APPRAISAL OF REAL PROPERTY

Delacour Lands (DCASP)
NE, NW, SW & SE; 25; 25; 28; W4M
Delacour, AB

IN A FULL NARRATIVE APPRAISAL REPORT
As of December 31, 2012

Prepared For:
Mr. Michael Pereira
Genesis Land Development Corp.
7315 – 8 Street NE
Calgary, AB T2E 8A2

Prepared By:
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C&W File ID: 13-213-900188
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CUSHMAN & WAKEFIELD®
VALUATION & ADVISORY

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Vacant Land

NE, NW, SW & SE; 25; 25; 28; W4M
Delacour, AB

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August 8, 2013

Mr. Michael Pereira
Genesis Land Development Corp.
7315 – 8 Street NE
Calgary, Alberta T2E 8A2

Re: NE, NW, SE & SW; 25; 25; 28; W4M
Delacour, AB

C&W File ID: 13-213-900188

Dear Mr. Pereira:

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

By agreement, this is a Full 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 the market value for the subject land. It is our understanding that the intended use of the appraisal is for 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 market value of the land, subject to the assumptions, limiting conditions, certifications and definitions contained herein at December 31, 2012, is estimated as follows:

DELACOUR LANDS:

311.55 acres x $25,000 per acre = ***$7,790,000 (rounded)***

DELACOUR CONCEPTUAL SCHEME:

305.71 acres x $42,500 per acre = ***$12,990,000 (rounded)***

TWENTY MILLION SEVEN HUNDRED EIGHTY THOUSAND DOLLARS
$20,780,000

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

Respectfully submitted,

CUSHMAN & WAKEFIELD LTD.

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EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION		
Name		617.26 Acres of Development Land
Address	:	N/A
Legal Description and Site Area	:	**Legal Address** / **Size (acres)** NE 25-25-28 W4M 160.00 NW 25-25-28 W4M 158.97 SW 25-25-28 W4M 152.58 SE 25-25-28 W4M 145.71 **TOTAL 617.26**
Property Ownership:		All four parcels have been owned by GP LPLP 2007 Inc. since November 21, 2007 when they were purchased for a total consideration of $31,385,500 from Worthington Properties Inc. To our knowledge, there have been no other transfers in the three years preceding this valuation. The market has generally declined since the purchase; however the owner has continued to move the property closer to development through planning and progress has been made for water access.
Title Instruments	:	We have completed a cursory review of the subject property's title. Each title has a utility right of way for Rocky View Gas Co-op Ltd. and mortgage related instruments. We do not anticipate that the registered instruments will affect the marketability and development of the property. For greater certainty, a legal opinion should be obtained.
Land Use	:	RF- Ranch and Farm District R2 – Residential Two District
VALUE ESTIMATE		
Market Value Estimate (Rounded) Same as last year	:	**Delacour Land (Conceptual Scheme) - $12,990,000** **Delacour Lands – $7,790,000** **Total - $20,780,000**
Valuation Assumptions	:	None
PROPERTY DESCRIPTION		
Type	:	Mid – long term development land
Location	:	The subject properties are located both in and out of the small Hamlet of Delacour, located approximately ten kilometers northeast of the Calgary city limits. The general boundaries of the subject property are Highway 564 to the south, Range Road 281 to the west and Highway 791 to the east.
LOCATION CHARACTERISTICS		
Surrounding Uses	:	Surrounding uses are primarily farmland.

EXTRAORDINARY ASSUMPTIONS

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions.

HYPOTHETICAL CONDITIONS

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions.

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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 distribution to limited partners. This report may only be relied upon by Genesis Land Development Corp.

PROPERTY IDENTIFICATION

A municipal address for the subject property is not available.

The subject property is legally described as follows:

Legal Address	Size (acres)
NE 25-25-28 W4M	160.00
NW 25-25-28 W4M	158.97
SW 25-25-28 W4M	152.58
SE 25-25-28 W4M	145.71
TOTAL	**617.26**

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

No Extraordinary Assumptions or Hypothetical Conditions have been employed.

PROPERTY OWNERSHIP

Based on title nos. 071568779 and 071568778, all four parcels have been owned by GP LPLP 2007 Inc. since November 21, 2007 when they were purchased for a total consideration of $31,385,500 from Worthington Properties Inc. 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, 2012.

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 on December 16, 2012;
- 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 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 properties are located both in and out of the small Hamlet of Delacour, located approximately ten kilometers northeast of the Calgary city limits. The general boundaries of the subject property are Highway 564 to the south, Range Road 281 to the west and Highway 791 to the east.

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

NEARBY AND ADJACENT USES

The subject's local area is composed of ranch and farmland, as well as acreages.

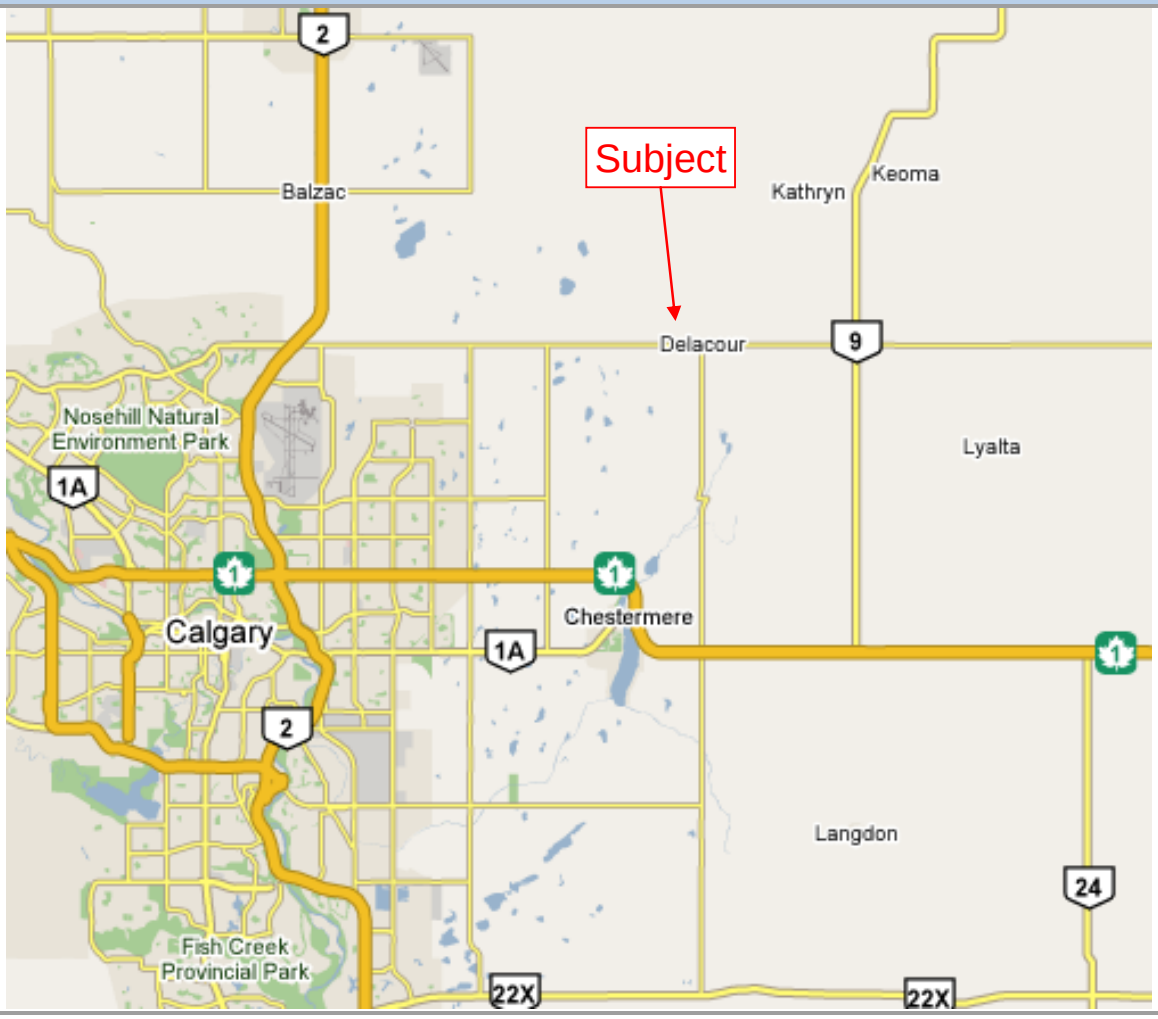
LOCAL AREA CHARACTERISTICS

- The Hamlet of Delacour was originally a railway settlement dating back to 1914. Recent growth has been minimal however interest has been expressed within the community to prepare a plan to define the type of future growth and possible expansion opportunities for the surrounding community.
- Area has historically been used for agricultural purposes.
- The northeast and southeast quarter sections of the subject property are located in the Delacour Community Area Structure Plan (DCASP) which was adopted on September 13, 2005 by the Municipal District of Rocky View No. 44.

