



## **APPRAISAL OF REAL PROPERTY**

**Development Land Known As  
Airdrie LP Lands – 318.97 Acres  
Airdrie, AB**

**IN A FULL NARRATIVE APPRAISAL REPORT  
As of December 31, 2014**

**Prepared For:  
Mr. Mark Scott  
Genesis Land Development Corp.  
7315 – 8 Street NE  
Calgary, AB T2E 8A2**

**Prepared By:  
Cushman & Wakefield Ltd.  
Valuation & Advisory  
111 – 5<sup>th</sup> Avenue SW, Suite 1730  
Calgary, AB T2P 3Y6**

**C&W File ID: 14-213-900191.5  
CONFIDENTIAL**



### **Development Land**

Known as Airdrie LP Lands - 318.97 Acres  
Airdrie, AB

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November 26, 2014

Mr. Mark Scott  
**Genesis Land Development Corporation**  
7315 – 8<sup>th</sup> Street NE  
Calgary, Alberta T2E 8A2

Re: 318.97 Acres of Development Land, Airdrie, Alberta  
C&W File ID: 14-213-900191.5

Dear Mr. Scott:

Cushman & Wakefield Ltd. is pleased to transmit this Full Narrative Appraisal Report, estimating the current market value of the above referenced subject properties.

By agreement, this is a Narrative Appraisal Report, which contains all of the data, reasoning and analysis upon which our value conclusion is based. This document has been prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (The Standards) as adopted by the Appraisal Institute of Canada.

The purpose of this appraisal is to provide an estimate of value for the raw land as is. It is our understanding that the intended use of the appraisal is for internal decision making and distribution to Limited Partners. This report may not be reproduced, in whole or in part, without our prior written agreement. It is subject to the Assumptions and Limiting Conditions contained in the Addenda, in addition to any in the report.

As a result of our analysis, the current market value of the development land, subject to the assumptions, limiting conditions, certifications and definitions contained herein at December 31, 2014, is estimated as follows:

**TWENTY ONE MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS**  
**\$21,530,000**

This estimate of market value is based on an exposure time of six to twelve months.

**EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS**

***The subject property is assumed to be vacant and ready for development.***

Respectfully submitted,

**CUSHMAN & WAKEFIELD LTD.**



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## EXECUTIVE SUMMARY

### PROPERTY IDENTIFICATION

Name	Airdrie LP Development Land
Address	: 271085 – 24th Street West 271047 – 24th Street West
Legal Description	: Portion of: SW 10-27-1 W5M SE 10-27-1 W5M Plan 0313273; Block 1; Lot 1
Site Area	: 318.97 acres
Land Use	: AG – Agricultural/Open Space

### VALUE ESTIMATE

Valuation Methods Utilized	: Direct Comparison Approach
Valuation Date	: December 31, 2014
Market Value	: <b>\$21,530,000</b>
Valuation Assumptions	The subject property is assumed to be vacant and ready for development.

### PROPERTY DESCRIPTION

Type	: Short to mid-term development land
Location	: The subject property is located on the west side of Airdrie, Alberta. Generally, the subject property is located south of Highway 567 and adjacent west of Range Road 13, and north of Big Hill Springs Road.

### LOCATION CHARACTERISTICS

Surrounding Uses	: The subject's local area is composed of ranch and farmland to the west and new residential development in Airdrie to the east.
Market Conditions	: A limited number of transactions involving large parcels of development land have occurred in Airdrie over the past few years, however the City has consistently increased in population over this period and anticipated future growth is expected to continue.

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# INTRODUCTION

## PURPOSE AND INTENDED USE OF THIS APPRAISAL

The purpose of this appraisal is to estimate the current market value of the subject property. It is our understanding that the intended use of the appraisal is for internal decision making and distribution to Limited Partners. This report may only be relied upon by Genesis Land Development Corp.

## PROPERTY IDENTIFICATION

The subject property is legally described as follows:

**Portion of:  
SW 10-27-1 W5M  
SE 10-27-1 W5M  
Plan 0313273; Block 1; Lot 1  
Airdrie, AB**

## ASSUMPTIONS AND LIMITING CONDITIONS

The report is subject to the Assumptions and Limiting Conditions contained in the Addenda, in addition to specific assumptions which may be stated in the body of the report.

## EXTRAORDINARY ASSUMPTIONS

We have not invoked any Extraordinary Assumptions.

## PROPERTY OWNERSHIP

All four parcels have been owned by Genesis Land Development Corp. since April 2009 when they were purchased for a consideration of \$20,733,050. To our knowledge, there have been no other transfers in the three years preceding this valuation.

## EFFECTIVE DATE OF APPRAISAL

The effective date of the appraisal is December 31, 2014.

## PROPERTY RIGHTS APPRAISED

The legal interest appraised is the fee simple estate - defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

## SCOPE OF THE APPRAISAL

In forming our opinion as to the market value of the subject as of the valuation date, we have relied on information which is detailed in this report, to the extent deemed appropriate, and carried out the following specific functions:

- Made an inspection of the property that is the subject of this report before December 31, 2014;
- Considered information with respect to sales and listings, at or about the valuation date, of properties considered similar to the subject, where we have significant knowledge of such sales and listings and to assess them as being relevant to our opinion, as set out herein. While we believe our review to be reasonably complete, we cannot warrant that we have:

- i) uncovered and assessed every real property transaction at or about the valuation date that might be said to bear on the determination of the market value of the subject, or
  - ii) fully discerned the motives behind the sales, listings and lease information considered in our analysis, such that our weighting of said information is without subjectivity;
- Reviewed land use regulations, in particular the Land Use By-Law , applicable to the subject;
  - Examined the possibility of making any significant changes to the subject in terms of existing uses, land severance and/or additional development of the site;
  - Ascertained the highest and best use of the property;
  - Examined market conditions and analyzed their potential effect on the property; and
  - Conducted discussions with market participants regarding future development of the property.

## DEFINITION OF MARKET VALUE

The Canadian Uniform Standards of Professional Appraisal Practice (The Standards) adopted by the Appraisal Institute of Canada define Market Value as:

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

Implicit in this definition is the consummation of a sale as of a 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 their own best interests;
- A reasonable time is allowed for exposure in the market;
- Payment is made in cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

## REASONABLE EXPOSURE TIME

Exposure time is always presumed to precede the effective date of the appraisal. It may be defined as:

***The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market.***

Based on discussions with various investors and real estate brokers familiar with assets such as the subject, and based on an analysis of comparable sales utilized in this valuation and an analysis of current listings, it is our estimate that the subject would require a six to twelve month exposure period.



# PROPERTY DETAILS

## NEIGHBORHOOD ANALYSIS

### LOCATION

The subject property is located on the west side of Airdrie, Alberta. Generally, the subject property is located south of Highway 567 and adjacent west of Range Road 13, and north of Big Hill Springs Road.

### TRANSPORTATION SYSTEMS (BUS, RAPID RAIL, ETC.)

This area is not serviced by the bus system.

### TRAFFIC (TRAFFIC COUNTS, IF PERTINENT)

None

### PLANNED CHANGES IN ROAD NETWORK

None known

### NEARBY AND ADJACENT USES

The subject's local area is composed of ranch and farmland, as well as acreages. Low density residential areas are located to the north.

### LOCAL AREA CHARACTERISTICS

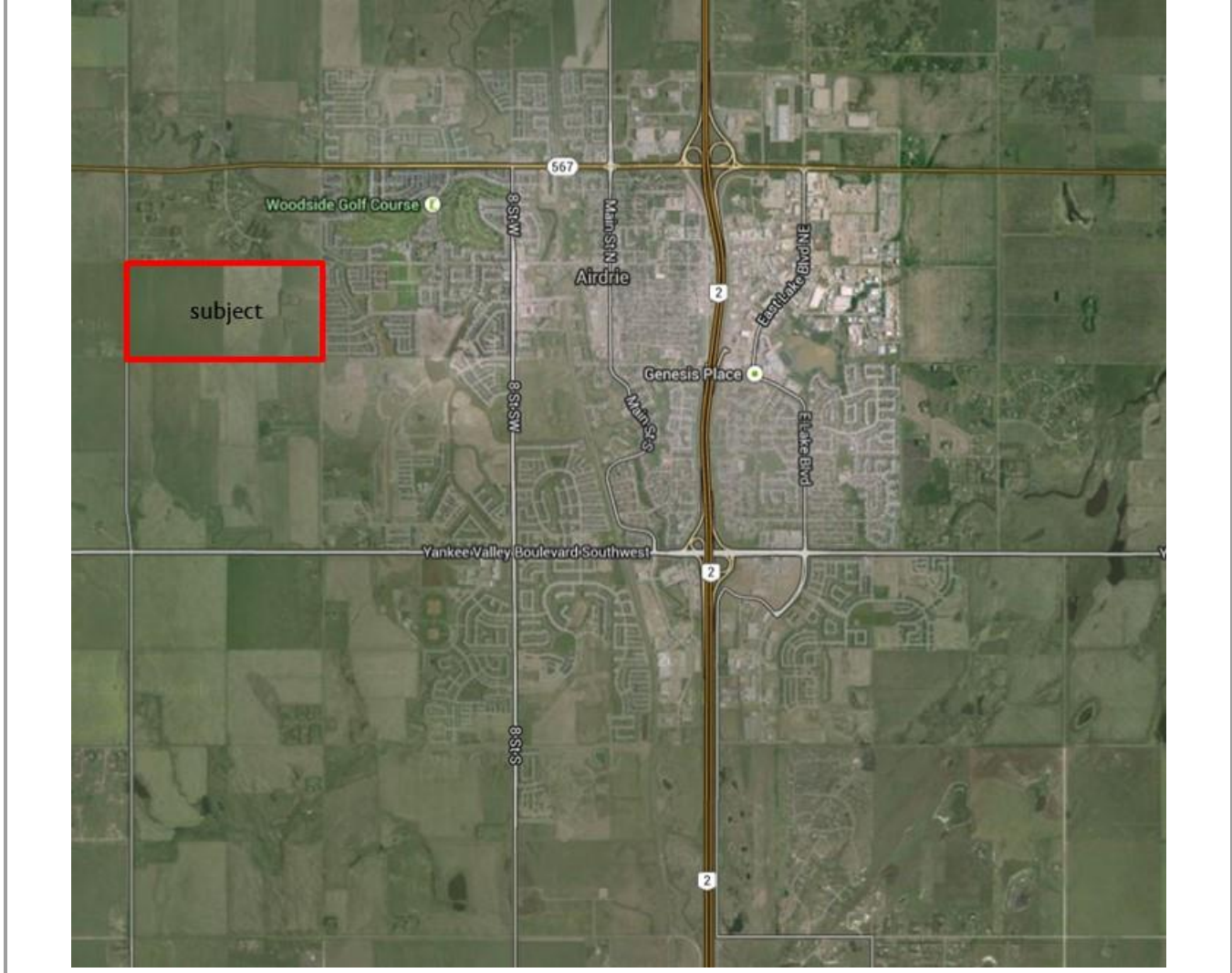
- The area to the west has historically been used for agricultural purposes.
- Immediate uses to the east are low density residential developments.

