Economic Zone Land Use Plan

Skeetchestn Indian Band
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1.0 Introduction

In 2015, Skeetchestn Indian Band (SIB) received funding to undertake an Economic Development Land Use Plan for its designated land known as the Economic Zone. The Economic Zone is an approximately 1470 hectare (ha) area of land on Skeetchestn IR # 0, exclusively at the southern end of this reserve and falls under the mandate of Knuquentwecn Development Corporation who is responsible for promoting economic development and managing many of the Band-owned businesses. This land was designated for economic development in 1995 and re-designated in 2012 for commercial, industrial, agricultural, residential, recreational, cultural, institutional, construction of one or more community buildings, mining (including gravel and sand extraction, or assembly uses. The land is designated for indeterminate period of time though the maximum term of any lease shall not exceed 99 years. A copy of the Land Designation document is included in Appendix A.

1.1 Study Area

The Economic Zone is illustrated in Figure 1.1. It is approximately 1470 ha in size and is located at the southern end of Skeetchestn IR # 0. It is bisected east-west by the Trans-Canada Highway and a BC Hydro Right-of-Way and north-south by the Deadman River. It is bounded on the south by the Thompson River. The Economic Zone is located in close proximity to the unincorporated community of Savona (population approximately 650 people), the Tobiano resort area, and the New Gold Afton Mine located southwest of Kamloops.

Existing development in this area includes:

- Big Sky Gas Station
- Painted Rock Aggregates
- Knuquentwecn Development Corporation (KDC) office
- Stk’emlupsemcs to Secwepemc Nation (SSN) office
- Natural Resources Corporation Model Home
- Public works building
- Natural resources value added manufacturing facility
- Movie set
- Rodeo grounds
- Fishing camp on the oxbow
- House near Deadman River
Immediately adjacent to the designated lands, at the southeast end, is a fee simple parcel that is owned by Skeetchestn. This parcel has highway and rail access and is also adjacent to the Thompson River.

From a physical characteristic, the Economic Zone is characterized by steep bluff areas adjacent to the Thompson River rising to a plateau that is gently rolling with some steeper slopes in the north and east portion of the study area. There is also a large amount of land along the Deadman River that has steep banks. There are large tracts of land that are flat and could be easily developed.

**Figure 1.1: Economic Zone**

1.2 Purpose of Project

The two key components of this project include:

- Establishing preferred land uses for individual areas in the Economic Zone that are agreed to by Chief and Council and the community and will maximize the economic development potential of the land base; and
- Determining infrastructure servicing requirements for the development parcels and determining the most cost effective way of providing infrastructure.

Ultimately, the work will lead to the development of conceptual plans and visualizations that will illustrate how the development will look once constructed. It will also lead to the preparation of marketing packages that can be used to
attract investors. The ultimate goal of this project is to identify ways of maximizing the land base to generate revenue for the KDC and for SIB as well as to create employment opportunities for Band members.

1.3 About Skeetchestn Indian Band

Skeetchestn Indian Band is governed by a Chief and four councillors who are elected to three year terms. The Skeetchestn Reserve was established in 1877. Skeetchestn has a total membership of 531 people with 212 members living on-reserve. Many of these people live in either the Benchlands subdivision or the main community, both of which are located off the Deadman-Vidette Road. Since the 1980s Skeetchestn has pursued economic and social development initiatives in order to create a more sustainable community. This has included the development of a fish hatchery on the Deadman River, the establishment of Quiq’wei’elst School, a co-venture agreement with Chai-Na-Ta for the cultivation of ginseng as well as the development of business operations such as the Big Sky Gas Station and Natural Resources Corporation.

1.4 About Knucwentwecw Development Corporation

Knucwentwecw Development Corporation (KDC) has the responsibility for developing business opportunities that build an economic base in the Skeetchestn traditional territory. KDC has a number of subsidiary companies that include Painted Rock Aggregates and the Big Sky Gas Station. KDC is also responsible for promoting land development opportunities in the Economic Zone.

1.5 Community Engagement

Extensive community engagement was undertaken through the Comprehensive Community Plan process. A community survey undertaken as part of this process revealed the following community sentiments relating to economic development:
• More long-term job opportunities for all youth, adults, and those about to retire.
• Competitive wages for everyone comparable with other related industries
• Support community members businesses.
• Hotel/boutique conference centre with native theme. Utilizing our culture to its full potential. Producing crafts, art, foods, medicine.
• Focus on good business joint-ventures that are respectful of Skeetchestn values.
• Continue partnerships with New Gold, BC Hydro, Terasen Gas that benefit Skeetchestn Band.
• Clean industry.
• Alternative renewable energy: wind, solar, water.
• Get ranches up and running. Hot houses for vegetables and herbs.
• Upgrade internet and cell phone coverage.
• Develop commercial district profitability – for example, a mini–mall.
• Our own resort lodge.
• Agriculture: orchards, commercial gardens, sustainable agriculture.
• Employment and education for the people.
• Make more stores and restaurants.
• Build a huge community garden in a greenhouse.
2.0 Opportunities and Constraints

As noted, the Economic Zone is quite large. In order to provide context for what areas could be developed and for what land use, an initial opportunities and constraints analysis has been completed. This analysis identifies areas that cannot be developed due to physical constraints such as topography and presence of key environmental features such as riparian areas as well as areas that could be considered for more intensive development due to highway access and visibility, access to existing infrastructure, etc.

2.1 Constraints

Key constraints were identified to determine the portion of land that was undevelopable. The key criteria reviewed for this analysis included:

- Slopes greater than 25%.
- Riparian areas (generally 30 m buffer around waterways with fish habitat).
- Presence of existing development (i.e. gas station, gravel pit, public works, etc.).
- Presence of utility Right-of-ways (BC Hydro and Fortis Gas).

Based on this analysis, of the 1540 ha included in the study area (including the right-of-way for the Trans-Canada Highway which is not part of the reserve), approximately 433.17 ha would be totally undevelopable. Approximately 286.9 ha of land has steep slopes while 45.5 ha of land is within a riparian area. Approximately 22 ha has already been developed while 105.8 ha is part of utility and road right-of-ways.

Figure 2.1 illustrates the areas of land that are considered undevelopable based on these criteria.
Skeetchestn Indian Band
Economic Zone
Land Use Plan

Undevelopable Areas

- Reserve Boundary
- Study Area (1,540 ha)
- Total Undevelopable (433.17 ha)
- Existing Development (22 ha)
- Easements (105.8 ha)
- 30m Riparian Buffer (45.5 ha)
- >25% Steep Slopes (286.9 ha)
- Current Points of Diversion

FIGURE 2.1

The accuracy & completeness of information shown on this drawing is not guaranteed. It will be the responsibility of the user of the information shown on this drawing to locate & establish the precise location of all existing information whether shown or not.
2.2 Infrastructure Proximity Analysis

The Economic Zone already has access to important infrastructure that will improve the marketability of the land. The key piece of infrastructure is the location of the land adjacent to the Trans-Canada Highway which, according to traffic counts from the Ministry of Transportation and Infrastructure, has traffic volumes of approximately of 3000 – 4000 vehicles per day. In addition to highway access in relative close proximity to Kamloops, the Economic Zone has the following assets that support increased development:

- Three phase power – three phase power runs east – west with spurs running north - south to the industrial area and to the gas station.
- Major highway intersection – a full intersection with a westbound left turn lane provides access to the gas station area and areas south of the Trans-Canada Highway.
- Minor highway intersections – a minor intersection provide access to the main community road (Deadman-Vidette Road) and the industrial area.
- Water treatment and distribution – the Band has a water treatment system on-reserve that provides water to the gas station. The water system also has a storage reservoir. The water treatment system has also been extended to the industrial area and services the public works building.

In order to assess the developability of the reserve area, a proximity analysis was undertaken to determine the desirability of various areas based on several criteria. The criteria were subsequently given weights to reflect their value relative to one another as well as to reflect proximity of the area of land to the key value. In this regard, it is seen as more valuable to be located within 200 m of the main highway intersection than 1000 m. Similarly, it is seen as being more valuable to be located near the major highway intersection than near the water line due to the value the upgraded intersection provides and the investment that has already been made there versus the relative low cost of extending the water distribution system.

The intention of the analysis is to identify areas that either would have lower development costs and/or higher value. It is not intended to preclude areas from potential development nor is it intended to state explicitly that certain areas should be developed. Table 2.1 summarizes the inputs into the proximity analysis.
Table 2.1: Proximity Analysis

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Weighting of Criteria</th>
<th>Proximity</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three Phase Power</td>
<td>1</td>
<td>Within 500 m</td>
<td>Along 3 Phase Power line on south portion of study area</td>
</tr>
<tr>
<td>Major Highway Intersection</td>
<td>5</td>
<td>Within 1000 m</td>
<td>This would be the main intersection to the gas station. High costs associated with constructing a new access point</td>
</tr>
<tr>
<td>Minor Highway Intersection</td>
<td>3</td>
<td>Within 500 m</td>
<td>This includes the Deadman-Vidette Road and a minor intersection located further east</td>
</tr>
<tr>
<td>Highway</td>
<td>3</td>
<td>Within 500 m</td>
<td>Primarily pertains to highway visibility</td>
</tr>
<tr>
<td>Minor Roadway</td>
<td>2</td>
<td>Within 250 m</td>
<td>Reflects the value of using existing roadways, where feasible</td>
</tr>
<tr>
<td>Water Distribution Line</td>
<td>3</td>
<td>Within 500 m</td>
<td>Proximity to the existing water line is valuable</td>
</tr>
</tbody>
</table>

Based on this analysis, a map was prepared that illustrates areas that have higher development potential due to proximity to existing infrastructure. **Figure 2.2** illustrates the development capacity of these areas.

The area with the most attractive infrastructure proximity is in and around the gas station which has access to a high capacity intersection, existing water service, and three phase power. This would ensure that development costs would remain low and that the land would have good accessibility and visibility.

The existing industrial park area demonstrates similar capacity for expansion with access to three phase power and road access.
FIGURE 2.2

Least Desirable
Most Desirable

The accuracy & completeness of information shown on this drawing is not guaranteed. It will be the responsibility of the user of the information shown on this drawing to locate & establish the precise location of all existing information whether shown or not.
3.0 Land Use Plan

At a broad level, two types of development intensity can be anticipated on the designated land. These include:

**Intensive development** – these would be areas that could result in significant development of infrastructure and buildings and could be leveraged for commercial, residential, and industrial development. These areas are typically closer to the Trans-Canada Highway.

**Passive development** – these would be areas that are further removed from infrastructure services but still have some value due to the ability to be leveraged for natural resources such as agriculture, forestry, fish farming or alternative energy.

In addition to these development areas, there are areas that will likely not be offered for immediate development or have been identified as being undevelopable due to topography or presence of environmental values.

*Figure 3.1* illustrates the Land Use Plan for the Economic Zone.
3.1 Intensive Development Areas

Approximately 293.3 ha of land, or 22% of the Economic Zone, has been identified for intensive development.

3.1.1 COMMERCIAL/INDUSTRIAL

Approximately 109.7 ha of land has been identified for Commercial/Industrial development in the Land Use Plan. This land is located along the Trans-Canada Highway. There are, in general, three potential commercial/industrial areas including:

- A 35.3 ha area located north of the Trans-Canada Highway. This area currently does not have direct access to the Trans-Canada Highway but has access via the Deadman-Vidette Road.

- A 54.3 ha parcel located south of the Trans-Canada Highway in the vicinity of the existing gas station and KDC offices. It has direct access to the Trans-Canada Highway and is well serviced with water infrastructure.

- A 20.1 ha parcel in the vicinity of the Public Works building and the value-added manufacturing facility. There is approximately 4 - 5 ha of vacant land that could be developed for industrial purposes.

- A 12.6 ha parcel located north of the Trans-Canada Highway adjacent to the Deadman-Vidette Road. This parcel is flat and has good access to the Trans-Canada Highway through Deadman-Vidette Road.

Development in this area will compliment the existing commercial and industrial land uses including the gas station, value added forestry site, and the KDC office building. Development of commercial and industrial uses is suitable here as it has good visibility and accessibility from the highway and is located within close proximity of existing water infrastructure. The land is also reasonably flat which will enable easier development. It is anticipated that development would include highway commercial-type uses as well as industrial development, likely light industrial. Types of development could include:

- Fruit Stand
- Boutique hotel
- RV Park
- Complimentary businesses for the gravel pit
- Crafts stand
- Warehouse
- Manufacturing facility
- Storage
- Closed containment fish farm
At the same time, there is a desire to develop a new Band administration centre along the highway. A community survey undertaken in 2016 indicated that community members preferred to see the administration centre located east of the Big Sky Gas Station.

Moving forward, in order to maximize the potential of this land, it will be important to consider the following:

- Ensure that new development located near the highway achieves quality aesthetic standards in order to maximize the value of the land and to provide a positive image of Skeetchestn.
- Prepare marketing packages that highlight potential commercial and industrial development opportunities and actively market these opportunities.
- Ensure that the development and operation of commercial and industrial businesses mitigates impact to the environment.
- Determine if there is a cost effective way to extend natural gas service to the commercial and industrial areas. This will improve the marketability of the land by reducing the costs associated with heating buildings in the area.

Figure 3.2 illustrates conceptual plans and visualizations for the commercial and industrial areas.
Figure 3.2: Commercial and Industrial Conceptual Plans

Highway Commercial Area Conceptual Plan
Highway Commercial Area 3D Rendering
Potential Hotel Development

Industrial Area Conceptual Plan
Industrial Area 3D Rendering
3.1.2 Residential

Two areas have been identified for residential development. These areas have been selected due to their excellent views and the flexibility they offer in terms of accommodating various sizes of lots and housing styles. These areas include:

- A 29.9 ha site that overlooks the Thompson River and would be developed in conjunction with aggregate extraction. The views overlooking the Thompson River are spectacular in this location. Terraced lots could be created through the aggregate extraction process.

- A 77.5 ha site that is located north of the highway on a bench that is located on the site of the old movie site. This area may also be suitable for institutional development.

This land could be made available for market housing both for members and non-members of Skeetchestn.

Moving forward, it will be important to consider:

- Reviewing the market feasibility of a range of residential development opportunities including estate lots, mobile homes, and acreages.

- Ensuring that easily accessible park space and green space is provided in these areas.

- Establishing a grading plan for the terraced lots along the Thompson River in order to take advantage of potential aggregate extraction in this area.

- Undertaking a geotechnical assessment to ensure that lands overlooking the Thompson River are suitable for residential development.

- Requiring that housing be constructed to be easily accessible by people with limited mobility.

Figure 3.3 illustrates the potential development of residential land overlooking the Thompson River using housing styles that have been developed by the Natural Resources Corporation.
Figure 3.3 – Residential Area Conceptual Plan
3.1.3 Special Industrial Area

A special industrial area has been identified north of Highway 1. This area is 31.3 ha in size and is bisected by both a BC Hydro transmission line and natural gas pipeline. There is a possibility that an electricity generation plant could be developed using natural gas though it is important to note current provincial government policy precludes this. Regardless, there may be opportunities to develop industrial land here that would require significant power and natural gas requirements. It will be important to preserve this land for uses that are best able to utilize this access to natural gas and power.

3.1.4 Rodeo Grounds

The Deadman Creek Rodeo Grounds are at the west of the community along the Trans-Canada Highway. The site is approximately 7.6 ha in size. It hosts a number of events during the year and is a key community facility as well as an economic generator. It would be desirable to expand these facilities, and, in particular to extend water and power to the rodeo grounds.

3.1.5 Aggregate

Painted Rock Aggregates and Contracting operates a gravel pit in the study area with much of this gravel being utilized by the local mining industry. There is strong potential to expand the operations of this existing gravel pit as well as to consider developing another gravel pit along the terrace overlooking Thompson River which could be the site of future residential development. As mentioned previously, aggregate extraction could occur in this area and set the stage for the development of residential lots. In total, approximately 53.9 ha of land could be used for aggregate extraction.
Obtaining access to a nearby rail line would provide an additional opportunity to diversify the market and consider other potential markets for gravel. Fee simple land owned by Skeetchestn located to the east of the reserve has also been identified for aggregate extraction. This parcel is 28.4 ha in size.

Specific actions for moving forward include:

- Exploring the feasibility of undertaking aggregate extraction in order to undertake rough grading of land for residential purposes overlooking the Thompson River.
- Exploring the feasibility of expanding the existing gravel pit to service the local mining industry.
- Reviewing options to expand markets for gravel and to begin shipping aggregate by rail.

### 3.2 Passive Development Areas

Approximately 862 ha of land has been identified for more passive development. This accounts for approximately 15% of the study area.

#### 3.2.1 Agriculture

Skeetchestn is fortunate to have long, hot growing days in the summer which would enable a variety of food crops to be grown provided that soil conditions are improved. There is a tradition of agricultural use in the area which includes grazing land for horses and ginseng production. Approximately 124 ha of land has been identified as suitable for agricultural use, largely in the Lemonade Flats area as well as on a bench located in the western portion of the Economic Zone. Consideration would be given to growing a range of fruits and vegetables as well as raising livestock. There is existing irrigation infrastructure which would deliver water to this area, which is extremely dry. In order to maximize the potential of this agricultural area, it will be important to consider the following:

- Engage the BC Agricultural Association in identifying suitable crops for production on the available land.
- Examine ways of increasing the productivity of soil by adding compost.
- Review cost effective ways of providing irrigation to agricultural land.
- Review opportunities to develop a greenhouse.
- Consider whether to get into livestock production which could include cattle, poultry, rabbits, swine, and other products.
- Consider developing an abattoir for meat products.
3.2.2 FORESTRY

Approximately 73.3 ha has been identified for Forestry in the land use plan. This land is located around the Deadman River. The intention is to use this land for the growth of trees that will have economic value while also improving the riparian area of the river. This would be a long-term initiative as the Band would use the wood in value-added manufacturing. In order to maximize the potential of the forestry area, it will be important to consider the following:

- Ensure the planting of native species of trees that have market value.
- Review opportunities to provide irrigation and increase soil nutrients in this area to encourage faster growth of trees.
- Review opportunities to sell carbon offsets from the growth of trees in this area.

3.2.3 FISH FARM

Skeetchestn has identified a potential opportunity to develop a fish farm at an oxbow in the Thompson River. It is understood that water in this oxbow does not interact with the Thompson River due to the rail line blockage. If this is the case, then there may be opportunities to consider producing trout or other fish of value. Specific actions moving forward include:

- Undertaking an environmental study of the area to determine the potential interaction of the fish farm with the main part of the Thompson River.
- Reviewing the marketability of various fish products.
- Reviewing how to access this area.

3.2.4 RECREATIONAL TOURISM

An area along the Thompson River at the oxbow has been identified for recreational tourism. This area could be used as a campground or picnic area and would support broader initiatives such as Thompson River canoe and boat tours that would link the provincial parks in the area.

3.2.5 FUTURE DEVELOPMENT AREAS

A large portion of the Economic Zone has been identified for future development. These are areas where a specific land use has not been identified and where development is unlikely to happen in the near future due to the land having less access to infrastructure and presumably less value with higher development costs. Despite the unlikelihood of development in the near term, Skeetchestn would remain open to any ideas for potential development. Moving forward, Skeetchestn would require the following on this land:
• Require that any land development in future development areas undergo an approvals process that includes community engagement.

• Consider using future development areas for agricultural development in the interim or temporary uses that do not involve the construction of fixed facilities and will not result in any risk of environmental contamination.