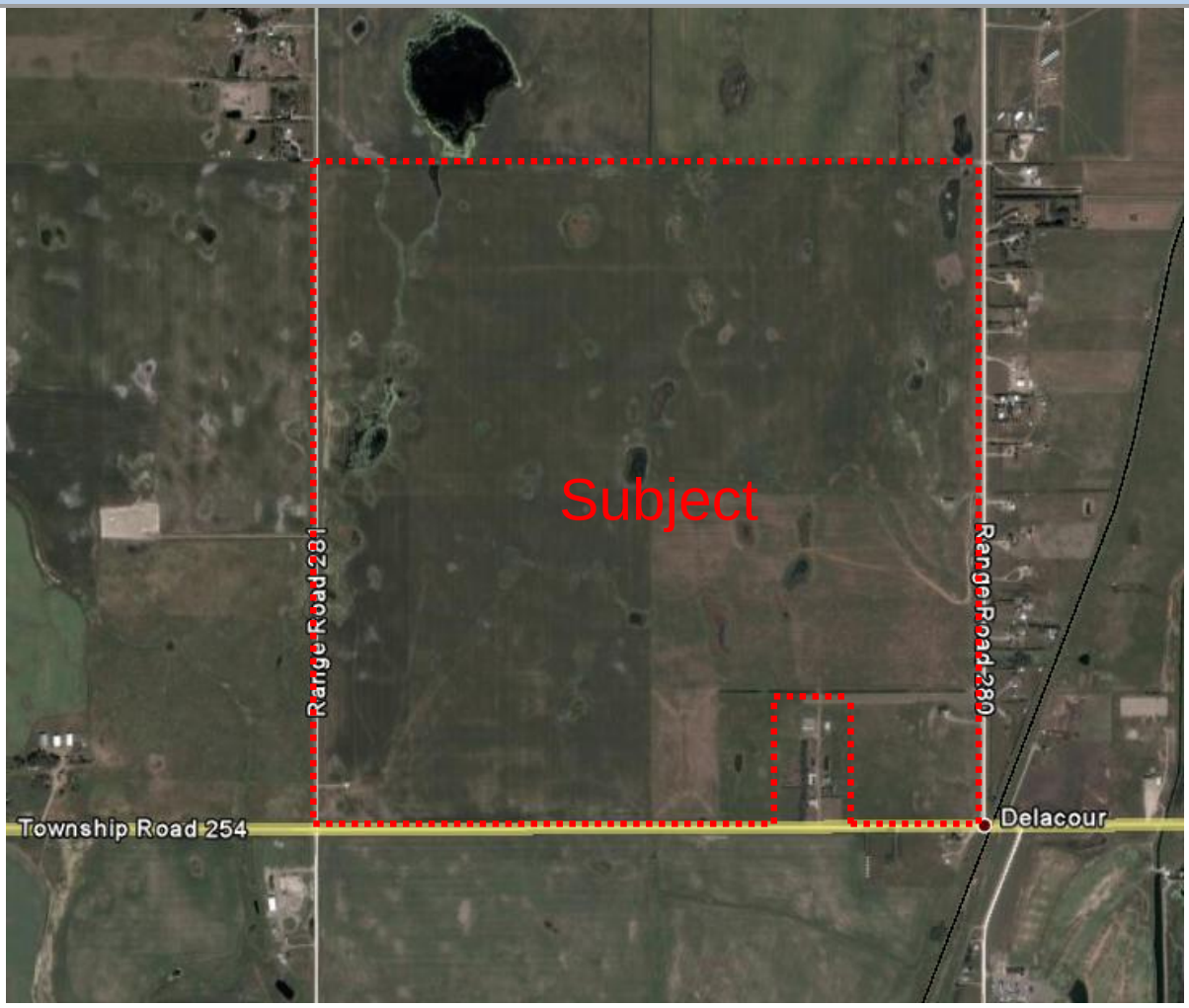
CONCLUSION

The subject site is well located for development in the mid to long term.

REGIONAL MAP

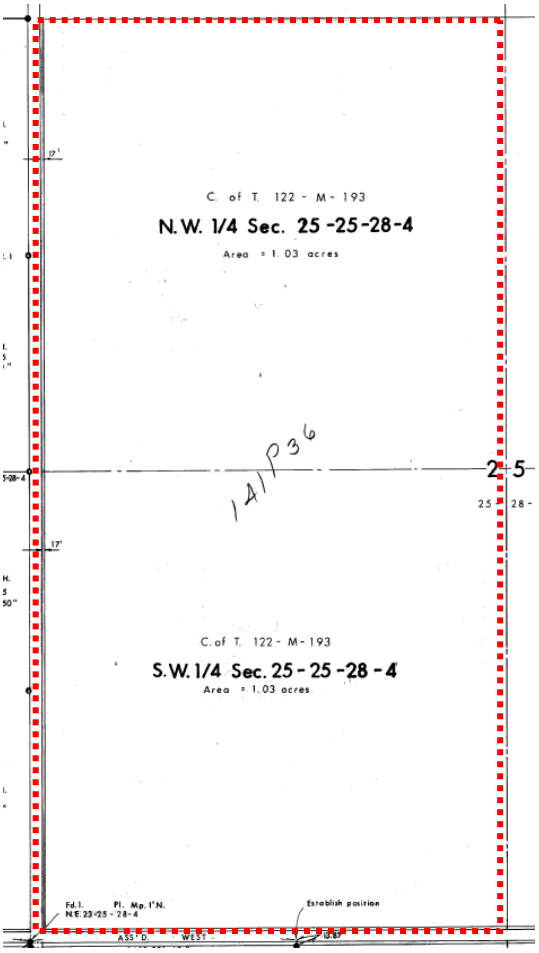


LOCAL AREA MAP

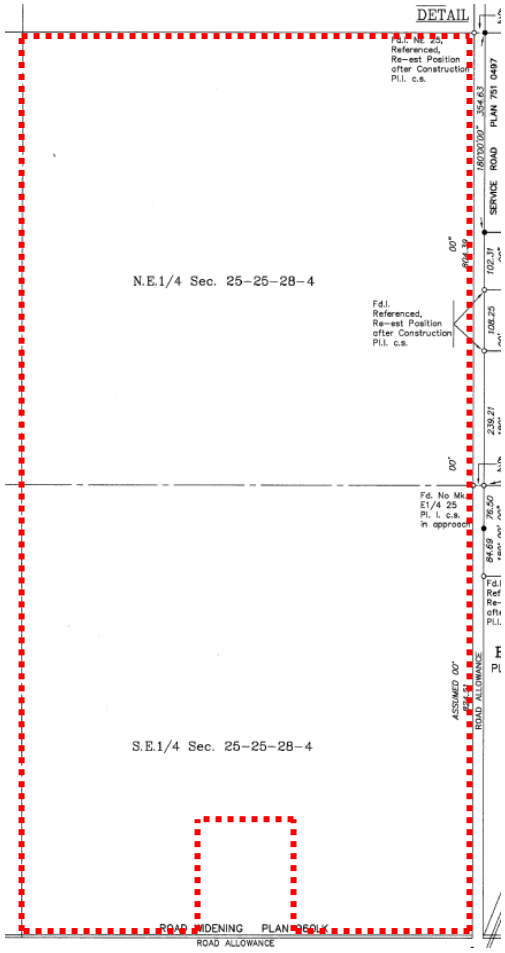


SITE DESCRIPTION

SURVEY PLANS



NW & SW 25-25-28 W4M



NE & SE 25-25-28 W4M

Lot Details : Shape : Square

Total Area :

Legal Address	Size (acres)
NE 25-25-28 W4M	160.00
NW 25-25-28 W4M	158.97
SW 25-25-28 W4M	152.58
SE 25-25-28 W4M	145.71
TOTAL	**617.26**

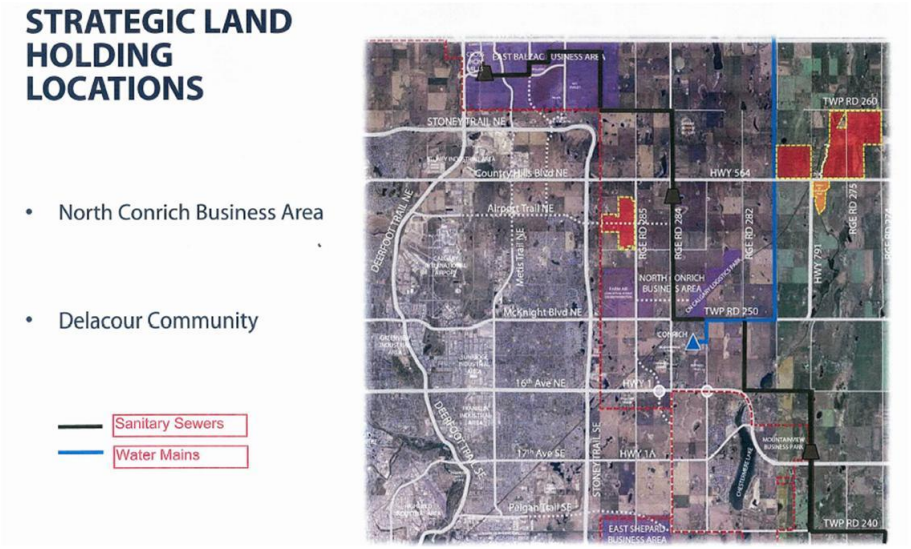
Easements and/or Rights of Way : There are several instruments registered on the subject titles and are assumed not to have any impact on the marketability of the subject sites. For greater certainty, a legal opinion should be obtained.

