national average in 2025, as housing activity picks up. The outlook for BC’s export sector is highly uncertain. LNG Canada began commercial export in mid-2025, but the Province’s second largest export, forestry products, will continue to struggle due to elevated lumber duties.

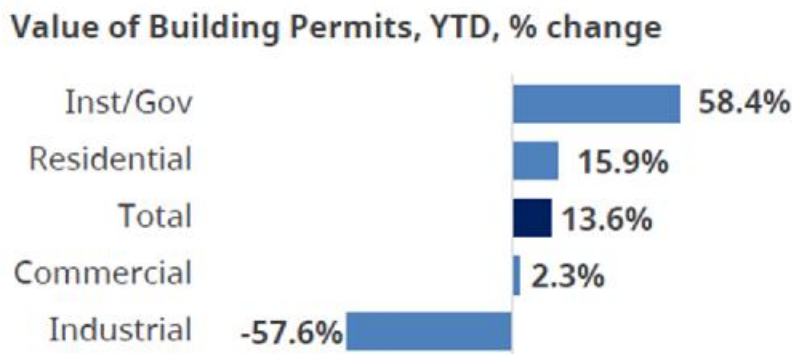
Building Permits:

Nationally, building permit values increased by +6.7% as of June 2025.



Source: BC Stats

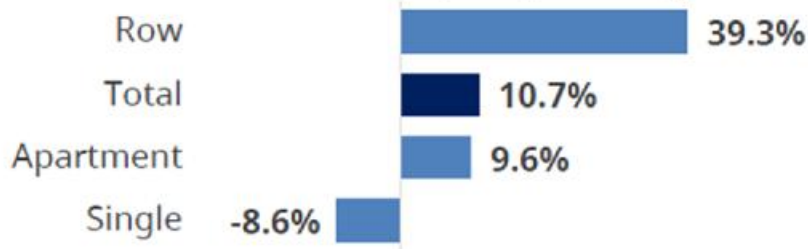
Provincially, building permit values increased +13.6% as of June 2025, with planned spending on institutional and government projects increasing +58.4%, and residential projects increasing by +15.9%.



Source: BC Stats

Provincial residential unit building permits increase +10.7% year-to-date in June 2025.

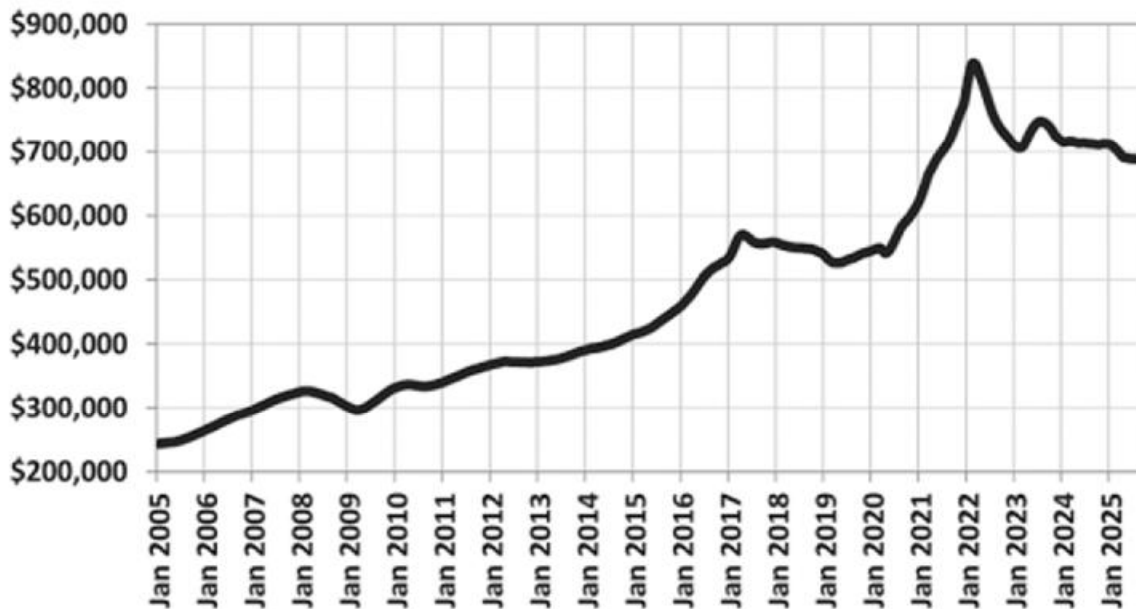
Planned Residential Units, YTD, % change



Source: BC Stats

Home Prices

MLS® HPI Benchmark Price*
Aggregate Composite



Source: The Canadian Real Estate Association

* Seasonally adjusted

Source: Canadian Real Estate Association

National home sales increased +1.1% month-over-month in August 2025 and are up +1.9% year-over-year. It was the fifth straight monthly increase in activity, for a cumulative 12.5% since March. Unlike previous months, however, sales were down slightly in the GTA, with overall sales activity being led by Montreal, Greater Vancouver, and Ottawa. The MLS Home Price Index was almost unchanged (-0.1% month-over-month and was down -3.4% on a year-over-year basis. Newly listed homes increased 2.6% month-over-month. The national sales-to-new listings ratio decreased to 51.2% in August. The long-term average is 54.9%. A sales-to-new listings ratio between 45% and 65% is generally consistent with balanced market conditions.



Average MLS® Residential Price British Columbia, Not Seasonally Adjusted



Source: British Columbia Real Estate Association

According to the BC Real Estate Association, provincial home sales in 2024 totalled 74,434, up 2.1% from 2023, with the average price increasing +5.6% to \$1,013,556. There was a total of 5,961 unit sales in August 2025, up +0.5% from August 2024. The average MLS residential price was \$926,335, down -1.4% compared to the year before.

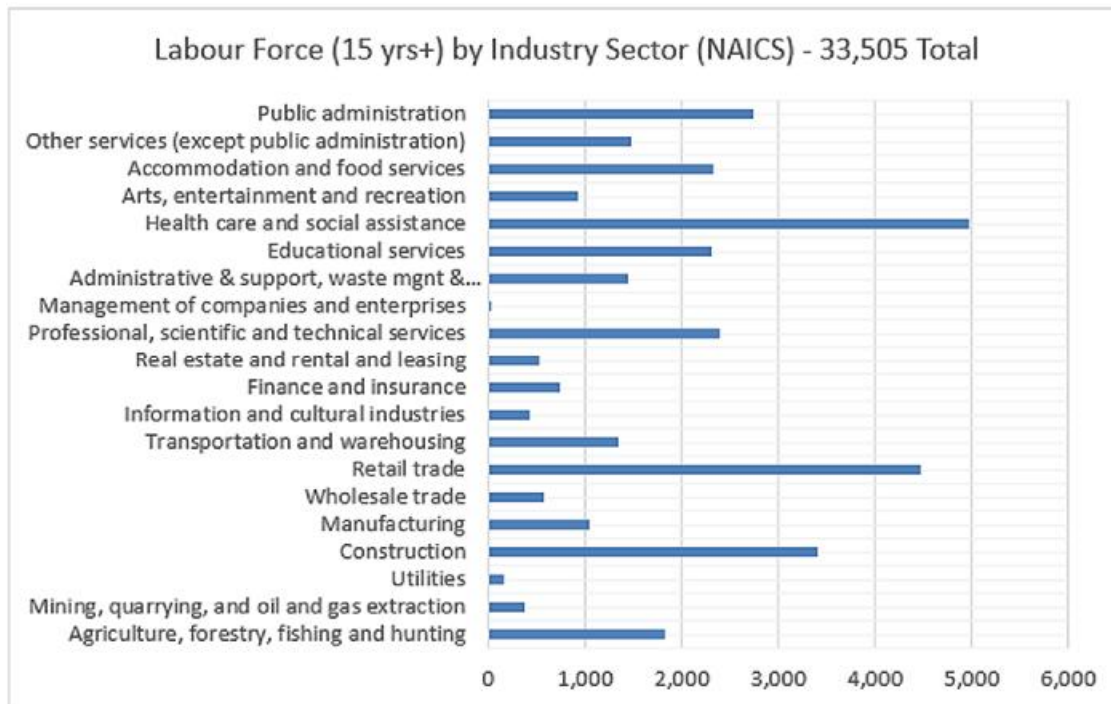
Summary

With inflation having returned to target levels, the Bank of Canada has reduced its policy rate back to neutral levels, however, the impact of past rate reductions will take time to work their way through the economy. From their September 2025 report, Canada's Office of the Parliamentary Budget Officer projects modest GDP growth in 2025 and 2026. Key downside risks to the economy will be prolonged trade uncertainty, which could delay the recovery in business investment and exports. Key upside risk to the economy is stronger domestic demand, as household consumption and residential investment could be stronger than expected with interest rates are reduced further.

REGIONAL MARKET OVERVIEW

Economic Base / Services

The Comox Valley economy is considered diversified with a broad economic base. The industries employing the most people are government services, retail trade, health and social services, and accommodation, food and beverage services.