### 3.3 Non-Developable Areas

The remainder of the land in the Economic Zone has been deemed either future development land (i.e. less than prime locations for development) or undevelopable due to natural hazards or presence of environmental values. Approximately 360 ha of land is considered undevelopable.

#### 3.3.1 Natural Hazard Land

Natural hazard lands are those areas that have steep slopes or other features that make development in these areas unfeasible or very costly. Specific actions and policies include:

• Ensure that intensive development does not occur on Natural Hazard Land.

• Explore using natural hazard land for forestry activities.

• Consider the development of trails or other recreational uses in order to utilize this land.

#### 3.3.2 Environmental Protection Areas

Environmental protection areas have been identified as riparian areas that are located adjacent to existing waterways where there may be fish habitat. Avoiding development in these areas is viewed as critical in order to maintain healthy fish habitat. Specific actions and policies include:

• Prohibit development in environmental protection areas.

• Review opportunities to enhance fisheries habitat in environmental protection areas.

• Explore ways to use land in environmental protection areas for passive recreation such as walking trails, which might support tourism and residential marketing.
3.4 Highest and Best Use Study

A Highest and Best Use Study was completed by Flynn Mirtle Moran, a property appraisal company based in Kamloops (refer to Appendix B for a copy of the study). The key overall conclusions in the study included:

- The promotion of an anchor tenant, likely an institutional development, is important to the overall development as any new development requires credibility.
- The development of residential uses would be slow if there is no anchor tenant to employ and serve the residents. If other commercial business can be attracted, the residential properties will be purchased.
- The continuation of commercial development in and around the Big Sky Husky Gas Station is critical and requires further expansion to attract new users.
- The regional mining industry and aggregate extraction could promote the development of complimentary industrial type businesses.
- Development should occur in phases so that measurement of acceptance can be determined prior to expansion as rural development has historically been slow over the years.

With respect to specific land uses, the findings were:

**Residential**

This area located north of the Trans-Canada Highway on the upper bench is currently a movie set but has been identified as having potential for residential development. According to the Highest and Best Use Study, the most appropriate development for the site would be to have various forms of residential development anchored by an institutional use, which could include social services, a First Nations post-secondary school, and other types of institutional development. The Highest and Best Use study notes that absorption of residential lots would be slow and at lower values without there being an anchor tenant to provide employment of some sort.

A number of property sales in the region, mainly in the Ashcroft, Cache Creek and Walhachin area, were reviewed in order to assess the potential value of residential lots. Based on this assessment, vacant acreages ranged from $2,347 - $94,872 per acre with the average price being $37,470 per acre.

Smaller residential lots in various areas were reviewed in Cache Creek, Ashcroft, and Logan Lake. These property values range from $0.84 - $4.66 per square foot with the average being $2.97 per square foot, or approximately $129,373 for a fully serviced lot in a small municipality.
**Commercial**

The Highest and Best Use Study recommended further commercial development of the land located south of the highway in the vicinity of the Big Sky Husky Gas Station. It is believed that an anchor tenant is needed in order to facilitate expanded commercial development. Potential commercial uses would include an upgrade to the service station, office building, a separate retail building which could accommodate tenants and potentially a restaurant, onsite nightly accommodation with overnight horse stay facilities, tourist information booth and picnic site, a campground/RV park with a view point over the river. The commercial area north of the Trans-Canada Highway would be suitable for a resort-type development centred around equestrian activities such as trail riding and would have stables available for horses. Given growth in the tourism industry in the Thompson Okanagan and the potential to develop complimentary facilities for biking, hiking, and equestrian activities, a small hotel could be economically viable.

A number of property sales in the Thompson-Shuswap-Fraser Canyon area were reviewed to provide some context on potential lot values. Based on the research available, commercial lots in more rural areas ranged in value from $11,185 per acre for a property in Lytton to $363,985 per acre for a property in Merritt with the average value being approximately $137,000 and the median value being approximately $83,000.

**Industrial**

Industrial development is proposed for the area around the gravel pit and the Public Works building. This development could be pursued given the proximity of the local aggregate extraction business and the proximity to New Gold Afton Mine. An anchor tenant would also help with the development of industrial land. According to the Highest and Best Use Study, the development of industrial land represented the most potential for near-term revenue generation and would be particularly suitable for a development that would not be reliant on extensive exposure, visibility, or daily drive-by traffic. However, it is also important to note that there does not appear to be a significant demand for industrial land in the Kamloops area. This could change with the ongoing operation of the New Gold Afton Mine and the potential opening of the KGHM Ajax Mine. Values for industrial properties were derived from sales throughout the province. Based on this analysis, values ranged from $81,497 to $169,444 per acre though these sales were primarily in more urbanized areas with no sales recorded in rural areas.
Rodeo Grounds

It was recommended in the Highest and Best Use Study that the rodeo grounds be physically expanded and that new events be promoted, if possible as this would complement potential development of accommodations, particularly a campground and RV park.

Agricultural

The Highest and Best Use Study recommended that hay could be grown on the land. In addition, there could be the development of a dairy that could potentially use the hay. A dairy operation could be feasible as dairy operators in the Lower Mainland are leaving due to ground contamination and wet conditions.

Forestry

The Highest and Best Use Study indicated that a silviculture operation could potentially be located in the forestry area provided the ecological values were respected.

Recreational Tourism

This area could be used to support ecotourism such as rafting, river boating, and guided fishing.
4.0 Infrastructure Servicing

In order to provide context for the cost of development, infrastructure servicing requirements were reviewed. The focus was primarily on reviewing roads and water service needs for the commercial and industrial parcels as well as the residential area overlooking the Thompson River. It did not include servicing the upper bench lands where the movie set is currently located. A memo is included in Appendix C which summarizes infrastructure servicing needs and costs.

In order to determine servicing needs, particularly for water, and develop cost estimates, the following assumptions were made:

**Commercial and Industrial**

Area for development based on utilizing 50% of the gross development area as suitable for lots commercial and industrial lots. The minimum lot size would be one acre.

**Residential**

Development potential was based on utilizing 70% of the gross development area at the Thompson River bluff for residential lots. It was assumed that there would be one acre lots.

**Cost Estimation**

In order to prepare cost estimates off-site servicing costs were developed for two scenarios:

- Moderate initial development – a shorter term limited development project that could begin to generate revenue in the interim. This would reduce infrastructure requirements.
- Full build-out – full build-out of infrastructure to service all new development.

Cost estimates provided are Class “D” in nature which is considered a preliminary estimate. The costs represent the approximate magnitude of cost for the proposed project based on broad requirements. These costs are usually used for discussion purposes and are typically not based on detailed background studies.

Utilities such as power, telecommunications and natural gas are allowance based and should be confirmed with the utilities in subsequent project phases.
Moderate Initial Development

The existing utilities can be used to service a development much smaller than the full build out concept. Moderate initial development maximizes the use of existing infrastructure and thus requires little offsite servicing costs. Not all of the proposed development parcels can be serviced with the existing utilities, so the moderate initial development focus is on the commercial parcel immediately south of the highway. Key design elements include:

- Reservoir: existing reservoir can provide water supply for approximately 8 commercial units, while providing storage for 66 L/s of fire flow.
  - The Band may wish to consider augmenting the storage volume to increase the fire flow but this should be confirmed.
- Addition of chlorination.
- Water Distribution Lines: the existing lines run through the parcel – development would be limited to where the existing water is located to minimize initial cost (approximately 8 lots). Note that the existing system can only flow 50 L/s due to the size of the pipe – if more flow is desired the pipe would need to be upgraded. For the purposes of this exercise it has been assumed that the existing pipes would be used.
- Site access: the existing highway turn-off for the gas station will be used. It has been assumed that the existing gravel road is adequate for interim development.
- Shallow and overhead utilities cost was estimated.

The class “D” cost for the initial development based on the above assumptions is $530,000 including engineering and contingency.

Full Build Out

In addition to what is discussed above, the cost for fully servicing the entire proposed development would include:

- Additional well and reservoir
- Water distribution mains
- Water treatment
- Additional site access from the highway and Deadman-Vidette Road
- Construction of frontage roads
- Cost for a septic field system on each lot
- Shallow and overhead utilities
There could also be consideration of developing a separate irrigation system for the commercial and residential properties in order to avoid costs of treating water for non-potable uses.

The class “D” cost for the initial development based on the above assumptions is $25,130,000 including engineering and contingency. It is important to note that if development of the upper bench where the movie set is located were to be considered than there would likely be a need for a booster station and new reservoir at a higher elevation in order to provide fire protection.

**North Commercial Land Site Access**

Site access was reviewed for the area located north of the Trans-Canada Highway. Two options were explored including:

- **Left-turn lane from Trans-Canada Highway** – due to the nature of development, it is likely that the Ministry of Transportation and Infrastructure would require a left-turn lane in order to provide direct access to the land. This would cost approximately $1.65 million.

- **Connection from Deadman-Vidette Road** – a road could be constructed from Deadman-Vidette Road which would be approximately 2000 m. A gravel road would cost approximately $500,000 while a paved road would cost approximately $800,000.

Depending on what is developed, direct access to the Trans-Canada Highway would be advantageous as it would provide better access and visibility.
5.0 Next Steps

Moving forward, Skeetchestn Indian Band and Knucwentwecw Development Corporation should consider undertaking the following:

- Distributing the marketing package – a marketing package has been created which summarizes the development potential at Skeetchestn. This should be included on Skeetchestn's website, provided to local developers and economic development agencies, and distributed at events such as Aboriginal Business Match. Refer to Appendix D for a copy of the marketing package.

- Completing preliminary and detailed engineering of infrastructure – Skeetchestn should apply for funding from INAC’s CORP program to undertake preliminary and detailed engineering of infrastructure should be undertaken in order to identify the key investments that will be required to ensure that the land is development ready.

- Exploring the feasibility of extending natural gas to the area – the availability of natural gas would make the area more attractive as it would supply a much more cost efficient heating source.

- Develop an infrastructure investment plan – an infrastructure investment plan should be developed which will summarize how new infrastructure will be funded. This could include preparing development cost charges, and taxation to ensure that the Band is able to pay for and maintain infrastructure.

These initiatives should be undertaken within the next two years in order to take full advantage of the opportunities that Skeetchestn has.
Appendix A

Land Designation Document
SCHEDULE/ANNEXE

ECONOMIC DEVELOPMENT ZONE DESIGNATION

DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

REVOCATION AND DESIGNATION - “SKEETCHESTN IR No. 0”
(Instrument of Surrender that is not Absolute)

WHEREAS:

A. Skeetchestn Indian Reserve No. 0 (the “Reserve”), in the Province of British Columbia, is a reserve within the meaning of the Indian Act, R.S.C. 1985, c. I-5, as amended (the “Indian Act”) and has been set apart for the use and benefit of Skeetchestn, a band within the meaning of the Indian Act (the “Band”);

B. By instrument of surrender that is not absolute and revocation of surrender dated August 14, 1995, which was accepted by the Governor in Council pursuant to Order in Council P.C. 1995-2118, dated December 13, 1995, a copy of which is attached hereto as Schedule “A” (the “1995 Designation”), the Band designated for a term of fifteen (15) years approximately 1,053.33 acres, more or less, of the Reserve for the purpose of cultivating ginseng and constructing a storage facility;

C. By instruments of surrender that are not absolute and amendments of designation dated December 5, 2002, which were accepted by the Governor in Council pursuant to Order in Council PC 2003-113, dated January 30, 2003, copies of which are attached hereto as Schedule “B”, the 1995 Designation was amended as follows:

1) An area of approximately 5.63 ha, more or less, was removed from the 1995 Designation (the “Sawmill Lands”), and the Sawmill Lands were designated for a term of 49 years for commercial, residential, or agricultural purposes only, including, but not limited to, the installation of a portable sawmill (the “Sawmill Designation”);

2) An area of approximately 3.16 ha, more or less, was removed from the 1995 Designation (the “Gas Station Lands”), and the Gas Station Lands were designated for a term of 99 years for commercial, residential, or agricultural purposes only, including, but not limited to, one or more buildings to be used for a gas station, a restaurant and a truck stop;

3) An area of approximately 20.21 ha, more or less, (the “Film Set Lands”), were designated for a term of 49 years for commercial, residential, or agricultural purposes only, including, but not limited to, filming and movie production (the “Film Set Designation”);

D. The 1995 Designation, the Sawmill Designation and the Film Set Designation each authorize the Band Council to revoke those designations by way of a resolution made in accordance with subsection 2(3) of the Indian Act on the Band’s behalf and subject to the approval of the Governor in Council;
E. There are no existing interests, legal or equitable, vested or contingent, now in existence that were granted pursuant to any of the 1995 Designation, the Sawmill Designation or the Film Set Designation;

F. The Band desires that the 1995 Designation, the Sawmill Designation and the Film Set Designation be revoked, and that the rights and interests of the Band and its members in certain lands within the Reserve, including lands affected by the 1995 Designation, the Sawmill Designation and the Film Set Designation, be designated by way of surrender that is not absolute under the Indian Act to Her Majesty the Queen in right of Canada and Her heirs and successors (collectively, "Canada") for leasing and ancillary purposes as set out herein (the "Designation");

G. By Band Council Resolution, dated July 19, 2010 the Chief and Council requested that the Minister of Indian and Northern Affairs and Development (the "Minister") order a referendum to determine if a majority of the electors of the Band were in favour of the proposed Revocation and Designation; and

H. On August 25, 2010, the Revocation and Designation was assented to by a majority of the electors of the Band in accordance with the Indian Act.

REVOCATION:

1. The Band Council hereby revokes the 1995 Designation, the Sawmill Designation and the Film Set Designation.

DESIGNATION:

Lands being designated

2. The Band designates, by a non-absolute surrender to Canada, all the rights and interests of the Band and its members required to carry out the purposes of this Designation over the Lands described as follows:

In the Province of British Columbia,
Kamloops Division of Yale District,
Skeetchestn Indian Reserve
All of Lots 152 to 170 inclusive as shown on Plan 96012 C.L.S.R. recorded in the Canada Lands Surveys Records in Ottawa.

The said lots contain a combine total area of about 1,470.55 ha.

(the "Lands").

A copy of Registration Plan 96012 C.L.S.R. is attached hereto as Schedule "C".

Subject to Governor in Council Consent

3. This Designation is subject to the Governor in Council accepting it.
Length of Designation

4. This Designation is for an indeterminate period, commencing on the date the Governor in Council accepts it.

Terms and Conditions of Leases

5. The following terms and conditions apply to any lease Canada grants under the Designation:

a) The lessee will be either:
   (i) a corporation, limited partnership, or other entity 100% beneficially owned by the members of the Band (a "Nation Entity"); or
   (ii) any other entity acceptable to Canada and the "council of the band" as that term is defined in the Indian Act (the "Council")
      (either of which will be referred to as the "Lessee").

b) If the Lessee is not a Nation Entity, then the lease must be for fair market rent (either prepaid or requiring periodic rent reviews).

c) If the Lessee is a Nation Entity, then the Minister may, at the request of the Council by way of a Band Council Resolution, issue a lease to a Nation Entity for a nominal rent of $1.00, provided that if at any time during the term of the lease the Nation Entity is no longer 100% beneficially owned by the members of the Band, then rent must increase to fair market rent.

d) A lease may allow for assignments, subleases and mortgages and may be used as security to obtain financing and to secure other obligations related to the Lands.

e) Any lease or other right or interest granted under this Designation and any amendment to any lease or other right or interest granted under this Designation must first have been reviewed and approved by the Council by way of a Band Council Resolution made in accordance with the Indian Act.

f) The Lands leased may be used for any of the following permitted uses:
   (i) agricultural, residential, recreational, cultural, institutional, construction of one or more community buildings, commercial, industrial, mining (including gravel and sand extraction) or assembly uses; or
   (ii) uses ancillary or incidental to any of the foregoing uses and compatible with the foregoing uses.

g) The term of any lease shall not exceed 99 years.
Additional Terms and Conditions

6. The Band members authorize the Council to negotiate, review, and approve the terms of all leases on the Lands.

7. Before Canada executes any lease documents, Chief and Council will deliver a Band Council Resolution to Canada declaring that the Band’s electors have approved the rent payable under the lease, the term of the lease, the lands to be leased, and the purpose for which the lands will be leased. The vote must be conducted in substantial compliance with the process established under the Indian Referendum Regulations, except as set out below:

   a) The vote will be conducted solely by the Council, which will have the powers of the Minister under the process.

   b) The Council may reasonably amend the number of days set out in the process for the doing of any thing under that process.

   c) The vote will be conclusively deemed to be successful if 50% plus 1 of the votes cast are in favour of the lease and no second vote will be required.

   d) For the purposes of approving the rent under the lease, Council must provide electors with reasonable evidence of the fair market value of the lands. If the lease is for less than fair market rent, then Council must advise the members of the then current fair market rent, as determined by an independent appraisal, that the Band will be foregoing for each year of the less than fair market rent period and its reasons for accepting less than fair market rent.

8. Any amendments of leases will require the consent of the Council by way of a Band Council Resolution, without the requirement of a favorable majority vote at a general meeting of the Band’s members, except where an amendment reduces the rent payable under the lease (in which case reasonable evidence of the fair market value of the lands must be provided to members), increases the term of the lease, increases the area to be leased or changes the purposes for which the lands are leased, in which case, a favorable vote of the Band’s electors under the process referred to and set out in paragraph 7 is required.

Other Interests

9. Canada may grant or issue such easements, permits, rights-of-way, licenses of occupation and other similar rights and interests in land and amendments to the same as may be necessary or ancillary to the primary purpose of a lease of the Lands. The terms and conditions of these interests require Council consent by way of Band Council Resolution.

10. The Band acknowledges that Canada may enter into non-disturbance agreements and issue replacement leases with lenders and/or sublessees so
that, in certain circumstances, the lender or sublessee or other designated entity could be the direct lessee of Canada.

11. All payments made to Canada under any lease, easement, permit, right-of-way, license of occupation, or other interest granted or issued under this Designation will be credited to funds for the Band as Indian monies, except for any additional rent, reimbursements, or similar payments payable to Canada under the interest.

**Access Permits**

12. This Designation does not include lands currently used for gravel pit operations (the "Gravel Pit Area") as shown in Schedule "D".

13. The Lands subject to this Designation entirely surround the Gravel Pit Area. Pursuant to section 53(1) of the Indian Act, Canada may grant permits over the Lands in order to allow for access to the Gravel Pit Area. The terms and conditions of these interests require Council consent by way of Band Council Resolution.

**Subleases**

14. During any nominal rent period under a lease, the Nation Entity must ensure that the rent for any subleases are for fair market rent.

15. A sublease must end at least one (1) day before the last day of the applicable lease.

**Acknowledgements of the Band**

16. The members of the Band acknowledge and agree that:

a) Sublease revenues will be paid directly to the Lessee (a Nation Entity or other Lessee) and Canada will not monitor subleases, ensure that sublease rents to a Nation Entity are at fair market value, or receive sublease rent revenues on behalf of the Band.

b) If a lease is to be granted to a Nation Entity for nominal prepaid rent of $1.00 for the entire term of the lease, Canada will collect the nominal rent from the Nation Entity and deposit that money in the Band’s revenue account;

c) By accepting a rent of $1.00 for the term of the lease, the Band will receive far less for the lease than it could have received if the land was leased for fair market rent; and

d) While the Nation Entity will be 100% beneficially-owned by the Band through a trust agreement or declaration, the Nation Entity is a separate legal entity from the Band and has different legal rights and obligations, such as (but not limited to) the following:
(i) The Nation Entity may or may not be a taxable entity, while the Band is not. Therefore, any money that the Nation Entity makes may or may not be taxable, while the money that the Band would have received under a lease for fair market value would not be taxed.