Topography : The sites are mainly level with gentle undulations and are at grade with adjacent properties and roadways.

Access : The sites are currently accessed off of Range Road 281, Range Road 280, and Township Road 254.

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 Conrich Water Servicing Project has recently been completed with water infrastructure in place to serve residential and commercial developments in the Conrich area. This line runs from the existing East Balzac Water Treatment Plan to the Conrich area. As the line borders the subject property on the west side of the parcel, tying in via feeder mains would be feasible for the subject property upon completion of upgrades to the infrastructure to this particular location.



The general concept of storm management will be to collect and harvest using a combination of gutters in the road ways and a system of "stream bed" or grassed swales contained in the Village's open-space system. Storm water will be managed through a comprehensive drainage system of direct overland conveyance to pools and wetlands which will assist in treating storm water before re-using.

Shallow utilities such as natural gas and electricity will be extended to each lot within the development and are the responsibility of the developer. Alternative energy supply options for the Village will be explored and proposals submitted at the subdivision stage of the approval process.

It should be noted that the storm management and utility services discussed above, apply only to those sections of the subject property within the Delacour Conceptual Scheme; the remaining portion of the subject lands will not have access to these services in the short term.

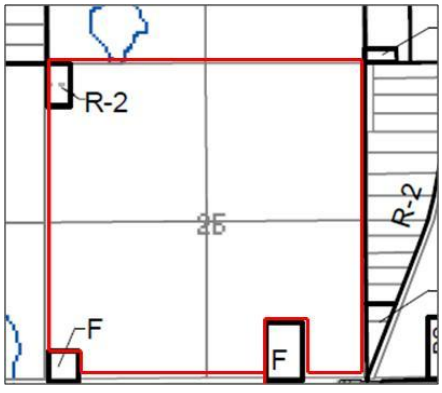
Environmental Matters : Cushman & Wakefield Ltd. has no expertise or responsibility regarding environmental matters. A phase one environmental study has been reportedly completed with no known issues. A copy of the environmental report was not provided to the author of this report.

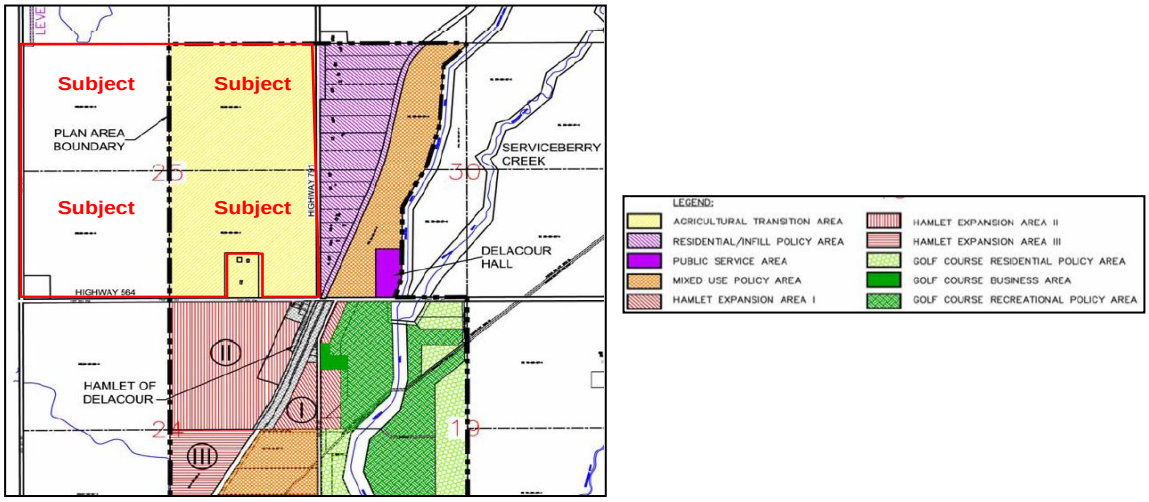
LAND USE BYLAW

According to the current Land Use By-law, the subject properties are classified as RF, Ranch and Farm District. The purpose and intent of this district is to provide for agricultural activities as the primary land use on a quarter section of land or on large balance land from previous subdivisions. Permitted uses include accessory buildings, general agriculture, accessory dwellings to agriculture uses, and home based business. Discretionary uses include a variety of small businesses. The minimum parcel size is 160.0 acres or the area in title at the time of passage of the Bylaw.

A portion of the NW quarter of the subject property is classified as R-2, Residential Two District with a purpose of providing a residential use on a small parcel of land which accommodates minor agricultural pursuits and required accessory buildings. Permitted uses include accessory buildings less than 150.0m², single detached dwellings, home based businesses, keeping of livestock and private swimming pools. Discretionary uses include bed and breakfast homes, child care facilities, commercial communication facilities, move-in dwellings, home-based businesses, hobby kennels and medical practices, to name a few.

The northeast and southeastern quarter sections of the subject property are located in the Delacour Community Area Structure Plan (DCASP). Within the DCASP, the subject properties' future use is an Agricultural Transition Area. Please refer to the following diagram for visual inspection:





The Agricultural Transition Area was determined on the basis that the properties are still in agricultural use, remain largely un-subdivided and contain soils having few limitations for agricultural production. It is possible that these lands could stay in agricultural production in the long-term. However, due to the proximity to existing residential areas, available highway access, and necessity to be planned properly as interface between hamlet uses, existing residential, and agricultural lands it is anticipated that these lands will begin to transition away from a primary agricultural use.

a) Lands identified within the Agricultural Transition Area may remain agricultural use. Premature conversion of these lands to other uses should be discouraged.

b) Conversion of Agricultural Transition Area lands is identified as residential or local commercial in nature, and requires the following:

   a. the proposed land use must be consistent with the policies in the Rocky View County Municipal Development Plan;

   b. any necessary road widening for Highway 791 and Highway 564 is fully dedicated from the lands identified within the Agricultural Transition Area;

   c. the proposed development is subject to the General Policy Section 5.1 in the DCASP requiring Concept Plans; and

   d. the proposed development must be supported by communal and/or piped water and wastewater servicing.

The Rocky View County Municipal Development Plan (MDP) was enacted by The Municipal District of Rocky View No. 44, Bylaw c-4840-97 on July 6, 1998, in accordance with Section 632 of the Municipal Government Act.

Three of the goals stated in the Rocky View County MDP are:

- To facilitate residential developments which create safe and livable environments,
- To encourage and facilitate appropriately-located business development, which contributes to the economy of the Municipality and,
- To facilitate the growth of certain hamlets in accordance with sound land use planning.