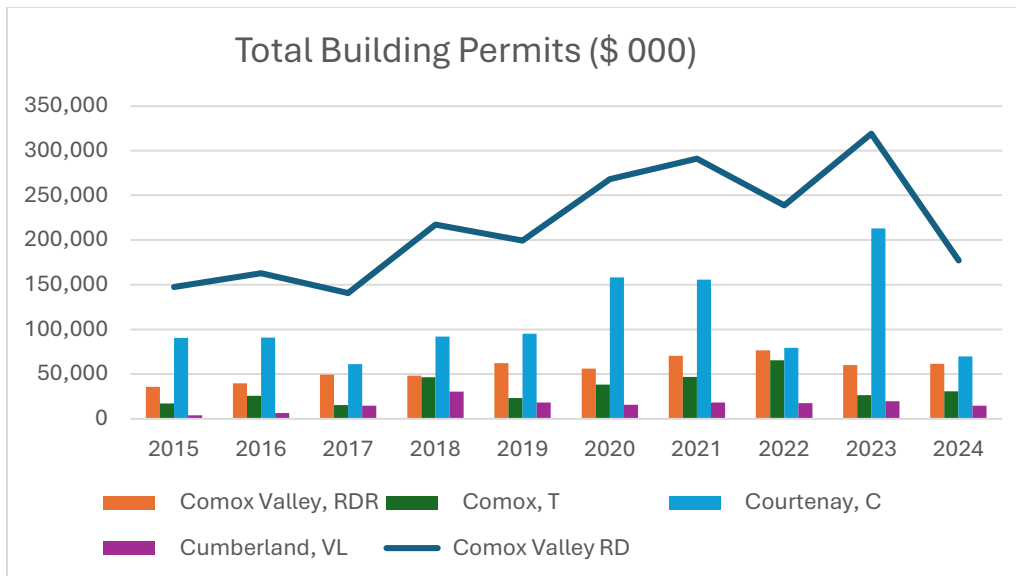


Source: Statistics Canada

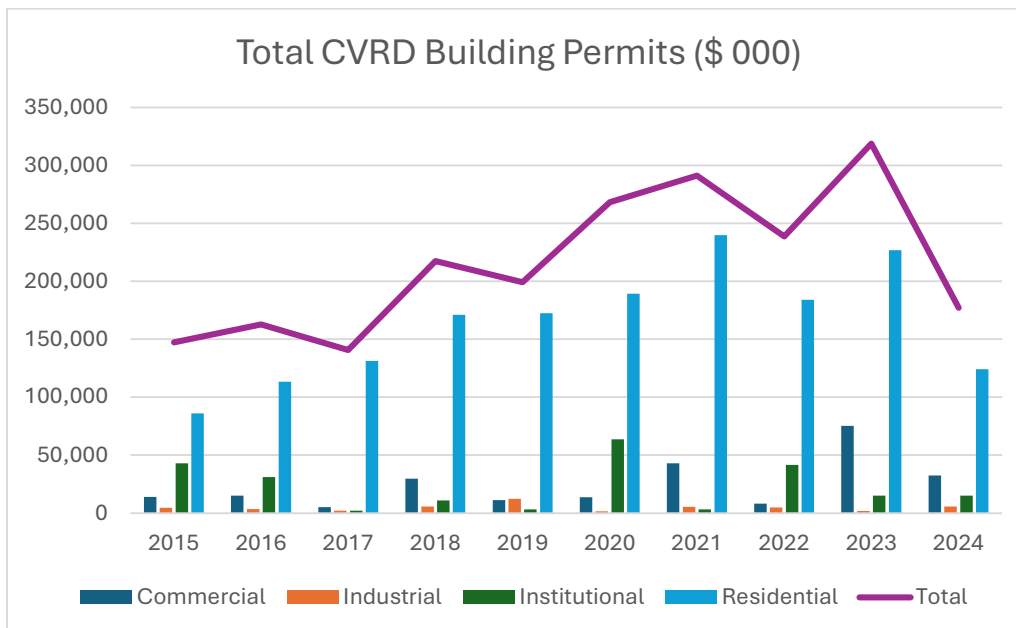
Construction Activity

After several years of lower levels of construction and development activity, construction was observed to be increasing in the Comox Valley beginning in 2014 / 2015, coinciding with the construction of the new Comox Valley Hospital which was completed in the fall of 2017. Due to increased financing costs and a cooling housing market, construction activity trended downward in 2024.

The following building permit data is inclusive of the City of Courtenay, Town of Comox, Village of Cumberland, the surrounding communities within the Comox Valley Regional District.



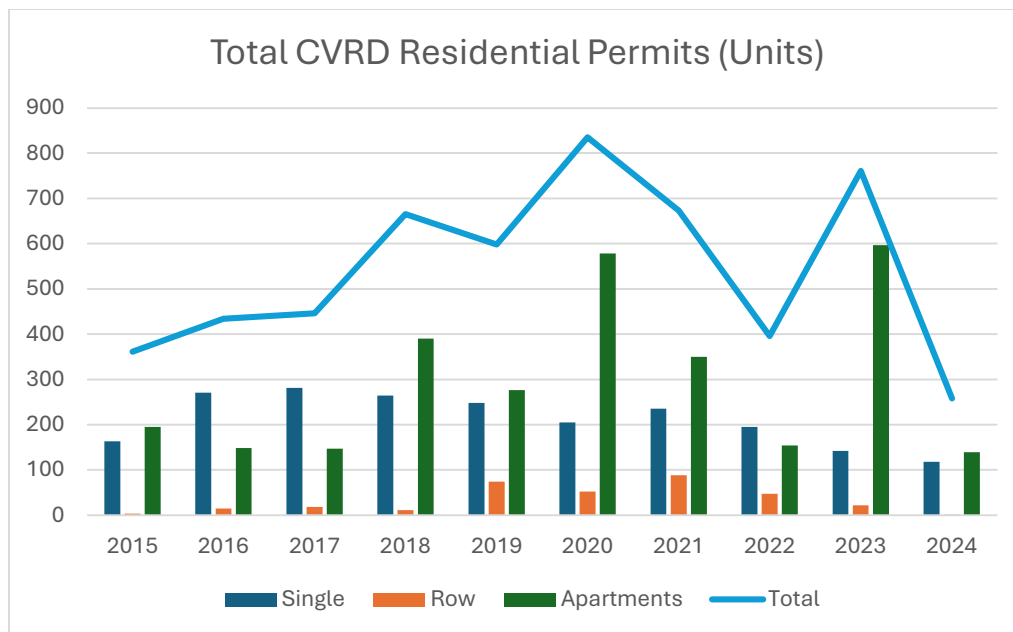
Source: BC Stats



Source: BC Stats

Total building permits (\$) for the 12 months ending June 30, 2025, are down -25.9% from the same period ending June 30, 2024, as summarized by the following table:

| Residential | Industrial | Commercial | Inst. / Gov. | Total |
|-------------|------------|------------|--------------|--------|
| -22.4% | -22.7% | -83.0% | +571.6% | -25.9% |



Source: BC Stats

Total residential building permits (Units) for the 12 months ending June 30, 2025, are down -36.2% from the same period ending June 30, 2024, as summarized by the following table:

| Single Family | Row Dwelling | Apartment | Total |
|---------------|--------------|-----------|--------|
| -19.9% | -95.0% | -50.7% | -36.2% |

Since 2016 / '17, new single-family dwelling starts have been trending downward. This trend is common to virtually all urban centres on Vancouver Island due to affordability and decreasing supply of residential development land. Conversely, apartment construction, particularly purpose-built rentals, has surged. According to the most recent CMHC rental market survey, the overall rental apartment vacancy rate in the Courtenay survey area for October 2024 was 4.6%, significantly higher from 1.0% the year before, however, this is likely a short-term metric as new supply is absorbed by the market.

Real Estate Market Overview

The following tables provided by the Vancouver Island Real Estate Board summarize HPI benchmark prices for single-family, apartment condominium, and townhouse dwelling units in the Comox Valley and Vancouver Island (north of Victoria) region:

Single Family Benchmark Price

| Benchmark Price by Timeframe and Property Type | | | | | | | |
|--|-------------|-------------|--------------|--------------|---------------|-------------|-------------|
| | August 2025 | 1 Month Ago | 3 Months Ago | 6 Months Ago | 12 Months Ago | 3 Years Ago | 5 Years Ago |
| Vancouver Island – Single Family | \$796,900 | \$800,000 | \$811,400 | \$773,200 | \$785,400 | \$785,300 | \$520,800 |
| Zone 1- Campbell River – Single Family | \$702,700 | \$699,200 | \$722,700 | \$682,400 | \$691,700 | \$678,800 | \$487,600 |
| Zone 2- Comox Valley – Single Family | \$854,400 | \$864,600 | \$887,600 | \$824,300 | \$832,800 | \$832,100 | \$545,500 |
| Zone 3- Cowichan Valley – Single Family | \$796,900 | \$800,900 | \$806,800 | \$770,800 | \$782,800 | \$805,000 | \$528,000 |
| Zone 4- Nanaimo – Single Family | \$820,700 | \$823,100 | \$841,900 | \$810,600 | \$819,900 | \$825,700 | \$552,300 |
| Zone 5- Parksville / Qualicum – Single Family | \$925,800 | \$926,000 | \$920,500 | \$879,400 | \$916,000 | \$884,900 | \$587,200 |
| Zone 6- Port Alberni – Single Family | \$524,500 | \$525,800 | \$518,300 | \$523,100 | \$519,900 | \$528,800 | \$338,300 |
| Zone 7- North Island – Single Family | \$469,800 | \$455,200 | \$477,200 | \$440,000 | \$441,700 | \$455,200 | \$260,000 |