(ii) The Band's members do not have a right to elect the Nation Entity's board of directors, which would oversee the operations of the Nation Entity and the expenditures it makes. The Band's members do have a right to elect councillors to the Council, which would oversee the appointment of the Nation Entity's directors and the expenditure of the money received by the Band from leasing.

(iii) While the Council will appoint the directors of a Nation Entity Company and those directors are accountable to the Council, there is no guarantee that the directors of the Nation Entity will use its money for the purposes desired by the Council and they could use the money for purposes that they view to be in the best interests of the Nation Entity, including projects which might not be on the Reserve.

(iv) It is possible that the Nation Entity could have overhead expenses, such as salaries to its directors and officers, which may reduce its profits. As profits would depend on the amount of sublease revenue and expenses, there is no guarantee that the Nation Entity will make any profit at all.

(v) At some time, control of the Nation Entity could be removed from the Council because of foreclosure or execution by an entity not controlled by the Band (such as a bank) against the Nation Entity for debts owed. In that case, the Band might not be able to receive any further money for the Lands during the term of the lease in place at the time.

(vi) Canada will not administer or monitor any Nation Entity or trust in any way. The Band will have to rely on its own legal, tax and financial experts and not rely on Canada in the formation of any Nation Entity or the trust. The Band will continue to rely on its own experts and not on Canada in the administration of any Nation Entity or trust.

Despite all of these differences or issues, the Band's members believe that entering into a nominal rent lease with a Nation Entity will benefit them by providing the Band with the flexibility to maximize the value received under a head lease and sublease and/or to participate directly in the development of the lands. The Band's members acknowledge the potential risks outlined above and are prepared to assume those risks.
Canada may use Section 35

17. The Band members recognize and agree that this Designation does not preclude the Minister from granting or transferring administration, or administration and control of, any interest in the Lands under section 35 of the Indian Act for any purpose provided for under that section, and the Band agrees that this Designation will not give rise to any additional obligations from Canada to the Band for any such grant or transfer above those that would have existed if this Designation did not exist.

Environmental Assessments

18. Any lease, sublease or other interest granted or issued under this Designation will be subject to all necessary environmental assessments as required by the Minister's policy and any relevant legislation.

19. The Band authorizes the Council to act on its behalf during any environmental assessments that are conducted for any project on the Lands; a general meeting of the Band members is not required.

Revocation of Designation

20. On behalf of the Band, Council may, by way of a Band Council Resolution, request that the Governor in Council amend this Designation over the whole or any part of the Lands, as long as there are no existing rights or interests issued under this Designation on the affected Lands.

Amendment of this Designation

21. On behalf of the Band, Council may, by way of a Band Council Resolution, request that the Governor in Council amend this Designation to correct a clerical mistake or manifest error as long as there are no existing rights or interests issued under this Designation on the affected Lands or, if any of these rights or interests exist, then either the rights or interests must not be affected by the change, or the holders of the rights or interests must have agreed to the change.
IN WITNESS WHEREOF the undersigned Chiefs and Councillors of the Band have set their hands and seals this 30th of AUGUST 2010.

SIGNED, SEALED AND DELIVERED
by the Chief and Councillors of Skeetchestn:

[Signature]
Chief of Skeetchestn

In the presence of:

[Signature]
C. Wolfe
Name of Witness
LAND MGT. COORDINATOR
Title

[Signature]
Councillor
Name of Witness

[Signature]
Councillor
Name of Witness

[Signature]
Councillor
Name of Witness

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[Signature]
Councillor
Name of Witness

REGISTERED IN INDIAN LAND REGISTRY, OTTAWA
AS NUMBER 6064987 ON THE
17 DAY OF SEP 2012

PLEASE QUOTE ABOVE NUMBER IN
ANY FURTHER TRANSACTIONS
Appendix B

Highest and Best Use Analysis
CONSULTING REPORT

HIGHEST AND BEST USE ANALYSIS
SKEETCHESTN INDIAN BAND
ECONOMIC ZONE LAND USE PLAN,
SKEETCHESTN INDIAN RESERVE NO. 0

PREPARED FOR

KNUCWENTWECW DEVELOPMENT CORPORATION

PREPARED BY

FlynnMirtleMoran
May 13, 2016

Knucwentwecw Development Corporation
Box 471,
Savona, BC   V0K 2J0

Attention:  Mr. Andrew Dunlop, Executive Director

Dear Mr. Dunlop:

RE:  Highest and Best Use Analysis of the Skeetchestn Indian Band
     Economic Zone Land Use Plan, Skeetchestn Indian Reserve No. 0, Savona Rural, BC

As per our Terms of Reference, we have completed a consulting report that provides a market review and analysis for residential, commercial, industrial, agricultural, forestry and recreational uses within the provided Skeetchestn Economic Zone Land Use Plan. The purpose of this analysis is to provide a preliminary market study to aid the development corporation in the process of proceeding with the intended development within the economic development zone, referred to as the subject property in the body of this report.

This consulting report has used the following as a guide for the conclusions to this report as some types of data was not available from reliable sources:

1. A market analysis to gauge the size of the rural market for single-family residential, industrial and commercial development. This market analysis will identify the main target markets likely to be interested in a new residential units and commercial space on the subject lands.

2. The competitive advantages and disadvantages of the lands need to be evaluated and compared with other properties/projects that will be competing for market share. This comparison will focus on rural development lands in the region.

3. A market analysis to estimate the share of the development that can be reasonably be captured. This share will need to be translated into an estimate of parcel absorption (acres/square feet/sites per acre), to show how much of the land can be absorbed in a given period.
The current market data is not intended to express opinions of future retail prices and absorption levels as markets are proven to change and in some cases significantly in the short-term. Our estimate of absorption rates and phasing stages assumes the intended development will be economic as we recognize no engineering cost analysis of servicing, necessary earthworks, access and land use approvals have been identified to date.

The purpose of this consulting report is to supply general residential, commercial and industrial property information into various categories and the identification of potential competitive lands that may be available for development in the short to medium-term.

Our findings are outlined in the following pages of this consulting report and subject to the Assumptions and Limiting Conditions contained under Tab “1” in the appendix of this report.

Yours truly,

FLYNN MIRLLE MORAN

James W. Moran, AACI, P.App
JWM/ds
Attachments
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ASSUMPTIONS AND LIMITING CONDITIONS

Rule 10.2.8 of the Consulting Standard Rules of the Canadian Uniform Standards of Professional Appraisal Practice of the Appraisal Institute of Canada requires the identification of all assumptions and limiting conditions. In compliance therewith, and to assist the reader in interpreting the report, such assumptions and limiting conditions are set forth as follows:

1. That this consulting report may only be relied upon if it is the sealed original.

2. That the date to which the conclusions and opinions expressed in this consulting report applies is set forth in the report. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the Canadian dollar existing on that date.

3. That the appraiser assumes no responsibility for economic or physical factors which may offset the opinions herein stated occurring at some date after the date of the letter transmitting this consulting report.

4. That the appraiser reserves the right to make such adjustments to the valuation herein reported, as may be required by consideration of additional data or more reliable data that may become available.

5. That the consulting report is prepared on the premise that the titles are marketable and free and clear of all liens and encumbrances, easements and restrictions except those specifically discussed in this report, and that this report deals only with the fee holder’s interest.

6. That the information contained in the consulting report was gathered from sources believed to be reliable; however, we cannot guarantee its validity and accuracy.

7. That the author is not a qualified surveyor. Sketches, drawings, diagrams and photographs presented in this consulting report are included for the purpose of illustration. We have not made a survey of the subject site and, therefore, we cannot assume responsibility for such matters, nor other technological and engineering techniques, which are required to discover any inherent or hidden conditions of the subject property.

8. That where structural plans, architectural drawings, etc. are provided by the client or his agent, such plans, drawings, etc. are assumed to be accurate as to dimensions and specifications, unless information is received to the contrary.

9. That this consulting report was commissioned by Mr. Dylan Houlihan of Urban Systems on behalf of Knucwentwecw Development Corporation to be used by them to assist in the process of proceeding with the intended development of the Skeetchestn Economic Zone. Any other party not directly related to the above and having possession of this report shall not rely upon this report. Other considerations would have been undertaken had this report been intended for use by parties other than those stated above.
10. That testimony or appearance shall not be required in court by reason of this consulting report without the full payment of normal fees and expenses or satisfactory arrangements made thereto by the party commissioning the appraisal.

11. That no opinion is intended to be expressed for matters that require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.

12. That unless otherwise stated in this consulting report, we are not aware of any environmental or occupational hazardous materials or waste activities on the sites, nor are we aware of any environmental assessment having been conducted and assume that the subject property is free and clear of potentially hazardous materials and any soil contamination. No soil stability studies, methane gas tests or radon gas tests have been conducted. The appraiser is not qualified to detect such conditions and we are not responsible for any such conditions, or for any expertise or engineering knowledge required to discover such conditions.

13. That neither the whole nor any part of the report nor any reference to it may be included in any published document, circular or statement, nor published in any way without Flynn Mirtle Moran’s written approval of the form and context in which it may appear.
SCOPE OF THE CONSULTING REPORT

The scope of this consulting report is to inspect the property, provide a research overview of the market value range and the demand for land within the economic zone illustrated in the Skeetchestn Indian Band Economic Zone Land Use Plan and our opinion of the potential market absorption of the intended development of the subject property. We have determined that the residential, commercial and industrial/aggregate development pods within the Skeetchestn Economic Zone Land Use Plan are suitable for development within the short-term and we consider these pods to be the primary development lands and provide a more detailed analysis for these three zones. We consider the rodeo grounds, agricultural, forestry, future development and recreation tourism development pods to be secondary development lands and provide a brief analysis for these zones.

RIGHTS APPRAISED AND EFFECTIVE DATE

Property Rights and Interests Appraised
The property rights and interest appraised are the Leasehold Interest in the subject property.

Definition of Leasehold Interest
Leasehold Interest is defined as an interest in real property created by a lease contract. The Leasehold (also known as a Leasehold Interest or a Leasehold Estate) is the right to occupy and use the property for the term defined on the lease, at a stated rental, and subject to conditions set forth in the contract.

Bundle of Rights
*The Appraisal of Real Estate-Second Canadian Edition*, Copyright 2002 by the Appraisal Institute of Canada and the Appraisal Institute, is the recognized textbook of the Appraisal Institute of Canada. It defines the bundle of rights as follows:

“The most complete form of ownership is title in fee. Such ownership establishes an interest in real property known as fee simple interest (i.e. absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power, and escheat). The complete bundle of rights includes the following:

- The right to sell an interest
- The right to lease an interest and to occupy the property
- The right to mortgage an interest
- The right to give an interest away
- The right to do none or all of these things.”

Effective Date of Value
The effective date of this Highest and Best Use analysis is March 3, 2016, which was also the date of the inspection of the subject property. The appraisal is intended to reflect current market information.
**Value Opinion**

A value opinion estimated in an appraisal report could be a current value with an effective date concurrent with the date of the report, a retrospective value with an effective date that precedes the date of the report, a prospective value with an effective date that follows the date of the report or an updated value that refers to an extension of an previous appraisal with a change to the effective date. This is a consulting report that states a range of possible values.

**DEFINITION OF MARKET VALUE**

For the purpose of this appraisal we have relied on the *Canadian Uniform Standards of Professional Appraisal Practice*, published by the Appraisal Institute of Canada and effective April 1, 2014, which defines market value as:

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

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

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto;
- 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.
Regional Characteristics

The subject property is located within Skeetchestn Indian Reserve No. 0, which lies in an area known variously as the Deadman River or Deadman Creek Valley, to the west of Kamloops Lake in the Southern Interior of the Province of British Columbia. The Reserve extends north from the Thompson River, across the Canadian National Railway mainline, over the Trans-Canada Highway and north through the bed of the valley for approximately 16 kilometres. The access road to the Reserve village and administration offices branches off the Trans-Canada Highway at a point approximately half way between the City of Kamloops and the Village of Cache Creek. The nearest community is the Village of Savona, situated at the westerly end of Kamloops Lake. The principal employers in the area are Spectra Energy and Savona Specialty Plywood Co.

Traditionally, the economy was based on agriculture and railways. Growth of the forest industries and mining has been rapid over the past decade, with the result that agriculture has declined in relative importance. The economy has advanced from resource extraction to primary and secondary manufacturing. Because of its strategic location at the centre of a large region, Kamloops has enjoyed growing prominence as a trade, service, administrative and general manufacturing centre. A wide variety of agricultural products are produced in this region, including ginseng, tree fruits, vegetables, livestock, forage crops, milk and grain. The Ashcroft-Cache Creek and Kamloops Districts were at one time significant producers of vegetables and fruit, but these are a small percentage of the modern agricultural industry, with alfalfa hay production replacing it in the Central Sub-Region. This in turn was supplemented by the interest in ginseng production, which began in the region circa 1982. There was strong demand for the crop through to the mid-1990’s, but lower production costs in countries such as China has caused the demise of the Canadian ginseng industry.

In 2002, a film set known as Wildhorse Town was developed on the Reserve. This development comprises 14 old west style buildings constructed to mimic an 1800’s western town and is one of many designated locations in the Kamloops region used in the film industry.

The unincorporated community of Walhachin is located just west of Skeetchestn Indian Reserve. Walhachin is located 26 kilometres east of Cache Creek on the south side of the Thompson River. The history of Walhachin is what has put it on the map. In 1908/1909 the British Columbia Development Association, a London based investment syndicate that boasted knights and peers among its shareholder, purchased 6,000 acres, surveyed a townsite and promoted their new ‘colony’ as ideal for ‘men of better class’. The idea was to transform the Thompson Valley ranch land into rich fruit orchards and garden plots. The company’s newspaper ads and brochures claimed Walhachin meant ‘bountiful valley’. 200 came to settle in the well-planned, tailor-made community that opened in 1910.
For some time the community prospered and the residents enjoyed an apparent life of luxury. Thousands of fruit trees were planted, regal homes were built, and by 1913 the town boasted a lavish hotel, post office, general store, barber, butcher shop, bakery, tea room, ladies store, three laundries, two insurance offices, dairy livery stable and tennis courts and cricket field. By 1914 the community had grown to nearly 300.

An elaborate system of canals and wooden flumes was built to carry water down from higher lands in the north to the community and orchards. However, Walhachin was economically unfeasible as the flume system was poorly designed and constructed and proved difficult to maintain and extreme seasonal weather conditions compounded the problems. The First World War placed a major drain on the community’s manpower when many of the British settlers returned home to enlist. This seriously weakened the colony and eventually contributed to its end in 1922.

Today the remains of the flumes are still visible along the hillside by the highway, and a few apple trees still grow and bear fruit. Surrounded by ranches and hobby farms, some of the original homes remain on the town site. The population of Walhachin now is 100 people. It is believed that the name Walhachin is a Thompson Indian word meaning ‘land of the round rock’.

Also just west of Skeetchestn Indian Reserve is a rural residential area commonly known as Thompson River Estates. Thompson River Estates is located on the north side of the Thompson River almost directly across from the community of Walhachin. Thompson River Estates is accessed from the Trans-Canada Highway and has an internal road system. This subdivision was created in ±1911 but circumstances resulted in vacating the area. The area was re-introduced to the market place with varying results in the 1970’s but with the economic downturn in 1982 the area was dormant until the purchase by the current owner (Niho Cattle Co.) in ±1990. Since this time development has been slow as the water source (well) has repeatedly been an issue even though a portion of the subdivision is on a community water system. It is an area of small acreages (2.00 to 10.00 acres) which creates a servicing issue as the cost increases significantly with the size of the parcel.

The Tobiano resort development at Cherry Creek just east of Savona fell into receivership in June 2011. A new ownership group purchased the golf course component out of receivership in 2013 and the development lands were purchased in 2014, also out of receivership. The Master Plan proposed to include several residential subdivisions (multi-family and single family), golf course, 210-slip marina, village centre with commercial and hotel components and an equestrian centre with a hotel. The 18-hole championship golf course opened for play in 2007 and the marina opened in the summer of 2013 with 110 slips. To date, two residential strata developments and a number of single family homes have been constructed. At this time, there has been no commercial development.
Neighbourhood Characteristics
The neighbourhood of the subject property is best described as that rural area of land lying along both sides of the Trans-Canada Highway, extending west from Savona to Cache Creek at the intersection of the Trans-Canada Highway and Highway No. 97. The land lying on either side of the highway is developed primarily for rural residential and farm uses, including the cultivation of alfalfa hay. In addition there is recreational use on area lakes. The trend in the area is towards continued agricultural and rural residential use. Along the Trans-Canada Highway and through the reserve development comprises the rodeo grounds, Wildhorse Town (not visible from highway), Big Sky Commercial Centre and the gravel pit/industrial park. There were also expansive fields of ginseng to the south of the highway, but crops have since been harvested and these areas are not currently in use.

DESCRIPTION OF SUBJECT PROPERTY

Location
The subject property is located between the Village of Cache Creek and the unincorporated area of Savona with the Trans-Canada Highway bisecting the subject property. The primary development lands are in close proximity to the highway. Currently developed adjacent to the highway is the Big Sky Husky Station consisting of a gas bar with a convenience store and a small interior cafe. Also on these lands are the band offices and the Knucovestcw Development Corporation. On a portion of the industrial lands there is a going concern gravel pit with two steel frame support buildings. Most of the lands are currently vacant. We have been supplied with the Skeetchestn Indian Band Economic Zone Land Use Plan, Development Pods map prepared by Urban Systems, dated November 17, 2015 that illustrates the sizes of these properties that are located within the economic development zone.

Physical Characteristics
The subject property is mainly raw land with a mix of flat benches and rolling hillside that also include portions that may not be economically feasible to develop due to the nature of their location within the economic zone. We consider that the topography of the lands will largely affect the overall developable area of the intended development. It appears from our inspection and topographical mapping that there will be some grade losses but any reliable estimate of the net useable acreage will require further investigations and likely a land survey to determine the actual useable sizes of land. On balance, there is ample amount of useable land for development purposes for the near future. Photographs of the subject property taken by the appraiser at the time of inspection are included under Tab “2” in the appendix.
Size
We have been supplied with the Skeetchestn Indian Band Economic Zone Land Use Plan, Development Pods map prepared by Urban Systems, dated November 17, 2015, that indicates the approximate sizes of the proposed lands. A copy of the map is shown opposite. Based upon the map provided the sizes are as follows.

Highway Commercial Areas: 34.20 Hectares or 84.51 Acres, 35.00 Hectares or 86.48 Acres and 12.60 Hectares or 31.13 Acres
Residential Area: 63.00 Hectares or 155.67 Acres
Future Residential – 23.60 Hectares or 58.31 Acres
Industrial Area: 16.60 Hectares or 41.02 Acres
Aggregate Area: Existing - 7.20 Hectares or 17.79 Acres
Proposed - 15.50 Hectares or 38.30 Acres
Future - 31.20 Hectares or 77.09 Acres
Forestry Area: 73.30 Hectares or 181.12 Acres
Agricultural: 31.20 Hectares or 77.09 Acres

For the purpose of this report, we have not divided the above illustrated development pods into any specific sized parcels for a Highest and Best Use study. Also for the purpose of this report we have analyzed the commercial component and industrial component separately as we consider them to have separate market appeal and uses. Once the uses have been determined, the required and appropriate size of the required site will be determined by a legal survey and set aside for that new use.