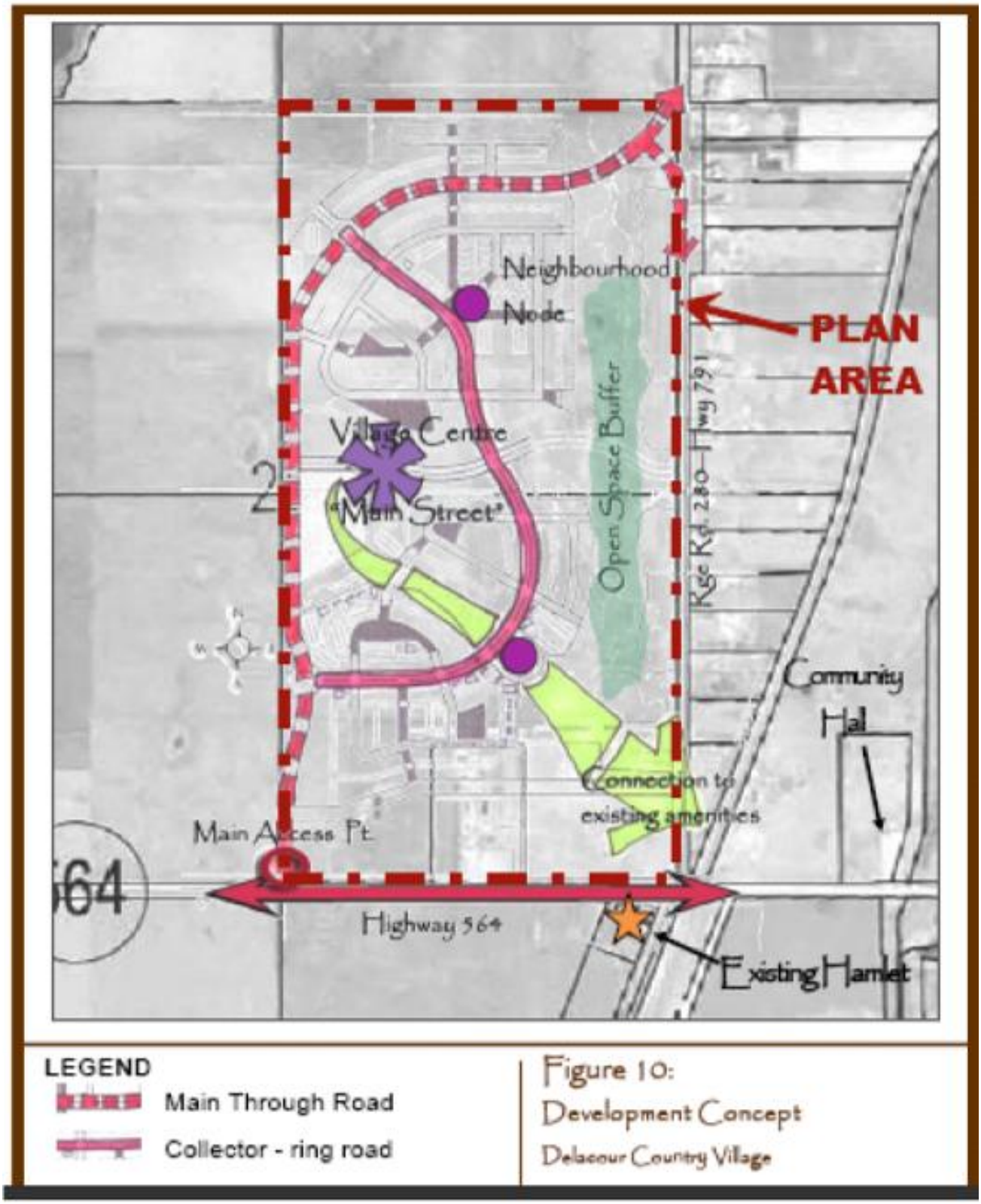
CONCEPT PLAN

The overall idea for the Delacour Community Village is for a central core to serve as a Main Street which will incorporate mixed land uses with open areas, commercial and residential uses. The residential development will primarily be divided into two neighborhoods, each with a small Neighborhood Core center. These Neighborhood cores will be linked to each other and the Main Street by a collector road.

The breakdown of land uses for this area is as follows:

Land Use	Area (ac)	Area (ha)	Percentage of Plan Area
Residential	112.8	45.6	36.9
Commercial/Mixed Use	13.0	5.3	4.3
Open Space	91.7	37.1	30
Storm water Management	11.1	4.5	3.6
Fire Hall & School Site	15.8	6.4	5.2
Roads	49.0	19.8	16
Lanes	12.3	5.0	4
Total	**305.7**	**123.7**	**100 %**

The following diagrams outline the overall concept for the design of the Delacour Community Village which is laid out with a central core, and two neighborhood nodes, incorporating mixed land use with open space, commercial and residential uses:



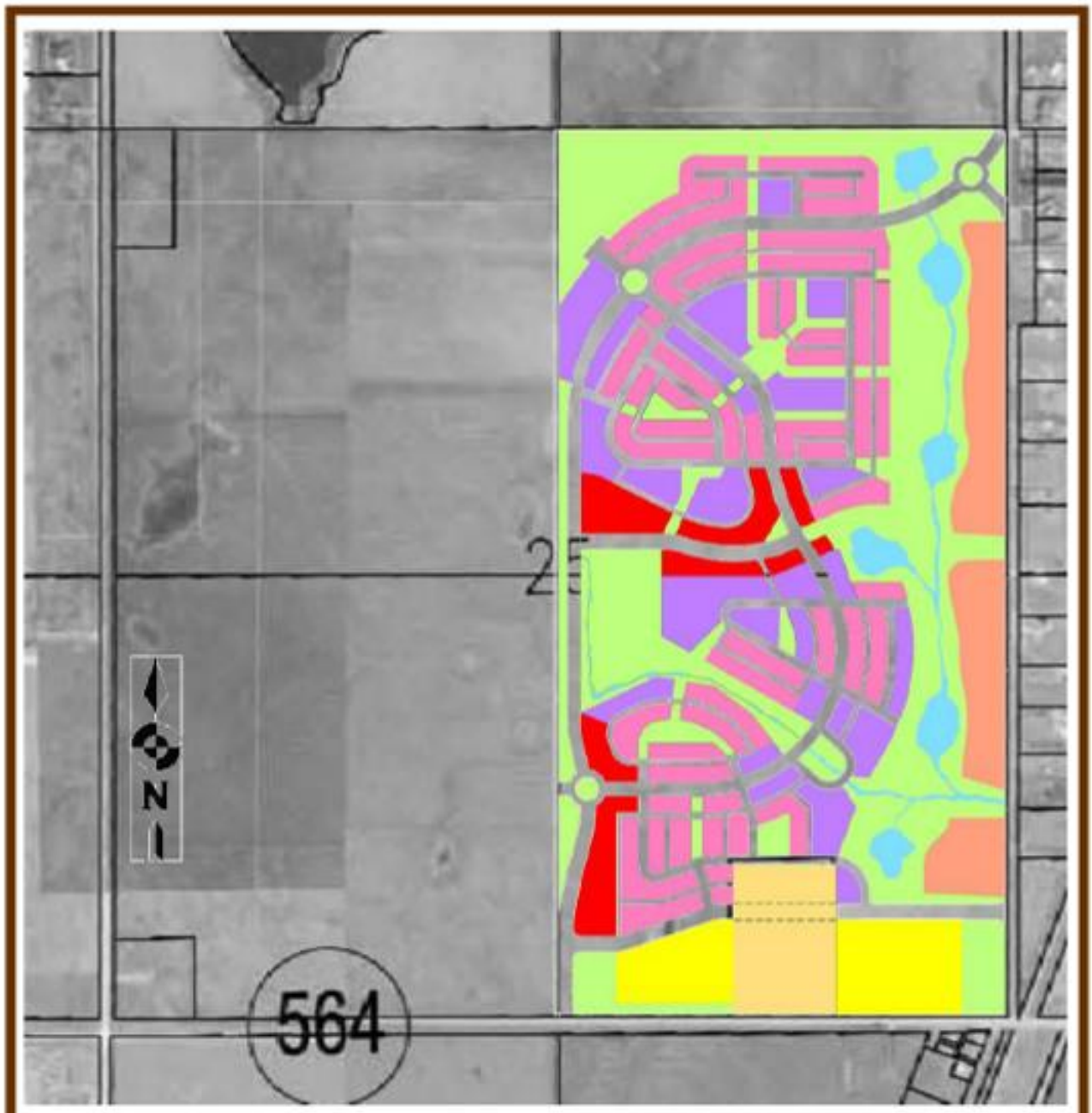


Figure 11:
Land Use
Delacour Country Village

ASSESSMENT

The following is the 2012 property assessment for the subject properties. As it was assessed as farmland, the values are substantially lower than our current estimate of market value as concluded in this report.

Legal Description	Size (acres)	Description	Assessment 2012
NE; 25; 25; 28; W4M	160.00	Vacant Farmland	$ 42,730
NW; 25; 25; 28; W4M	158.97	Vacant Farmland	$ 42,430
SW; 25; 25; 28; W4M	152.58	Vacant Farmland	$ 42,180
SE; 25; 25; 28; W4M	145.71	Residential	$ 305,530
		Farm Residence	$ 440,760
		Farmland	$ 35,680
		Exempt	$ (92,310)
Total	**617.26**		**$ 817,000**

MARKET ANALYSIS

CANADA - ECONOMIC OVERVIEW

THE CANADIAN ECONOMY

With a population of 34.7 million and an annual population growth rate estimated at 0.9 percent, the Canadian economy is the 8th largest in the world. Geographically, Canada is the second largest country in the world at almost 10.0 million km^2 (or 3.9 million square miles) and has the longest coastline and longest border with another country, the United States.

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

Canada's real GDP growth in the fourth quarter of 2012 is estimated at 1.2 percent, up from last quarter's growth rate of 0.6 percent (although it was estimated at 1.6 percent at the time), according to BMO Capital markets. Western Canada continued to outperform Eastern Canada, benefited by strong production of natural resources and related capital investment in the West Coast. On the other hand, provinces east of Manitoba showed slower rates of growth due to their heavy dependence on the U.S. economy. Since the U.S. is facing issues such as weak employment growth, fiscal deficit and political uncertainties, it means less foreign investment in provinces like Ontario and Quebec. In addition, the stabilization of European financial markets witnessed earlier this year, was recently replaced by renewed uncertainty. Moreover, China's economy recently showed signs of soft landing, which means the former growth driver of the Canadian economy is now slowing down. With all factors combined, BMO Capital Markets estimates a 2.1 percent GDP growth rate for the year of 2012, down from 2.6 percent in 2011.