### LAND USE CHANGES

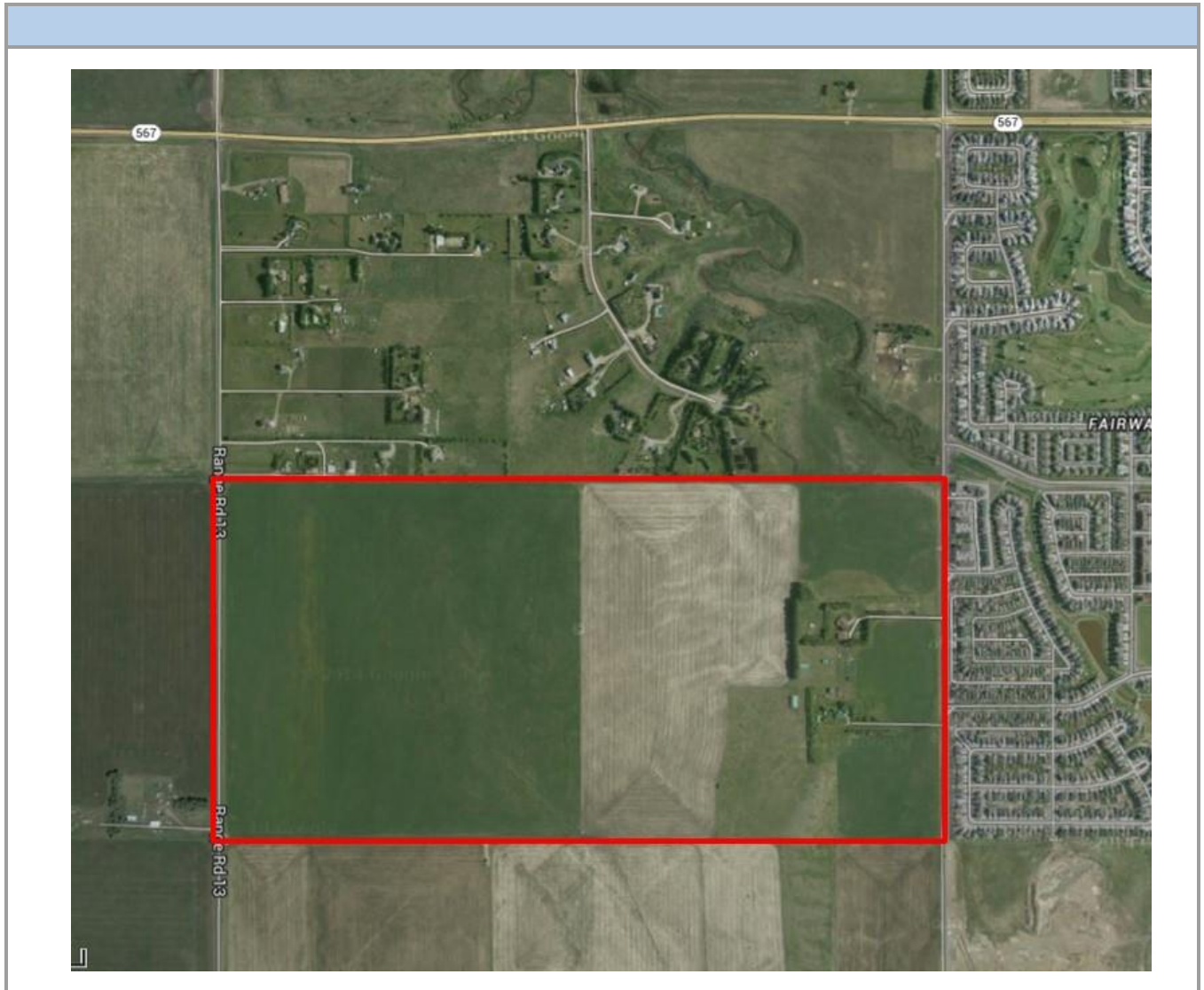
The subject parcels have been annexed into the City of Airdrie however continue to remain zoned according to the Rockyview County land use bylaw.

### CONCLUSION

- The subject site is well located for development in the short to mid term



## LOCAL AREA MAP





## SITE DETAILS

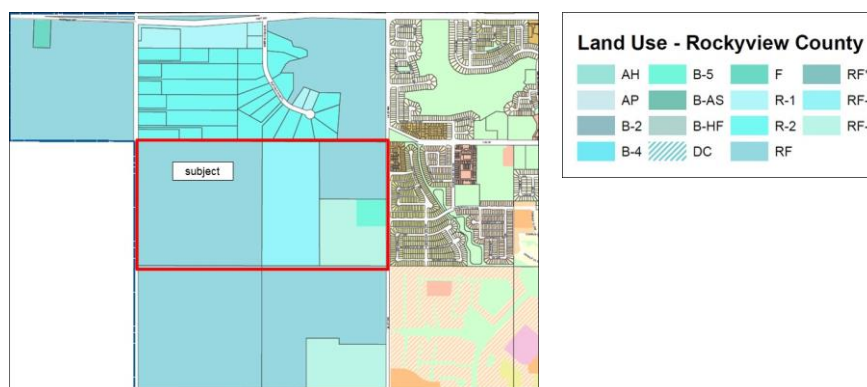
Lot Details	:	Shape :	Rectangular
Total Area	:	318.97 acres	
Easements and/or Rights of Way	:	There are several instruments registered on the subject titles and are assumed not to have any impact on the marketability of the subject site. For greater certainty, a legal opinion should be obtained.	
Topography	:	The site is characterized as generally level with gentle undulations.	
Access	:	The site is currently accessed on the east side of the property along 24 <sup>th</sup> Street SW and Range Road 13 from the west side of the west parcel.	
Sub Soil	:	No soil analysis has been made in conjunction with this report. Soil bearing and drainage qualities are assumed to be adequate for the residential development.	
Municipal Services	:	The subject parcels are currently not serviced, however will eventually have access to Municipal Servicing.	
Environmental Matters	:	Cushman & Wakefield Ltd. has no expertise or responsibility regarding environmental matters. A phase one environmental study has been reportedly completed with no known issues. A copy of the environmental report was not provided to the author of this report.	

## LAND USE BYLAW

As per discussions with the Airdrie Planning and Development department, the subject property has an Agricultural/Open Space land use classification following the recent annexation into the City of Airdrie. Currently, there is no description for this land use in the City of Airdrie bylaws and the purpose and intent for AG lands is still following the Rocky View County land use bylaws including various Ranch Farm uses including RF, RF-2, RF-3, B-5. It is expected the subject property will transition to an Urban Holdings land use in the short term.

### AGRICULTURAL HOLDING DISTRICT – ROCKY VIEW COUNTY

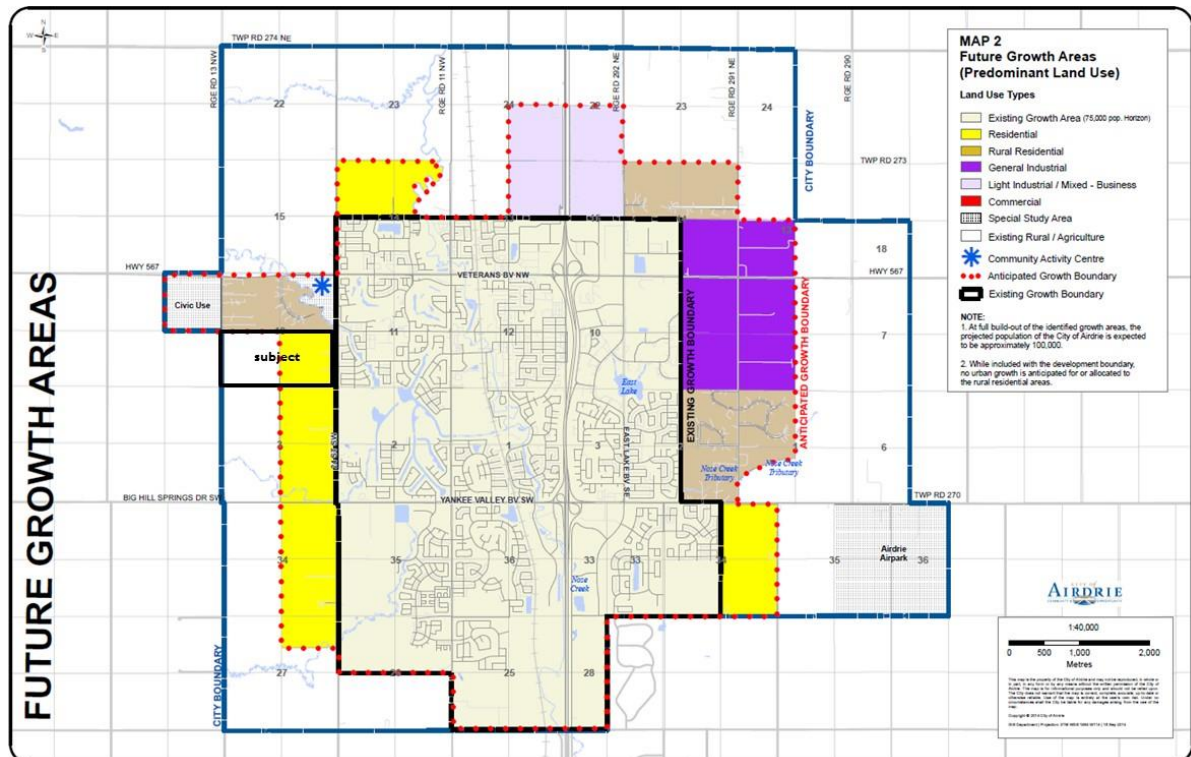
The purpose and intent of this District is to provide for a range of parcel sizes for agricultural uses. This district provides for transitional agricultural pursuits on large parcels of land. It also recognizes the emerging trends towards new agricultural uses which may be successfully developed on smaller parcels of land.