Land Use Controls
The subject property is located on the Skeetchestn Indian Reserve lands and the provincial land use policies are not applicable as they will be determined by the band council. For guidance and template purposes only we have examined and considered the land use controls and uses that have been implemented by the Thompson-Nicola Regional District (TNRD) within the rural areas surrounding the Skeetchestn Indian Reserve. Although the band is not required to comply with the TNRD rules and regulations as the band will have their own land uses to enforce, we consider that a general guidance and history of comparative uses from an experienced provincial office could be helpful in attaining and completing the overall goals of the economic zone.

The subject property has been identified by Skeetchestn as an economic zone and is subject to a land designation. This is an area located between the Village of Cache Creek and Savona fronting to the Trans-Canada Highway. The lands are well located for development in and around the Big Sky Commercial Centre which has good frontage to the Trans-Canada Highway. The need for improved access to the Trans-Canada Highway in both directions with the anticipated increased traffic flows in and out of the this property and across the highway may require cooperation with the Ministry of Transportation and Infrastructure.
Other land use controls that may come into play is the implementation of increased sewerage disposal that will likely be required and this is governed by Health Canada. We consider that provincial and federal ministries may be helpful in guiding the economic plan into a successful development as quality utilities are essential to investors or any other groups or businesses considering the location.

**Agricultural Land Reserve**

According to the Agricultural Land Commission (ALC) the subject property is located within the boundaries of the Agricultural Land Reserve (ALR); although lands within the Indian Reserve designated as ALR by the Agricultural Commission are not subject to the ALC regulations.

**HIGHEST AND BEST USE**

For the purpose of this Highest and Best Use analysis, we will provide an analysis for the development pods as stated under the Skeetchestn Indian Band Economic Zone Land Use Plan. The three major pods that we consider are the primary development lands and likely the first to be developed are Residential – Yellow, Commercial – Red and Industrial/Aggregate – Grey. These three primary pods have received a more expanded discussion as they are the major factors within the economic zone that are most likely to enhance the overall development over the short-term. The secondary development lands will have a shorter and more modified written analysis. After each analysis, we have compiled and summarized market sales to provide a market range of values for the economic development zone lands. For the purpose of this study, we have used “fee simple” sales as we would anticipate that potential sites within each development pod would transact on a long-term pre-paid lease to any prospective purchaser. This type of transaction, as opposed to the annual lease scenario, is superior as it normally spurns a superior type of construction and finish.

**Primary Development Lands (Yellow, Red and Grey Zones)**

The *Canadian Uniform Standards of Professional Appraisal Practice*, effective April 1, 2014 and published by the Appraisal Institute of Canada define Highest and Best Use as:

“The reasonably probable use of a property, that is physically possible, legally permissible, financially feasible and maximally productive, and that results in the highest value.

The Highest and Best Use of a property is an economic concept that measures the interaction of four criteria: legal permissibility; physical possibility; financial feasibility, and maximum profitability.”

For each analysis of the three primary development pods we will utilized the four criteria as stated above as defined by the *Canadian Uniform Standards of Professional Appraisal Practice*. 
Residential Component – Yellow Zone
To determine the Highest and Best Use of the residential component, we would give consideration to the following four criteria:

1) Legal Permissibility
   The residential component is shaded yellow on the Skeetchestn Indian Band Economic Zone Land Use Plan map that is shown opposite Page 6. The objective of the plan is “To establish preferred land uses for individual areas in the designated area that are agreed to by the community and will maximize the economic development potential of the land base.” Generally the Band Council determines permitted uses of land within reserve lands and the uses are controlled by the lease agreements. The Skeetchestn Indian Band council shall consider applications for development that they deem will be advantageous to the economic zone land use plan considered in the best interests of the developing community.

There are two residential pod areas illustrated on the map. We consider the 63.00 hectare residential pod to be a primary development zone and provide an analysis for that pod only. We consider the 23.60 hectare pod to be a future residential area and have not included that area within the following analysis.

Although this area has been deemed residential within the Economic Zone Land Use Plan we consider another use suitable within the residential component is an institutional use. We have analyzed the market place within the rural area surrounding Kamloops and we conclude that the following are some of the uses we consider applicable to this area. We have broken the list into two groups but in reality could be used in conjunction with each other as the parcel of land on the bench located north of the Trans-Canada Highway is large and could be configured to accommodate both uses. The uses are as follow:

Residential Use
   • Single family dwelling;
   • Two family dwelling;
   • Manufactured home;
   • Manufactured home within a manufactured home park; and
   • Multi family dwelling.

Institutional Use
   • Educational Institute;
   • Cultural Facility;
   • Provincial or federal jail/penitentiary;
   • Recovery centre;
   • Skills improvement center; and
   • Some other provincial or federal use, using aboriginal history as its basis.

2) Physical Possibility
   The 63.00 hectare residential pod presents a variety of features that affect the physical possibility for use. The most important include access, services and topography and these will be discussed separately below.
Access
There are access issues relating to the 63.00 hectare residential pod, which is located somewhat distant from public, paved roads. This parcel is located across Highway No. 1 from the Big Sky Commercial Centre but is well above the grade of the highway. Construction of an access road could prove to be costly as the pitch of the slope from the highway to the main part of the parcel is significant but could be overcome with a substantial engineering plan. If this parcel is to be used for residential/institutional purposes, the access road should be of a good standard and quality to receive the amount of traffic flow that could be anticipated over the long-term of the project. For the purposes of this analysis, we assume that this parcel has good, legal and safe access that will be able to support the proposed uses.

Services
At this time the parcel does not have any services or utilities to the site. We determine that the essential services to support this parcel are not far away and that the cost of servicing this parcel should be similar to any rural type of parcel. The parcel would receive power and telephone service by above-ground lines via an extension of the services located at the highway, with the most expensive service being a water source. It is probable that a water system would be required to support this parcel and a study researching the water source and the cost of servicing the parcel must be determined prior to any form of neighbourhood design or construction. The sanitary system required for a parcel of this size must be determined and would be subject to the approval by Health Canada. An appropriate sewer system is essential to the overall success of the residential pod. Health Canada may be able to provide assistance with determining the type of system that would be suitable for this type of development in this location or the band could hire a registered Waste Water Practitioner to design and/or provide guidance with an appropriate system. We consider that the servicing of the parcel is the most important segment of the development but the total costs of the servicing must be determined to legitimize any form of development on the site as these types of costs are critical to financial success. If the servicing costs exceed the anticipated return then the development requires revision(s).

Topography
The subject parcel is located above the grade of the Trans-Canada Highway which provides good views of the valley and a majority the parcel is flat. The construction and servicing of this pod should not have too many difficulties. An important consideration of the topography is that the bench provides good privacy and a complete separation from the Trans-Canada Highway. This privacy aspect of the parcel lends itself to use for an institutional type use in conjunction with a small residential support subdivision.

Therefore, we conclude that the subject parcel meets the test of physical possibility, subject to the limitations discussed regarding access and services. The subject residential pod, when divided for subdivision purposes, has the potential for sale as individual parcels in a long-term lease type situation and lend themselves to sale as a single unit or as individual parcels, providing there is good adequate access and quality servicing.
Financial Feasibility and Maximum Profitability

These items are considered to be interrelated and are dealt with as a single heading. In order to establish the most feasible and profitable use, it is necessary to consider the market influences of location, design and demand.

Location
The subject residential pod is located on Skeetchestn Indian Reserve which is a rural area and located approximately half way between the unincorporated community of Savona and the Village of Cache Creek. The location of the property is within relatively close proximity (40 minutes) to the City of Kamloops and its amenities yet is in a private, rural location. From this perspective, the property is desirable and offers the benefits of a rural property yet within easy driving distance of a substantial full service urban centre. There are typical rural services in the neighbourhood, which is accessed by a two-lane highway for the most part with secondary paved road and gravel road or access easement. Currently, the closest shopping area would be Cache Creek or Ashcroft which are a short distance west of the subject but all major shopping is located in Kamloops.

Over the past decade or so, the demand for rural acreage properties has, in general, increased. This demand is predominantly for residential, recreational and/or hobby farm use. The subject residential pod has numerous areas suitable for various residential and/or institutional type uses that could be successful if the location can be well serviced with utilities.

The subject pod is well located to the paved transportation route of the Trans-Canada Highway providing quick and easy access to Cache Creek, Kamloops, Vancouver and the Cariboo. In balance, the location is considered to be desirable, yet is currently compromised by the lack of services to provide a substantial development that will appeal to the general public.

Design
Currently, this parcel is vacant with the exception of an old movie set still in place from many years ago. The property is located on a bench overlooking the Trans-Canada Highway, the Big Sky Commercial Centre and further to the south to the Thompson River. The parcel would have a good design for some form of institutional use in conjunction with residential support neighbourhood. The neighbourhood design would provide privacy as the property is not easily seen from the highway. The design of the property is considered desirable for a residential/institutional type of use.
Demand
The subject residential pod comprises a large acreage parcel that is approximately 63.00 hectares or 155.67 acres in size. There is no hard data available that is considered comparable to the subject residential pod that would have any relevance, as this is a unique situation in a rural location but we will provide MLS information that will give some perspective as to the state and condition of the overall Kamloops and district market conditions which we consider relevant.

We consider that it is necessary to narrate from our experience over the years our thoughts on the overall development and the demand for such a product in conjunction with the supplied real estate statistical information. The property is not zoned but the Economic Land Use Zone Plan indicates this parcel as residential plus our consideration of an institutional use. We consider that there will be immediate demand for the residential lands if an institutional use can be captured as an anchor for the complete project. An institutional type of use is critical to the success of the overall development. If an institutional use is captured then the residential lots will market themselves to the people working in the area and other portions of the market that will see that there is progress within the local area. If an institutional use is not secured we are then of the opinion that the residential lots will have a very low absorption rate at a much lower market value. Some of the units will be absorbed by the band members but it will be difficult to attract people from various areas of the province with minimal complimentary services in the immediate area of the development. A marketing plan should be a major part of the development process prior to the installation of servicing to this residential pod to determine how broad a market place there is for this product. We consider that there would be market demand from within the local area and within 200 kilometres of the development. The market for potential buyers from the Lower Mainland would require testing to properly understand if there was interest from that area and demand for this real estate product. Once there is a determined demand for this product then the preliminary subdivision plans could be employed to further substantiate the new development which in turn will attract further demand.

As previously stated, we have analyzed sales from the Multiple Listing Service (MLS) of the Kamloops Real Estate Board (KAMREB) for the Kamloops area, which comprises the City and some outlying rural districts, the Southeast and Southwest areas, which comprise the rural and villages from Lillooet to Shuswap Lake, and the Northeast and Northwest areas, which comprise the rural and villages from Clinton to Clearwater. The MLS information does not capture private sales, or developer direct sales. Therefore, overall market activity is likely greater than illustrated.

MLS data is also sometimes incorrectly classified, and the information may include some sales that do not fall directly within the lots/acreage categories; however, it is also probable that some sales may have been excluded. Given these factors, the information should be treated cautiously; however, it does provide some insight into market activity of both vacant and improved rural acreage property in the Kamloops region.
The tables below illustrate the sales volume in three categories of real estate as reported through the MLS of the Kamloops Real Estate Board. Those categories are: vacant acreage sales from 1.00 to 10.00 acres, improved acreage sales from 1.00 to 10.00 acres and vacant acreage sales from 11.00 to 50.00 acres, from January 1, 2000 to December 31, 2015 in the described areas.

Table No. 1

<table>
<thead>
<tr>
<th>Kamloops Real Estate Board - MLS Sales</th>
<th>Vacant Acreage - 1.00 to 10.00 Acres</th>
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</tr>
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</tr>
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</tr>
<tr>
<td>2015</td>
<td>10</td>
</tr>
<tr>
<td>Totals</td>
<td>207</td>
</tr>
</tbody>
</table>

Source: Kamloops Real Estate Board
### Table No. 2

#### Kamloops Real Estate Board - MLS Sales

**Improved Acreage - 1.00 to 10.00 Acres**

<table>
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<tr>
<th></th>
<th>Kamloops</th>
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<th>NE/NW</th>
<th>Total</th>
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<td><strong>410</strong></td>
<td><strong>534</strong></td>
<td><strong>1,840</strong></td>
</tr>
</tbody>
</table>

Source: Kamloops Real Estate Board

### Table No. 3

#### Kamloops Real Estate Board - MLS Sales

**Vacant Acreage – 11.00 to 50.00 Acres**

<table>
<thead>
<tr>
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<th>Kamloops</th>
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<th>NE/NW</th>
<th>Total</th>
</tr>
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<td>2015</td>
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<td><strong>78</strong></td>
<td><strong>78</strong></td>
<td><strong>305</strong></td>
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</table>

Source: Kamloops Real Estate Board
The data in the above tables illustrates overall increases in the volume of sales of vacant and improved acreage properties since 2000 throughout the Kamloops Real Estate Board area. Generally, in all three tables the highest volume of sales occurred between 2004 and 2007.

Table No. 1 illustrates relatively strong demand for vacant acreage properties from 1.00 to 10.00 acres in all three regions and it is relatively consistent year-to-year. The volume saw the greatest increase during the years 2004 to 2007 inclusive. In 2008 the overall volume declined by about 61%, saw little change from 2009 to 2015, except for a slight increase in volumes in 2011. This data suggests the market for vacant acreage properties in this size range has remained relatively stable since the decline of 2008.

Table No. 2 also illustrates relatively strong demand for improved acreage properties from 1.00 to 10.00 acres in all three regions. The overall volume of sales is greater, which would be expected, but the trend from year-to-year is consistent. The highest volumes were between 2004 and 2007 with marked declines in 2008. Of note in this table, is that in 2013 there were significant increases in the volume of sales in the Kamloops and SE/SW regions, which did not occur in Table No. 1. In 2014 the volumes dropped slightly and rose slightly for 2015. This would suggest there remains caution when it comes to the purchase of vacant land for new construction, but more confidence in the purchase of existing homes on small acreages. This trend was the same in the Kamloops area with lots less than 1.00 acre in size.

Table No. 3 illustrates the volume of vacant acreage properties from 11.00 to 50.00 acres throughout KAMREB. The overall volumes are much lower, but the trends are substantially the same, although there was a significant decline in overall volume in 2014 but rose in 2015 to levels similar to 2008 through to 2011. In all three regions under analysis, there is more market demand for property in the 1.00 to 10.00 acre range than in the 11.00 to 50.00 acre range.

This evidence illustrates that there was strong demand for properties in all three categories generally throughout KAMREB over the three to four years prior to 2008, and following 2008 there was a marked decline in the volume of sales. Generally in the years 2009 to 2015, the volumes have been relatively stable although in the category of improved acreage from 1.00 to 10.00 acres in Kamloops and SE/SW, there was strong recovery from 2013 to 2015.

The inference that can be drawn is that there was a generally increasing trend in the demand for vacant and improved rural acreage from 2000 to 2007, a marked decline in 2008 followed by generally stable levels in the 2009 to 2015 period.
Conclusion of Highest and Best Use of the Residential Component

After consideration of the above information and data, we conclude that the Highest and Best Use of the residential component is for a residential/institutional type use in concert with each other. We consider that the institutional type use is critical to the development of the lands as potential purchasers and investors have to see that a positive process is in place to ensure success of the development area and that their long-term investment is safe and that risk is minimized. Further, the development of the new utilities will attract purchasers with the understanding that full city facilities are a short distance away in Kamloops.

To provide an estimate of the retail return for the subject residential component we have researched a number of market indicators; however, there are no direct sales that have the exact physical characteristics as that of the subject residential component. We have considered sales that have transacted within a reasonable time frame of the effective date of this report. The sales we have considered in our analysis include a variety of rural residential acreage parcels and parcels of residential lots located within the local smaller communities.

The following chart illustrates rural residential acreage sales within smaller communities in the southern BC Interior. This is a general cross section of sales that have occurred within the closest communities to the subject.
### Vacant Acreage Sales

<table>
<thead>
<tr>
<th>IND. NO.</th>
<th>LOCATION/ PID NO.</th>
<th>ZONING/ ALR</th>
<th>SALE DATE</th>
<th>SALE PRICE</th>
<th>SIZE (ACRES)</th>
<th>PRICE/ ACRE</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>991 Highway No. 97C, Ashcroft Rural, BC 012-996-491</td>
<td>RL-1 Non-ALR</td>
<td>06/08</td>
<td>$45,000</td>
<td>19.17</td>
<td>$2,347</td>
<td>Located on a paved road between the Trans-Canada Highway and Village of Ashcroft. Lot is steep and has limited utility, but there is power available. Useable area totals ±0.70 acres.</td>
</tr>
<tr>
<td>2</td>
<td>112 Tingley Street, Ashcroft, BC 004-508-793</td>
<td>RM-1 Non-ALR</td>
<td>04/12</td>
<td>$29,900</td>
<td>0.82</td>
<td>$36,463</td>
<td>Located in a residential neighbourhood of Ashcroft and is generally level and totally useable. Has above ground power and full municipal services.</td>
</tr>
<tr>
<td>3</td>
<td>4477 YD Ranch Road, Ashcroft Rural, BC 009-040-820</td>
<td>RL-1 ALR</td>
<td>03/13</td>
<td>$26,000</td>
<td>1.52</td>
<td>$17,105</td>
<td>Located east of the Village of Ashcroft near Barnes Lake and is accessed by ±10 km of gravel road. No well, but power is available at the road.</td>
</tr>
<tr>
<td>4</td>
<td>4396 Walhachin Road, Walhachin, BC 023-877-090 &amp; 023-877-073</td>
<td>R-2 Non-ALR</td>
<td>01/14</td>
<td>$37,000</td>
<td>0.39</td>
<td>$94,872</td>
<td>Located in Walhachin, which is on the Thompson River between Cache Creek and Savona. Rural services available, but no water in place.</td>
</tr>
<tr>
<td>5</td>
<td>2711 Kinvig Street, Lower Nicola, BC 005-524-148</td>
<td>RL-1 Non-ALR</td>
<td>09/14</td>
<td>$120,000</td>
<td>1.52</td>
<td>$78,947</td>
<td>Level, partially treed site in the community of Lower Nicola and in a residential subdivision with a drilled well, power and septic system. Good location at the end of the cul-de-sac street.</td>
</tr>
<tr>
<td>6</td>
<td>6355 Pinecrest Drive, Walhachin, BC 012-068-403</td>
<td>RL-1 ALR</td>
<td>10/14</td>
<td>$40,000</td>
<td>4.00</td>
<td>$10,000</td>
<td>Level site of open grassland located in the Thompson River Estates subdivision at Walhachin. Partially fronts the Trans-Canada Highway and has no well, but power is at the road.</td>
</tr>
<tr>
<td>7</td>
<td>1269-1291 Trans-Canada Highway, Cache Creek, BC 002-012-898, 002-012-871, 002-012-863 &amp; 002-012-855</td>
<td>C-5 Non-ALR</td>
<td>04/15</td>
<td>$30,000</td>
<td>1.33</td>
<td>$22,556</td>
<td>Sale of four contiguous lots situated fronting both the Trans-Canada Highway and Cache Creek. Setbacks from the creek limit the useable area of the property and it is also slightly below the highway. Municipal services not available to these lots.</td>
</tr>
</tbody>
</table>
Summary

Range of Prices: $26,000 - $120,000
Range of Price/Acre: $2,347 - $94,872
Average Price/Acre: $37,470
Median Price/Acre: $22,556
Range of Sizes: 0.39 Acres - 19.17 Acres
Average Size: 4.11 Acres
Median Size: 1.52 Acres

The rate per acre of the indicators is illustrated in the following chart:

A broad range of sales has been analyzed to provide a market range of values for the residential component when ready for marketing. These seven indicators illustrate a variety of sales considered the best available evidence to utilize in the retail return of the subject residential pod. We have researched the immediate neighbourhood and found two sales in the nearby neighbourhood of Walhachin and four in and around Ashcroft and Cache Creek. The remaining sale is located in the region southwest of the City of Merritt in Lower Nicola.
Indicator Nos. 1 through 7 are presented graphically below.