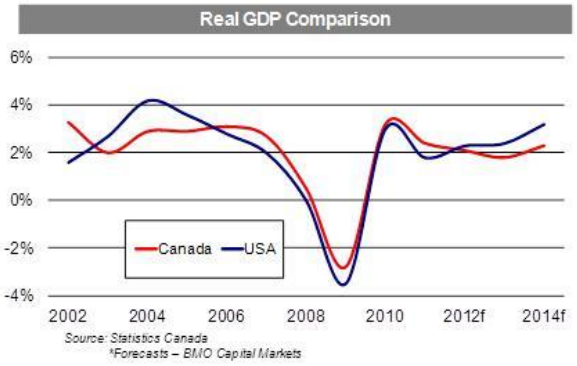
CANADIAN ECONOMIC INDICATORS	Q4 2012	Q/Q Change
Real GDP (f)	1.2%	↑
Unemployment	7.3%	↓
Employment Growth	1.9%	↑
Retail Sales Growth (f)	3.3%	↑
Housing Starts (000's)	198	↓

Source: BMO Capital Markets, TD Economics

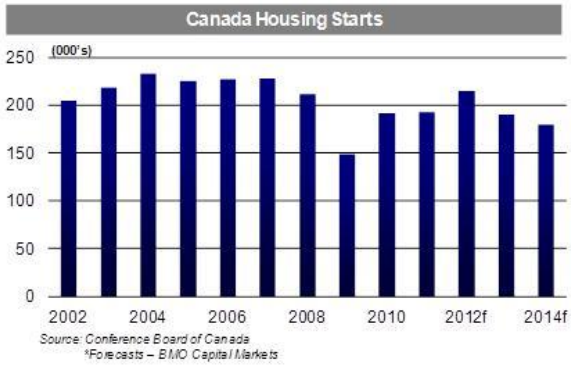
Domestically, employment soared by 59,300 in November 2012, driven by increases in the accommodation and food services sector (+28,000) and the retail and wholesale trade sector (+25,000), thanks to the holiday season. Consequently, the unemployment rate fell to 7.2 percent in November from 7.4 percent in the previous two months. Compared with 12 months ago, employment in November was up by 1.7 percent. On the other hand, total housing starts declined by 3.6 percent in November to an annualized rate of 196,100 units in Canada. The decline was mostly concentrated in British Columbia (-16.5 percent) and Ontario (-14.3 percent), whereas gains in Quebec (+15.4 percent) provided some offset.

FUTURE CONSIDERATIONS

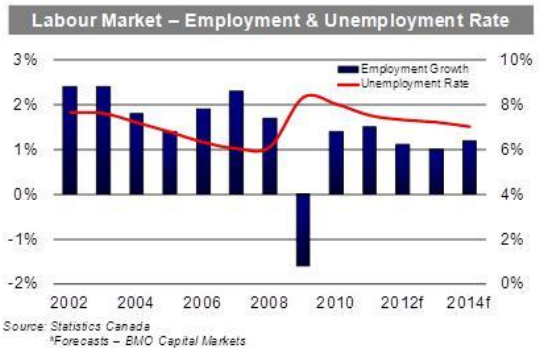
Increase in business spending on capital goods and non-residential construction is expected to be the main growth driver for Canadian economy in 2013. In addition, as the U.S. economy strengthens and an eventual recovery of the European market, Canadian exports are expected to pick up by the end of 2013. However, the housing market is expected to moderate in 2013, due to an anticipated higher interest rate and tighter mortgage insurance rules in the second half of 2013.



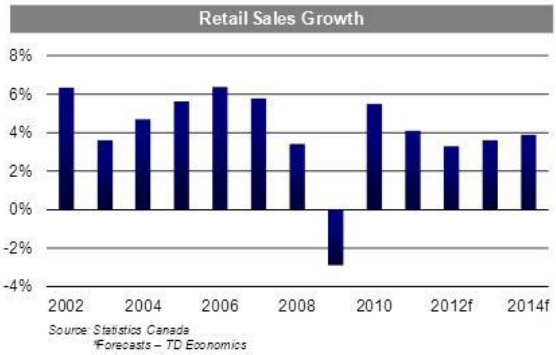
- After growing by 2.6 percent in 2011, the Canadian economy is expected to cool down with a GDP growth rate of 2.1 percent in 2012 and 1.8 percent in 2013, given a more challenging external environment. A better economic outlook is anticipated for 2014, as demand for global export strengthens.
- Western Canada is anticipated to remain as the growth driver for the Canadian economy over the next two years, thanks to an elevated demand in the commodity market and solid capital investments in the natural resources sector.



- The Seasonally Adjusted Annualized Rate (SAAR) is estimated at 198,000 units in the fourth quarter, down from 222,000 units in the third quarter, while lowering 2012 average annual housing starts to 215,000 units. Moreover, given the prospect of rising interest rates in the second half of 2013, total housing starts in Canada are expected to decline to 190,000 units in 2013 and to 180,000 units in 2014.
- The decline in housing starts can be viewed as beneficial to moderating potential risks of over-supply in the Canadian housing market, especially in the multi-unit segment.



- Despite the headwinds from Europe and the U.S., the Canadian labour market continued to generate jobs in 2012, albeit at a slower pace at 1.1 percent. BMO Capital Markets forecasts employment growth in Canada to further slow down to 1.0 percent in 2013, while improve to 1.2 percent in 2014.
- Based on the most recent Statistics Canada Labor Force Survey, employment in natural resources, health care and transportation/warehousing sectors are expected to experience significant growth over the next two years.



- Canadian retail sales rose for a fourth consecutive month in October, up by 0.7 percent over September to $39.4 billion, according to Statistics Canada. The growth was primarily driven by increasing sales of clothing and clothing accessories (+1.8 percent) and motor vehicles and parts (+1.6 percent).
- TD Economics estimates retail sales growth to average 3.3 percent in 2012, down from 4.1 percent in 2011, primarily due to a record high household debt level. With better job prospects in 2013 and 2014, retail sales are expected to improve.

ALBERTA - ECONOMIC OVERVIEW

THE ALBERTA ECONOMY

As of October 2012, Alberta's population was estimated at 3.9 million, a 2.9 percent increase from a year earlier. Analysts forecast that Calgary's population will continue to grow and reach nearly 4.1 million by the end of 2015.

Alberta is known as Canada's "energy province", with more than 80 percent of the country's reserves of conventional crude oil, over 90 percent of its natural gas, and all of its bitumen and 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

After growing by 5.2 percent in real GDP last year, Alberta is expected to continue to lead the nation's GDP growth in 2012 at an estimated rate of 3.4 percent, according to BMO Capital Markets. In October, total merchandise exports in Alberta registered a 7.1 percent year-over-year growth rate, with agriculture and energy exports accounting for the largest increases at 29.5 percent and 9.2 percent, respectively. On the other hand, WTI crude oil prices weakened for the second consecutive month in November, slipping by 3.3 percent to a monthly average of US$86.66/barrel, while natural gas prices rose by 7.0 percent over last month to US$3.54/mmbtu, as reported by Alberta Treasury Board.

ALBERTA ECONOMIC INDICATORS

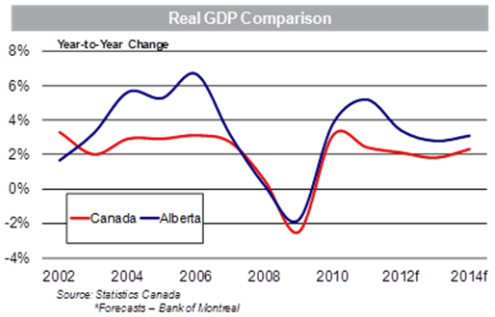
	2012 Q4	Y/Y Change
GDP	3.4%	↓
Unemployment	4.5%	↓
Employment Growth	2.7%	↓
WTI Crude Oil ($US per barrel)	$94.12	↓
Natural Gas ($US mmbtu's)	$2.75	↓
Housing Starts (000's)	33.3	↑

Source: BMO Capital Markets, U.S. Energy Information Administration

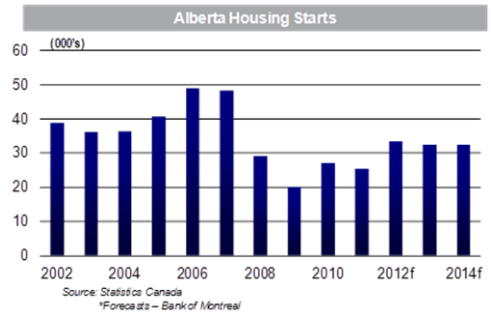
Domestically, employment in Alberta fell by 6,100 in December following five consecutive months of job gains, contributing to a 30 bps increase in the unemployment rate to 4.5 percent. However, Alberta's unemployment rate was still the lowest in the country. In addition, Alberta witnessed a net gain of 55,500 jobs (+2.7 percent) over the last 12 months, well above the national average growth rate of 1.1 percent. Consequently, good job prospects attracted more people to migrate to the province, leading to a surge in home construction. In November, housing starts in Alberta reached a five-year-high of 3,058 starts, an increase of 28.6 percent year-over-year. Accordingly, BMO Capital Markets forecasts Alberta's total housing starts to increase by 30.6 percent over last year to 33,300 units in 2012.