Apartment Condominium Benchmark Price

| Benchmark Price by Timeframe and Property Type | | | | | | | |
|--|-------------|-------------|--------------|--------------|---------------|-------------|-------------|
| | August 2025 | 1 Month Ago | 3 Months Ago | 6 Months Ago | 12 Months Ago | 3 Years Ago | 5 Years Ago |
| Vancouver Island – Apartment | \$406,400 | \$404,600 | \$406,500 | \$404,600 | \$403,400 | \$412,900 | \$272,600 |
| Zone 1- Campbell River – Apartment | \$338,200 | \$335,200 | \$359,900 | \$365,900 | \$355,300 | \$350,100 | \$248,000 |
| Zone 2- Comox Valley – Apartment | \$378,400 | \$375,100 | \$399,700 | \$397,800 | \$382,100 | \$386,900 | \$270,800 |
| Zone 3- Cowichan Valley – Apartment | \$339,500 | \$351,400 | \$348,500 | \$343,900 | \$342,700 | \$346,800 | \$220,000 |
| Zone 4- Nanaimo – Apartment | \$416,400 | \$416,200 | \$403,400 | \$407,900 | \$409,600 | \$430,700 | \$276,800 |
| Zone 5- Parksville / Qualicum – Apartment | \$530,300 | \$515,800 | \$505,700 | \$486,800 | \$508,600 | \$504,400 | \$335,500 |
| Zone 6- Port Alberni – Apartment | \$389,500 | \$369,600 | \$380,500 | \$367,400 | \$378,500 | \$391,700 | \$274,900 |

Townhouse Benchmark Price

| Benchmark Price by Timeframe and Property Type | | | | | | | |
|--|-------------|-------------|--------------|--------------|---------------|-------------|-------------|
| | August 2025 | 1 Month Ago | 3 Months Ago | 6 Months Ago | 12 Months Ago | 3 Years Ago | 5 Years Ago |
| Vancouver Island – Townhouse | \$546,800 | \$550,400 | \$561,700 | \$541,800 | \$544,100 | \$550,400 | \$366,100 |
| Zone 1- Campbell River – Townhouse | \$546,800 | \$550,200 | \$553,000 | \$549,800 | \$541,400 | \$542,000 | \$329,700 |
| Zone 2- Comox Valley – Townhouse | \$556,300 | \$560,600 | \$560,900 | \$558,600 | \$560,700 | \$564,300 | \$373,700 |
| Zone 3- Cowichan Valley – Townhouse | \$529,200 | \$537,600 | \$547,300 | \$511,200 | \$513,600 | \$533,700 | \$354,000 |
| Zone 4- Nanaimo – Townhouse | \$524,700 | \$529,200 | \$545,300 | \$514,300 | \$523,300 | \$533,600 | \$374,300 |
| Zone 5- Parksville / Qualicum – Townhouse | \$637,000 | \$634,200 | \$660,300 | \$636,800 | \$637,400 | \$627,900 | \$408,500 |
| Zone 6- Port Alberni – Townhouse | \$417,200 | \$414,400 | \$428,700 | \$426,900 | \$449,700 | \$457,800 | \$288,700 |
| Zone 7- North Island – Townhouse | \$247,700 | \$251,400 | \$255,500 | \$239,700 | \$231,200 | \$212,500 | \$123,900 |

The Vancouver Island Real Estate Board recorded 7,489 unit sales in 2024, compared to 7,297 in 2023, and 7,810 in 2022. There were 692 unit sales in August 2025, up +6% from one year ago. Year-over-year active listings decreased 13% to 4,405. Single family home sales were up +3% from one year ago, but were down -19% from the previous month. Condo sales increased +9% year-over-year and were up +4% month-over-month. Townhouse sales were up +4% year-over-year but decreased -24% month-over-month. Active single family home listings were down -8% from one year ago, condo listings were down -9%, and townhouse listings were down 2.5%.

Presented in chart form below are single-family dwelling unit sales, average sale prices, and median prices for all zones within the VIREB board area:

| Zone | UNIT SALES | | | | AVERAGE SALE PRICE | | | | |
|----------------------------------|------------|------------|------------|--------------|--------------------|------------------|------------------|--------------|------------------|
| | Aug 2025 | Jul 2025 | Aug 2024 | % Change | Aug 2025 | Jul 2025 | Aug 2024 | % Change | Median |
| Zone 1 - Campbell River | 34 | 51 | 33 | 3.03% | \$771,501 | \$731,446 | \$703,400 | 9.68% | \$737,500 |
| Zone 2 - Comox Valley | 48 | 71 | 63 | -23.81% | \$866,116 | \$888,569 | \$920,256 | -5.88% | \$799,500 |
| Zone 3 - Cowichan Valley | 60 | 62 | 57 | 5.26% | \$827,515 | \$848,037 | \$792,063 | 4.48% | \$814,750 |
| Zone 4 - Nanaimo | 92 | 117 | 84 | 9.52% | \$893,769 | \$824,216 | \$833,662 | 7.21% | \$810,000 |
| Zone 5 - Parksville-Qualicum | 57 | 67 | 49 | 16.33% | \$915,600 | \$1,023,891 | \$935,197 | -2.10% | \$860,000 |
| Zone 6 - Port Alberni-West Coast | 34 | 26 | 29 | 17.24% | \$587,879 | \$548,187 | \$600,324 | -2.07% | \$540,950 |
| BOARD TOTALS | 339 | 415 | 330 | 2.73% | \$823,235 | \$833,219 | \$807,433 | 1.96% | \$790,000 |

Commercial and Industrial Market Overview

There is very limited statistical data available for the commercial and industrial market on Vancouver Island north of Victoria.

The commercial market is generally characterised by adequate to slight undersupply. Notwithstanding the rising popularity of online shopping and remote office work from home, commercial vacancy within the Comox Valley remains relatively low, with the East Courtenay area emerging over the past several years as a regional shopping destination for the north Island. Commercial rents within the retail sector continue to trend upward due to inflationary pressures, however, it is uncertain to what extent this will be sustained over the next 12 to 18 months as businesses adapt to the higher interest rate environment. Office rents are experiencing a similar trend, but again, there is some degree of uncertainty in the months ahead as current lease terms come due for renewal and tenants assess their space needs.

According to the Colliers Fall 2024 Mid-Vancouver Industrial Market Report, the industrial vacancy rate was 2.22% for the mid-Island area. Due to lack of supply and strong demand, the industrial market was characterised by significant increases in rents and property values in the years following the pandemic. Due to the current economic climate and threat of tariffs, the market has become increasingly cautious. Softened demand notwithstanding, industrial land continues to be in short supply, and factoring the high cost of construction, rents and property values are forecast to hold relatively stable in the foreseeable future.

REGIONAL AIRPORT ECONOMIC REPORT (AIRSIDE)

The Courtenay Airpark is generally restricted to aviation related uses for recreational and small-scale commercial aviation. The limitations on use limit the pool of competition (Vancouver Island locations) to Campbell River, Qualicum Beach, Nanaimo, Alberni Valley and Tofino.

Victoria International Airport is not truly considered to be a competitor to any other airports on Vancouver Island. Victoria International Airport has greater aviation capacity in all regards, and this airport directly services approximately ½ of Vancouver Island's population. Comox Airport (commercial passenger terminal) is also not considered to be a competitor as this is a Canadian Forces Base that does not cater to small-scale aviation industry business.

The physical characteristics of the Comox Valley and Vancouver Island generally, and distance between competing airfields, actually lessens the competition to only include Campbell River and, to a lesser extent, Qualicum Beach as directly competing with the Courtenay Airpark. Qualicum Beach is a smaller full-service airfield with only one paved runway of 3,560 feet.

The competitive environment recognizes physical differences from one location to the next with factors such as runway length, airport infrastructure, operating restrictions, building capacity, availability of land for expansion and supporting market size (population). Ground lease costs and Airport Maintenance Charges (AMC¹) differ as a result of these factors.

In fact, larger airport facilities in larger urban locations attract larger scale aviation users who are better able to pay higher rates for their facilities. These rates come closer to 'mirroring' surrounding industrial land values in these key locations. The smaller regional and municipal airport operations are found to be less influenced by surrounding land values and more competitive within their own (aviation) industry market. Stated differently, the competitive nature of the aviation industry provides limitations on the rentable value of regional and municipal Airside lands, and they (Airside lands) cannot always be influenced by the value of surrounding lands.

An examination of the tenancy mix at the smaller airport locations demonstrates a predominance of owner/operated aviation businesses, flying clubs and individual aviators. The demand for aviation land at the smaller airport locations has historically demonstrated relative stability with modest economic growth. This is evident at Nanaimo and Campbell River Airports which have periodically in-filled with new aviation development.