This is what we consider would be the market range of values for small acreage lots if the
development were to proceed at this time. There are many factors that are integral to the
development but this will be a guide to the expected range of return.

Further we have researched a number of market indicators for single family residential lots. We
have considered sales that have transacted within a reasonable time frame of the effective date
of this report. The sales we have considered in our analysis include a variety of single family
residential lots in Ashcroft, Cache Creek and Logan Lake. The following sales indicators have
been considered in our analysis.
<table>
<thead>
<tr>
<th>IND. NO.</th>
<th>LOCATION/ PID NO.</th>
<th>ZONING</th>
<th>SALE DATE</th>
<th>SALE PRICE</th>
<th>SIZE (SQ.FT.)</th>
<th>PRICE/ SQ. FT.</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>112 Tingley Street, Ashcroft, BC 004-508-793</td>
<td>RM1</td>
<td>04/12</td>
<td>$29,900</td>
<td>35,719</td>
<td>$0.84</td>
<td>This lot is located in the North Ashcroft neighbourhood on the upland side of the street. Full municipal services, paved road. Level lot from street but slopes up to rear boundary.</td>
</tr>
<tr>
<td>2</td>
<td>1363 Semlin Drive, Cache Creek, BC 003-268-730</td>
<td>R-1</td>
<td>06/13</td>
<td>$24,000</td>
<td>6,476</td>
<td>$3.71</td>
<td>Vacant residential lot located in the Village of Cache Creek. Full underground municipal services, curbs and gutters and sidewalks. Generally level lot in a newer neighbourhood and may have a partial view.</td>
</tr>
<tr>
<td>3</td>
<td>1495 Stage Road, Cache Creek, BC 004-116-658</td>
<td>R-1</td>
<td>03/14</td>
<td>$27,000</td>
<td>7,252</td>
<td>$3.72</td>
<td>Vacant residential lot located in the Village of Cache Creek. Municipal services, curbs and gutters and sidewalks with above ground power. Gently to moderately sloping lot with partial view in a newer neighbourhood.</td>
</tr>
<tr>
<td>4</td>
<td>246 Calcite Drive, Logan Lake, BC 001-791-265</td>
<td>R-1</td>
<td>06/14</td>
<td>$22,000</td>
<td>7,841</td>
<td>$2.81</td>
<td>Vacant residential lot located in the District of Logan Lake. Full underground municipal services, curbs and gutters. Lot slopes down from street and will accept level entry residence.</td>
</tr>
<tr>
<td>5</td>
<td>202-204 Bancroft Street, Ashcroft, BC 012-631-302</td>
<td>R1</td>
<td>07/14</td>
<td>$48,000</td>
<td>12,000</td>
<td>$4.00</td>
<td>This is a double lot located in the downtown area of Ashcroft. A laneway separates the property from the downtown commercial area. It has municipal services and above ground power. It was improved with an older home in need of renovation and the realtor felt it was a tear down. Actual selling price was $63,000.</td>
</tr>
<tr>
<td>6</td>
<td>387 Poplar Drive, Logan Lake, BC 017-904-790</td>
<td>R-1</td>
<td>04/15</td>
<td>$19,500</td>
<td>19,166</td>
<td>$1.02</td>
<td>This is a double, corner lot located in the District of Logan Lake. Full underground municipal services, curbs and gutters. It has some trees and it slopes down into a bowl limiting the usable area.</td>
</tr>
<tr>
<td>7</td>
<td>355 Linden Road, Logan Lake, BC 001-791-419</td>
<td>R-1</td>
<td>06/15</td>
<td>$34,500</td>
<td>7,405</td>
<td>$4.66</td>
<td>Vacant residential lot located in the District of Logan Lake. Full underground municipal services, curbs and gutters. Lot slopes up slightly from the street and then down to rear boundary and has a partial view.</td>
</tr>
</tbody>
</table>
Summary

Range of Prices: $19,500 - $48,000
Range of Price/Sq. Ft.: $0.84 - $4.66
Average Price/Sq. Ft.: $2.97
Median Price/Sq. Ft.: $3.71
Range of Sizes: 6,476 square feet – 35,694 square feet
Average Size of Sales: 13,694 square feet
Median Size of Sales: 7,841 square feet

The rate per square foot of the indicators is illustrated in the following chart:

A range of sales has been analyzed and will be used to provide an appropriate range rate per square foot for the single family residential lots. These seven sales illustrate a variety of sales considered the best available evidence to utilize in providing a range in value for a proposed single family dwelling lot. We have researched the immediate neighbourhood with little success. We have researched the closest communities to the subject area compiling relevant market information that is considered comparable to the subject residential pod. These sales indicate what typical single family residential lots are selling for in the neighbouring small communities.
Indicator Nos. 1 through 7 are presented graphically below.

![Rate Per Square Foot](image)

This is what we consider would be the market range of values for single family lots if the development were to proceed at this time. There are many factors that are integral to the development but this will be a guide to the expected return. We consider that as the development grows, the demand and possibly the market value for the product will increase.

**Highway Commercial Component – Red Zone**
To determine the Highest and Best Use of the highway commercial component, we would give consideration to the following four criteria:

1) **Legal Permissibility**
The highway commercial component is shaded red on the Skeetchestn Indian Band Economic Zone Land Use Plan map that is shown opposite Page 6. There are three highway commercial pod areas. We consider the 34.20 hectare pod and the 35.00 hectare pod to be a primary development zone and provide an analysis for these two pods only. We consider the 12.60 hectare pod to be a future highway commercial area and have not included that area within the following analysis.

The two pods are located on either side of the Trans-Canada Highway at the Big Sky Commercial Centre located on the 34.20 hectare pod on the south side of the highway. The objective of the plan is “To establish preferred land uses for individual areas in the designated area that are agreed to by the community and will maximize the economic development potential of the land base.” Generally the Band Council determines permitted uses of land within reserve lands and the uses are controlled by the lease agreements. The Skeetchestn Indian Band council shall consider applications for development that they deem will be advantageous to the economic zone land use plan considered in the best interests of the developing community.
We have analysed the marketplace within the rural area surrounding Kamloops and we conclude that the following are some of the uses we consider applicable to these areas as follows:

**Commercial Use**
- Retail store – grocery, specialty, gift, produce/fruit stand and general shopping;
- Service station – expand the existing station;
- Restaurant – relocate to a new building;
- Office – office support for an institutional use within the residential component;
- Traveler accommodation use with multiple designs;
- Campground and RV Park with horse stay;
- Tourist information booth and picnic site;
- Resort type use with horse stay facilities;
- Riding stable with associated accommodation; and
- Open land recreation.

2) **Physical Possibility**
The 34.20 hectare and 35.00 hectare highway commercial pods present a variety of features that affect the physical possibility for use. The most important include access, services and topography and these will be discussed separately below.

**Access**
There are no access issues relating to either of the highway commercial pods, which are located to the immediate north and south of the Trans-Canada Highway. The highway commercial pods are split by the Trans-Canada Highway with the current developments of the Big Sky Husky Station, the band offices and the Knucwentwecw Development Corporation on the south side of the highway. Construction of an access road to the north side of the road will require an exit and entrance plan from the appurtenant authorities as the property fronts to the Trans-Canada Highway which presents various safety issues that should always be addressed. Further, with this pod used for commercial purposes, the access road should be of a good standard to receive the amount of traffic that should be anticipated in conjunction with the variety of vehicles that will use this access point. For the purposes of this analysis, we assume that this parcel has good, legal and safe access that will be able to support the proposed uses.

**Services**
At this time the highway commercial pod situated on the south side of the Trans-Canada Highway has water, power, telephone and sanitary sewer. We consider that the essential services to support the highway commercial pod on the north side of the highway are not far away and that the cost of servicing this pod should be similar to any rural type of parcel. There is power and telephone service by above-ground lines along the highway. The existing water system on the south side of the highway could possibly be extended to the north side of the highway providing potable water. We consider that the pod on the north side of the highway should be serviced in conjunction with the residential/institutional pod which is located to the north of the 35.00 hectare commercial pod. We consider that the
servicing of the highway commercial pod is the most important segment of the development but the total costs of servicing must be determined to legitimize any form of development prior to proceeding as this amount will justify the financial viability of the project.

**Topography**
The two highway commercial pods on both sides of the road are located at grade with the Trans-Canada Highway which provides good exposure and visibility to the travelling public. The pods are flat and construction of the development should not have too many difficulties. The most important part of the topography is that it is level and provides good sight lines for the traffic in both directions. This aspect of the pods lend itself to numerous commercial uses in conjunction with the residential/institutional pod also located on the north side of the highway.

Therefore, we conclude that the subject highway commercial pods situated on both sides of the highway meet the test of physical possibility, subject to some access changes and the installation of the services. The subject highway commercial pods, when divided for subdivision purposes has the potential for sale as individual parcels in a lease type situation and lend themselves to sale as a single unit or as individual parcels, providing there is good safe access and quality utility servicing.

3/4) **Financial Feasibility and Maximum Profitability**

These items are considered to be interrelated and are dealt with as a single heading. In order to establish the most feasible and profitable use, it is necessary to consider the market influences of location, design and demand.

**Location**
The subject highway commercial pods are located on Skeetchestn Indian Reserve which is a rural area and is located approximately half way between the unincorporated community of Savona and the Village of Cache Creek fronting to Highway No.1, the Trans-Canada Highway. The location of the property is within relatively close proximity (40 minutes) to the City of Kamloops and its urban amenities. The Village of Cache Creek is located west of the subject area and has limited amenities. The property is considered to be desirable and offers the benefits of a rural commercial property that has good visibility and exposure to the Trans-Canada Highway. There are typical rural services in the neighbourhood, which is accessed by a two-lane highway for the most part with secondary paved roads and gravel roads or an access easement.

Over the past decade or so, the demand for rural commercial properties has, in general, been stable. Real estate demand in the general area is predominantly for residential, recreational and/or hobby farm use. The subject development has numerous planned areas for various uses that could be successful if the location can be well serviced with utilities as the daily traffic counts within this area are significant. The Trans-Canada Highway is a main vehicular artery from Kamloops to Cache Creek then onto the Fraser Canyon (Lower Mainland) to the south and onto Prince George and northern portions of the province. The subject property is well located to the paved transportation route of the
Trans-Canada Highway providing quick and easy access to Cache Creek, Kamloops, Vancouver and the Cariboo. In balance, the location is considered to be desirable, yet is currently compromised by the lack of utility services to provide a substantial development. Currently there is limited commercial development within the highway commercial pods but we were informed that the service station with the cafe has a proven track record of success.

**Design**

Currently, the 34.20 hectare highway commercial pod located on the south side of the highway is improved with a service station, the development corporation and the band offices. Both of the highway commercial pods are at grade with the Trans-Canada Highway. Both of the pods provide several features that would support many forms of commercial uses in conjunction with the residential/institutional parcel located on the north side of the highway. The neighbourhood design would provide good visibility and exposure to the going concern business as the property is easily seen from the highway. The flat topography is considered to be a good utility for the existing and proposed uses.

**Demand**

The combined subject highway commercial pods comprise two large acreage parcels that are approximately 35.00 hectares and 34.20 hectares for a total of 69.20 hectares or 171.00 acres in size. There is no commercial data available that is considered comparable to the subject commercial pod that would have any relevance to the proposed subject plan as it is located in a rural area. Most commercial properties that are located in a development area are usually adjacent to a larger community that has a population base to sustain the development. It is for this reason that it has become necessary to narrate from our experience, our thoughts on the overall development and the demand for such a product.

We have analyzed sales from the Multiple Listing Service (MLS) of the Kamloops Real Estate Board (KAMREB) for the Kamloops area, which comprises the City and some outlying rural districts, the Southeast and Southwest areas, which comprise the rural and villages from Lillooet to Shuswap Lake, and the Northeast and Northwest areas, which comprise the rural and villages from Clinton to Clearwater. The MLS information does not capture private sales, or developer direct sales. Therefore, overall market activity is likely greater than illustrated.

MLS data is also sometimes incorrectly classified, and the information may include some sales that do not fall directly within the commercial category; however, it is also probable that some sales may have been excluded. Given these factors, the information should be treated cautiously; however, it does provide some insight into market activity of vacant commercial property in the Kamloops region.

The table below illustrates the sales volume for vacant commercial lots as reported through the MLS of the Kamloops Real Estate Board from January 1, 2000 to December 31, 2015 as follows.
Kamloops Real Estate Board - MLS Sales
Vacant Commercial Properties

<table>
<thead>
<tr>
<th>Year</th>
<th>Kamloops</th>
<th>SE/SW</th>
<th>NE/NW</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>2001</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>2002</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
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<tr>
<td>2004</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>3</td>
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<tr>
<td>2005</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>5</td>
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<tr>
<td>2006</td>
<td>2</td>
<td>4</td>
<td>0</td>
<td>6</td>
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<td>2007</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>5</td>
</tr>
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<td>2008</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>6</td>
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<td>2009</td>
<td>2</td>
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<td>2</td>
<td>4</td>
</tr>
<tr>
<td>2010</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2011</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>2013</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2014</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>2015</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Totals</td>
<td>17</td>
<td>21</td>
<td>7</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: Kamloops Real Estate Board

The data in the above table illustrates overall steady volume of sales of vacant commercial properties since 2000 throughout the Kamloops Real Estate Board area. Generally, the highest volume of sales occurred between 2005 and 2008. The inference that can be drawn is that there was a generally increasing trend in the demand for vacant commercial properties from 2000 through to 2008 with a decline in 2009 through to 2011 followed by generally stable levels in the 2012 to 2015 period.

The property is not zoned but the Economic Land Use Zone Plan indicates the areas as commercial use parcels. We consider that there has been a reasonable start to development in the area with the Big Sky Husky Station and associated development. We are of the understanding that the development has been growing financially and that expansion of the current facilities is a possibility. To ensure the success of any proposed developments constructed in the future there will have to be a serious injection of development dollars to facilitate servicing of the lots that are proposed for the commercial lands. As previously stated, we are of the opinion that an anchor development is critical to the success of development on the designated lands wherever it may be located. It is possible that with an anchor development there would be many companies and businesses interested in locating within this area as a tenant and/or owner operator. If an anchor type tenant or property cannot be attained then we consider that growth in the area will be slow and that it would be difficult to attract any new businesses to the area with a severely extended absorption rate.
Conclusion of Highest and Best Use of the Highway Commercial Component

After consideration of the above information and data, we conclude that the Highest and Best Use of the highway commercial component is for several commercial type uses including a service station upgrade with the restaurant in a separate retail building that can also accommodate tenants, on-site nightly accommodation with overnight horse stays facilities, a campground/RV park with a view point over the river. The 35.00 hectare north parcel could house a resort type use with stabling available for the owner’s horse with local guides available for trail riding to the lands to the north which could be managed for daily or longer stay experience.

To provide an estimate of the retail return for the subject highway commercial component we have researched a number of market indicators within the BC Interior; however, there are no direct sales that have the exact physical characteristics as that of the subject commercial component. We have considered commercial sales that have transacted within a reasonable time frame of the effective date of this report. It is important to note that given the state of the real estate market in recent years for commercial real estate in smaller communities in the southern BC Interior there have been few sales of commercial sites. We have researched a variety of transactions throughout the BC Interior and the following sales indicators have been considered in our analysis.
<table>
<thead>
<tr>
<th>IND. NO.</th>
<th>LOCATION/ PID NO.</th>
<th>ZONING</th>
<th>DATE</th>
<th>PRICE</th>
<th>SIZE (ACRES)</th>
<th>RATE/ ACRE</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8919 Thuya Creek Road, Little Fort, BC 023-971-908</td>
<td>C-3</td>
<td>03/11</td>
<td>$380,000</td>
<td>11.27</td>
<td>$33,718</td>
<td>Located on a frontage road to the Yellowhead Highway just south of Little Fort. Property is located above the level of the highway and Thuya Creek bisects the property. Formerly a nightly RV park that has a 1,500 square foot steel shop and a 560 square foot pan adobe building for a combined value of $80,000. The property is currently being developed as a bare land strata RV park.</td>
</tr>
<tr>
<td>2</td>
<td>5146 Barriere Town Road, Barriere, BC 003-711-200</td>
<td>LUC – I-1</td>
<td>03/12</td>
<td>$83,500</td>
<td>1.12</td>
<td>$74,554</td>
<td>Level corner parcel in the Barriere Industrial Park. The site is cleared for development and services are at the road. The park is mainly light industrial use.</td>
</tr>
<tr>
<td>3</td>
<td>63100 Flood Hope Road, Hope, BC 028-880-005</td>
<td>C-2</td>
<td>08/12</td>
<td>$1,550,000</td>
<td>7.46</td>
<td>$207,775</td>
<td>Flying J Travel Centre site offering good exposure to the Trans-Canada Highway but cumbersome ingress and egress.</td>
</tr>
<tr>
<td>4</td>
<td>4051 Airport Road, Merritt, BC 028-589-777</td>
<td>C-3</td>
<td>07/13</td>
<td>$950,000</td>
<td>2.61</td>
<td>$363,985</td>
<td>Level paved lot located immediately south of the Travel Centre with access available from both Airport Road and from an extension from Gordon Street. Rear location with restricted exposure, all services available at the lot line.</td>
</tr>
<tr>
<td>5</td>
<td>2270 Quichena Avenue, Merritt, BC 023-471-158</td>
<td>C-2</td>
<td>10/13</td>
<td>$100,000</td>
<td>1.09</td>
<td>$91,743</td>
<td>Level commercial site near the Merritt core adjacent to the shopping centre, full municipal services available at the lot line.</td>
</tr>
<tr>
<td>6</td>
<td>2138 Coutlee Avenue, Merritt, BC 004-820-258</td>
<td>C-2</td>
<td>10/13</td>
<td>$175,000</td>
<td>0.57</td>
<td>$307,018</td>
<td>Level commercial site in the Merritt core near the Railyard shopping centre and adjacent to residential developments. All municipal services are available at the lot line.</td>
</tr>
<tr>
<td>7</td>
<td>359/363 Murtle Crescent, Clearwater, BC 003-009-271 &amp; 003-009-301</td>
<td>C-1</td>
<td>12/13</td>
<td>$1,203,749 Combined Price</td>
<td>16.05 Combined Size</td>
<td>$75,000</td>
<td>Two contiguous parcels of vacant commercial land purchased by the same buyer. A 1.24 acre parcel was purchased for $417,111 and a 14.81 acre site for $786,638. Extensive frontage to the Yellowhead Highway offering good exposure to high traffic volumes.</td>
</tr>
<tr>
<td>8</td>
<td>4811 10A Avenue, Salmon Arm, BC 024-374-091</td>
<td>R-6</td>
<td>03/14</td>
<td>$810,000</td>
<td>5.12</td>
<td>$158,203</td>
<td>Mobile home park property located at the intersection of the Trans-Canada Highway and Highway No. 97B. Seven of 33 pads remain occupied and property well located for commercial development.</td>
</tr>
<tr>
<td>9</td>
<td>805 Trans-Canada Highway, Cache Creek, BC 007-485-981</td>
<td>C-1</td>
<td>10/14</td>
<td>$50,000</td>
<td>1.06</td>
<td>$47,170</td>
<td>Flat parcel at the south end of the village adjacent to a motel and a mobile home park. Services are available at the road with reasonable access from both directions.</td>
</tr>
<tr>
<td>10</td>
<td>2869 Trans-Canada Highway, Lytton, BC 008-929-815</td>
<td>RL-1 &amp; C-4</td>
<td>05/15</td>
<td>$135,000</td>
<td>12.07</td>
<td>$11,185</td>
<td>Flat parcel fronting to the Thompson River between Lytton and Spences Bridge. The parcel is long and narrow and was previously a campground with a residence. Only the wash house remains with the campground closed. Effective size is less than 12.07 acres.</td>
</tr>
</tbody>
</table>
Summary

Range of Prices: $50,000 - $1,550,000
Range of Price/Acre: $11,185 - $363,985
Average Price/Acre: $137,035
Median Price/Acre: $83,372
Range of Sizes: 0.57 Acres - 16.05 Acres
Average Size: 5.84 Acres
Median Size: 3.87 Acres

The rate per acre of the indicators is illustrated in the following chart:

We have analyzed a broad range of commercial sites that are located within smaller Interior BC locations. The comparables have a range of proposed uses that could be considered for the subject lands. With the exception of Indicator Nos. 1 and 10 the sales are located within a community that has a going concern demand for commercial real estate. Indicator Nos. 1 and 10 indicate a lower rate per acre which are below the median and average of the sales but are much larger which is typical for rural commercial real estate.