## PLANNING DOCUMENTS

The Future Growth Area map below identifies the long term land use pattern for the City as per the Airdrie City Plan (adopted September 2014). The southeast quarter section of the subject is anticipated to be developed with residential uses in the future while the southwest parcel has an 'existing rural/agricultural' future use. There are no specific time-frames outlined for the areas within the plan, however it is likely that the city will reach the 90,000 population level between 2027 and 2031. Originally, the Growth Study prepared in anticipation of the 2012 annexation of the lands assumed the City would reach this population level by 2040, however growth rates have remained high over the last few years.



## ASSESSMENT

As of the effective date of this report, 2014 assessment and tax levies were not readily available.

# MARKET ANALYSIS

## CANADA - ECONOMIC OVERVIEW

### THE CANADIAN ECONOMY

With a population of 35.1 million, and an annual population growth rate estimated at 1.1 percent, the Canadian economy is the eighth largest in the world. Geographically, Canada is the second largest country in the world at almost 10.0 million km<sup>2</sup> (or 3.9 million square miles), and has the longest coastline and longest border with another country, the United States (U.S.).



Known to be rich in natural resources, Canada has vast stores of iron ore, nickel, zinc, copper, gold, lead, diamonds, silver, coal, petroleum, natural gas, and is a leading producer of hydropower. Notably, with 180.0 billion barrels of proven oil reserves, Canada has the second largest reserve in the world, next to Saudi Arabia.

### OVERALL TRENDS

In 2013, the Canadian dollar fell sharply to 90 cents (U.S.) after floating around parity for three years. The dollar continued to drop during 2014, sinking to a six-month low in September, and is expected to spiral lower through rest of the year. According to Royal Bank of Canada (RBC), Canadian employment increased by 43,100 positions in October 2014 following a 74,100 surge in September, and pushed the unemployment rate to 6.5 percent, which was lower than third quarter's average rate of 6.9 percent.

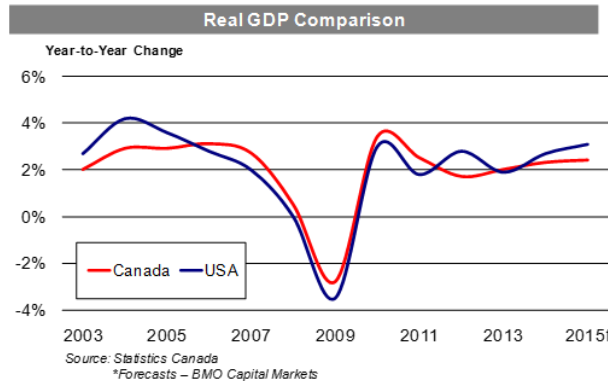
According to RBC, Canadian manufacturing sales increased by 2.1 percent in September 2014, 1.0 percent above the expected rate, posting a second consecutive quarterly increase in the third quarter of 2014. According to the Canadian Real Estate Association (CREA), home sales in Canada rose up 10.6 percent in September from a year ago, although down 1.6 percent from August. Based on a report issued by RBC, the abrupt pace of new home construction that reached a nearly two-year peak of 198,900 annualized units in the third quarter of 2014 cooled in October, with housing starts tracking 7.7 percent below the third-quarter level, and the six-month trend rate of starts declining for the first time since April 2014.

CANADIAN ECONOMIC INDICATORS Q3 2014		
	2014f	Y/Y Change
Real GDP	2.3%	↑
Unemployment	6.9%	↓
Employment Growth	0.7%	↓
Retail Sales Growth	4.9%	↑
Housing Starts (000's)	190	↓

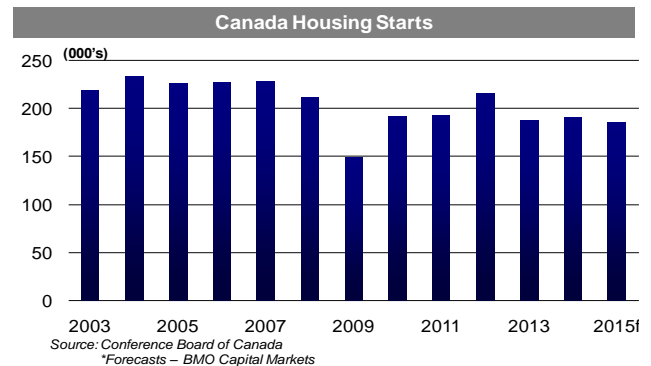
Source: BMO Capital Markets, TD Economics

### FUTURE CONSIDERATIONS

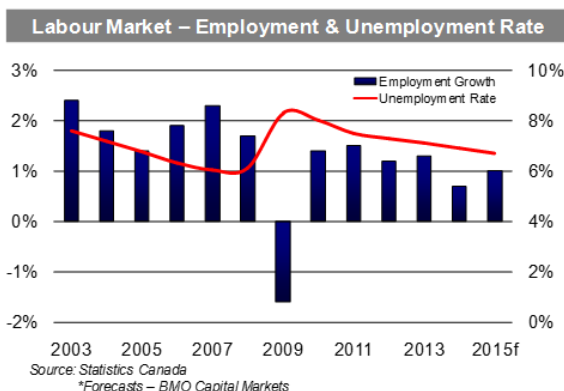
Following below average growth in last two years, real GDP is expected to grow at 2.3 percent and 2.4 percent in 2014 and 2015, respectively. Stronger growth forecast for the U.S. economy, which is expected to remain strong in the final quarter of 2014, combined with a weaker Canadian dollar will have favorable effects on the Canadian economy. Canada's export sector is expected to be a growth driver over the remainder of 2014 as stronger U.S. demand lifts exports. If the loonie continues to fall, it may raise the prices for Canadian imports in sectors with high levels of trade integration, such as auto and aircraft parts manufacturing. The import costs may exceed the profits from exports, and will limit the anticipated benefits from the lower Canadian dollar. In addition, the unemployment rate is expected to gradually decline to 6.7 percent by the end of 2015.



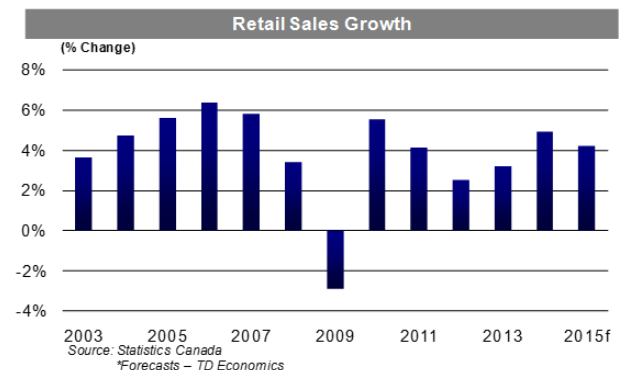
- The anticipated real GDP growth in Canada is primarily due to a pickup in exports thanks to a strong economic growth in the U.S.
- A lower Canadian dollar should support tourism in Canada in the next few quarters. Improving U.S. economy should lead to rebound U.S. tourist traffic.



- The Canadian housing market has been heating up this year due to recent decline in mortgage rates. TD Economics expects that the market will cool down over the medium term.
- According to BMO Capital Markets' revised forecast, the Canadian housing starts will now increase to 190,000 units by the end of 2014 before declining to 185,000 units in 2015.



- Employment gains were seen in Ontario, Manitoba, and Nova Scotia in October 2014, at 37,000, 8,000, and 4,100 positions, respectively.
- In October 2014, employment among women aged 25-54 increased by 36,000 positions, compared with 8,000 positions for men in the same category.



- Although retail sales increased over the first half of 2014, it declined in August by 0.3 percent following a 0.1 percent dip in July, according to RBC.
- Retail sales are expected to record a growth rate of 4.9 percent for 2014 and 4.2 percent for 2015, according to TD Economics. The falling Canadian dollar, however, may raise consumer prices up, especially for imports, and push down the GDP growth.



## ALBERTA – ECONOMIC OVERVIEW

### THE ALBERTA ECONOMY

As of July 1, 2013, Alberta's population was 4.0 million, an increase of 3.5 percent over the same month, a year before. The Conference Board of Canada forecasts that the population in Alberta will continue to grow reaching nearly 4.4 million by the end of 2018.

Alberta is known as Canada's "energy province", with more than 80.0 percent of the country's reserves of conventional crude oil, over 90.0 percent of its natural gas, and all of its bitumen & oil-sands reserves. Furthermore, Alberta is the world's second largest exporter of natural gas, and the fourth largest producer. Not surprisingly, Alberta's energy sector represents more than a quarter of the province's GDP, proportionally, the largest of any of the economic sectors.



### OVERALL TRENDS

The Alberta economy entered 2014 with strong momentum following a solid fourth quarter of 2013. As for the 2013-2014 budget, the province is running on a \$1.4 billion operational surplus, and the key influencing factors are: better than expected oil prices, surging population growth, and a weaker Canadian dollar.

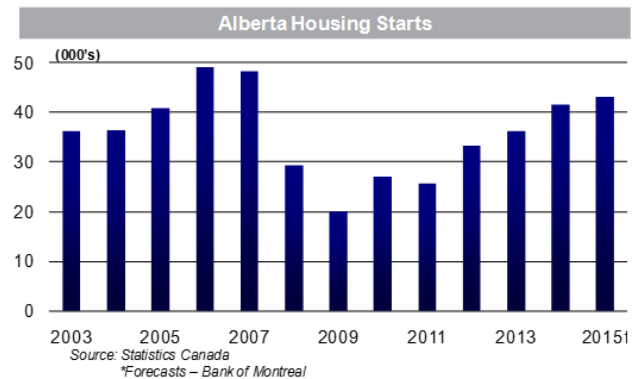
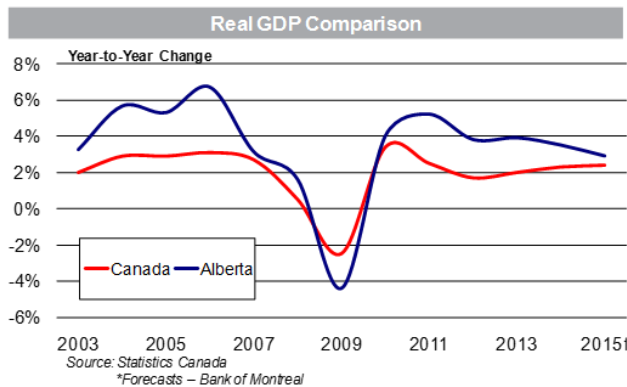
Alberta's annual employment growth rate over the last two years has been the best in Canada. For example, Alberta accounted for 84,400 positions or 78.0 percent of the 108,500 net new jobs created in Canada over the twelve months to June 2014. In spite of the higher job growth and income levels, Alberta has the highest household debt in the country, which is twice the amount than Ontarians (\$124,838 vs. \$67,507, respectively), and \$48,698 above the national average, according to BMO Financial Group. One of the reasons for high household debt in Alberta is the rising house prices, which led to larger mortgages. According to Alberta Treasury Board and Finance, although Alberta's unemployment rate increased by 10 basis points to 4.5 percent in October 2014 due to more people entering the labour market, the number of housing starts in the same month was 12.5 percent more than a year ago, totaling 43,014 annualized units. In addition, year-to-date, housing starts are up 17.5 percent.