The trend for rental rates for ground lease aviation lands (Airside) has been steadily increasing since Transport Canada's aviation industry divestiture, and the aviation industry as a whole is moving to a 'true' competitive market in this respect. While there still are some airport locations that stand apart in terms of anomalies to ground lease rental rates, there is a broadening pool of evidence which indicates a 'tightening' of competition with respect to these rates.

Overall, the regional and municipal airport economic activity is likely to continue in maintaining relative consistency and further achieve a continuance of the modest economic growth moving forward.

¹AMCs are charged at many airports over and above ground rent charges. AMCs represent the direct recovery of the operating costs and maintenance costs associated with operation of the airfield.

VALUATION ANALYSIS

APPRAISAL TECHNIQUES

In completing an appraisal assignment and formulating an opinion of the market rentable value of a property, consideration must be given to the method of valuation. Over the years, two approaches to rentable value have become well recognized and accepted and are described as follows:

Return on Market Value Approach

The Return on Market Value Approach is a two-step process where the subject lands are valued under a freehold (or fee simple equivalent) interest (by direct comparison to recent sales of land parcels under similar or like use) and then a market derived percentage rent is applied in the estimation of market rentable value. The similar or like use is more often than not, a light industrial or service commercial use.

Direct Comparison Approach

A process in which a rentable value indication is derived by comparing the property being appraised to similar properties that are under lease, applying appropriate units of comparison, and making adjustments to the lease or rental rates of the comparables based on the elements of comparison.

Method(s) Applied

The Return on Market Value and Direct Comparison Approaches are developed in this case.

The Direct Comparison Approach is applied in an examination of actual ground lease rents at smaller airports and also in an examination of “benchmark rents” for smaller airports.

Regional and Municipal Airports undertake periodic rent studies to determine “benchmark” ground lease rates to guide them through the lease review/reset process. These market rent studies recognize that airport tenants are under individual lease agreements with varying terms (commencement date, expiry date, length of lease term and review/reset dates) and the “benchmark” ground lease rates form the basis of “market” rent rate expectations applicable at varying lease review/reset intervals.

RETURN ON MARKET VALUE APPROACH

The Return on Market Value Approach is a two-step process where the subject lease premises are valued under a freehold (or fee simple equivalent) interest (by direct comparison to recent sales of land parcels under hypothetical similar or like use) and then a market derived percentage rent is applied in the estimation of market rentable value.

Site Valuation (Equivalent Fee Simple Interest)

When estimating the value of a site, an appraiser has various methods of valuation to choose from. The six procedures used to value land are direct comparison, abstraction, extraction, subdivision development, land residual, and ground rent capitalization. The most common, and the one used by most appraisers, is the direct comparison method.

The direct comparison method produces an estimate of value of a property by comparing it with similar properties that have been recently sold, on which offers have been made, or are currently offered for sale. The approach involves the gathering, analyzing and comparing of sales data for similar property types.

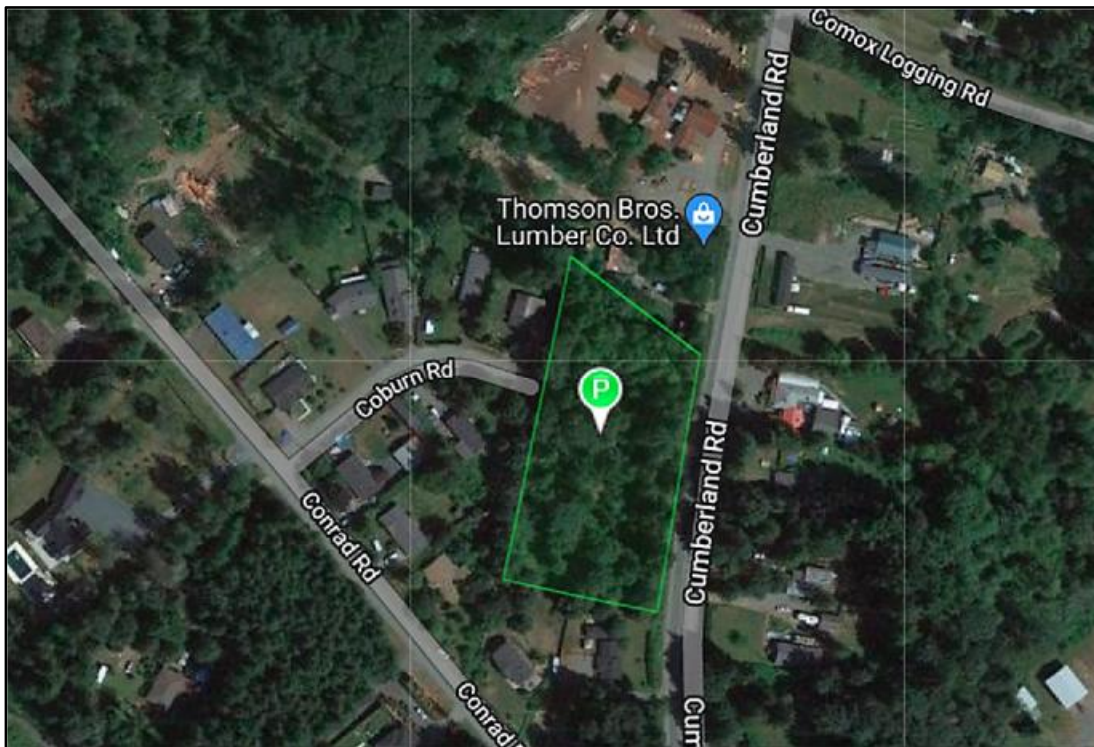
This method is the preferred approach when valuing a site because it reflects typical buyer and seller reactions in the marketplace and also the principle of substitution. It involves the gathering and comparing of land sales that are as similar as possible to the subject and have sold recently. An adjustment process to allow for differences between the comparable and the subject results in the comparable becoming a basis for indicating a value for the subject site. This method does have disadvantages; however, one is the fact that all sales data are historical, and time adjustments must be estimated and applied. Another disadvantage is the possible lack of sales data due to a slow market.

Various units of comparison are available under this method and include price per front metre or foot, price per square metre or foot, price per potential unit, and price per hectare or acre for larger sites. When adjusting the comparables to the subject property, factors such as time, location and physical characteristics would be the main items of adjustment.

I acknowledge that there are no directly comparable sales of fee simple airport land parcels (similar to the Courtenay Airpark Lands) from which to draw comparison; consequently, I have turned to the sale of general light industrial and/or service commercial parcels in the estimation of the fee simple equivalent value.

The following general light industrial and/or service commercial comparables have been analyzed to estimate the equivalent fee simple interest value for the **Courtenay Airpark Lands**:

1. **Lot 4, Cumberland Road, Courtenay, BC**



Legal Description: Lot 4, District Lot 179, Comox District, Plan 38473 (PID: 001-030-469)
 Instrument Number: CB1847697
 Sale Price: \$1,050,000
 Sale Date: December 2024 (154 Days on Market)
 Conveyance Date: January 2025
 Land Area: 7,203 m² (77,537 sf)
 SP/m²: \$145.77 (\$13.54 per sf)

Remarks: A vacant, IL (Industrial Light) zoned site located south of Comox Logging Road, 3 km south of the Courtenay downtown core. Jurisdiction is within the Comox Valley Regional District. Location is within the Comox Valley Water Local Service Area. Sanitary sewer service is not available in the area. The property is fairly level and predominantly treed.

The IL zone permits a range of light industrial uses, including light industrial, retail and wholesale, offices, warehousing, automobile servicing, etc., to a site coverage of 50%. Under the OCP, this parcel is designated Settlement Expansion Area.

Market History: This property was listed for sale through the MLS in July 2024 for \$1,150,000 before selling as detailed above. The previous sale of this property was in June 2022 for \$975,000 (Instrument No. CB106).

2. 1773 Perkins Road, Campbell River, BC



Legal Description: Lot 5, District Lot 132, Sayward District, Plan 9386
 (PID: 005-287-944)
 Instrument Number: CB1771867
 Sale Price: \$324,038
 Sale Date: November 2024 (154 Days on Market)
 Conveyance Date: December 2024
 Land Area: 797 m² (8,580 sf)
 SP/m²: \$406.57 (\$37.77 per sf)

Remarks: A vacant, C-4 (Commercial Four) zoned property located at the corner of Island Highway 19 and Perkins Road, 1 to 1 ½ km northwest of the downtown core. Full public and private utilities are available. This is a fairly level site that is entirely cleared and equal in elevation to road frontage.

The C-4 zone permits a broad range of commercial as well as some light industrial uses. It is intended to provide for a mix of limited retail, service, highway and tourist accommodation commercial services and uses, as well as medium to high density residential uses. Zoning permits development to maximum site coverage of 65% and to a maximum FAR of 1.5.

This property was listed for sale through the Vancouver Island Real Estate Board in June 2024 for \$399,000 before selling as detailed above.