Many of the potential commercial lots located within the highway commercial pods will have extensive frontage to the Trans-Canada Highway and the size of the potential lots are assumed to vary dependent on the commercial use for the lot.
The economic climate prevalent in the subject area and the wider provincial rural arena results in limited sales of commercial development sites in the size range and development potential/use similar to the subject highway commercial pods. We conclude from this analysis that there is limited demand outside the larger city centres for commercial development lands due to the risk associated with constructing a new commercial building and operating going concern business in a rural location that is dependent upon consistent traffic volumes. This reluctance of investors to construct in a new area could be alleviated by the securing of an anchor type tenant or property that would bring economic stability to the region.

Indicator Nos. 1 through 10 are presented graphically below.

![Rate Per Acre Chart](chart.png)

Giving consideration to the above factors it is our opinion that the appropriate rate per acre for the subject area would be in the range of the indicators from the above chart.

**Industrial and Aggregate – Grey Zone**

The industrial and aggregate components are shaded gray on the Skeetchestn Indian Band Economic Zone Land Use Plan map that is shown opposite Page 6. The industrial area comprises 16.60 hectares and the existing and proposed aggregate areas comprise a total of 22.70 hectares. We consider the industrial area and the existing and proposed aggregate pods to be a primary development zone and provide an analysis for those three pods only. We consider the 31.20 hectare aggregate pod to be a future aggregate area.
We consider that this area of the overall development is currently the most important area to generating immediate income with the least amount of expenses. The area is currently used as an industrial area for aggregate extraction with existing support buildings. There is plenty of additional lands that could be used for gravel extraction. This use should continue with a plan of how to further expand the extraction process yet minimizing any environmental concerns to the remaining lands. We consider that there is an opportunity for prosperity of the primary development lands, most significantly the commercial component with the success of this business. There is an opportunity to expand the aggregate operation to include further support buildings with the amount of increased aggregate that would be available. As indicated on the Economic Zone Land Use Plan map future aggregate extraction could include the river bank deposit but would require a complete engineer and feasibility plan that would result in further development of the remaining lands after extraction. This engineered plan would consider after the extraction is complete how the extraction could facilitate an attractive residential area or that type of use. We consider that this proposed residential use would be in the future but prior planning of the extraction process for a positive end result is essential to success of this area.

To provide an estimate of the retail return for the subject industrial and aggregate components we have researched a number of market indicators within the BC Interior; however, there are no direct sales that have the exact physical characteristics as that of the subject industrial and aggregate component. We have considered predominately industrial sales that have transacted within a reasonable time frame of the effective date of study. It is important to note that given the state of the real estate market in recent years for industrial real estate in the subject area and surrounding rural areas there have been few sales of comparable industrial sites. Saying that, with the large aggregate deposit available on the subject lands in conjunction with the proposed mines in the Kamloops area there could be significant demand for the aggregate product. We have researched a variety of transactions throughout the BC Interior and Northern BC and the following sales indicators have been considered in our analysis.
### Direct Sales – Industrial/Service Commercial Properties

<table>
<thead>
<tr>
<th>IND. NO.</th>
<th>LOCATION/ PID NO.</th>
<th>ZONING</th>
<th>DATE</th>
<th>PRICE (ACRES)</th>
<th>PRICE/ ACRE</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1295 Midday Valley Road, Merritt, BC 028-128-672</td>
<td>M1</td>
<td>02/10</td>
<td>$180,000</td>
<td>1.36</td>
<td>$132,353 Level serviced parcel located at the corner of Lindley Creek Road and Midday Valley Road. Formerly Lots 1, 2 and 3 of Plan KAP83592 consolidated to create Parcel A.</td>
</tr>
<tr>
<td>2</td>
<td>2969 19th Avenue, Smithers, BC 009-508-872</td>
<td>M-2</td>
<td>05/12</td>
<td>$700,000</td>
<td>5.00</td>
<td>$140,000 Small industrial zoned parcel located near the eastern entry into Smithers. Predominately level site that is serviced with a private well, septic system and overhead power and telephone available at the lot line.</td>
</tr>
<tr>
<td>3</td>
<td>6419 Airport Road, Fort St. John, BC 013-228-935</td>
<td>M-2</td>
<td>10/12</td>
<td>$699,000</td>
<td>4.74</td>
<td>$147,468 Level industrial lot with full municipal services available at the lot line. Improved with a ±1,800-square foot Quonset with an addition and a 14’ x 70’ mobile home.</td>
</tr>
<tr>
<td>4</td>
<td>2111 Rutley Avenue, Prince George, BC 027-983-552</td>
<td>M-2</td>
<td>01/13</td>
<td>$1,025,000</td>
<td>8.05</td>
<td>$127,329 Level industrial site with rail spur line access. Full municipal services available at the lot line.</td>
</tr>
<tr>
<td>5</td>
<td>9224 East By-Pass Road, Fort St. John, BC 012-506-443</td>
<td>C4</td>
<td>03/13</td>
<td>$392,000</td>
<td>4.81</td>
<td>$81,497 Level development site zoned service commercial and located in a peripheral Fort St. John sector. Site is unserviced and is subject to a late comer’s fee for service hook-up.</td>
</tr>
<tr>
<td>6</td>
<td>Lot 2 Alaska Highway, Fort St. John, BC 025-162-390</td>
<td>I1</td>
<td>04/13</td>
<td>$465,000</td>
<td>4.45</td>
<td>$104,494 Small industrial zoned parcel located outside the City of Fort St. John offering exposure to the Alaska Highway and limited rural service.</td>
</tr>
<tr>
<td>7</td>
<td>999 Terminal Boulevard, Prince George, BC 028-078-110</td>
<td>M-1</td>
<td>06/13</td>
<td>$1,620,000</td>
<td>12.50</td>
<td>$129,600 Fully serviced industrial zoned parcel located in the BCR Industrial Park offering rail spur access and fully useable site.</td>
</tr>
<tr>
<td>8</td>
<td>Lot B Neilson Street, Merritt, BC 023-574-895</td>
<td>M1</td>
<td>08/13</td>
<td>$332,000</td>
<td>3.34</td>
<td>$99,401 Light industrial parcel that is mostly level and has a portion surrounded by chain link fence. Rate per acre reflects a low exposure location, lot size, and the light industrial land use.</td>
</tr>
<tr>
<td>9</td>
<td>Lot 11 Enterprise Way, Fort St. John, BC 029-041-929</td>
<td>I1</td>
<td>07/14</td>
<td>$762,500</td>
<td>4.50</td>
<td>$169,444 Small industrial zoned parcel located outside the City of Fort St. John offering convenient access to the Alaska Highway and limited rural service.</td>
</tr>
<tr>
<td>10</td>
<td>Lot 10 Old Fort Road, Fort St. John, BC 029-041-911</td>
<td>I1</td>
<td>08/14</td>
<td>$750,000</td>
<td>4.50</td>
<td>$166,667 Small industrial zoned parcel located near Indicator Nos. 9 and 6, just outside the City of Fort St. John offering convenient access to the Alaska Highway and limited rural service.</td>
</tr>
</tbody>
</table>
Summary

Range of Overall Prices: $180,000 - $1,620,000
Range of Price/Acre: $81,497 - $169,444
Average Price/Acre: $129,825
Median Price/Acre: $130,977
Range of Sizes: 1.36 - 12.50 Acres
Average Size: 5.33 Acres
Median Size: 4.62 Acres

The rate per acre of the indicators is illustrated in the following chart:

The indicators shown on the previous page represent the most recent known sales of what we consider to be reasonable indicators of predominantly vacant industrial sites from various locations throughout the province. The economic climate prevalent in the subject area and the wider provincial rural arena results in limited sales of industrial development sites in the size range and development potential/use similar to the subject industrial/aggregate pods. We conclude from this analysis that there is limited demand outside the larger city centres for industrial/commercial development lands due to the risk associated with constructing a new building and operating going concern business in a rural location that is dependent upon consistent traffic volumes. This reluctance of investors to construct in a rural area could be alleviated by the securing of an anchor type tenant or property that would bring economic stability to the region. As previously stated, if there is a determined demand for the aggregate in the area, an instant market will be born and the overall success of the overall development would be significantly improved.
Indicator Nos. 1 through 10 are presented graphically below.

![Rate Per Acre Graph]

This is what we consider would be the market range of values for industrial lots if the development were to proceed at this time or if the aggregate extraction were to expand. There are many factors that are integral to the development but this will be a guide to the expected return.

**Secondary Development Lands**

We consider the remaining development pods within the Skeetchestn Indian Band Economic Zone Land Use Plan to be secondary development lands and provide a brief analysis for these zones. The Economic Zone Land Use Plan map shown opposite Page 6 illustrates the respective pods with the corresponding colours.

**Rodeo Grounds – Dark Green Zone**

This area of the economic development zone has a long history within the rodeo community. The Highest and Best Use of this area is to continue this use in conjunction with upgrades to the existing facilities to attract new rodeo participants and spectators which will in turn enhance the overall rodeo experience and the financial stability of the event. It would be advantageous to the entire economic development if the rodeo association could expand the number of events per year, if that were possible. If a campground/RV park were located, as suggested, on the highway commercial lands, it would encourage longer stays and enhance the financial viability of the entire economic zone.
**Agricultural Component – Medium Green Zone**
The area of agricultural land that we consider to be the best at this time are the lands adjacent to the industrial zone. These lands are best used for farming purposes with the raising of hay on the site in conjunction with a possible dairy that could utilize the hay. Assuming that irrigation is available, the hay could be quality controlled to a good standard that is required by a dairy. It is apparent that the dairy farms in the Fraser Valley are considering movement out of that area due to the ground contamination associated with intense farming practices because of the wet conditions. This area within the economic development zone would be good for this type of use as the climate conditions precipitate superior evaporation which is a necessary part of an intensive dairy operation. Another use for this property would be for grape growing as weather would be conducive to this use if the soil has the capability.

**Forestry Component – Light Green Zone**
This zone is bisected by the Deadman River with good access to a water source. Considering the warm weather and available irrigation water, we consider that a silva culture operation could be compatible with the area. This is a sensitive area of the economic development zone as it is located next to the river but with careful planning this use is a possibility.

**Future Development – Purple Zone**
We have not considered many alternatives for the future development lands as this would be many years down the road. The success of the proposed overall development will be in direct correlation with any further successes within the future development lands.

**Recreational Tourism Component – Lime Green Zone**
This area could sustain many different types of uses. As this area is located adjacent to the Thompson River the uses could include but are not limited to eco-tourism, rafting, river boating and guided fishing experiences.

To provide an estimate of the retail return for the secondary development lands we have researched a number of market indicators within the BC Interior; however, there are no direct sales that have the exact physical characteristics as that of the subject. We have considered acreage sales that have transacted within a reasonable time frame of the effective date of study. It is important to note that given the state of the real estate market in recent years for acreage real estate there have been many sales of comparable acreage sites. We have researched a variety of transactions throughout the BC Interior and the following sales indicators have been considered in our analysis.
<table>
<thead>
<tr>
<th>IND. NO.</th>
<th>LOCATION/PID NO.</th>
<th>ZONING/ALR</th>
<th>DATE</th>
<th>PRICE</th>
<th>SIZE (ACRES)</th>
<th>PRICE/ACRE</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lone Cabin Creek, Churn Creek Protected Area, Clinton Rural, BC 010-978-046</td>
<td>RL-1 ALR</td>
<td>09/08</td>
<td>$122,000</td>
<td>40.00</td>
<td>$3,050</td>
<td>Hilly terrain with moderate to strong sloped grassland. Off the grid and in the middle of Churn Creek Protected Area. Year round creek through property. This property has no road access. The purchaser stated the remote location was a primary motivating factor in the acquisition.</td>
</tr>
<tr>
<td>2</td>
<td>2180 Rosita-Meldrum Road, William Lake Rural, BC 013-458-485</td>
<td>RA ALR</td>
<td>02/10</td>
<td>$65,000</td>
<td>80.00</td>
<td>$813</td>
<td>Remote acreage located ±15 km west of the Fraser River as the crow flies and ±30 km northwest of Williams Lake as the crow flies. About one-half the property comprises a small lake/wetland. Off the grid. Gravel road access that is most probably seasonal.</td>
</tr>
<tr>
<td>3</td>
<td>Pavilion FSR, Clinton Rural, BC 013-199-161, 013-199-196</td>
<td>RL-1 ALR</td>
<td>05/10</td>
<td>$490,000</td>
<td>160.00</td>
<td>$3,063</td>
<td>Two adjacent parcels with ±40.00 acres in irrigated hayfield. Improved with a ±1,200 square foot two-storey log home, with detached wood frame shop and concrete frame “bunker”. Off the grid; no services.</td>
</tr>
<tr>
<td>4</td>
<td>1108 Meadow Lake Road, Clinton Rural, BC 013-293-389</td>
<td>RL-1 Part ALR</td>
<td>07/11</td>
<td>$350,000</td>
<td>320.00</td>
<td>$1,094</td>
<td>Large parcel located ±2 km west of Highway No. 97 and ±18 km north of Clinton. The property comprises a mix of wetland and natural meadow with some forest. Improved with a ±1,440 square foot manufactured home. Drilled well with power and telephone at the road.</td>
</tr>
<tr>
<td>5</td>
<td>Lillooet-Lytton Highway, Lillooet Rural, BC 013-357-689</td>
<td>RR-1 Part ALR</td>
<td>07/11</td>
<td>$500,000</td>
<td>519.76</td>
<td>$962</td>
<td>Large single parcel fronting the Fraser River south of Lillooet. Two wells with power and telephone at the road. About 120.00 acres is cleared and may have agricultural potential. No known irrigation water. Much of property is steep forested hillside east of highway. Older log home had been vandalized. Realtor felt it was a virtual teardown and gave no value.</td>
</tr>
<tr>
<td>6</td>
<td>6195 Big Bar Road, Clinton Rural, BC 006-895-883</td>
<td>RL-1 ALR</td>
<td>07/11</td>
<td>$425,000</td>
<td>160.00</td>
<td>$2,656</td>
<td>Large single parcel bisected by Big Bar Road and ±55 km north of Clinton by gravel road. About 60.00 acres irrigated hayfield/pasture. Improved with ±1,460 square foot full basement home, ±320 square foot cabin, ±416 square foot barn and ±2,960 square foot barn.</td>
</tr>
<tr>
<td>7</td>
<td>5144 Jesmond Road, Clinton Rural, BC 013-399-497</td>
<td>RL-1 Non-ALR</td>
<td>03/12</td>
<td>$115,000</td>
<td>160.00</td>
<td>$719</td>
<td>Large acreage parcel located ±45 km north of Clinton and bisected by the road and Kostering Creek. It comprises a mix of valley bottom land and hillside; all forested. Considerable wetland and crisscrossed with skid trails. Gravel road access with power at the road.</td>
</tr>
<tr>
<td>8</td>
<td>Jesmond Road, Clinton Rural, BC 013-108-662</td>
<td>RL-1 Non-ALR</td>
<td>04/12</td>
<td>$160,000</td>
<td>163.00</td>
<td>$982</td>
<td>Large acreage parcel located ±60 km north of Clinton. The road passes along the east boundary &amp; the property is split down the middle by a BC Hydro R/W ±600 feet in width. The parcel is moderately forested except for the R/W and power and telephone are at the road.</td>
</tr>
<tr>
<td>NO.</td>
<td>LOCATION/PID NO.</td>
<td>ZONING/ALR</td>
<td>DATE</td>
<td>PRICE</td>
<td>SIZE (ACRES)</td>
<td>PRICE/ACRE</td>
<td>COMMENTS</td>
</tr>
<tr>
<td>-----</td>
<td>---------------------------------------------</td>
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<td>--------------</td>
<td>------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>9</td>
<td>High Bar Road, Clinton Rural, BC 010-375-554</td>
<td>RL-1 ALR</td>
<td>04/13</td>
<td>$100,000</td>
<td>161.00</td>
<td>$621</td>
<td>Large acreage parcel located ±22 km downstream from the Big Bar ferry and fronting the Fraser River. It has legal access but there is no power or telephone. It comprises sloping grassland with ravines and steep cliffs.</td>
</tr>
<tr>
<td>10</td>
<td>Maxwell Creek, Williams Lake Rural, BC 014-286-581</td>
<td>RA Non-ALR</td>
<td>09/13</td>
<td>$60,000</td>
<td>200.00</td>
<td>$300</td>
<td>Large acreage parcel located ±200 km west of Williams Lake in remote location. Rough forest road access not maintained in winter. Off the grid and no services. Property has extensive meadows, wetland and some forest.</td>
</tr>
<tr>
<td>11</td>
<td>High Bar Road, Clinton Rural, BC 013-284-223</td>
<td>RL-1 ALR</td>
<td>04/14</td>
<td>$102,500</td>
<td>160.00</td>
<td>$641</td>
<td>Large acreage parcel located ±22 km downstream from the Big Bar ferry and on the benches above the Fraser River. It has legal access but there is no power or telephone. It comprises sloping treed hillside with grassland benches with gullies.</td>
</tr>
<tr>
<td>12</td>
<td>Woodward Road, Merritt Rural, BC 005-003-415</td>
<td>RL-1 Non-ALR</td>
<td>09/14</td>
<td>$395,000</td>
<td>320.00</td>
<td>$1,235</td>
<td>Large acreage parcel located ±6 km north of Lower Nicola west of Merritt. About 90.00 acres is natural meadow and the balance is forested hillside. Power and telephone are distant. Wet land and natural spring.</td>
</tr>
<tr>
<td>13</td>
<td>Spokin Lake Road, Williams Lake Rural, BC 015-435-989, 015-435-962, 015-285-073</td>
<td>RA Part ALR</td>
<td>02/15</td>
<td>$190,000</td>
<td>400.00</td>
<td>$475</td>
<td>Three contiguous parcels located east of Williams Lake and south of Horsefly Road. There is ±200.00 acres of natural meadow. No water but there is a pond and seasonal creek. Services are distant.</td>
</tr>
<tr>
<td>14</td>
<td>Black Creek Road, Horsefly, BC 013-018-655, 013-018-621</td>
<td>RR-1 Non-ALR</td>
<td>05/15</td>
<td>$120,000</td>
<td>202.70</td>
<td>$592</td>
<td>Two parcels located in the Horsefly area ±60 km northeast of Williams Lake. Property sold without legal access.</td>
</tr>
<tr>
<td>15</td>
<td>9000 Jesmond Road, Clinton Rural, BC 013-359-835</td>
<td>RL-1 Non-ALR</td>
<td>06/15</td>
<td>$400,000</td>
<td>160.00</td>
<td>$2,500</td>
<td>Large acreage split by Jesmond Road and located ±45 km north of Clinton. About 18.00 acres is cleared pasture and homesite and the balance is forested. Former guest ranch that has been out of operation. Main lodge, 4 cabins, barn and outbuildings all in average condition.</td>
</tr>
</tbody>
</table>
**Summary**

Range of Overall Prices: $60,000 - $500,000  
Range of Price/Acre: $300 - $3,063  
Average Price/Acre: $1,313  
Median Price/Acre: $962  
Range of Sizes: 40.00 – 519.76 Acres  
Average Size: 213.76 Acres  
Median Size: 161.00 Acres

The indicators shown on the previous pages represent the most recent known sales of what we consider to be reasonable indicators of predominantly vacant industrial sites from various locations throughout the province. The sales characteristics are summarized above.