### FUTURE CONSIDERATIONS

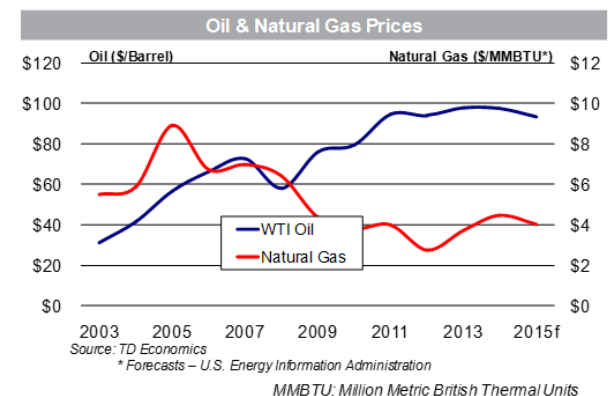
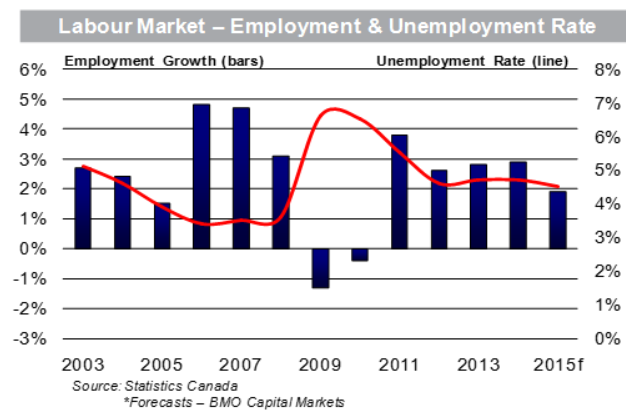
Alberta continues to be the economic growth driver in Canada, and according to BMO Capital Markets, Alberta's economy will continue to substantially outperform the rest of Canada's, leading all other provinces far in terms of growth and job creation. The Conference Board of Canada, however, anticipates that if no new pipeline projects are approved in the near future, oil sands investment may be lower than expected in Alberta. Capital investments are a key driver of Alberta's economy and could have adverse effects on its forecasted GDP growth of 2.9 percent in 2015. Additionally, the agreement signed in October 2013 between Alberta and China will increase energy trade and collaboration between the two jurisdictions. The population boom in Alberta will drive increased demand for educational services, and health care in the coming years.

ALBERTA ECONOMIC INDICATORS Q3 2014		
	2014 (f)	Y/Y Change
GDP	3.5%	↓
Unemployment	4.7%	↓
Employment Growth	2.9%	↑
WTI Crude Oil (\$US per barrel)	\$95.00	↓
Natural Gas (\$US MMBtu's)	\$11.05	↑
Housing Starts (000's)	41.5	↑

Source: BMO Capital Markets, TD  
Economics



- According to BMO Capital Markets, Alberta's economy will expand by 3.5 percent and 2.9 percent in 2014 and 2015, respectively.
- In November 2014, U.S. Senate rejected a bill to speed approval of the Phase IV of the Keystone XL pipeline which was critical to future economic growth in Alberta, as the energy sector accounts for more than one quarter of the province's GDP. Another vote is expected in 2015.
- Strong population growth in Alberta is expected to continue to drive residential construction in the province. BMO Capital Markets projects housing starts in Alberta to climb to 43,000 units by 2015.
- According to Alberta's Treasury Board and Finance, the New Housing Price Index in Alberta increased 3.5 percent year-over-year in September, with 6.5 percent and 0.5 percent increases in Calgary and Edmonton, respectively.



- The Conference Board of Canada projects 54,800 net new jobs for 2015 for Alberta, and another 125,000 between 2016 and 2018. Growth will be strongest in business services, but construction, wholesale and retail trade, education, and health care will all make substantial gains.
- BMO Capital Markets projects that last year's unemployment growth rate will remain unchanged in 2014 at 4.7 percent, and then decline to 4.5 percent in 2015, the second lowest in Canada after Saskatchewan.
- U.S. Energy Information Administration expects the annual average price for natural gas to increase to \$11.05/Mcf in 2014 from \$10.30/Mcf in 2013, before further increasing to \$11.06/Mcf in 2015.
- United States' plan to be a net exporter of natural gas beginning in 2018 will have adverse effects on Alberta's natural gas industry over the long term.

## CALGARY - ECONOMIC OVERVIEW

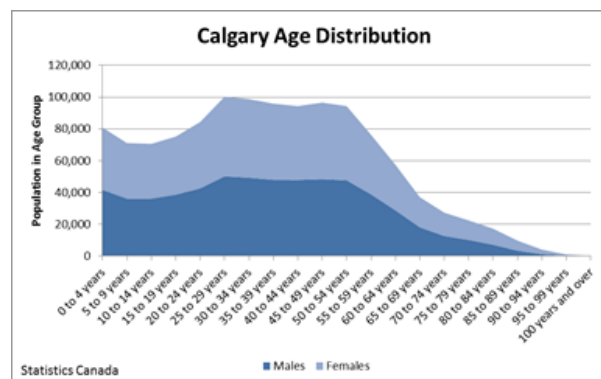
### THE CALGARY ECONOMY

Calgary is the largest city in the Province of Alberta and the fourth largest municipality by population in Canada. Economic activity in Calgary is mostly centered on the petroleum industry; however, agriculture, tourism and high-tech industries also contribute to the city's strong economic climate. In addition, the nearby towns of Canmore, Banff and Lake Louise are also becoming increasingly popular as resort town destinations with positive repercussions as a result.



According to the 2013 municipal census conducted by the City of Calgary, the Calgary CMA has an estimated population of 1,195,194, up 38,508 residents (3.3%) from the 2013 municipal census which reported a population of 1,156,686.

According to the age distribution in Calgary, the first of the baby boomers have started to reach the age of retirement. Over the next 10 year, the number of retirees in Calgary will double. Currently those who are within the 5 to 20 years old age group will enter the work force during the time when the number of retirees is set to double. The youth of today may face a challenging time supporting a large and growing retired population, unless there is a shift in the demographic migration relative to other economic regions.



### KEY ECONOMIC INDICATORS

#### EMPLOYMENT VS. UNEMPLOYMENT

According to Statistics Canada, total employment in the Calgary Economic Region (CER) for July was 796,300, up 3,600 from June. The unemployment rate also saw a marginally decrease from 5.4% in June 2014 to 5.3% in July 2014. The participation rate for the CER in July 2014 remains steady, hovering at 73%, unchanged from February and still well above the national and provincial rates.

Indicator - Calgary Economic Region	Jul-14	Jun-14	July 13 to July 14 Change
Employment	796,300	792,700	3.80%
Unemployment Rate (%)	5.3	5.4	0.10%

Source: Statistics Canada

## BUILDING PERMITS

Total value of building permits rose 26.6% from May 2014 to June 2014. Main reason is the increase in construction permits for commercial, which rose from \$149.8 million to \$424.8 million, indicating a 183.6% increase in the span of one month.

Indicator - Calgary	Jun-14	May-14	YTD January 2014 to June 2014	YTD January 2013 to June 2013	YTD Change	YTD Change (%)
Residential (\$ Millions)	333.2	437.7	2,083.2	1,888.1	195.1	10.33%
Industrial (\$ Millions)	26.1	15.9	72.2	111.2	-38.9	-35.02%
Commercial (\$ Millions)	424.8	149.8	1,156.9	1,098.3	58.6	5.34%
Institutional (\$ Millions)	27.7	37.7	191.7	137.6	54.1	39.29%
<b>Total</b>	<b>811.7</b>	<b>641.2</b>	<b>3,504.1</b>	<b>3,235.2</b>	<b>268.8</b>	<b>8.31%</b>

Source: Statistics Canada

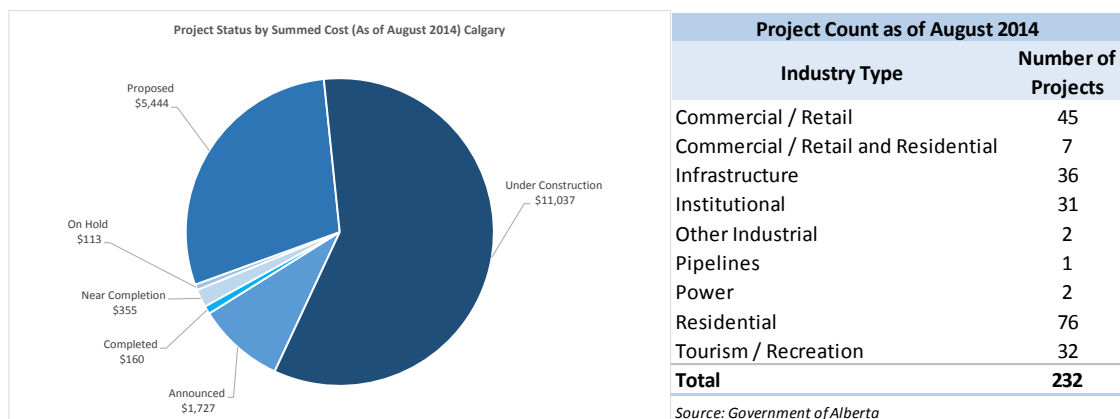
## MAJOR PROJECTS

The project sectors with the highest value as of August 2014 were Commercial/Retail (\$6.72 billion), Institutional (\$3.00 billion), and Infrastructure (\$2.42 billion).

Leading developments among Calgary's major projects include Stonegate Landing by WAM Development Group and AIMCo, as well as the international Transborder Concourse by the Calgary Airport Authority.

A summary of the major project activity in Calgary as of August 2014 is provided below.