3. 498 Old Island Hwy, Courtenay, BC



Legal Description: Lot A, Section 14, Comox Land District, Plan 5422, (PID: 000-726-214); Lot 36, Section 14, Comox Land District, Plan 534 Except Part in Plan 5422 (PID: 000-726-176); Lot A, Plan VIP19282, Section 14, Comox Land District (PID: 000-726-176)
Instrument Number: CB1051058-CB1051060
Sale Price: \$1,400,000
Sale Date: Unknown (Private Sale)
Conveyance Date: November 2023
Land Area: 6,637 m² (71,438 sf)
SP/m²: \$210.94 (\$19.60 per sf)

Remarks: A vacant, C2 (Commercial 2) zoned property located at the corner of Comox Road and the Old Island Highway peripheral to the downtown core. The lot is level and entirely cleared. Full public and private utilities are immediately available. Location is within a flood plain.

The C-2 zone permits a wide range of commercial uses, including mixed use commercial and multi-family residential, provided that the residential units are located above the first storey. The maximum allowable lot coverage and floor area ratio is 50%, or to a maximum of 60% for combined commercial and residential use. For land situated in flood plain, however, residential use is not permitted. Designation under the OCP is 'Service Commercial'.

4. 2250-280 Old Island Highway and 510-620 Rye Road, Courtenay, BC



Legal Description: Lot 1, Section 16, Comox District, Plan 33272 (PID: 000-232-297); Lot 1, Section 16, Comox District, Plan 35432 (PID: 000-346-209); Parcel A (DD 3832361) of Lot 11, Section 16, Comox District, Plan 6065 (PID: 004-391-284); Lot 1, Section 16, Comox District, Plan 9727 Except Plan 15037 (PID: 005-388-473); Lot B, Section 16, Comox District, Plan 9682 (PID: 000-158-500); Lot 1, Section 16, Comox District, Plan 15037 (PID: 004-175-581); Lot 2, Section 16, Comox District, Plan 15037 (PID: 004-177-673); and Lot 3, Section 16, Comox District, Plan 15037 (PID: 004-165-403)

Instrument Number: CB252846 through CB252853

Sale Price: \$4,950,000

Sale Date: July 2022 (Broker Sale)

Conveyance Date: October 2022

Land Area: 14,911 m² (160,500 sf)

SP/m²: \$331.97 (\$30.84 per sf)

Remarks: An improved assembly of eight lots, zoned C-2 (Commercial Two), located fronting Island Highway 19a, Old Island Highway, and Rye Road. The site is relatively level and equal in elevation to public road frontage. Full public and private utilities are immediately available.

The C-2 zone permits a wide range of commercial uses, including mixed use commercial and multi-family residential, provided that the residential units are located above the first storey. The maximum allowable lot coverage and floor area ratio is 50%, or to a maximum of 60% for combined commercial and residential use.

Improvements comprise an 870.5 m² (9,370 sf), concrete block, automobile dealership showroom and service structure dating to the 1970s. The automotive dealership facility operates on three of the eight parcels of land, comprising ±8,053 m² (1.99 acres) with the balance of land, 6,858 m² (1.69 acres), being vacant. The property, however, is being purchased with the intent of a commercial redevelopment.

The previous sale of this property was in February 2019 for \$4,100,000 (Instrument Nos. CA7371551 through CA7371558).

The comparable sales are summarized as follows:

| Sale | Sale Date | Sale Price | Size (m ²) | SP/m ² | Zoning | Location | DOM |
|--------------------------------|-----------|-------------|-------------------------|-------------------|------------|------------------|---------|
| 1. | 12/24 | \$1,050,000 | 7,203 | \$145.77 | IL | Courtenay | 154 |
| 2. | 11/24 | \$324,038 | 797 | \$406.57 | C4 | Campbell River | 154 |
| 3. | 11/23 | \$1,400,000 | 6,637 | \$210.94 | C2 | Courtenay | Private |
| 4. | 07/22 | \$4,950,000 | 14,911 | \$331.97 | C2 | Courtenay | Broker |
| Courtenay Airpark Sites | | | 725 to 1,400 | | PA1 | Courtenay | |

Indicators 1 through 4 were selected as the most relevant data. The comparables sold in the range of \$324,038 to \$4,950,000 between July 2022 and December 2024. There were no more recent sales available.

The comparables range in size and, for this reason, comparison with the subject is based on Sale Price per Metre (SF/m²). The comparables demonstrate a wide SP/m² range of \$145.77 to \$406.57.

Indicator 1 is a light industrial site located just outside Courtenay within the Comox Valley Regional District. This example is substantially larger in parcel size and zoning permits a broad range of uses; consequently, this example under-represents the SP/m² unit rate applicable to the Airpark sites.

Indicator 2 is located in Campbell River. The specific location (north Campbell River) is more service commercial in nature and this example supports the high parameter to the SP/m² range representing parcel size and broad use application. This example clearly over-represents equivalent market value positioning for the Airpark sites.

Indicator 3 is sandwiched between the Old Island Highway and Highway 19 Bypass immediately north of the boat basin (Courtenay River) peripheral to the downtown commercial core. Though the C2 zone allows for multi-family development this parcel is located within a floodplain and therefore is specifically restricted for such use. Indicator 4 is also located fronting the Old Island Highway and Highway 19 Bypass approximately ½ km from Indicator 3. This example generates a higher unit rate reflecting the consolidation of eight (8) smaller parcels. This site assembly is zoned C2 and lies within the floodplain. Collectively, Indicators 3 and 4 are considered superior by virtue of zoning (broad range of uses) and parcel size and over-represent the SP/m² unit rate applicable to the Airpark sites.

The intermediate value range applicable to the Airpark sites is represented by Indicators 1 and 3 within a broad range of \$145.77 to \$210.94 per m².

The challenge with the sales analysis herein is that the majority of the comparable sales are not restricted in use. The subject property is limited in use through a restriction within the lease and there is no market evidence herein that captures such an occurrence.

Without the benefit of any more precise comparable data to provide a higher degree of comparability, I must use my best judgement and conclude that the estimate of equivalent market value is marginally below the approximate midpoint of the intermediate range, or \$170

per m² for the Airpark sites. The calculation of the estimate of equivalent market value is summarized as follows:

| Parcel | Lot Area (m ²) | Rate/m ² | Equivalent Fee Simple Value |
|----------------|----------------------------|---------------------|-----------------------------|
| Lease Parcel 1 | 725 | \$170 | \$123,250 |
| Lease Parcel 2 | 1,270 | \$170 | \$215,900 |
| Lease Parcel 3 | 1,400 | \$170 | \$238,000 |
| Lease Parcel 4 | 961 | \$170 | \$163,370 |

Exposure Time

The comparables represented by Indicators 1 through 4 provide a cross section of private sale transactions not exposed to the open market and properties that were broker marketed and/or publicly listed through the MLS system and exposed to the open market. Only two properties were exposed to the market through the MLS system, these being on the market for 154 days. Market conditions early in 2025 have softened due to geo-political uncertainty, but there continues to be demand for commercial, industrial and institutional lands provided they are reasonably priced.

In my view, the subject property 'as if vacant' ought to trade within a time typical for its market. On the current market, this exposure time would be in the order of 2 to 6 months assuming reasonable pricing and professionally marketing. This estimate does not include the time for typical due diligence and closing time subsequent to an agreement in principle.

Step Two – Percentage Rent Calculation

The second step in the Return on Market Value Approach involves the determination and application of a market derived percentage rent. The market derived percentage rent is then applied to the market value of the land, thereby producing an estimate of market rentable value.

The following income property capitalization rates were analyzed in support of the applicable percentage rent to the subject property:

| No. | Address | Sale Price | Date | Cap Rate |
|------|---|--------------|-------|----------|
| i) | 6334 Metral Drive, Nanaimo | \$15,875,000 | 06/24 | 4.92% |
| | Remarks: Metral Station is a 2.35-acre site located fronting the highway across from Great Canadian Superstore. Zoning is CC4 (North Nanaimo Urban Centre). Improvements comprise four multi-tenant commercial buildings totalling 32,796 sf, dating to 2009. Tenants include Trail Appliances, Browns Social House and Starbucks. Fully leased at time of sale. Off-board listing. Scheduled for completion in September 2024. | | | |
| ii) | 6560 Island Highway North, Nanaimo | \$2,700,000 | 05/24 | 4.82% |
| | Remarks: An improved, 0.54 acre, CC4 (North Nanaimo Urban Centre) zoned property located fronting the highway across from Woodgrove Centre in north Nanaimo. Improvements comprise a 1-storey, multi-tenant 7,052 sf, retail building dating to 1992. Fully leased at time of sale. Broker sale. | | | |
| iii) | 6950 Island Highway North, Nanaimo | \$23,800,000 | 04/24 | 6.21% |
| | Remarks: Dover Point Centre is a 6.23-acre site located across the highway from Woodgrove Centre. Zoning is CC4 (North Nanaimo Urban Centre). Improvements comprise two multi-tenant, commercial buildings totalling 75,704 sf, dating to 2005. Tenants include Winners-HomeSense, Dollarama, and Petsmart. Fully leased at time of sale. Broker sale. | | | |
| iv) | 1604 Cliffe Avenue, Courtenay | \$5,400,000 | 03/24 | 5.65% |
| | Remarks: An improved, 1.10 acre, C2 (Commercial 2) zoned property located at the corner of Cliffe Avenue and Island Highway 19a near the downtown core. Improvements comprise a 1-storey, 10,752 sf retail building purpose-built for lease to Rexall Pharmacy in 2007/08. Four years remaining on original 20-year term. Share sale. Off-board listing of Avison Young. | | | |
| v) | 182 Corfield Street, Parksville | \$26,500,000 | 03/24 | 5.39% |
| | Remarks: Corfield Centre is a 4.94-acre site located fronting the highway, a few blocks east of the downtown core. Improvements comprise four multi-tenant, commercial buildings dating to 1992, 1997, and 2004. Total building area is 71,798 sf. Anchor tenant is Thrifty Foods. Fully leased at time of sale. Broker sale, scheduled for completion in June 2024. | | | |
| vi) | 6675 Mary Ellen Drive, Nanaimo | \$22,100,000 | 03/24 | 5.95% |
| | Remarks: Woodgrove Crossing is a 5.98-acre site located across the highway from Woodgrove Centre. Zoning is CC4 (North Nanaimo Urban Centre). Improvements comprise four multi-tenant, commercial buildings totalling 57,142 sf. Tenants include Shoppers Drug Mart, Michaels, and McDonald's. Fully leased at time of sale. Private sale. | | | |