These 15 sales comprise a variety of properties located in the Cariboo and Thompson-Nicola regions. One of the sales transacted in 2008, two in 2010, three in 2011, two in 2012, two in 2013, two in 2014 and three in 2015. Overall, the majority of these sales are relatively recent and have transacted during a period of relatively stable market activity.

Indicator Nos. 1 through 15 are presented graphically below.
We have illustrated Table No 1 and Table No. 2 separately as follows:
It is our opinion that the rate per acre range of the indicators from the above charts is what we consider would be relevant for the secondary development lands. We consider that the secondary development lands are reliant on the success within the market place for the primary development lands. It is our opinion that the secondary development lands would require promotion to the desired groups that would be interested in leasing such lands and with the proper exposure this could be realized sooner than later. We consider that the marketing of these lands is highly dependent on the success of the overall development.

**Summary of Market Analysis and Absorption**

For the purpose of concluding this Highest and Best Use analysis we have considered what has happened and what is happening within the City of Kamloops to give some perspective to the Skeetchestn Indian Band Economic Zone Land Use Plan. We recognize that the City of Kamloops is a large urban centre and that the subject neighbourhood is rural but we concede an overview would provide good insight.

**Industrial/Aggregate Component**

It is very important to recognize that because the City is so spread out and running along both the relatively tight North and South Thompson valleys that there are limited available freehold valley bottom industrial lands in close proximity to highway corridors. With the exception of the Kamloops Indian Band lands virtually no other large sites are readily available for large scale commercial, residential and industrial developments. As a result much of the City has been built along benchlands and cut into the slopes at considerably higher elevations than the valley bottom lands.

There is a large substantially level benchland area within the Southwest Sector of the City that includes Southgate Industrial Park, Thompson Rivers University and lower Sahali that has significantly affected the direction growth has trended in the City. This area is located along the north side of the Trans-Canada Highway corridor and is close to the downtown business core. Over the last 25 years the Southwest Sector has continued to grow south and west of this benchland area to the point that very little vacant commercial or industrial land remains. There is adequate residential use land on either side of the Trans-Canada Highway but no larger commercial or industrial sites within this core. Overall the Southwest Sector of the City is improved to a good standard with quality housing, shopping centres, numerous motels/hotels, restaurants, auto dealerships and institutional facilities, including TRU.

The area of the City referred to as Aberdeen, which includes the Versatile Industrial Park, is all located along the slopes of the south side of the Trans-Canada Highway; it is reflective of the direction the City has grown within this sector even with more restrictive topographical restraints and greater development costs. Despite these economic factors the area has been economically successful primarily because of the location and more importantly the proximity to the Trans-Canada Highway which provides safe and convenient access to all areas of the City and the nearby extensive commercial, industrial and institutional uses.
Gateway Industrial Park is a good example of level valley bottom land; it was developed in 1999 and they began marketing the sites in 2000 and the developer has an ±8.0 acre parcel remaining that we were advised would sell in its entirety for $200,000 per acre; it is zoned I-1S and could be subdivided into several smaller parcels if necessary. Further the developer stated that they have ±2.0 acres of C-4 (Service Commercial) land and an I-2 (General Industrial) site with ±2.0 useable acres remaining. These properties have been for sale for up to 12 years and the two properties located along the highway were totally site prepared for construction at a cost of $75,000 per acre.

We conclude that location is the most significant market factor associated with lengthy absorption periods, as in general there has been resistance by locals to expand or relocate from the Southeast Sector of the City. It is evident, therefore, that the location of the Southwest Sector has continued to positively impact the economic success of commercial or industrial developments. We have discussed at length with a number of existing light industrial users who have advised us that they would not be interested in relocating to the Southeast Sector or the North Shore of the City due to the cost of real estate and overall congestion. Although located a distance from the City of Kamloops, with a rural setting, it is our opinion the location of the subject’s industrial lands is an alternative location for a business not requiring extensive exposure, visibility or daily drive-by traffic. We do recognize in our research, however, that there is no specific pent-up demand for vacant industrial properties at this time so it will be important that an initial interest, especially from potential large parcel users, be determined before development in order to moderate the development risks by reducing the absorption period and thereby creating sales momentum.

There is no recent market evidence that industrial lands are badly needed within the City of Kamloops but having said that there has been little product available especially within the prime Southwest Sector of the City. Historically Kamloops has grown and progressed on a steady basis with relatively few spikes and subsequent to the early 1980’s few downturns. The City has not been over supplied industrially, commercially or residentially over the last 25 years and as a result real estate prices have trended upward on a relatively steady year-by-year basis.
The following chart illustrates industrial sales over the last 16 years for the three major industrial parks within Kamloops.

![Industrial Parks Lot Absorption](chart.png)

It is evident that the vacant industrial land sales volume within the three major industrial parks are limited and are located primarily within the Gateway Industrial Park. As noted, Versatile and Southgate Industrial Parks have virtually nothing available for purchase. Other industrial lands throughout the City are located within inferior located sectors of the City.

The limited supply, especially over the last five years, has therefore, resulted in an uncertain demand or expected short-term need for industrial lots within the City. It appears that if more industrial lots were made available there likely would be a good demand if they were appropriately located as many existing industrial users appear ready for expansion and relocation to less congested locations.

**Residential Component**

As with most economic driven sectors, the real estate market is cyclical, and in the City of Kamloops and the communities within the Thompson-Nicola Regional District, this has been especially true with residential housing. Since the late 1990’s and especially from 2004 through the end of 2007, market conditions specific to all types of housing generally strengthened significantly with absorption rates and new home starts reaching historic high levels during the 2006 and 2007 years; however, demand for single family lots and dwellings declined in 2008. There was some recovery in sales volumes but the volume of sales has been relatively stable through to the end of 2015.

In their most recent publications of Housing Now and Housing Market Outlook for the Second Quarter of 2015, the Canadian Mortgage and Housing Corporation (CMHC) noted the following for British Columbia:
• Housing starts are forecast to remain relatively stable, ranging between 25,500 and 34,100 units in 2016, with a point forecast of 30,800. In 2017, housing starts are forecast to range between 24,300 to 35,500 units with a point forecast of 29,900 units.

• The MLS® sales are forecast to range from 82,300 to 102,700 transactions in 2016 and between 74,500 to 104,500 transactions in 2017, compared to a projected 99,000 in 2015.

• The MLS® average price is forecast to be between $594,600 and $668,000 in 2016, edging higher to $577,700 to $699,700 in 2017, compared to a projected $624,000 in 2015.

• Single-detached home starts are expected to range from 9,000 to 11,600 units in 2016 and between 8,100 to 11,500 units in 2017, with the broader range reflecting increased downside risk as mortgage interest rates rise. However, builders are expected to respond to increased demand for new home this year and next, as rising prices for resale homes attract more buyers to the new home market.

• The British Columbia economy is forecast to expand in 2016 and 2017. Population-driven demand for goods and services will contribute to growth in consumer spending. An expected pick up in the pace of US economic growth, coupled with a low-value Canadian dollar relative to the US dollar, will help to grow British Columbia exports, offsetting weaker export demand from the Asia-Pacific region. The lower dollar is also expected to grow US tourism in the province. Low oil prices are expected to have a small net positive impact on the British Columbia economy.

It is apparent from the foregoing data that overall trends for British Columbia indicate a modest growth in the market in terms of market activity and pricing. Historically, real estate activity has been cyclical and it is possible to experience periods of both higher and lesser market demand. Timing of new product delivery is always important to ensure that it does not reach the market when conditions are slow. It is evident that overall demand declined from the later part of 2008, but assuming interest rates remain low there are expectations of a continued recovery in the short-term and a projected trend towards growth and building activity in the medium to long-term.

The building inspection services of the TNRD provide building permit values and number of permits issued. Skeetchestn Indian Reserve is located adjacent to the west boundary of Electoral Area J (Copper Desert Country). Electoral Area I (Blue Sky Country) is west of Electoral Area J. We have compiled the number of permits issued and the permit value for both Electoral Area I and J. The following table illustrates the building permit values for the five sectors, which comprises residential, commercial, industrial, institutional and miscellaneous for the last eight years and is summarized as follows.
<table>
<thead>
<tr>
<th>Year</th>
<th>Electoral Area I</th>
<th></th>
<th>Electoral Area J</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Units</td>
<td>Value $'000</td>
<td>Number of Units</td>
<td>Value $'000</td>
</tr>
<tr>
<td>2008</td>
<td>18</td>
<td>$1,575,400</td>
<td>175</td>
<td>$29,757,040</td>
</tr>
<tr>
<td>2009</td>
<td>7</td>
<td>$719,794</td>
<td>28</td>
<td>$2,415,080</td>
</tr>
<tr>
<td>2010</td>
<td>13</td>
<td>$818,175</td>
<td>26</td>
<td>$4,766,500</td>
</tr>
<tr>
<td>2011</td>
<td>15</td>
<td>$2,126,490</td>
<td>24</td>
<td>$4,921,000</td>
</tr>
<tr>
<td>2012</td>
<td>33</td>
<td>$1,678,540</td>
<td>49</td>
<td>$4,524,894</td>
</tr>
<tr>
<td>2013</td>
<td>15</td>
<td>$1,835,250</td>
<td>30</td>
<td>$5,417,985</td>
</tr>
<tr>
<td>2014</td>
<td>15</td>
<td>$1,538,000</td>
<td>34</td>
<td>$3,474,265</td>
</tr>
<tr>
<td>2015</td>
<td>15</td>
<td>$979,459</td>
<td>26</td>
<td>$2,571,831</td>
</tr>
</tbody>
</table>

Source Thompson-Nicola Regional District – Building Inspection Services

To give perspective on the absorption rate of the residential lands and the success of controlled developments within the Kamloops region we will discuss five developments as follows.

**Sun Rivers** is a 20 year old development situated on the Kamloops Indian Reserve adjacent to the City of Kamloops on a site of 460 acres. It includes a planned ±2,000 units on build out, an 18-hole Graham Cooke designed golf course, village centre and related facilities. The development took some time to gain momentum, primarily due to the leasehold tenure on native lands being an unknown; and also due to the relatively poor economy in the late 1990’s. The development is now proving to be economically successful, with typical lot pricing in the $125,000 to $270,000 range, depending on location and view. There are a number of improved homes that have sold near the $1 million range and many have exceeded this total in construction costs.

Currently, the resort consists of a large residential subdivision that has been developed in stages and a commercial core area that is proposed but has not been built due to the lack of interest from investors. The resort management has stated that the Sun Rivers Resort is now 50% built out after 20 years of development. The original Sun Rivers management group estimated that total build out would be complete in 20 years.

**Rivershore Estates and Golf Course** is situated just outside the eastern limits of the City of Kamloops. This comprises a championship quality Robert Trent Jones Senior course, which was developed in 1981 and includes a 197-lot bare land strata subdivision. The development is mainly built up, but did experience concerns with ground conditions in the early years of the development, which affected lot absorption. Remaining inventory are effectively resales of the few remaining undeveloped lots. These are typically secondary product. The developer held lots for up to 20 years prior to a complete sell-out of the strata lots.
The Dunes Golf Course is situated on the north side of the City at Westsyde. This comprises a renowned Graham Cooke 18-hole course, which opened in 1997. The course is close to an established residential area and does include some adjacent residential components, including a 102-unit townhouse development and an initial 97-lot single family subdivision. The initial single family lots sold between 1996 and 1999, and typically ranged from $65,000 to $95,000, with a typical size of roughly \(10,000\) square feet. Only a limited number of these original lots have golf course influence. Within the past ±5 to 8 years, an additional 19 lots were developed and have since been improved along the southern boundary of the course, and the development of a 44 lot bareland strata subdivision known as “Westlinks at the Dunes”, which backs to the 4th and 5th fairways along the eastern boundary has commenced. Initial spec homes were made available in approximately late 2008 and to date, 24 of the bareland strata lots have been sold and most have been improved with a single family residence. The remaining lots are available for prices ranging between $165,000 and $169,000.

Tobiano Resort
The Tobiano Golf Resort is located near Cherry Creek and just east of Savona and the subject property. It has an 18 hole championship golf course in conjunction with a large residential area and a proposed commercial core area. Since 2006/2007 there have been a total of approximately 10 to 12 homes constructed in the community with 67 lots remaining to be sold. The management group is anticipating a ±10 year build-out which at this time appears to be optimistic. These single family residential lots are fully serviced and prepared for construction. There are two townhouse projects that were constructed in 2007/2008 at 95 units and 52 units that sold out. Further, within the development plan are five hotel/commercial sites at 21.42 acres, nine additional multi-family sites at 45.01 acres and three future sites at 218.34 acres. Since this time the real estate market experienced an economic downturn in 2008 and there has been minimal movement and interest in the resort. With the increased real estate market strengthening within the BC market place, we anticipate that there will be an increased demand for these lots. When this demand occurs is unknown at this time.

Thompson River Estates and Walhachin Subdivisions
We have compiled the following statistics for the Thompson River Estates and Walhachin subdivisions. The information is from the Kamloops Real Estate Board Multiple Listing Services. This does not include any private sales or developer direct sales within the area.

<table>
<thead>
<tr>
<th>Year</th>
<th>Vacant</th>
<th>Improved</th>
<th>D.O.M.</th>
<th>Sale Price Range – Vacant</th>
<th>Sale Price Range – Improved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1</td>
<td>0</td>
<td>37</td>
<td>$104,000 to $140,000</td>
<td>N/A</td>
</tr>
<tr>
<td>2012</td>
<td>1</td>
<td>0</td>
<td>111</td>
<td>$65,000 to $105,000</td>
<td>N/A</td>
</tr>
<tr>
<td>2013</td>
<td>2</td>
<td>2</td>
<td>129-474</td>
<td>$42,000 to $520,000</td>
<td>$195,000 to $305,000</td>
</tr>
<tr>
<td>2014</td>
<td>4</td>
<td>3</td>
<td>40-332</td>
<td>$40,000 to $140,000</td>
<td>$225,000 to $360,000</td>
</tr>
<tr>
<td>2015</td>
<td>1</td>
<td>4</td>
<td>121</td>
<td>$50,000</td>
<td>$270,000 to $520,000</td>
</tr>
<tr>
<td>2016*</td>
<td>0</td>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
<td>$430,000</td>
</tr>
</tbody>
</table>

Source: Kamloops Real Estate Board
*Up to May 10, 2016
The majority of Thompson River Estates is within Survey Plan 862 which was registered in the Kamloops Land Title Office in ±1911. The First World War decimated the male population with the survivors moving away. Since this time progress has been slow.

The amount of sales that have occurred within the time period of 2010 to 2016 indicates that demand for these parcels is low. This lack of demand is linked to the utilities in place and that the water system (well and community) were in question until a majority of the problems were solved with upgrading and drilling of new wells. Market reaction to this type of utility short fall is normally swift with harsh consequences resulting in a long recovery period to gain back the confidence of potential purchasers and the public in general. The lots within the subdivision vary in size with most of the lots being 5.00 acres in size but extending up to 10.00 acres. Generally the lots within the community of Walhachin are much smaller at less than 1.00 acre.

Although this is an indication of the success of a neighbouring subdivision, if the subject development has a good development plan with modern utilities and servicing in conjunction with a strong marketing plan including internet exposure the possibility of success will be greatly increased. The key element in new subdivisions in rural areas is to gain market recognition and acceptance. This is gained through a good development and business plan that has a good foundation from which to start.

None of the foregoing information provides direct market data relating to the subject residential component and future absorption; however, it would appear that real estate conditions in Kamloops and the surrounding area should at least remain stable in the short to medium-term relative to activity observed over the past 12 months. Given the location of the subject residential component, it is our opinion that, at least in the foreseeable future, demand for this type of real estate will be limited relative to the more centrally located and more family oriented properties within the core Kamloops real estate market. Therefore, the timing of new product will be crucial and development density will have to be balanced with demand as the development moves forward.

We consider the short-term development of the subject residential component will attract an adequate level of demand relative to the local market, as long as density is controlled, pricing is realistic and the properties are well serviced with modern conveniences. We also surmise that demand will grow as the overall economy continues to improve and as the subject development becomes established. As previously stated, we consider that an institutional use in the area is critical to the success of the residential component. If an institutional use is not attracted to the development, then the slowing of the residential sector may occur. We consider that for this new development to be competitive with other new and similar competing projects within the region, the subject requires an injection of security and optimism in the form of an anchor tenant.

Potential Industry Targets
Kamloops has been economically impacted by the mining sector especially with Highland Valley Copper. We were advised by management there are ±1,600 employees at the mine with approximately 40% living in Kamloops. New Gold, the former Afton mine site has recently begun production and it is estimated that there are approximately 450 permanent jobs in place.
Ajax Mine is proceeding with the approval process and, if approved will also be a significant employer. We understand this mine will have a minimum life of 25 years and the employment totals are expected to exceed the New Gold mine levels.

The economic impact of these mines not only to the City but specifically to the industrial sector in the trucking and equipment sales etc. will be significant. Ajax and New Gold are located near or within the Southwest Sector of the City and Highland Valley Copper is accessed via the Coquihalla Highway approximately 40 to 45 miles southwest of Kamloops.

We conclude that there is a distinct possibility that a mining related company which would require access to the gravel pit operation may be prepared to relocate to these lands. Gravel is an important component of a mining operation.

As previously stated, we are of the opinion that an institutional use would be the best anchor for the overall development and should be located in the residential component. This would spur economic growth in all sectors of the development.

Further, the tourist industry has grown substantially through the Thompson Okanagan Valley. The subject lands are located in an area where there are excellent areas for horse riding, biking, hiking and other recreational activities. With the Lower Mainland becoming congested, we consider that there is an opportunity to take advantage of this with the development of a small resort (to start) on the 35.00 hectare commercial pod with expansion possibilities for riding, biking and hiking. This could coincide with Skeetchestn members guiding clients throughout their region.