Top 5 Calgary Projects by Value					
Project Description	Company Name	Type	Cost in \$ Millions	Status	Construction Schedule
'Stonegate Landing' Retail, Office and Industrial	WAM Development Group / AIMCo	Commercial / Retail	3,000	Under Construction	2010-2021
International Transborder Concourse, Calgary Airport	Calgary Airport Authority	Infrastructure	1,427	Under Construction	2011-2015
'Shepard Energy Centre' Natural Gas Fired Generating Plant (800MW)	ENMAX Energy Corp. / Capital Power Corp.	Power	1,400	Under Construction	2011-2015
Calgary Cancer Project -- replacement for Tom Baker Cancer Centre, to be located at Foothills Medical Centre	Government of Alberta / Alberta Cancer Foundation	Institutional	1,200	Proposed	2016
Two office towers on site of the former Calgary Herald building	Brookfield Properties Ltd.	Commercial / Retail	1,000	Under Construction	2013-2017



### MLS HOUSING SALES

According to the Calgary Real Estate Board (CREB), in July 2014, there were 3,258 residential sales, an increase of 7.77% from July 2013. Year-to-date, sales increased 15.24% from 18,823 in 2013 to 21,691 in 2014. Single family sales have dipped slightly, decreasing 1.27% from 1,573 sales in July 2013 to 1,553 in July 2014. However, the total sales volume for the single family category remains on an upwards slope, rising 4.08% in the same period, from \$825.8 million in July 2013 to \$859.5 million in July 2014. The condominium apartment market has remain positive throughout 2014, following the general housing market trend by rising 11.84% from 397 sales in July 2013 to 444 sales in July 2014. Year to date figures also reflects a 21.20% increase.

The average price of a single family home as of July 2014 grew to \$553,451, up 5.42% from the \$524,976 average seen in July 2013. The average price of condominium apartments rose to \$323,164, from the \$323,164 average price seen in July 2014.

### RETAIL SALES

According to a Calgary Economic Development average weekly earnings were up in Calgary year over year some 13.1% as of February and now sit at \$1,128.31. Increases have also been seen in average hourly wage for both hourly and salaried employees. Retail sales have followed these increases in part, and grew 4.4% year over year to \$26.615 billion in Q2 2014.

Retail Sales - Calgary		
Indicator - CMA	Q2 2014	Year Over Year Change
Retail Sales (\$ Billion)	\$26,615	4.4%

Source: Calgary Economic Development

### CPI

From June 2013 to June 2014, prices paid by consumers for goods and services, as measured by the Consumer Price Index (CPI) basket, increased by 2.4% in Calgary, 1.9% in Alberta and 2.4% in Canada. The inflation rate was driven upwards by price increases in the housing and energy index components in particular.

Indicator - CMA	Jun-13	May-14	Jun-14	May 2014 to June 2014	June 2013 to June 2014
CPI (2002=100)	129.7	133.5	132.8	-0.5	2.4

Source: Statistics Canada

### FUTURE CONSIDERATIONS

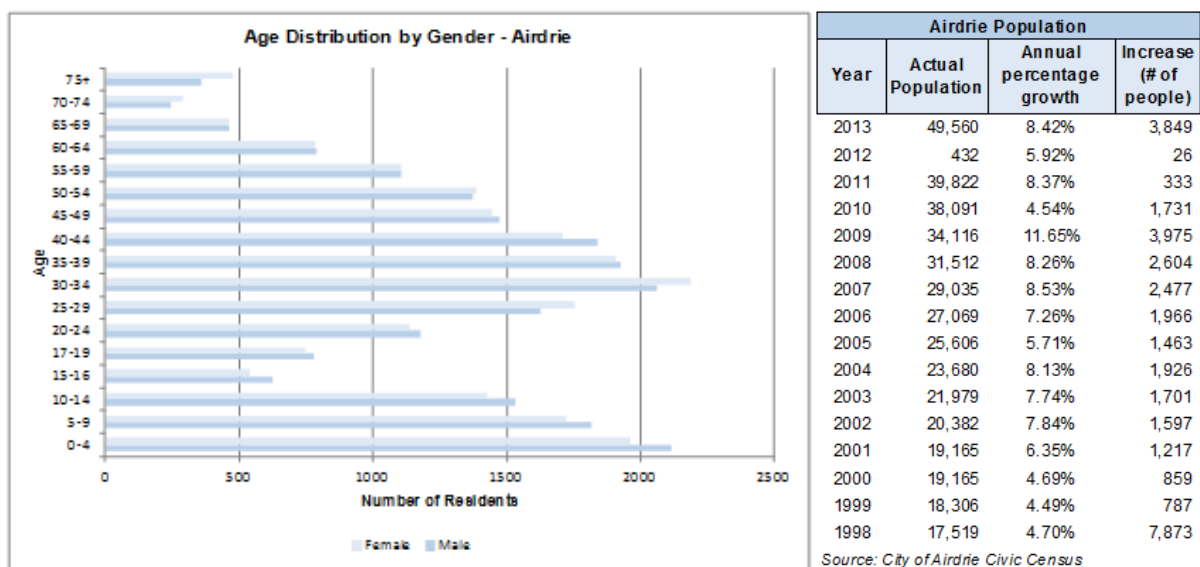
Calgary is well positioned to remain as the economic leader of Canada. Strong fundamentals, recovering energy markets, and high levels of investment make for an attractive business environment. While Calgary remains exposed to changes in the energy sector due to its outside reliance on it, the City and province of Alberta enjoy an advantageous position in the national landscape.

## AIRDRIE- OVERVIEW

### AIRDRIE ECONOMY

Airdrie is one of the fastest growing cities in Canada with a population of 43,155 in 2011, and an estimated 2013 population of 49,560.<sup>1</sup> Located 31 kilometers north of Calgary along the Calgary-Edmonton Corridor and CANAMEX Highway, the city is also within minutes of the Trans-Canada Highway to the south. Drawing upon the growth of Calgary in recent years, the 30 minute drive to the downtown area makes Airdrie a highly desirable location for residents wanting a 'small-town' lifestyle with quick access to Calgary's world-class amenities. The City of Calgary and the City of Airdrie Transit partnered in late 2010 to create a special route commuting daily between Airdrie and Calgary. Airdrie's economy is closely tied to the Calgary Regional Marketplace with main industries including local and regional retail, construction, manufacturing, professional services, and oil & gas.

Airdrie has consistently experienced positive annual population growth since 1998. In 2013, the city recorded an annual growth rate of 8.42%, or 3,849 residents from 2012's population of 39,822 to 43,155 residents. The city is known for its young population, with the majority of residents being between the ages 25 and 45. The youth population in Airdrie is also significant, with approximately 12,000 residents aged 16 and under, accounting for over one fifth the total count.



To accommodate significant future growth projections, dwelling unit counts are expected to almost double from the 17,573 units present as of 2013, to 32,840 by 2038 when it's expected the population will be close to 86,507 residents.

Airdrie Population and Dwelling Projections							
	2008	2013	2018	2023	2028	2033	2038
Population projection (rounded)	34,116	47,081	56,145	63,834	71,084	78,781	86,507
Cumulative increase from 2008	-	12,965	22,029	29,718	36,968	44,665	52,391
Housing (dwelling units) projection	12,699	17,573	21,027	23,980	26,802	29,805	32,840
Cumulative increase from 2008	-	4,874	8,328	11,288	14,103	17,106	20,141

Source: Airdrie Comprehensive Growth Strategy, 2008

<sup>1</sup> Statistics Canada



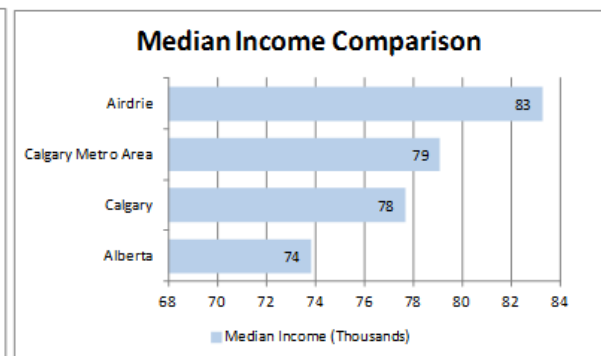
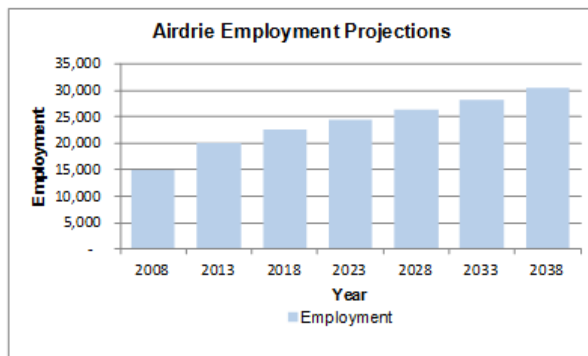
### KEY ECONOMIC INDICATORS

Airdrie saw 339 new businesses open in 2013. 104 of these were Industrial/Commercial. The largest sectors for business in the city are Construction, Retail, Service, and Professional, Scientific & Technical Services related. The city has broadly benefited from the strong Alberta economy and its status as a bedroom community for Calgary. Finance Alberta forecasts 2.9% growth for the province in the 2014-2016 fiscal years which is in keeping with strong past growth.<sup>2</sup>

Indicator	2009	2010	2011	2012	2013
Population	38,091	39,822	43,155	45,711	49,560
Population growth	11.65%	4.54%	8.37%	5.92%	8.42%
Housing permits (# of units R-1 to R-5)	816	993	1,070	1,520	1,772
Residential sales (# of units R-1 to R-5)	968	880	768	962	1,323
Residential average sale price (single family home)	\$348,971	\$362,978	\$360,836	\$370,277	\$388,625
Residential average sale price (condominium)	\$227,362	\$216,761	\$210,303	\$218,897	\$239,713
Residential building construction value	\$151,217,157	\$188,661,501	\$187,056,526	\$257,669,711	\$297,824,842
Commercial/industrial permits	132	280	171	180	87
Commercial/industrial construction value	\$38,305,547	\$56,300,838	\$71,998,710	\$45,538,962	\$73,465,953
Property tax rate	0.00972886	0.01065373	0.01090303	0.01139017	0.1163138
Total business licenses	2,383	2,564	2,695	2,841	3,180

### EMPLOYMENT

A large portion of Airdrie residents (39%) commute to Calgary for work. 19% are employed within Airdrie, and another 3% work from home. With significant growth projections over the next two decades, Airdrie employment numbers are expected to increase from 14,938 in 2008 to 30,339 in 2038.<sup>3</sup> Steady increases are projected through to 2038. Airdrie's unemployment rate is low, and consistent with Alberta's rate of 4.2% as of November 2012. The median income for Airdrie's population is significantly above the surrounding regions. At approximately \$83,000, the median income is almost \$9,000 more than the median Alberta rate.<sup>4</sup> 27.23% of Airdrie households had a total gross income of over \$100,000.<sup>5</sup> Included below is a list of the top employers in Airdrie by payroll count.