| No. | Address | Sale Price | Date | Cap Rate |
|-------|---|--------------|--------------------|----------|
| vii) | 360 Duncan Street, Duncan | \$4,000,000 | 12/23 | 5.62% |
| | Remarks: An improved, 29,287 sf, DTC (Downtown Comprehensive) zoned property located in the downtown core. Improvements comprise a 2-storey (walk-up), 20,236 sf, mixed-use building dating to 1993. Original construction as a pub and 20-room hotel, with conversion of main floor to three CRUs and upper floor to 20 studio apartments. Fully rented at time of sale. 273 days on market. | | | |
| viii) | 211 Moilliet Street, Parksville | \$11,000,000 | 10/23 (pending) | 4.50% |
| | Remarks: An improved, 1.92-acre, RS3 (High Density Residential) zoned property located 2 to 3 blocks from downtown core. Improvements comprise a 3-storey, 50-unit, rental apartment dating to 1975. Well-maintained and in good condition. Senior's oriented building with rents \pm 32% below market. Broker sale. Purchaser is a non-profit housing society. | | | |
| ix) | 667 Island Highway East, Parksville | \$6,300,000 | 09/23 | 5.34% |
| | Remarks: An improved 1.19-acre, CS1 (Highway Commercial) zoned property located fronting highway at gateway to downtown core. Improvements comprise two brand new commercial buildings totalling 7,596 sf with vehicular drive-thru purpose-built for lease to Wendy's and Popeye's Chicken. Additional tenants include Barburrito and Vape Street. | | | |
| x) | Confidential (Nanaimo) | \$12,700,000 | 09/23 | 4.10% |
| | Remarks: An average quality, 4-storey, 63-unit, rental apartment building dating to 1976, located near downtown core. Rents \pm 35% below market. Share sale. Broker sale. | | | |
| xi) | Confidential (Courtenay) | \$22,300,000 | Q3 / 23 | 5.02% |
| | Remarks: A brand new (2022), good quality, 65-unit, mixed commercial and multi-family residential building. Fully tenanted as at date of sale. Share sale. Private sale. | | | |

These investment property sales generate a capitalization rate range of 4.10% to 6.21%, with most of the data in the approximate range of 5% to 6%. Given that the investment property sales transactions are for improved property and contain a building recapture component to the capitalization rates, the indicated cap rates are judged to generally over-represent the applicable rate for ground rent income alone.

The following table provides the results of a survey of percentage rents (sometimes referred to as ground rent return rates) from various institutional and government landlords:

| Lessor | Tenant | Rate of Return |
|------------------------------------|-----------------|----------------|
| Nanaimo Port Authority | Various Tenants | 4% |
| City of Nanaimo | Various Tenants | 4% - 5% |
| Greater Victoria Harbour Authority | Various Tenants | 4% |
| Port Alberni Port Authority | Various Tenants | 4% - 5% |
| City of Victoria | Various Tenants | 4% |
| Port of Vancouver | Various Tenants | 4% |

The overall trend of percentage rents over the past decade has generally mirrored the overall capitalization rate trend, which has been downward to historic low levels in all market sectors. The more recent Bank of Canada campaign to curb inflation (commencing in March 2022 and extending into 2024) has not impacted percentage rent expectations. The typical rent review period for the preceding lessor agencies is every 5 years. Large land value increases predominating the commercial and industrial land markets through the COVID-19 Pandemic period and into the post-pandemic period has placed downward pressure on rate of return expectations.

The following table summarizes percentage rents from recent lease transactions involving First Nations land.

| Location | Lessee | Commencement / Renewal Year | Annual Rent as % of Land Value |
|-----------------|--|-----------------------------|--------------------------------|
| Cowichan IR | Shopping Centre | 2024 | 4.14% |
| Cowichan IR | Shopping Centre | 2024 | 4.18% |
| Cowichan IR | Shopping Centre | 2023 | 3.93% |
| Cowichan IR | Office | 2022 | 4.44% |
| Cowichan IR | Casino | 2022 | 4.83% |
| Cowichan IR | Gas Station + C-Store | 2021 | 5.66% |
| Cowichan IR | Commercial | 2020 | 5.75% |
| Cowichan IR | Restaurant | 2020 | 5.26% |
| New Songhees IR | Self Storage | 2021 | 4.00% |
| New Songhees IR | Gas Station + C-Store | 2021 | 5.75% |
| New Songhees IR | Multi-Family Residential (Pacific Village I) | 2021 | 2.80% |

In addition to the preceding, many lessors and lessees may place some secondary reliance on Government of Canada bond yields as a basis for establishing a rate of return. The following table provides a summary of Government of Canada Benchmark bond yield rates:

Selected bond yields



Source: <https://www.bankofcanada.ca/rates/interest-rates/canadian-bonds/>

As of July 2025, the benchmark yield on a long-term bond was approximately 3.5%.

In light of pressure for lower rates of return, and notwithstanding the change in Bank of Canada monetary policy and resulting fluctuations in lending rates generally, which will require time to be absorbed into the market, the market derived rate of return applicable to the Airpark lease sites is concluded at 4%.

Calculation of Market Rent by Return on Market Value Approach

The annual rent calculated by Return on Market Value Approach is:

| Parcel | Equivalent Fee Simple Value | Percentage Rent | Annual Rent | Annual Rent (m ²) |
|----------------|-----------------------------|-----------------|-------------|-------------------------------|
| Lease Parcel 1 | \$123,250 | 4% | \$4,930 | \$6.80 |
| Lease Parcel 2 | \$215,900 | | \$8,636 | \$6.80 |
| Lease Parcel 3 | \$238,000 | | \$9,520 | \$6.80 |
| Lease Parcel 4 | \$163,370 | | \$6,535 | \$6.80 |

DIRECT COMPARISON APPROACH – ACTUAL GROUND RENTS

The Direct Comparison Approach produces an estimate of rentable value of a property by comparing it with similar properties that have been recently leased, on which lease offers have been made, or are currently offered for lease. The approach involves the gathering, analyzing and comparing of lease data.

The Direct Comparison Approach is the preferred approach when valuing land rent because it reflects typical Lessor and Lessee reactions in the marketplace and also considers the principle of substitution. It involves the gathering and comparing of land lease evidence and examples that are as similar as possible to the Airpark Sites and have leased recently. An adjustment process to allow for differences results in the comparable becoming a basis for indicating a rent value for the Lease Site.

The following comparables have been analyzed in support of the estimate of land rental value for the Lease Site (Groundside sector only):

A. 7500 – 7650 Airport Road, Port Alberni, BC

Coulson Aircrane Ltd lease 8,183 m² (88,082 sf) and 12,530 m² (134,873 sf) of airside land at Alberni Valley Regional Airport.

The smaller site is leased for a 5-year renewal term commencing August 1, 2020, and expiring July 31, 2025. Basic rent is \$41,604 per annum fully net in 2025, equating to \$5.08 per m².

The larger site is leased for a 20-year term commencing December 31, 2017, and expiring December 30, 2037. Basic rent is \$26,535 per annum fully net in 2025, equating to \$2.12 per m² escalating annually by CPI. The larger site required site reclamation (from some former extraction) and site preparation/servicing/infrastructure which was all completed by the Tenant.