FUTURE CONSIDERATIONS

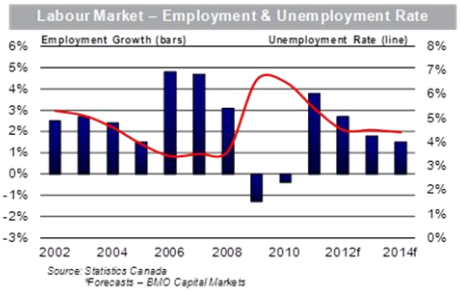
Alberta is expected to largely sustain its broad-based growth over the next two years. Although investment in the energy sector will likely lose its dominant role in 2013, rising demand for commercial and industrial space will keep capital spending outside the energy sector well supported, according to RBC Economics. Moreover, strong population growth is expected to continue to fuel residential construction and consumer spending in the province. By 2014, the energy sector should regain its strength provided with resolved oil delivery issues and recovering oil and natural gas prices. With all factors combined, Alberta's real GDP is forecast to grow by 2.8 percent in 2013 while improve to 3.1 percent in 2014.



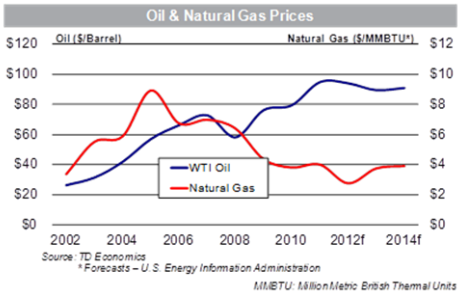
- After a sharp increase of 5.2 percent in 2011, Alberta's economy continued to demonstrate robust growth over the first half of 2012, until the start of oil price declines and renewed challenges from European markets in the second half of the year. Overall, Alberta's real GDP is expected to grow by 3.4 percent in 2012, while gently slow down to 2.8 percent in 2013 but will regain its strength in 2014.
- Strong population growth, good job prospects, and vigorous business investments are determined to be the primary growth drivers over the next two years.



- Driven by a growing population, home construction continued to surge in Alberta, reaching a five-year high in November at an annualized rate of 38,900 units. BMO Capital Markets projects housing starts in Alberta to average 33,300 units by the end of 2012 while moderate to 32,500 units in 2013 and 2014.
- Total housing starts in Alberta's seven largest cities from January to November were up by 31.0 percent over the same period last year, based on CMHC statistics. The increase was primarily driven by a surge in multi-family starts, which rose by 61.0 percent compared to the first 11 months of 2011.



- In 2012, 55,500 jobs were created in Alberta, representing more than a quarter of total employment gains in Canada. As a result, unemployment rate in Alberta reached 4.5 percent in December, 90 bps lower than a year ago. However, the jobless rate is expected to stay roughly the same in 2013 and 2014.
- While having the lowest unemployment rate in the country, Alberta is also facing the highest job vacancy rate, with estimated 55,000 unfilled private sector jobs, according to the Canadian Federation of Independent Business. Operations support for the oil and gas industry is particularly challenging.



- U.S. Energy Information Administration (EIA) projects WTI crude oil prices to average US$94.12/barrel in 2012 while decline to US$89.54/barrel in 2013. In 2014, the average WTI crude oil price is expected to rebound to US$91.00/barrel.
- Natural gas inventories rose by 4.5 percent over last year to 69.2 billion cubic feet per day (Bcf/d) in 2012, according to EIA. With an increase in supply, EIA estimates natural gas prices to average $2.75/MMBtu in 2012, down from $4.00/MMBtu in 2011. However, the average price is expected to increase to $3.74/MMBtu in 2013 and to 3.90/MMBtu in 2014.

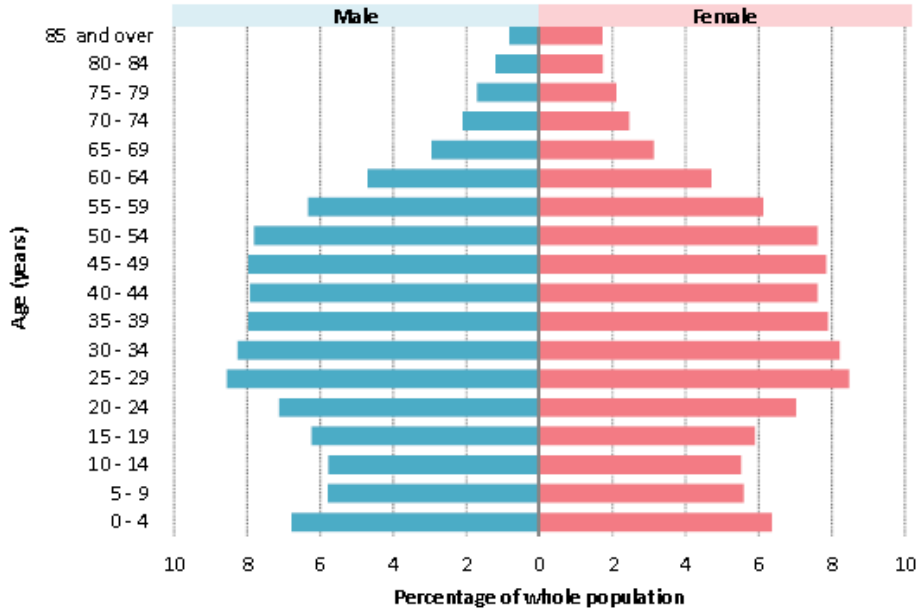
CALGARY - ECONOMIC OVERVIEW

THE CALGARY ECONOMY

Calgary is the largest city in the Province of Alberta and is the third 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.

Calgary is the fifth largest metropolitan area in Canada, and the largest city between Toronto and Vancouver. According to the 2012 municipal census conducted by the City of Calgary, the Calgary CMA has an estimated population of 1,120,225, up 29,289 residents or 2.6% the 2011 municipal census of 1,120,225.

According to the age distribution in Calgary, the first of the baby boomers have started to enter into the age of retirement. Over the next 10 years, 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 to double. The youths of today will face a difficult time supporting the large and growing retired population.



KEY ECONOMIC INDICATORS

EMPLOYMENT VS. UNEMPLOYMENT

According to Statistics Canada, unemployment rate have remained stagnant from May 2012 to June 2012 at 4.8% and down 0.1% from 4.9% from the month long period. Nonetheless, with the unemployment rate just under six per cent, it continues to indicate a sharp contrast to the rates of 2007, when fewer than three per cent of Calgarians were out of work. The participation rate for the Calgary Economic Region in June 2012 was 75.1%, well above the national (67.2%) and Alberta's average of 73.3%.

The total employment increased by 8,900 on a quarterly basis. The most significant gain in employment year over year in the second quarter of 2012 were in the oil and gas industry (+23,000), other services (+8,000) and accommodation and food services (+7,600). It has been forecasted that he finance, insurance, real estate and leasing, business services, construction and transportation and warehousing industries will lead employment growth in the Calgary CMA in 2013.

Indicator - Calgary Economic Region	June 2012	May 2012	June 2011	YOY Change	
				Number	%
Employment	790,900	791,200	720,600	70,300	9.8%
Unemployment Rate (%)	4.8%	4.9%	5.8%	--	-1.0%

Source: Statistics Canada

BUILDING PERMITS

Total cumulative building permit values increased year over year, with a 6.3% from $370.5 million in July 2011 to $393.8 million in July 2012. Residential building permit values have continued to increase in 2012 with a 7.3% year-over-year growth in value.

Indicator - CMA	July 2012	July 2011	YTD Cumulative		YOY Change	
			2012	2011		
			Number		Number	%
Total ($ Millions)	393.8	370.5	3,194.4	2,934.6	23.2	6.3%
Residential ($ Millions)	247.7	230.8	1,845.7	1,426.7	16.8	7.3%
Non-Residential ($ Millions)	146.1	139.7	1,348.7	1,507.9	6.4	4.6%

Source: Statistics Canada

MAJOR PROJECTS

The project sectors with the highest value in August 2012 were Commercial/Retail ($6.4 billion), Infrastructure ($5.6 billion) and Institutional ($3.0 billion).

Leading developments among Calgary's major projects include Stonegate Landing by WAM Development Group, the soon to be completed The Bow by Matthews Southwest Development, the international Transborder Concourse by Calgary Airport Authority and Alberta Health Services' Hospital for South Calgary.