<sup>2</sup> City of Airdrie Business License Data

<sup>3</sup> Airdrie Civic Census, 2011

<sup>4</sup> Airdrie Community Profile, 2006

<sup>5</sup> Census Airdrie Civic Census, 2008

Employers Over 100 Employees (includes full-time, part-time and casual)		
Company name	Description (NAICS classification)	Employees
Propak Systems Ltd.	Mining and oil and gas field machinery manufacturing	1049
Rocky View Schools	Elementary and Secondary Schools (Includes Board Administration)	462
City of Airdrie	Municipal government	445
Walmart Canada	Warehouse Clubs and Superstores	400
Real Canadian Superstore	Supermarkets and Other Grocery Stores	300
FortisAlberta	Power and Communication Line and Related Structures Construction	254
Canada Safeway	Supermarkets and Other Grocery Stores	200
First Student Canada	Urban transit systems	175
ADESA Calgary	New and used automobile and light-duty truck wholesaler-distributor	160
McDonald's Restaurant	Fast food restaurant	160
Eaton	Low Voltage Control Assemblies	158
Calgary Catholic School District	Elementary and Secondary Schools (Includes Board Administration)	149
Techmation Electric & Controls Ltd.	Electrical Contractors	143
Costco Distribution Center	Distribution centre	135
Bethany Care Centre	Nursing care facilities	131
Co-op Airdrie Centre	Supermarkets and Other Grocery Stores	130
Condillo Foods	Snack food manufacturing	123
Cam Clark Ford	Automobile dealers	104
The Home Depot	Home Centres	101
Sobeys	Supermarkets and Other Grocery Stores	100
Canadian Tire	Department Stores	100

Source: City of Airdrie Economic Development 2011

## MAJOR PROJECTS AND PERMITS

Airdrie saw the overall value of its building permits grow from some \$18 million in 2012 to \$24 million in 2013 for an impressive growth rate of 32%. Growth came significantly from multifamily apartment building construction as well as duplex and townhouse applications.

The Government of Alberta lists two major projects (over \$5 million in value) in Airdrie at this time. One of these, a new K-12 school is indicative of the young population and increasing demand that the demographics of Airdrie has created.

Airdrie Building Permits			
Sector	Value of Permits		
	2013	2012	YOY
Houses (including secondary)	\$ 9,626,438	\$ 12,484,059	-23%
Duplexes	\$ 2,690,414	\$ 1,124,631	139%
Multifamily (apartments)	\$ 8,586,780	\$ -	
Townhouses)	\$ 2,197,360	\$ 1,516,884	45%
Commercial/Industrial/HVAC	\$ 736,499	\$ 1,658,044	-56%
Institutional	\$ -	\$ -	
Accessory/Demo	\$ -	\$ 1,283,100	
<b>Total</b>	<b>\$ 23,837,491</b>	<b>\$ 18,066,719</b>	

Source: City of Calgary, November 2013 statement

Airdrie Major Construction Projects (Over \$5 million)				
Project Description	Company Name	Cost in \$ Millions	Status	Construction Schedule
Francophone School	Alberta Infrastructure	10.6	Under Construction	2012-2014
West Side Reservoir / Pump Station	City of Airdrie	6.8	Proposed	-

Source: Government of Alberta



### RESIDENTIAL HOME SALES

There were approximately 161 single family home sales in October 2014 with an average list price of \$393,366 and average sale price of \$386,414. This is approximately 5.2% higher than the October 2013 sale price on average. The inventory has increased year over year from 170 single family units in October 2013 to 226 in October 2014. Days on market has also increased by 3 days to 41 days on market, year over year. <sup>6</sup>

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<sup>6</sup> Calgary Real Estate board Q3 2014 quarterly report

# VALUATION AND FINANCIAL ANALYSIS

## HIGHEST AND BEST USE

### DEFINITION OF HIGHEST AND BEST USE

Fundamental to the concept of value is the principle of highest and best use, which may be defined as:

***The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability***

### HIGHEST AND BEST USE CRITERIA

We have evaluated the site's highest and best use both as currently raw land and as serviced and subdivided and ready for development. In both cases, the property's highest and best use must meet four criteria. That use must be (1), legally permissible (2) physically possible, (3) financially feasible, and (4) maximally profitable.

#### LEGALLY PERMISSIBLE

As per discussions with the Airdrie Planning and Development department, the subject property has an Agricultural/Open Space land use classification following the recent annexation into the City of Airdrie. Currently, there is no description for this land use in the City of Airdrie bylaws and the purpose and intent for AG lands is still following the Rocky View County land use bylaws including various Ranch Farm uses including RF, RF-2, RF-3, B-5. It is expected the subject property will transition to an Urban Holdings land use in the short term.

#### AGRICULTURAL HOLDING DISTRICT – ROCKY VIEW COUNTY

The purpose and intent of this District is to provide for a range of parcel sizes for agricultural uses. This district provides for transitional agricultural pursuits on large parcels of land. It also recognizes the emerging trends towards new agricultural uses which may be successfully developed on smaller parcels of land.

The subject property, in its current use, appears to be legally permissible.

#### PHYSICALLY POSSIBLE

The second test is what is physically possible. As discussed in the "Site Description," section of the report, the site's size, soil, topography, etc. do not physically limit its use. The subject site is of adequate shape and size to accommodate future urban uses.

#### FINANCIAL FEASIBILITY AND MAXIMUM PRODUCTIVITY

The third and fourth tests are what is financially feasible and what will produce the highest net return. After analyzing the physically possible and legally permissible uses of the property, the highest and best use must be considered in light of financial feasibility and maximum productivity. For a potential use to be seriously considered, it must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. The subject site, as an agricultural interim use, appears to be financially feasible based on market activity in the area and appears to be the maximally productive use of the site.

### HIGHEST AND BEST USE CONCLUSION

Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as though vacant is a continuation of the existing agricultural use as an interim use until residential development is legally permissible.

## VALUATION METHODS

There are six generally accepted methods of valuing vacant land: Direct Comparison; Abstraction; Extraction; Subdivision Development; Land Residual; and Ground Rent Capitalization.

The **Direct Comparison Approach** is based upon the premise that a prudent purchaser would not pay more for a property than what it would cost to acquire a suitable alternative property and that the market value of a property can be estimated by comparing sales, offers, and listings of properties which have similar characteristics to the property being appraised.

The **Abstraction Method** of valuing land is premised upon the Principal of Contribution. This method is premised on the assumption that within each category and type of real estate, there exists a typical ratio of land value to total property value. By knowing what this ratio is from data compiled from areas where land and building values are available and applying it to the sales information regarding improved properties in a built up area, an estimate of land value can be abstracted. The reliability of this method is diminished because it does not take into explicit consideration such relevant criteria as building age or quality of construction.

A method of land valuation similar to the Abstraction Method but which implicitly recognizes differences in building age and quality of construction is the **Extraction Method**. This method deducts the estimated depreciated reproduction or replacement cost of the improvements of an improved property for which the total property value is known to arrive at an estimate of land value as if vacant.

When valuing larger parcels for which the highest and best use is the parcel's subdivision into smaller sites, and for which sales information regarding similar larger sites is insufficient to undertake a Direct Comparison Approach, the **Subdivision Development Method** may be employed. In applying this method, the first step is to establish market values for the smaller sites as though subdivided, the length of the development period, and an appropriate absorption period. The second step is to determine the costs required to create and market the subdivided parcels which include engineering and construction costs associated with the site preparation, roadways, sidewalks and servicing; carrying costs such as insurance and taxes; and marketing costs. These costs are then deducted from the projected gross revenue of the lots to arrive at an estimate of the net proceeds which, once discounted at an applicable rate to account for the risk associated with the time required to complete such a development, are indicative of the present market value of the larger, un-subdivided site.

Another method that may be employed in the absence of adequate comparable information is the **Land Residual Technique**. In this method the net income generated from the property is established. From this is deducted a reasonable return on and recapture of capital invested in the improvements. The residual income is considered to be ascribed from the land. This income is then capitalized at an appropriate rate to arrive at an estimate of land value. An important assumption required in the application of this method is that the site is developed to its highest and best use such that the income from land and improvements are of the same type and source.

A similar method as the Land Residual Technique is **Ground Rent Capitalization**. Undertaking this method of site valuation requires the analysis of ground rents prevalent in the market and in consideration of the characteristics of the site being appraised. From the analysis, a gross income is established from which any requisite expenses or anticipated losses are deducted to arrive at a net operating income. This net operating income is then capitalized at an applicable rate to arrive at an estimate of the vacant site.

Some important factors to be given consideration in this analysis include location, access, site size, site configuration, topography, land use classification, servicing, etc. When enough unimproved and comparable sales are available, the Direct Comparison Approach is the preferred technique and has been employed herein.

## DIRECT COMPARISON APPROACH

In the Direct Comparison Approach, we developed an opinion of value by comparing this property with similar, recently sold properties in the surrounding or competing area. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

By analyzing sales that qualify as arm's-length transactions between willing and knowledgeable buyers and sellers, we can identify value and price trends. The basic steps of this approach are:

1. Research recent, relevant property sales and current offerings throughout the competitive area;
2. Select and analyze properties that are similar to the property appraised, analyzing changes in economic conditions that may have occurred between the sale date and the date of value, and other physical, functional, or location factors;
3. Identify sales that include favorable financing and calculate the cash equivalent price;
4. Reduce the sale prices to a common unit of comparison such as price per square foot, price per unit or effective gross income multiplier;
5. Make appropriate comparative adjustments to the prices of the comparable properties to relate them to the property being appraised; and
6. Interpret the adjusted sales data and draw a logical value conclusion.

The Direct Comparison Approach is based on the Principle of Substitution which maintains that a prudent purchaser would not pay more for a property than what it would cost to purchase a suitable alternative property, one that exhibits similar characteristics, and functional utility, etc. Within this approach, the property being appraised is compared to similar properties that have sold recently or are currently offered for sale. Typically, a unit of comparison (i.e. sale price per square foot, sale price per unit, etc.) is used to facilitate the analysis. In the case of properties similar to the subject lands, the sale price per acre is the most commonly used unit of comparison.

In analyzing the comparable sales relative to the subject site, of particular relevance are characteristics such as location, site size, topography, developability, and land use regulations. In this regard, the sales summarized in following are thought to be reasonably comparable to the subject site and to provide a reliable indication as to its current market value.