B. 188 Airport Road, Tofino, BC

Tofino/Long Beach Airport comprises a mixture of small aviation tenants with a sampling of tenants and current rents as follows:

| Tenant | Lot Area (m ²) | Rate/m ² | Annual Rent |
|------------------------|----------------------------|---------------------|-------------|
| Hazelwood Construction | 4,000 | \$6.46 | \$25,840 |
| Tofino Air | 1,200 | \$6.46 | \$7,752 |
| Atleo Air | 929 | \$6.46 | \$6,001 |
| Terence Salmon | 1,378.5 | \$6.46 | \$8,905 |
| Long Beach Flying Club | 678 | \$3.23 | \$2,190 |

C. 3550 Spitfire Road, Nanaimo, BC

Nanaimo Airport comprises a mixture of aviation tenants under five (5) year lease terms expiring in 2027. The ground rents escalate each year by CPI with a sampling of tenants and current rents as follows:

| Tenant | Lot Area (m ²) | Rate/m ² | Annual Rent |
|---------------------------------|----------------------------|---------------------|-------------|
| Alkan Air | 3,612 | \$3.56 | \$12,859 |
| Buffalo Hangars | 4,180 | \$3.56 | \$14,881 |
| Nanaimo Aircraft Maintenance | 2,109 | \$3.56 | \$7,508 |
| Arbutus RV (Highway Groundside) | 16,615 | \$7.25 | \$120,459 |

Summarizing these land lease comparables is as follows:

| No. | Location - Tenant | Area (m ²) | Rent/m ² |
|-----|--------------------------------------|------------------------|---------------------|
| A. | 7500-7650 Airport Road, Port Alberni | 8,183 - 12,530 | \$2.12 to \$5.08 |
| B. | 188 Airport Road, Tofino | 678 - 4,000 | \$3.23 to \$6.46 |
| C. | 3550 Spitfire Road, Nanaimo | 2,109 - 16,615 | \$3.56 to \$7.25 |

The preceding lease comparables provide a selection of aviation ground rent evidence extending throughout the central Vancouver Island market area, with the data demonstrating a broad rentable value range of \$2.12 to \$7.25 per m².

The comparable ground rent data **does not** demonstrate the parcel size/rent value curve but rather, a straight line rent value for aviation land. This steps away from the economies of scale expectation where smaller lease sites would be expected to achieve higher rents on a unit rate basis.

The market rentable value evidence herein is derived from contract rents typically escalating by annual CPI. These contract rents are not subject to higher benchmark lease rate expectations as they are collectively within an existing lease term. The Tofino/Long Beach examples were set in 2022 and the Nanaimo examples set in 2021.

This contractual comparable rent data is limited in its ability to capture market price expectations at present given that these examples are all mid-stream within their respective lease terms. Notwithstanding the broad range developed from these examples, the overall average equates to approximately \$5.00 per m² and there is no better evidence to provide guidance within the range outside of the average.

In summary, I estimate the following rental value expressed on an annual per square meter (m²) basis (\$5.00) for the Airpark sites:

| Parcel | Lot Area (m ²) | Rate/m ² | Annual Rent |
|----------------|----------------------------|---------------------|-------------|
| Lease Parcel 1 | 725 | \$5.00 | \$3,625 |
| Lease Parcel 2 | 1,270 | | \$6,350 |
| Lease Parcel 3 | 1,400 | | \$7,000 |
| Lease Parcel 4 | 961 | | \$4,805 |

DIRECT COMPARISON APPROACH – BENCHMARK RENT

Once again, Regional and Municipal Airports undertake periodic rent studies to determine “benchmark” ground lease rates to guide them through the lease review/reset process. These market rent studies recognize that airport tenants are under individual lease agreements with varying terms (commencement date, expiry date, length of lease term and review/reset dates) and the “benchmark” ground lease rates form the basis of “market” rent rate expectations applicable at varying lease review/reset intervals.

The following summary identifies the various Regional and/or Municipal Airports and their respective “benchmark” ground lease rates at the noted interval periods:-

Lower Mainland / Fraser Valley

A. Langley Municipal Airport (CYNJ)

Langley Airport is located in the Township of Langley off the Fraser Highway and offers a full-service local airport with two runways (one at 2,743 feet and one at 2,100 feet). Langley is well known for catering more so to commercial non-fixed wing (helicopter) operations. Langley Airport reported blanket rental rates for 2023 are \$5.30 per m² (Aviation) and AMC rates are \$0.40 per m².

| Benchmark Rate | AMC |
|----------------------------------|---------------------------|
| \$5.30 per m ² (2023) | \$0.40 per m ² |

B. Chilliwack Municipal Airport (YCW)

The Chilliwack Municipal Airport is located within the Town of Chilliwack in the upper Fraser Valley area east of Vancouver. Chilliwack airport is a full-service local airport with a 3,990-foot runway. Chilliwack Airport achieved approval in 2018 to extend their runway to 5,000 feet in conjunction with Transport Canada IFR approval. The 2025 benchmark rate is set at \$5.00 with annual CPI escalations. Chilliwack Airport does not collect AMC fees.

| Benchmark Rate | AMC |
|----------------------------------|-----|
| \$5.00 per m ² (2025) | N/A |

BC Interior

C. Oliver Municipal Airport (CAU3)

The Town of Oliver is located in the southern Okanagan Valley between Penticton and Osoyoos. Oliver has one runway at 3,200 feet. Oliver Airport completed a rent rate review in 2024 recommending an increase in their benchmark rate to \$5.20 per m² (this rate being adopted and applied commencing January 2025). Oliver does not collect AMC fees.

| Benchmark Rate | AMC |
|----------------------------------|-----|
| \$5.20 per m ² (2025) | Nil |

Vancouver Island

D. Campbell River Airport (YBL)

The Campbell River Airport is located approximately 9 km south of the downtown core area. YBL is a full service regional airport with a 10,700 sf terminal building and 6,500 foot runway. Campbell River Airport established a benchmark rent rate in 2023 at \$3.46 per m² plus annual CPI for both airside and groundside land. Campbell River does not charge an AMC.

| Benchmark Rate | AMC |
|----------------------------------|-----|
| \$3.46 per m ² (2023) | Nil |

E. Nanaimo Regional Airport (YCD)

The Nanaimo Airport is located approximately 15 km south of the City of Nanaimo. YCD is a full-service regional airport with a 5,000 foot runway. Nanaimo Airport reports a benchmark rent rate for 2025 of \$4.50 per m² for aviation with higher rates for groundside commercial lands. Nanaimo increased their AMC fees to \$0.27 per sf in 2025 (previously \$0.20 per sf). These rates are summarized as follows:

| Benchmark Rate | AMC |
|----------------------------------|---------------------------|
| \$4.50 per m ² (2025) | \$0.27 per m ² |

F. Tofino Long Beach Airport (YAZ)

The Tofino Long Beach Airport is located within the Alberni Clayoquot Regional District between Tofino (11 km north) and Ucluelet (30 km south) on the West Coast of Vancouver Island. The Tofino-Long Beach Airport has three 5,000 foot runways. Tofino's 2023 benchmark lease rates are as follows:

| Parcel Size | Benchmark Rate | AMC |
|---|----------------------------------|---------------------------|
| Serviced Sites (under 371.6 m ²) | \$9.69 per m ² (2023) | \$0.25 per m ² |
| Serviced Sites (over 371.6 m ²) | \$6.46 per m ² (2023) | |

G. Alberni Valley Regional Airport (CBS8)

The Alberni Valley Regional Airport (AVRA) is located approximately 15 kilometres west of the City of Port Alberni. AVRA has a 5000 foot runway. AVRA completed a benchmark rent study late in 2022 with the 2023 benchmark lease rates summarized as follows:

| Parcel Size | Flat Rate | AMC |
|----------------------------------|----------------------------------|-----------------------------|
| Sites under 3,924 m ² | \$3.77 per m ² (2023) | Flat Fee \$300 per annum |
| Sites over 3,924 m ² | \$3.23 per m ² (2023) | |

The general theme within the aviation industry was to attempt to achieve market rent for aviation land within the first decade following divestiture from the Crown (Transport Canada). The aviation industry was quite slow to move to market rent levels, and this goal was not generally achieved by the majority of airport operators until the period 2008 through 2015.

During this period, many airport operators undertook market studies to assist them in establishing benchmark market rent rates for application as individual leases achieved their respective review/reset dates. Although aviation rents were increasing during the period following the global financial crisis (2008 through 2013), the aviation industry resisted rent increases due to industry

economics, and a number of airport operators held their ground rent rates or opted for CPI increases for a period of time thereafter. Subsequent to 2015, aviation industry trends, with respect of ground rents, have demonstrated a period of increasing rents as the move to market rent was more successful. The impact of the COVID 19 Pandemic (March 2020 – March 2022) created a situation where land values escalated quickly and dramatically thereby disturbing the gains in equalizing contract rent and market rent.

The aviation industry, for the most part, had been nearing contract rent/market rent parity prior to COVID. Nanaimo Airport is one airfield that has notably not achieved parity. Nanaimo has historically maintained contract rents below its threshold benchmark rate, and this has primarily been driven by decisions of the Airport Board to “soften” rent increases. Nanaimo stands alone under these circumstances.

Other than Tofino and Port Alberni Airports, all other municipal and regional airports do not differentiate ground rent rates based upon lease parcel size. This occurrence flies in the face of conventional real estate thinking and expectations of a parcel size/price curve relationship.

Summarizing the various benchmark rents (expressed on a price per m² basis) is as follows:

| Airport | Rent Rate/m ² | AMC/m ² |
|----------------|--------------------------|--------------------|
| Langley | \$5.30 (2023) | \$0.40 |
| Chilliwack | \$5.00 (2025) | Nil |
| Oliver | \$5.20 (2025) | Nil |
| Campbell River | \$3.46 (2023) | Nil |
| Nanaimo | \$4.50 (2025) | \$0.27 |
| Tofino | \$9.69 (2023) | \$0.25 |
| | \$6.46 (2023) | |
| Alberni Valley | \$3.77 (2023) | \$300/annum |
| | \$3.23 (2023) | |

The preceding rentable value comparables provide a reasonable sample of airport properties that service smaller local areas with varying populations and demand for aviation services.