The area at the Big Sky Commercial Centre could become a small centre for a private campground/RV park with overnight facilities for animals. This area would be a good tourism stop as there is an abundant amount of hiking and walking areas to be explored with tremendous vistas for viewing the area for the travelling public.

We consider that a small motel type operation located within the commercial pods would be a good addition to the immediate area to facilitate the public to stop and see the area. If a good tourist facility building could be incorporated into the service station building with the restaurant moving to a separate building, this would enhance the traveller’s experience of the area and aid in promoting the area.

All of these ideas will take time to incorporate into a finalized plan but we recommend to start the development slowly and in phases to ensure economic success.
CONCLUSIONS

Based upon the foregoing market evidence we conclude the following for the Skeetchestn Indian Band Economic Zone Land Use Plan:

1. It is our opinion that the promotion of an institutional use is important to the overall development as any new development requires credibility. We consider that the size of the rural market will be determined by the securing of an anchor tenant or owner.

2. That development of the residential component would be slow if there is no anchor type tenant to employ and serve the residents of the institution. If other commercial businesses can be attracted, then the residential properties will be purchased. Residential neighbourhoods require services for the locals to eliminate travel for daily supplies.

3. That continuation of the commercial development in and around the Big Sky Commercial Centre is critical and requires further expansion to aid in attracting new users.

4. To attract an additional, complimentary user for the industrial lands that are connected with the mining industry that would complement and enhance the current operation.

5. Conduct all development in phases so that measurement of acceptance can be determined prior to expansion as rural development has been historically slow over the years.

6. If the Skeetchestn Indian Band Economic Zone Land Use Plan were developed it is our opinion the overall economic development pods should be absorbed within eight to twelve years and depending on the initial demand possibly sooner. We further recommend that any of these projects be phased in to test the market prior to developing too many parcels with negative sales results.
CERTIFICATION

RE: Highest and Best Use Analysis of the Skeetchestn Indian Band
    Economic Zone Land Use Plan, Skeetchestn Indian Reserve No. 0, Savona Rural, BC

I certify to the best of my knowledge and belief that, except as otherwise noted in the consulting report:

- the statements of fact contained in the consulting report are true and correct. The information contained herein has been obtained from sources which we deem reliable and, while not guaranteed, has been accepted by us as correct;

- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal impartial, and unbiased professional analyses, opinions, and conclusions;

- 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;

- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;

- my engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results;

- my analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards;

- I have the knowledge and experience to complete the assignment competently;

- no one other than Flynn Mirtle Moran staff consultants and the undersigned prepared the analysis, conclusions and opinions that are set forth in this consulting report;

- as of the date of this report the undersigned has fulfilled the requirements of The Appraisal Institute of Canada Mandatory Recertification Program for designated members and is a member in good standing with both the Appraisal Institute of Canada and the Real Estate Institute of Canada;

- the undersigned personally inspected the subject property on March 3, 2016.

FLYNN MIRTLE MORAN

__________________________________________
James W. Moran, AACI, P.App                Date
QUALIFICATIONS OF THE APPRAISER

James W. Moran

Experience

Assessments - Over nine years with the BC Assessment, Kamloops District and six months with the Langley and North Vancouver Districts. Duties included defense of values in the Court of Revision and Assessment Appeal Board. The majority of time was spent assessing all types of commercial, industrial and residential properties.

Fee Appraisals - Joined Flynn and Associates Appraisals Ltd. in 1988 and became a partner of the firm on December 1, 1988. The types of properties appraised include residential, all types of commercial, all types of government developments, subdivisions, raw land, churches, motels, multi-family developments, waterfront properties, fire insurance cost build up appraisals, school sites and rental analysis. Additional duties include the training and mentoring of candidate appraisers.

Education

Completed Grade 12 at Point Grey Secondary School in Vancouver, BC. Completed three years of education at the University of British Columbia. Completed all appraisal requirements with the Appraisal Institute of Canada - Accredited Appraiser No. 2743. The Appraisal Institute of Canada has a Mandatory Continuing Professional Development Program for designated members. As of the date of this report, I have fulfilled the requirements of the program.

Designations

AACI Accredited Appraiser Canadian Institute – No. 2743
P. App Professional Appraiser
RI(BC) Member of the Professional Division of the Real Estate Institute of British Columbia
The purpose of this memorandum is to summarize the assumptions made in the conceptual design of the infrastructure in the Economic Development Zone. These assumptions were essential in preparing the attached Class ‘D’ cost estimates.

1. Proposed Development Area

As discussed in the “Economic Zone Land Use Plan”, the area of land under consideration for development is characterized by steep bluff areas adjacent to the Thompson River rising to a gently rolling plateau.

The purpose of this document is to provide high level servicing cost estimates for five (5) development parcels:

- Three (3) commercial parcels
- One (1) industrial parcel
- One (1) residential parcel

These commercial and industrial parcels are clustered around Hwy 1, while the residential parcel is few hundred metres to the south of the Hwy.

For the purposes of calculating lot yield we have assumed the following for each zone:

Commercial and Industrial

Area for development based on utilizing 50% of the gross development area as suitable for lots. Minimum lot size of one acre.

Residential

Development potential based on utilizing 70% of the gross development area for residential lots. Assumed one acre lots.

2. Water Demand

The following demands were evaluated:

- Average Daily Demand (ADD)
- Maximum Daily Demand (MDD)

Unit water demands are based on values from the MMCD Guidelines, the BC Sewerage System Standard Practice Manual (V3), and from the City of Kamloops Design Criteria Manual. The following Table provides the estimated water demand and total number of units for each zone at build out.
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3. Fire Flow Requirements

Most municipalities have adopted fire protection guidelines that are used to define the level of service that the water system is expected to deliver throughout the community. For example, the fire protection requirements in the City of Kamloops are as follows:

- Residential – 90 L/s
- Commercial – 150 L/s
- Industrial – 225 L/s

Kamloops’ requirements are based on documents such as the Fire Underwriters Survey and collaboration with the Fire Department, as well as policy directives on the level of service that the municipality wishes to provide. It is important for Skeetchestn to understand that these flows are meant to show the level of service provided by a municipality with a full-time fire department and do not necessarily apply to Skeetchestn. It is recommended that the Band confirm the level of fire protection service desired for the development area prior to undertaking detailed design.

The Fire Underwriters document “Water Supply for Public Fire Protection” is often used to determine the level of fire protection in a community. The fire flow calculation is based on a specific evaluation of building type and factors such as building construction, exposure to other nearby buildings, contents within the building and other factors. This could be evaluated on a case-by-case basis for the Economic Development Zone at Skeetchestn.

For purposes of planning however, we have assumed that the distribution system should be able to provide 150 L/s consistent with a commercial zone. While Skeetchestn proposes to incorporate an industrial zoning component it is not recommended to use the higher fire flow for the following reasons:

<table>
<thead>
<tr>
<th>Land or Use Type</th>
<th>No.</th>
<th>Unit</th>
<th>ADD per Unit (L/day)</th>
<th>Total ADD (L/day)</th>
<th>MDD per Unit (L/day)</th>
<th>Total MDD (L/day)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural Lot</td>
<td>41</td>
<td>Lot</td>
<td>2,160</td>
<td>88,560</td>
<td>6,480</td>
<td>265,680</td>
</tr>
<tr>
<td>Commercial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Typical (based on &quot;Restaurant&quot; demand)</td>
<td>103</td>
<td>Lot</td>
<td>5,400</td>
<td>556,200</td>
<td>16,200</td>
<td>1,668,600</td>
</tr>
<tr>
<td>Industrial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Typical (based on maximum allowable onsite septic disposal limit)</td>
<td>21</td>
<td>Lot</td>
<td>7,567</td>
<td>158,900</td>
<td>22,700</td>
<td>476,700</td>
</tr>
<tr>
<td>Total Water Demands</td>
<td></td>
<td></td>
<td></td>
<td>803,660</td>
<td>2,410,980</td>
<td></td>
</tr>
</tbody>
</table>

urban systems.ca
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- High fire flow requires very large reservoir volume – a large reservoir volume is costly but also is a risk as the low water turn-over will cause degradation in the stored water;
- The existing firefighting equipment would likely not be able to utilize the full flow;
- The actual development clientele in the industrial area is not yet fully understood – fire protection requirements should be evaluated based on actual development in the future.

This fire flow is required for a duration of 2 hours, as per the Fire Underwriters Survey.

4. Water Infrastructure

Existing infrastructure information is based on the National Assessment of First Nations Water and Wastewater Systems (2010) and from correspondence with Band leadership. The information provided below should be confirmed in more detail as the project moves to future phases of development.

<table>
<thead>
<tr>
<th>System</th>
<th>Existing</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Supply</td>
<td>• 167 m deep well (surface of well at ~ 480m)</td>
<td>• An additional well is required for redundancy and may be needed for flow demand depending on the level of development.</td>
</tr>
<tr>
<td></td>
<td>• Capacity = 3 L/s.</td>
<td>• As the development is built out, a higher yield water supply should be explored (ie – additional wells or surface flow from the Thompson River).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Existing capacity is likely sufficient for moderate initial development – note that a backup well is generally recommended but not required.</td>
</tr>
<tr>
<td>Water Treatment</td>
<td>• Membrane nano-filtration water treatment system.</td>
<td>• Additional treatment may be required as water demand increases.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Existing capacity suitable for moderate initial growth, with the addition of a chlorination system.</td>
</tr>
<tr>
<td>Water Storage</td>
<td>• Underground reservoir, capacity = 463 m³</td>
<td>• Required storage more than 2,000 m³ for full build-out water demand (based on best practices).</td>
</tr>
<tr>
<td></td>
<td>• Elevation = 550m</td>
<td>• A larger reservoir would provide MDD and fire flow to the built out development, but at a significant cost.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Additional storage recommended to provide reasonable fire protection storage in the short term – current reservoir storage contains capacity to provide about 66 L/s (4000 L/min) fire flow (based on 8 commercial lots developed).</td>
</tr>
<tr>
<td>Water Distribution</td>
<td>• Water distribution line (250/200 mm) running north-south from the well to the reservoir,</td>
<td>• The proximity of the existing distribution piping to proposed parcels means that little new pipe is required.</td>
</tr>
<tr>
<td></td>
<td>• Spur line (150 mm) running east-west servicing the Public Works Building.</td>
<td>• Existing system not suitable to deliver 150 L/s fire flows at extremities.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Minimum 250mm watermain required to provide service – some upgrading to 300mm required.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Recommend creating a water model/water master plan to help plan future development and system upgrades.</td>
</tr>
</tbody>
</table>
5. Costing

The Economic Zone Land Use Plan is considered a long-term project that could take years to implement. A shorter term, limited development project that could begin to generate revenue in the interim is being considered. Therefore, approximate costs for offsite servicing were developed for two scenarios:

- Moderate initial development
- Full build-out

Cost estimates provided are Class “D” in nature which is considered a preliminary estimate. The costs represent the approximate magnitude of cost for the proposed project based on broad requirements. These costs are usually used to obtain approval in principle and/or for discussion purposes.

Utilities such as power, telecommunications and natural gas are allowance based and should be confirmed with the utilities in subsequent project phases.

The cost estimates are included with this memorandum.

**Moderate Initial Development**

The existing utilities can be used to service a development much smaller than the full build out concept. The moderate initial development requires little offsite servicing costs, and maximizes the use of existing infrastructure. Not all of the proposed development parcels can be serviced with the existing utilities, so the moderate initial development focus is on the commercial parcel immediately south of the highway.

- Reservoir: existing reservoir can provide water supply for approximately 8 commercial units, while providing storage for 66 L/s of fire flow.
  - The Band may wish to consider augmenting the storage volume to increase the fire flow but this should be confirmed.
- Water Treatment: the cost estimate accounts for the addition of a chlorination system to dose water before distribution.
- Water Distribution Lines: the existing lines run through the parcel – development would be limited to where the existing water is located to minimize initial cost (approximately 8 lots). Note that the existing system can only flow 50 L/s due to the size of the pipe – if more flow is desired the pipe would need to be upgraded. For the purposes of the moderate initial development cost estimate, we have assumed that the existing pipes would be used.
- Site access: the existing highway turn-off for the gas station will be used. We have assumed that the existing gravel road is adequate for interim development.
- Shallow and Overhead Utilities cost was estimated.

The class “D” cost for the moderate initial development based on the above assumptions is $540,000 including engineering and contingency.

**Full Build Out**

In addition to what is discussed in the Water Infrastructure table above, the cost for fully servicing the entire proposed development would include:

- Additional site access from the highway and Deadman Vidette Road.
MEMORANDUM

Date: April 13, 2016
File: 0817.0013.01
Subject: Skeetchestn Indian Band – Conceptual Utility Costs
Page: 5 of 5

- Construction of frontage roads.
- Cost for a septic field system on each lot.
- Shallow and Overhead Utilities.

The class “D” cost for the initial development based on the above assumptions is $25,130,000 including engineering and contingency.

6. Next Steps

This document serves as a high-level estimate. Further details are required in order to refine cost estimates further and to assess the full capacity of the existing infrastructure.

- Detailed conceptual development plans are required for both project phases in order to get a better understanding of the level of servicing required.
- The capacity of existing infrastructure, such as the water treatment system, should be analyzed because increasing capacity might be as easy as adding modular units.
- Communications with shallow utilities and overhead power to confirm cost allowances and servicing concept.
- Ensure that onsite septic disposal is adequate for the zoning needs.

Sincerely,

URBAN SYSTEMS LTD.


/rd
Enclosure
<table>
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Notes:

Skeetchestn First Nation
Conceptual Development
Moderate Initial - OFFSITE COSTS
CLASS 'D' CAPITAL COST ESTIMATE
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**Notes:**

- Skeetchestn First Nation
- Conceptual Development
- Full Build Out - OFFSITE COSTS
- CLASS 'D' CAPITAL COST ESTIMATE

**Skeetchestn First Nation Conceptual Development Full Build Out - OFFSITE COSTS CLASS 'D' CAPITAL COST ESTIMATE**

**Notes:**

- Skeetchestn First Nation
- Conceptual Development
- Full Build Out - OFFSITE COSTS
- CLASS 'D' CAPITAL COST ESTIMATE
Appendix D
Marketing Package
GUIDE TO ECONOMIC DEVELOPMENT

Skeetchestn Indian Band

Knucwentwécw DEVELOPMENT CORPORATION
I want to see Skeetchestn continue to be prosperous and innovative while respecting our culture and traditions.
ABOUT SKEETCHESTN INDIAN BAND

The Secwépemc people have long sustained economic activity on the land. This includes hunting, fishing, food and medicine gathering, agricultural activity and trading. The healthy relationship with the land allowed the community to be self-sufficient, as witnessed during the great depression when the community was able to feed itself while others were not. This traditional economic activity will continue and may even grow. Skeetchestn continues to have tremendous economic opportunity and the Band has capitalised on some of those opportunities with numerous businesses and partnerships. We want to build on this – we are open for business!

Skeetchestn Indian Band is a Secwepemc community of 531 members with 222 members living on our main reserve which is located approximately 45 kilometers west of Kamloops. We are governed by one Chief and four councillors who are elected for three year terms.

ABOUT KNUCWENTWECW DEVELOPMENT CORPORATION

Knucwentwecw Development Corporation is Skeetchestn Indian Band’s development corporation and oversees the operation of businesses including Painted Rock Aggregates and Contracting Limited and the Big Sky Husky Gas Station and is responsible for overseeing development on designated land.
ABOUT SKEETCHESTN LAND

In 2012, the Skeetchestn Indian Band voted to designate approximately 1500 hectares of land at the southern end of their reserve for economic development purposes and approved 99 year leases. This means that any leases that are signed with investors will be secured by Indigenous and Northern Affairs Canada (INAC). The designation allows for agricultural, residential, commercial and industrial uses.

The area of land is on a plateau that has stunning views overlooking the Thompson River. The land gently slopes northwards towards Highway 1. North of Highway 1, the land has more rugged topography leading to a bench with views to the Thompson River and Kamloops Lake. It is also bisected by the Deadman River Valley.

A land use plan undertaken in 2015/16 identified areas where each of these uses could be located in order to ensure that potential development was located in the best spot to maximize its value. This plan has identified areas for commercial and industrial development along the highway and residential development on along the Thompson River bluff.
ADVANTAGES OF DOING BUSINESS AT SKEETCHESTN

We have our own professionally managed development corporation that is responsible for administering land in our economic development zone. Some of the key advantages that Skeetchestn offers include:

A history of successful business operations including:

- Big Sky Husky Gas Station
- Painted Rock Aggregates
- Natural Resources Corporation (constructs unique commercial and residential buildings)
- Provision of office space for Kuncwentwecw Development Corporation and Stkémlupsemc te Secwepemc Nation

ACCESS TO THREE PHASE POWER
ACCESS TO COMMUNITY WATER SERVICE
ACCESS TO THE TRANS CANADA HIGHWAY
(daily traffic volumes of approximately 5000 vehicles)
PROXIMITY TO TOBIANO GOLF COURSE
A COMMUNITY THAT IS OPEN FOR BUSINESS
ACCESS TO WIDE OPEN RANGE LAND FOR RECREATIONAL DEVELOPMENT
ACCESS TO COMMUNITY THAT IS OPEN FOR BUSINESS
I dream of seeing our ranches operating in full swing.
PROCESS FOR DOING BUSINESS

We are open for business and want to talk to you about your investment aspirations. Key steps include:

1. Submit a letter of interest to Knucwentwecw Development Corporation - this letter should include a description of the type of business you wish to operate, the amount of land you require, and your preferred location for development.

2. Meet with Chief and Council to discuss your idea – our Chief and Council are committed to pursuing economic development and want to meet you to discuss your idea and how Skeetchestn can support the development of your business.

3. Determine ownership – we will want to work with you to discuss how you want your business to proceed. It can be as simple as leasing you the land to a deeper relationship where joint venture partnerships are considered.

4. Determine other requirements – we will work with you to determine engineering servicing requirements and other development needs.
Since time immemorial Skeetchestn has taken a stewardship approach to managing lands and resources.
Skeetchestn Indian Band has invested significantly to build capacity through our Natural Resources Corporation to address archeological, cultural heritage, and environmental issues including the development of Archeological Overview Assessments and leading environmental reviews. All new developments in our Economic Development Zone will be reviewed by our Natural Resources Corporation to determine the need for any further archeological, cultural heritage, or environmental reviews. A process will be outlined for undertaking further studies and will be reviewed with potential developers so that we can work in collaboration to develop land in a timely manner.
CONTACT

Andrew Dunlop, B.Bus.Admin
Executive Director

andrew@kdcenterprises.ca
(250) 373-0088
(250) 373-0060
Commercial Development

Potential Highway Commercial Stores

Existing Gas Station

Potential Hotel and Horseback Trail Riding

Existing Stk’emlupsemc te Secwepemc Nation Office

Potential RV Sites

Existing Knucwentwécw Development Corporation

Trans-Canada Highway

Highway Commercial Stores

Hotel and Horseback Trail Riding

Skeetchestn Indian Band
Residential Development

Potential 10
One-Acre Lots

Potential 17
Half-Acre Lots

Lots Overlooking River

Skeetchestn Indian Band
Light Industrial Development

Potential Storage Facilities

Potential Shipping Facilities

Trans-Canada Highway

Storage and Shipping Facilities

Skeetchestn Indian Band