## RAW LAND VALUATION

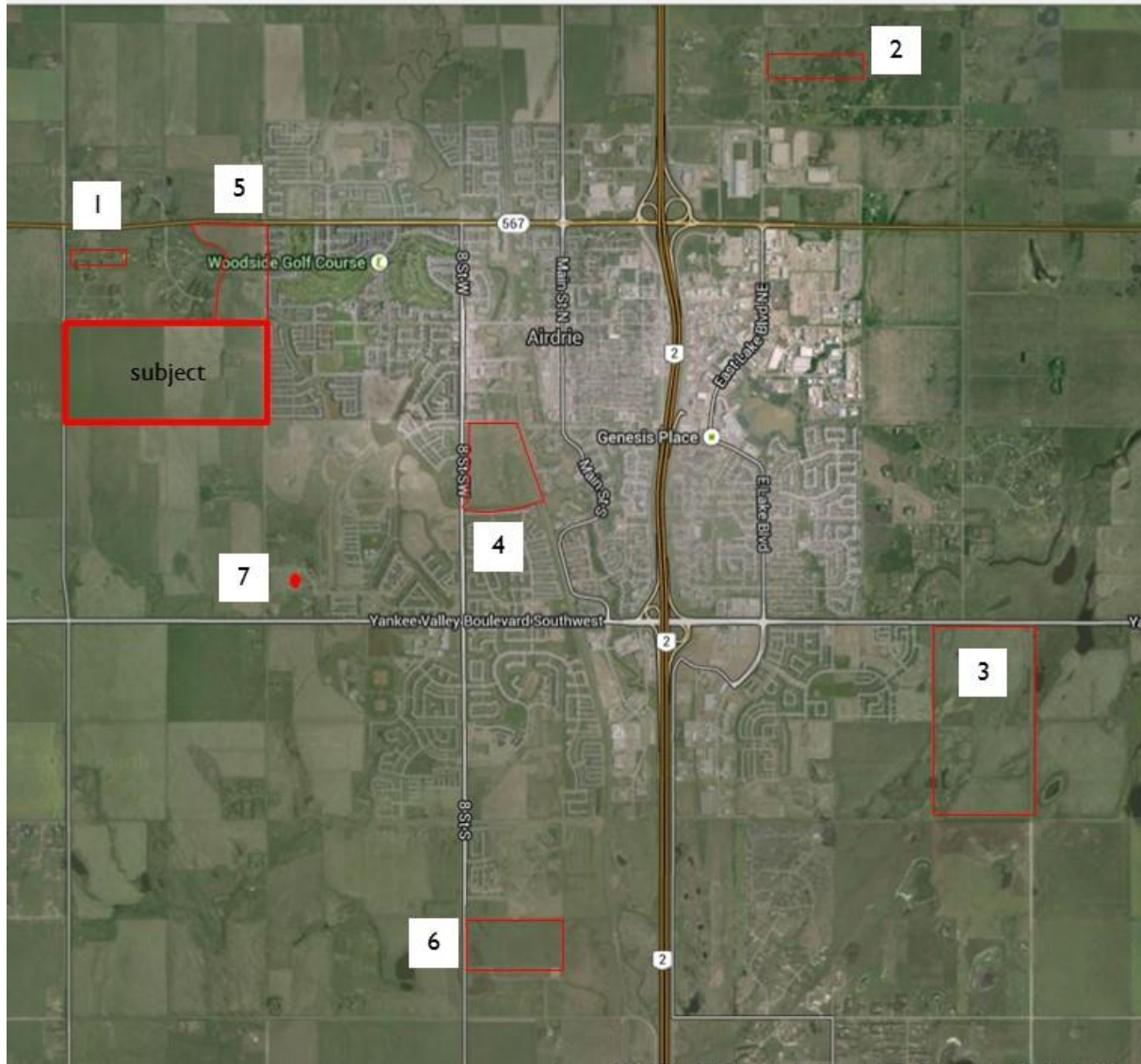
We have researched several market areas for transactions involving similar vacant land sales. Based on our investigations, the following sale indices were examined. Details of the sales are presented below:

DEVELOPMENT LAND SALES							
NO.	ADDRESS LEGAL	SALE DATE ZONING	VENDOR PURCHASER	SALE PRICE	SITE AREA (ACRES)	SALE PRICE / ACRE	REMARKS
1	271192, 271194 RGE RD 13 Airdrie, AB  NW; 10; 27; 1; W5M  <i>Listed By Bob Shetty – Century 21</i>	Current Listing C1022906  RF	N/A	\$2,730,000	26.0	\$105,000	Located East of the future Rocky View school these properties were annexed into Airdrie city limits; Listing consists of two parcels of 13 acres each; One parcel is land value only, the other parcel has a 1,200 sq. ft. house on site.
2	272210 RGE RD 291 Airdrie, AB  NW; 13; 27; 29; W4M  <i>Listed By Kevin Moore – Legacy Real Estate Services</i>	Current Listing C1024621  RF	Hazelwood  N/A	\$3,600,000	40.07	\$89,842	Located in northeast Airdrie; property was annexed into the City; Property has a 1,530 sq. ft. bungalow and attached garage as well as a heated shop 28x30ft; Land is fenced; Access via paved RR291.
3	N/A Airdrie, AB  NE; 34; 26; 29; W4M	September 2013  RF	W. & S. Chitwood  Melcor Developments Ltd.	\$17,471,850	317.67	\$55,000	Located adjacent to the southeast community of Ravenswood in southeast Airdrie; Based on the transfer document there appears to be additional terms for this transaction regarding special financing or deferred compensation to which the details are unknown.
4	N/A Airdrie, AB  Plan 0412981; Blk 8; Lot 1	January 2013  Various	Hayer Homes Ltd.  North Lumina Developments JV Inc.	\$17,500,000	89.53	\$195,465	Located in central Airdrie; Located in the Midtown area; At the time of sale the property had a variety of land uses in place including CMU, R-3, R-1.; Within the Luxstone ASP.
5	271181 – 24 Avenue NW Airdrie, AB  Ptn of NE; 10; 27; 1; W5M	November 2012  RF	Ruffalo Ridge Airdrie GP Ltd.  Denizen Developments Inc.	\$4,750,000	99.07	\$47,946	Located on the west side of Airdrie; Property was improved with one single family detached dwelling and some farm related buildings.

## DEVELOPMENT LAND SALES

NO.	ADDRESS LEGAL	SALE DATE ZONING	VENDOR PURCHASER	SALE PRICE	SITE AREA (ACRES)	SALE PRICE / ACRE	REMARKS
6	N/A Airdrie, AB  Plan 0411562; Blk 1; Lot 1 SW; 25; 26; 1; W5M	May 2012 UH	Court of Queens Bench  Western Sky Development Corp.	\$4,400,000	77.44	\$56,818	Located in south Airdrie, AB; The CPR Line and the QEII Highway are located to the east of this parcel and the Hillcrest residential community to the North. Parcel previously sold in January 2010 in a non-arm's length sale; This Sale was a Court-Ordered transaction; Located within the South Airdrie ASP as 'Stage 5 – with future use as Light Industrial; A portion of the west side of the site is intermittent Wetland Study Area.
7	N/A Airdrie, AB  5;;2; 27; 1; W5M	January 2012 UH	Airdrie Koinonia Christian School Society  1574514 Alberta Ltd.	\$3,006,000	20.33	\$147,860	Located in the Bay Springs area in southwest Airdrie, on the east side of 24 <sup>th</sup> Street SW, approximately ¼ of a mile north of the intersection of Yankee Valley Boulevard; Approved for 77 single family detached lots and 26 duplex units; The land use re-designation was reported to include 17.5 acres of the land in the Bayview/Bayside Stage 3 NSP; within the West Airdrie Community ASP

## COMPARABLE MAP





## ANALYSIS

The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

### PROPERTY RIGHTS APPRAISED

All of the sales and listings utilized in this analysis involved the transfer of the fee simple interest.

### FINANCIAL TERMS

Based on the transfer document of Index No. 3, there appears to be additional terms of this agreement, possibly regarding special financing or deferred compensation from the purchaser to the seller. As we are unaware of these details, less reliance has been placed on this index. To the best of our knowledge, the remaining sales utilized in this analysis were accomplished with cash and/or cash and market-oriented financing.

### CONDITIONS OF SALE

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. Index No. 6 is a court-ordered sale and reflects a lower value than this parcel would have otherwise obtained under fair market conditions. All remaining sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Index Nos. 1 and 2 are current listings and we would expect these properties to transact at a lower value than the list price.

### MARKET CONDITIONS

The sales that are included in this analysis date between January 2012 and January 2014 in addition to two current listings. There have been limited transactions in the Airdrie market over this period. Index Nos. 4, 5, 6 and 7 which transacted in 2012 and early 2013 would be expected to transfer at higher values under present market conditions.

### LOCATION

The subject property is located on the west side of the City and was annexed into Airdrie from Rocky View County. All of the comparable sales are also located within the City of Airdrie. Index Nos. 1 and 5 are both located north of the subject property. Both of these indices are surrounded by low density, acreage development.

Index Nos. 4 and 7 have superior locations in more central areas, surrounding development. Index No. 4 is located along Railway Avenue in Central Airdrie and is a highly superior location. While Index No. 7 is located in the Bayview area.

Index No. 2 is located in northeast Airdrie in a low density, acreage developed area. Index No. 3 is located in southeast Airdrie and borders the King's Heights residential area and is considered comparable to the location of the subject property. Index No. 6 is located in south Airdrie, south of the Hillcrest community and can be considered similar in location.

### SIZE

The selected comparable sales range in size from 20.33 and 317.67 acres as compared to the subject size of 318.97 acres which may be further subdivided into smaller parcels and could easily be sold independent of each other. Differences in sizes have been considered in our analysis.



## PUBLIC UTILITIES

The subject property was annexed into the City of Airdrie City limits and will have access to full municipal services upon development similar to all of the comparable properties, also within Airdrie. Those properties with proximity to existing subdivisions are assumed to have sooner timelines to development.

## UTILITY

All of the selected sales are large and mainly level parcels that can accommodate comprehensively planned residential communities. Adjustments were made to Index Nos. 1, 3 and 5 for interior utility and development potential.

## LAND USE

The subject properties are classified with an AG- Agricultural Land Use, similar the majority of comparable properties with Ranch Farm and Urban Holding uses, except Index No. 4 which had various residential and commercial uses in place. Index No. 7 has an Urban Holding Land use however was reported to have been approved for 77 single family detached lots and 26 duplex units at the time of sale. As per the comments in the chart, several indices are located within Area Structure Plans or Neighborhood Structure Plans, which is a superior feature to that of the subject property. As per the Airdrie Future Growth Areas map, Index No. 5 will be the location of Community Activity Centre development.