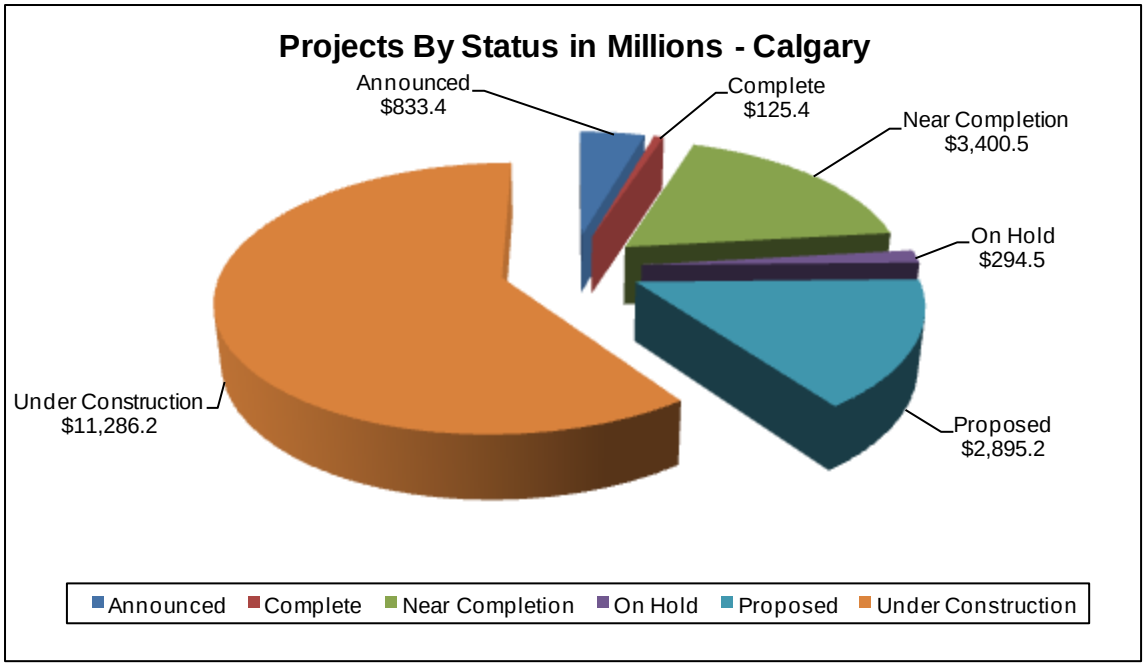
As of August 2012	
Industry Type	Number of Projects
Commercial / Retail	41
Commercial / Retail / Residential	1
Infrastructure	64
Institutional	28
Power	2
Residential	66
Tourism / Recreation	12
Total	**214**

Source: Government of Alberta

As of August 2012, the top projects over $300.0 million in Calgary, as per the Government of Alberta, are as follows:

Company Name	Project Description	Cost in $ Millions	Construction Schedule	Remarks
WAM Development Group	"Stonegate Landing"	$2,250.0		Under Construction
Matthews Southwest Development	The Bow	$1,500.0	2007 - 2012	Near Completion
Calgary Airport Authority	International Transborder Concourse	$1,427.0	2011 - 2015	Under Construction
Alberta Infrastructure	South Health Campus	$1,310.0	2007 - 2012	Near Completion
ENMAX Energy Corp	Shepard Energy Centre	$1,300.0	2011 - 2015	Under Construction
Remington Development Corp.	"Quarry Park"	$1,000.0	2006 - 2015	Under Construction
City of Calgary	West LRT Line	$1,000.0	2010 - 2013	Under Construction
Alberta Transportation	Southeast Section Calgary Ring Road	$769.0	2010 - 2013	Under Construction
Calgary Airport Authority	North - South Parallel Runway	$620.0	2011 - 2014	Under Construction
Oxford Properties	Oxford Airport Business Park	$500.0	2011 - 2019	Under Construction
SAIT	Trades and Technology Complex	$445.0	2010 - 2012	Near Completion

Source: Government of Alberta



MLS Housing Sales

According to the Calgary Real Estate Board (CREB), in August 2012, there were 1,725 sales, totaling $7.2 million dollars, an increase of 13.37% from August 2011. In year-over-year, the number of sales increased 15.68% from 13,314 in 2011 to 15,402 in 2012. Single family resale has reflected this general trend with an increase of 6.18% from 1,169 sales in August 2011 to 1,101 sales in August 2012. The condominium apartment market also reflects a similar trend with an increase of 10.92% from 315 sales in August 2011 to 284 sales in August 2012.

The average price of a single family home as of August 2012 was $475,272, up 4.55% from $454,595 in August 2011.

The average price of condominium apartments also experienced an increase, from $262,951 in August 2011 to $281,941 in August 2012 or a 7.22% growth. .

RETAIL SALES

Retail sales in Calgary in the third quarter of 2012, were $26.3 billion, up 8.9% from the same period in 2011. According to the Kubas Primedia forecast, the annual retail sales of 2013 for the Calgary CMA should reach approximately $28.6 billion, or an 8.5% growth from 2012.

Indicator - CMA	2011	2012	2013 Projection	YOY Change (%)		
				2011	2012	2013
Retail Sales ($ Billion)	24.2	26.3	28.6	7.2%	8.9%	8.5%

Source: Kubas Primedia Retail Sales Canada Outlook Q3 2012

CPI

From October 2011 to October 2012, prices paid by Canadians for goods and services, as measured by the Consumer Price Index (CPI) basket, increased by 0.6% in Calgary, 0.2% in Alberta and 0.2% in Canada. The increase can be attributed by the higher prices in health and personal care (2.9%), transportation (2.5%) and the food industry (2.5). Prices for clothing and footwear and recreation, education and reading prices have all experienced a minor price reduction.

Indicator - CMA	October 2012	September 2012	October 2011	YOY Change	
				Number	%
CPI (2002=100)	127.5	127.5	126.9	0.6	1.0%

Source: Statistics Canada

FUTURE CONSIDERATIONS

Despite the tremendous success Calgary has experienced, it has yet to recover some of its losses from its former pre-recession peak. However, with its current strong economic growth and the further strengthening of the labor and commodities markets, the first half of 2012 has shown signs of strong and sustained growth. While Calgary remains susceptible to changes in the energy sector, the City and province enjoy an advantageous position in the national landscape.

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

According to the current Land Use By-law, the subject property is classified as RF, Ranch and Farm District. The purpose and intent of this district is to provide for agricultural activities as the primary land use on a quarter section of land or on large balance land from previous subdivisions. The minimum parcel size is 160.0 acres or the area in title at the time of passage of the Bylaw. The existing use is agricultural production and is legally permissible. The subject property is expected to transition to residential and/or industrial use in the mid to long term.

A continuation of the existing use as agricultural land is 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 a comprehensively planned residential and/ or commercial development when feasible.

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 with a comprehensively planned residential and/ or commercial development 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 until development is legally permissible and financially feasible.

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.