In consideration of the appropriate benchmark market rental rate applicable to the Courtenay Airpark, I am very mindful of the location/positioning of the property relative to its competition. The market location (Comox Valley) results in moderate industry demand for recreational aviation and supporting aviation services.

Ground lease parcel size variances be considered and the majority of lease comparables demonstrate stable and consistent rental rates regardless of parcel size.

Based upon these Benchmark rentable value comparables and recognizing the physical location and market positioning of the Courtenay Airpark, I am led to conclude a benchmark rate of \$5.00 per m² (excluding AMC fees).

Benchmark Rent Rate

\$5.00 per m²

Airport Maintenance Charges (AMC)

Courtenay Airpark **does not** charge AMC fees as a direct recovery of annualized operating and maintenance costs. AMC charges are not typically determined on a market comparison basis; consequently, AMC fees should be set internally.

RECONCILIATION AND FINAL ESTIMATE OF RENTABLE VALUE

| | |
|--|---------------------------------|
| Return On Market Value Approach | \$6.80 per m² |
| Direct Comparison Approach – Contract Rent | \$5.00 per m² |
| Direct Comparison Approach – Benchmark Rent | \$5.00 per m² |

The Return on Market Value Approach is generally viewed as the more subjective approach, and in this application, the equivalent land value is quite subjective due to the lack of truly comparable data. The percentage return data is quite good and reliable; however, the strength of the whole turns on the strength of all the components; consequently, this approach is generally viewed as less reliable.

The Direct Comparison Approach is applied in two scenarios being 1) a comparative analysis on the basis of existing aviation contractual lease examples from other Vancouver Island airfields and 2) a broader examination of industry benchmark rates. The benchmark rate is the rate expectation for new lease tenants and/or lease renewals occurring in the near term. Notwithstanding differences in the analysis under each of these two scenarios, they achieve the same base rent conclusion leading to a final estimate of rentable value of \$5.00 per m².

In the final analysis, based on the data, analyses and conclusions contained herein, the market rentable value for a five (5) year lease renewal term commencing January 1, 2026 for the four (4) ground lease sites located at the Courtenay Airpark is estimated at:

\$5.00 per m²

CERTIFICATION

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

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 are my personal impartial, and unbiased professional analysis, opinions and conclusions;
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the authorized client;
6. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Canadian Uniform Standards of Professional Practice of the Appraisal Institute of Canada*;
7. I have the knowledge and experience to complete the assignment competently;
8. No one provided significant professional assistance to the person signing this report;
9. As of the date of this report, the undersigned has fulfilled the requirements of the Appraisal Institute of Canada's Continuing Professional Development Program;
10. The undersigned personally inspected the subject property on November 4, 2025.

November 13, 2025



David L. Kirk
AACI, P. App.

QUALIFICATIONS OF APPRAISER

David L. Kirk, AACI, P. App.

Education and Memberships

Accredited Appraiser Appraisal Institute of Canada, AACI, P. App.
 June 29, 1992, Certificate No. 3216

Environment Canada
 Ecological Gifts Program Appraisers Workshop – February 2002 / November 2023

Education and Memberships

45 years experience in comprehensive appraisal of residential, commercial, industrial and agricultural properties for sale, purchase, mortgage, taxation, assessment, expropriation and other purposes. Recognized as an expert witness before the Supreme Court of British Columbia and the Expropriation Compensation Board of British Columbia.

President of Cunningham & Rivard Appraisals Ltd.

Completed Appraisals and Related Assignments for:

| | |
|-------------------------------------|--------------------------------------|
| Bank of Montreal | TD/Canada Trust |
| Royal Bank of Canada | HSBC Bank Canada |
| Canadian Imperial Bank of Canada | Canadian Western Bank |
| Scotiabank | Coastal Community Credit Union |
| Vancity Credit Union | Island Savings Credit Union |
| Coast Capital Savings Credit Union | Capital Regional District |
| Cowichan Valley Regional District | Regional District of Nanaimo |
| Alberni-Clayoquot Regional District | Comox Valley Regional District |
| City of Victoria | City of Parksville |
| Township of Esquimalt | City of Colwood |
| City of Nanaimo | City of Port Alberni |
| City of Duncan | District of North Cowichan |
| District of Oak Bay | Town of Ladysmith |
| Town of Qualicum Beach | Town of Sidney |
| Government of Canada | Government of British Columbia |
| Greater Victoria Harbour Authority | Nanaimo Port Authority |
| Port Alberni Port Authority | Transport Canada |
| Langley Airport | Nanaimo Airport Commission |
| Pitt Meadows Airport | School District 68 (Nanaimo) |
| School District 69 (Qualicum) | The Nature Trust of British Columbia |
| BC Parks Foundation | Various Conservation Groups |

ADDENDA

TITLE SEARCH PRINT

2025-11-12, 12:13:38

File Reference:

Requestor: Stacey Cutting

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

Title Issued Under SECTION 188 LAND TITLE ACT

Land Title District VICTORIA
Land Title Office VICTORIA

Title Number N84925
From Title Number 98533N

Application Received 1984-11-14

Application Entered 1984-11-16

Registered Owner in Fee Simple
Registered Owner/Mailing Address: THE CORPORATION OF THE CITY OF COURTENAY,
 750 CLIFFE AVENUE
 COURTENAY, BC

Taxation Authority Courtenay, The Corporation of the City of

Description of Land
Parcel Identifier: 000-892-149
Legal Description:
 LOT 1, SECTION 66, COMOX DISTRICT, PLAN 14942 EXCEPT ANY PORTION
 OF THE BED OF THE COURTENAY RIVER

Legal Notations
 NOTICE OF INTEREST, BUILDERS LIEN ACT (S.3(2)), SEE CA8017382
 FILED 2020-02-03

HERETO IS ANNEXED EASEMENT EL25097 OVER LOT 1, PLAN 15512

Charges, Liens and Interests

Nature: LEASE
Registration Number: EX153422
Registration Date and Time: 2005-12-01 11:05
Registered Owner: ANDREAS WALTER RUTTKIEWICZ
Transfer Number: CA4228152
Remarks: PART SHOWN AS LOT 4 ON PLAN VIP64872

TITLE SEARCH PRINT

2025-11-12, 12:13:38

File Reference:

Requestor: Stacey Cutting

Nature: LEASE
 Registration Number: EX153423
 Registration Date and Time: 2005-12-01 11:05
 Registered Owner: DUANE JOHN DUBYK
 Transfer Number: CA5526378
 Remarks: PART SHOWN AS LOT 2 ON PLAN VIP64872

Nature: LEASE
 Registration Number: EX153424
 Registration Date and Time: 2005-12-01 11:06
 Registered Owner: COURTENAY AIRPARK ASSOCIATION
 INCORPORATION NO. S17439
 Remarks: INTER ALIA
 AREA B ON PLAN VIP80002

Nature: LEASE
 Registration Number: CA8042768
 Registration Date and Time: 2020-02-19 10:32
 Registered Owner: AP AVIATION SERVICES LTD.
 INCORPORATION NO. BC1162488
 Remarks: PART SHOWN AS LOT 1 IN PLAN VIP64872

Nature: MORTGAGE
 Registration Number: CA8042769
 Registration Date and Time: 2020-02-19 10:32
 Registered Owner: IAG ENTERPRISES LTD.
 INCORPORATION NO. A0112148
 Remarks: OF CA8042768

Nature: LEASE
 Registration Number: CB48798
 Registration Date and Time: 2022-06-30 14:11
 Registered Owner: TPC THE PROPERTY CENTRE INC.
 INCORPORATION NO. BC0366114
 Transfer Number: CB49143
 Remarks: PART SHOWN AS LOT 3 ON PLAN VIP64872

Duplicate Infeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

TITLE SEARCH PRINT

2025-11-12, 12:11:21

File Reference:

Requestor: Stacey Cutting

CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN

Title Issued Under SECTION 188 LAND TITLE ACT

Land Title District VICTORIA
Land Title Office VICTORIA

Title Number N84924
From Title Number 95690N

Application Received 1984-11-14

Application Entered 1984-11-16

Registered Owner in Fee Simple
Registered Owner/Mailing Address: THE CORPORATION OF THE CITY OF COURTENAY,
750 CLIFFE AVENUE
COURTENAY, BC

Taxation Authority Courtenay, The Corporation of the City of

Description of Land
Parcel Identifier: 000-892-068
Legal Description:
LOT "A", SECTIONS 66 AND 67, COMOX DISTRICT, PLAN 14521, EXCEPT
ANY PORTION OF THE BED OF COURTENAY RIVER

Legal Notations NONE

Charges, Liens and Interests
Nature: LEASE
Registration Number: EX153424
Registration Date and Time: 2005-12-01 11:06
Registered Owner: COURTENAY AIRPARK ASSOCIATION
INCORPORATION NO. S17439
Remarks: INTER ALIA
AREA B ON PLAN VIP80002

Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

TITLE SEARCH PRINT

File Reference:

2025-11-12, 12:11:21

Requestor: Stacey Cutting

Pending Applications

NONE