## ADJUSTMENTS

The following qualitative adjustments have been made based on the above analysis:

LAND SALE ADJUSTMENT GRID											
No.	Price Per Acre	Economic Adjustments (Cumulative)				Property Characteristic Adjustments (Additive)					
		Property Rights Conveyed	Conditions of Sale	Financing	Market* Conditions	Location	Size	Public Utilities	Utility	Land Use /Planning	Overall
1	\$105,000	Fee Simple/Mkt.	Current Listing Downward Adj.	None	Similar	Similar	Significantly Smaller Sig. Downward Adj.	Similar	Inferior Upward Adj.	Similar	\$105,000 Lower than
2	\$89,843	Fee Simple/Mkt.	Current Listing Downward Adj.	None	Similar	Inferior Upward Adj.	Significantly Smaller Sig. Downward Adj.	Similar	Inferior Upward Adj.	Similar	\$89,843 Lower than
3	\$55,000	Fee Simple/Mkt.	Arms-Length	Other Terms -	Inferior Upward Adj.	Similar	Similar	Similar	Similar	Similar	\$55,000 Higher than
4	\$195,465	Fee Simple/Mkt.	Arms-Length	None	Inferior Upward Adj.	Superior Downward Adj.	Smaller Downward Adj.	Similar	Similar	Superior Downward Adj.	\$195,465 Sig. Lower than
5	\$47,946	Fee Simple/Mkt.	Arms-Length	None	Inferior Upward Adj.	Similar	Smaller Downward Adj.	Similar	Inferior Upward Adj.	Inferior Upward Adj.	\$47,946 Higher than
6	\$56,818	Fee Simple/Mkt.	Court Ordered Sale Upward Adj.	None	Inferior Upward Adj.	Similar	Smaller Downward Adj.	Similar	Similar	Similar	\$56,818 Higher than
7	\$147,860	Fee Simple/Mkt.	Arms-Length	None	Inferior Upward Adj.	Superior Downward Adj.	Significantly Smaller Sig. Downward Adj.	Similar	Similar	Superior Downward Adj.	\$147,860 Sig. Lower than

## SUMMARY OF DIRECT COMPARISON APPROACH

The eight selected indices indicate a range of unit values from a low of \$47,946 per acre to a high of \$195,465 per acre. The sales are primarily located in peripheral areas of Airdrie, many having been recently annexed into the City, except Index No. 4 which is located in central Airdrie. The sizes of parcels range between 20.33 and 317.67 while the subject property is 318.97 acres which consists four, individually titled parcels that could be sold separately.

The low end of the range is displayed by Index Nos. 5 and 6. Index No. 5 is a property located north of the subject site and is within the City of Airdrie limits, however transferred under inferior conditions in November 2012 and is outlined in the Airdrie Future Growth Areas map as being the location for a Community Activity Centre. Index No. 6 transferred in May 2012 and is reflective of a court-ordered transaction, therefore the property would be expected to transfer at a higher value per acre under fair-market terms and present conditions. This property is also anticipated to transition to a light industrial use in the future.

The high end of the range is represented by Index No. 4, a property with a superior, central location in Airdrie which had land uses in place at the time of sale for various commercial and residential uses. A lower value would be expected for the subject property with a RF land use and longer development horizon.

The remaining comparables range from \$55,000 to \$147,860 including Index No. 3 which was a September 2013 sale of a similar sized property in southeast Airdrie which was believed to have been negotiated one to two years prior to the transfer date. Based on the transfer document, it is unknown if special financing conditions were included in this sale.

In addition to the qualitative analysis, a quantitative analysis was completed to narrow the range indicated by the comparable sales. In our opinion and as a result of both analysis, based on the location, size, physical attributes and development potential of the subject property, the indicated value of \$67,500 per acre was utilized which results in the following estimate of value:

$$318.97 \text{ acres} \times \$67,500 \text{ per acre} = \$21,530,475$$

**\$21,530,000**

## FINAL VALUE ESTIMATE

In the methodology section of this report we indicated that the Direct Comparison Approach is the preferred approach when valuing the subject property, providing there is sufficient and comparable activity. Since there is sufficient comparable activity, it was the only method employed.

Based on the data, analysis and reasoning contained within this report it is our opinion that the market value of the subject site on an as is basis and subject to the assumptions set forth herein, at December 31, 2014 was:

**TWENTY ONE MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS**  
**\$21,530,000**

This value estimate is based on an exposure period of six to twelve months.

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## ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield Ltd. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- This report has been prepared at the request of **Mr. Mark Scott of Genesis Land Development Corp.** for the purpose of providing an estimate of the market value of the Airdrie LP Development land in the Airdrie, Alberta for internal decision making and distribution to the Limited Partners. It is not reasonable for any person other than Mr. Mark Scott of **Genesis Land Development Corp.** to rely upon this appraisal without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other person will rely on it for any other purpose and all liability to all such persons is denied.
- This report has been prepared at the request of **Mr. Mark Scott of Genesis Land Development Corp.** and for the exclusive (and confidential) use of the recipient as named herein for the specific purpose and function as stated herein. All copyright is reserved to the author and this report is considered confidential by the author and the client. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference.
- Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.
- The estimated current market value of the real property which is appraised in this report pertains to the value of the fee simple interest in the real estate. The property rights appraised herein exclude mineral rights, if any.
- The estimate of value contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value; especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to all of the assumptions and limiting conditions.
- The property has been valued on the basis that title to the real property herein appraised is good and marketable.

- The author of this report cannot accept responsibility for legal matters, questions of survey, opinions of title, hidden or unapparent conditions of the property, toxic wastes or contaminated materials, soil or sub-soil conditions, environmental, engineering or other technical matters which might render this property more or less valuable than as stated herein. If it came to our attention as the result of our investigation and analysis that certain problems may exist, a cautionary note has been entered in the body of the report.
- The legal description of the property and the area of the site were obtained from the Registry Office. Further, the plans and sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.
- The property has been valued on the basis that the real property is free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as may be noted in this report and that there are no pledges, charges, lien or social assessments outstanding against the property other than as stated and described herein.
- The property has been valued on the basis that there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the subject property or any portion thereof.
- The interpretation of the contractual agreements, pertaining to the operation and ownership of the property, as expressed herein, is solely the opinion of the author and should not be construed as a legal interpretation. Further, the summary of these contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
- The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such possible circumstances have not been accounted for in the appraisal process.).
- Investigations have been undertaken in respect of matters which regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.
- The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible.

- The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the shares could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
- Should title to the real property presently be held (or changed to a holding) by a partnership, in a joint venture, through a co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership.
- In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
- Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made therefore, including provisions for additional compensation to permit adequate time for preparation and for any appearances which may be required. However, neither this nor any other of these assumptions and limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of this report which best serves the administration of justice.
- Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as any other date without subsequent advice of the author of this report.
- The co-signing appraiser has not necessarily inspected the subject property or any other property referred to in the report. The function of the co-signer's review was to check the reasonableness of the analysis.
- The value expressed herein is in Canadian Dollars.
- This report is only valid if it bears the original signature of the author.

# GLOSSARY OF TERMS AND DEFINITIONS

## DEFINITIONS OF VALUE, INTEREST APPRAISED AND OTHER TERMS

### MARKET VALUE

The Canadian Uniform Standards of Professional Appraisal Practice (The Standards) adopted by the Appraisal Institute of Canada define Market Value as:

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

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

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

### MARKET RENT

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:

1. Lessee and lessor are typically motivated.
2. Both parties are well informed or well advised, and acting in what they consider their best interests.
3. A reasonable time is allowed for exposure in the open market.
4. The rent payment is made in terms of cash in Canadian dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.
5. The rental amount represents the normal consideration for the property lease unaffected by special fees or concessions granted by anyone associated with the transaction.



## CONDOMINIUM INTEREST

An estate in real property consisting of an individual interest in a condominium unit, together with an undivided common interest in the common areas such as the land, parking areas, elevators, stairways, and the like.

## VALUE AS IS

The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.

## CASH EQUIVALENCE

A price expressed in terms of cash, as distinguished from a price expressed totally or partly in terms of the face amounts of notes or other securities that cannot be sold at their face amounts. Calculating the cash-equivalent price requires an appraiser to compare transactions involving atypical financing to transactions involving comparable properties financed at typical market terms.

## EXPOSURE TIME AND MARKETING TIME

### EXPOSURE TIME

Under Paragraph 3 of the Definition of Market Value, the value opinion presumes that a reasonable time is allowed for exposure in the open market. Exposure time is defined as: *“The length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effective date of the appraisal.”* Exposure time is presumed to precede the effective date of the appraisal.

The reasonable exposure period is a function of price, time and use. It is not an isolated opinion of time alone. Exposure time is different for various types of property and under various market conditions. It is a retrospective opinion based on an analysis of past events, assuming a competitive and open market. It assumes not only adequate, sufficient and reasonable time but adequate, sufficient and a reasonable marketing effort. Exposure time and conclusion of value are therefore interrelated.

Based on our review of investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been three to nine months.

This assumes the current owner would have employed an active and professional marketing plan.

### MARKETING TIME

Marketing time is an opinion of the time that might be required to sell a real property interest at the concluded market value level. Marketing time is presumed to start during the period immediately after the effective date of an appraisal. (Marketing time is subsequent to the effective date of the appraisal and exposure time is presumed to precede the effective date of the appraisal). The opinion of marketing time uses some of the same data analyzed in the process of developing a reasonable exposure time opinion as part of the appraisal process and it is not intended to be a prediction of a date of sale or a one-line statement.

We believe, based on the assumptions employed in our analysis and our selection of investment parameters for the subject, that our value conclusion represents a price achievable within six (6) months.

## CERTIFICATION OF APPRAISAL

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute of Canada.
- The Appraisal Institute of Canada reserves the right to review this report.
- Sheena Kereliuk inspected the property that is the subject of the report prior to December 31, 2014.
- No one other than the undersigned provided significant professional assistance to the persons signing this report.
- The value estimate contained in this report applies as of December 31, 2014. This date may be referred to as the effective date of valuation.
- The Appraisal Institute of Canada has a Mandatory Recertification Program for designated members. As of the date of this report, David Y.T. Shum has fulfilled the requirements of the program. Sheena Kereliuk is a Candidate member in good standing with the Appraisal Institute of Canada.
- The reader's attention is specifically directed to the Valuation Assumptions outlined in the Executive Summary as well as the Extraordinary Assumptions and Hypothetical Conditions outlined on Page 2.

**FINAL ESTIMATE OF VALUE**

Having regard to all of the information contained in this report, it is our opinion that the market value of the subject properties, at the effective date of valuation was:

**TWENTY ONE MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS**  
**\$21,530,000**

This value estimate is based on an exposure period of six to twelve months.

**CUSHMAN & WAKEFIELD LTD.**

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