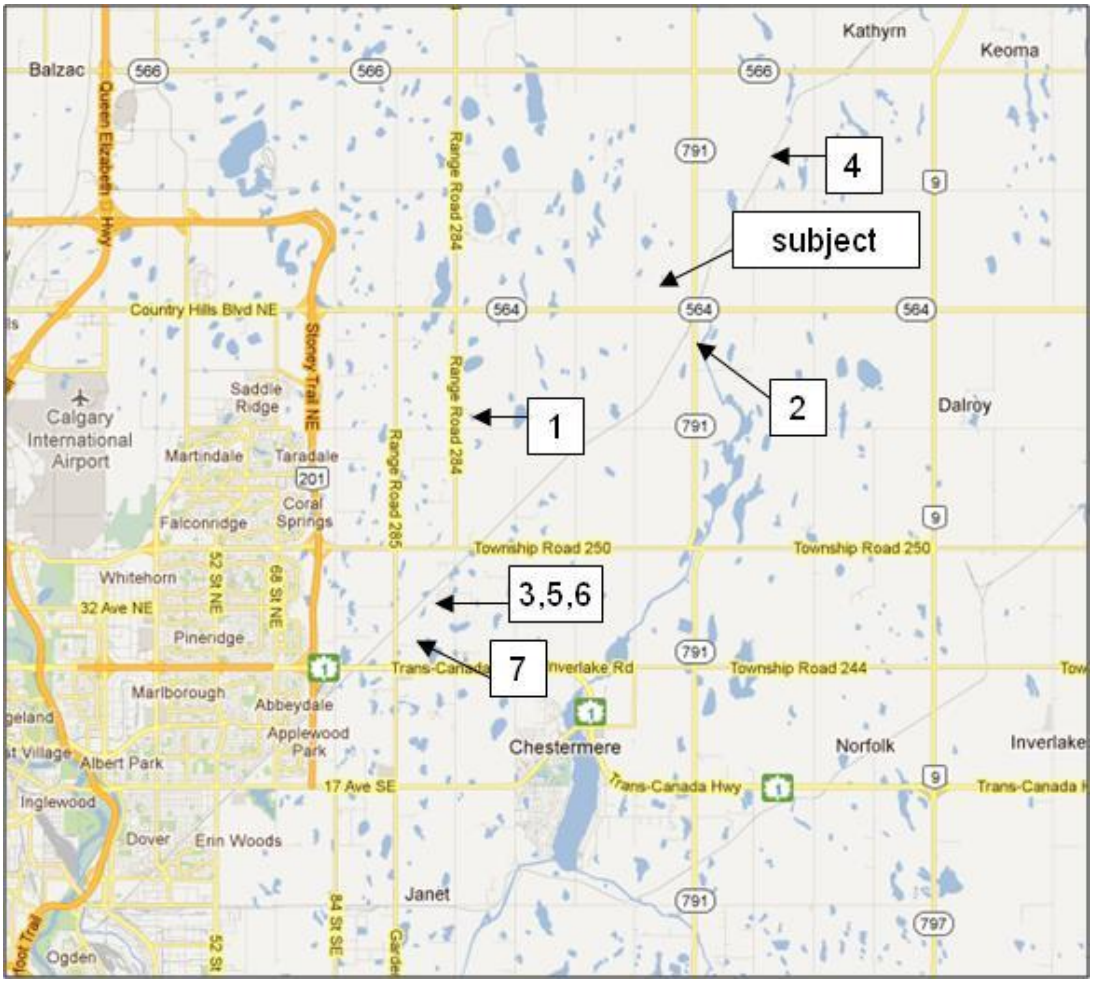
DEVELOPMENT LAND SALES

NO.	ADDRESS LEGAL	SALE DATE ZONING	VENDOR PURCHASER	SALE PRICE	SITE AREA (ACRES)	SALE PRICE / ACRE	REMARKS
1	N/A Rocky View County, AB SW; 16; 25; 28; W4M	Current Listing AG	H. & L. Kroeker N/A	$3,920,000	141.24	$27,754	Located north of the CN Inter Modul Transport system; Property is a corner parcel with water and sewage lines running along the west side of the property
2	Lands surrounding the Delacour Golf Course Rocky View County, AB W; 19; 25; 27; W4M	Expired Listing *Tom Sherry –CIR)* Golf Course Residential Policy Area	McIntosh Farms Inc. et. al. N/A	$15,500,000	107.9	$143,652	Located within the Delacour Area Structure Plan and surrounding the Canal at Delacour Golf Club; Site size is based on several separate parcels on six titles owned by 8 vendors; three parcels include bungalow style residences; Various zonings include Recreation Business District, Ranch and Farm Two and Three District
3	N/A Rocky View County, AB S; 3; 25; 28; W4M	December 2011 RF	Conrich Track & Stables Ltd. Canadian National Railway Company	$7,000,000	165.76	$42,230	Located northeast of Conrich and east of the Canadian National Railway Line; A Transmission line runs north to south on the west side of the parcel
4	N/A Rocky View County, AB Ptn SW; 5; 26; 27; W4M	September 2011 RF	R. Boodhu, B. Reeb B. & J. Mitchell	$379,000	35.24	$10,780	Located two miles north of Secondary Road 564; one and a half miles south of Secondary Highway 566; Close proximity to the Secondary canal right of way
5	N/A Rocky View County, AB SW, SE; 3; 25; 28; W4M	June 2011 RF	Halina Adamowicz Canadian National Railway Company	$9,000,000	143.25	$62,827	Located northeast of Conrich and east of the Canadian National Railway Line; A Transmission Line borders the property on the east side of the parcel
6	N/A Rocky View County, AB NW; 3; 25; 28; W4M	June 2011 RF	1258438 Alberta Ltd. 1490861 Alberta Inc.	$2,273,161	111.33	$20,418	Located northeast of Conrich and east of the Canadian National Railway Line; Parcel boarders the CNR Line on the west side of parcel: a Transmission Line borders the parcel on the east side

DEVELOPMENT LAND SALES

NO.	ADDRESS LEGAL	SALE DATE ZONING	VENDOR PURCHASER	SALE PRICE	SITE AREA (ACRES)	SALE PRICE / ACRE	REMARKS
7	N/A Rocky View County, AB NW; 29; 24; 28; W4M	February 2011 RF-2, DC120	Laura McIntosh Amar Developments Ltd.	$8,980,880	121.70	$73,795	Located one mile east from City of Calgary limits; Adjacent to the Canadian Railway Line which runs diagonal from north to west on the property; The property is classified with land uses-Ranch and Farm 2 District and Site 3 of DC-120 which permits residential uses in the form of single-family dwellings, similar to the adjacent east Cambridge subdivision

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

To the best of our knowledge, all of the 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. 1 is a current listing and we would this property to transact at a lower value than the listed sale price. Index No. 2 is a listing which has expried, however the owners would still accept offers on the property. 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.

MARKET CONDITIONS

The sales included in the analysis date between February 2011 and December 2011 and include several current listings. Over 2012, there were very few transactions in this area of Rocky View County and there appears to have been an ongoing shift in attitudes in the County to development which has made moving development projects forward, challenging. The current Municipal Growth Plan was adopted in 2009 but Rocky View County has undertaken public consultations in 2012 and is expected to come out with a new county plan in mid 2013. While very limited transactions have been noted, there does appear to be a reduction in list prices as the market continues to adjust to the uncertain macro-economic conditions as well as uncertain local regulatory environment.

LOCATION

The subject property itself has a good location in close proximity to the City of Calgary and good access to the arterial road, Highway 564 (Country Hills Boulevard), approximately 8 kilometers east of Calgary City Limits. While the subject is located some distance from the city limits and city servicing, it has the advantage of being in and in close proximity to a Hamlet and has servicing is available in the short to medium term.

All of the indices are located in Rocky View County. Index No. 2 included six individual properties surrounding The Canals at the Delacour Golf Course. This location within the Delacour Area Structure Plan would be considered similar to the subject but the property surrounds an existing golf course that offers a superior amenity relative to the subject property.

Index Nos. 3, 5 , 6 and 7 are all located in the Conrich area. Index nos. 3, 5 and 6 are considered to have similar locations while Index No. 7 which is adjacent to the Cambridge subdivision in a residential area, is considered a superior location.

SIZE

The selected comparable sales range in size from 35.24 acres to 143.25 acres as compared to the subject size of 617.26 acres. While a slight discount may be applicable, it should also be noted the subject property is divided into four parcels of 160 acres or less and could easily be sold independent of each other. No adjustment for size is necessary. Index No. 3 consists of six smaller parcels that would tend to inflate the applicable unit value for this index.

PUBLIC UTILITIES

The subject property and indices do not currently have access to municipal services. The water line, which is a part of the recently completed Conrich Water Servicing Project, borders the subject parcel on the west side and the subject is expected to benefit from the water supply via feeder mains upon upgrades to the infrastructure.

Index No. 2 is located within the Delacour Area Structure Plan and is also expected to be serviced by the Conrich Water Servicing Project, similar to the subject site. Index Nos. 3, 5, 6 and 7 are located in the Conrich area and surround existing development, therefore tying into servicing may result in shorter development times for these parcels.

The remaining indices will have similar access to the ERVWTL but have not secured a water supply.

UTILITY

All of the selected sales are large and mainly level parcels that can accommodate comprehensively planned residential and commercial communities. Index No. 2, which consists of 107.9 acres, is made up of six parcels.

(OTHER) PHYSICAL TRAITS

The comparable properties have varying degrees of comparability when measured against the subject property. The most important attributes of the subject property which need to be compared to other properties are similar physical make-up, and location. The selected sales are generally level to slightly rolling and have good development characteristics, comparable to the subject property.

ADJUSTMENTS

The following qualitative adjustments have been made to the comparable properties based on the previous analysis.

LAND SALE ADJUSTMENT GRID

		Economic Adjustments (Cumulative)				Property Characteristic Adjustments (Additive)						
No.	Price Per Acre	Property Rights Conveyed	Conditions of Sale	Financing	Market* Conditions	Location	Size	Public Utilities	Utility	Other Land Use	Development Timing	Overall
1	**$27,754**	Fee Simple/Mkt.	Superior	None	Similar	Inferior	Similar	Inferior	Similar	Inferior	20 Years +	**Similar**
2	**$143,652**	Fee Simple/Mkt.	Superior	None	Similar	Similar	Superior	Similar	Similar	Similar	1 to 5 Years	**Superior**
3	**$42,230**	Fee Simple/Mkt.	Arms-Length	None	Similar	Similar	Similar	Similar	Similar	Inferior	1 to 5 Years	**Superior**
4	**$10,780**	Fee Simple/Mkt.	Arms-Length	None	Similar	Inferior	Superior	Inferior	Similar	Inferior	20 Years +	**Inferior**
5	**$62,827**	Fee Simple/Mkt.	Arms-Length	None	Similar	Similar	Similar	Similar	Similar	Inferior	1 to 5 Years	**Superior**
6	**$20,418**	Fee Simple/Mkt.	Arms-Length	None	Similar	Similar	Similar	Similar	Similar	Inferior	10 to 15 Years	**Inferior**
7	**$73,795**	Fee Simple/Mkt.	Arms-Length	None	Similar	Superior	Similar	Similar	Similar	Superior	1 to 5 Years	**Superior**

SUMMARY OF DIRECT COMPARISON APPROACH

The selected indices indicate a range of values from a low of $10,780 per acre to a high of $143,652 per acre. All indices are located in Rocky View County, Calgary, Conrich and Delacour. They range size from 35.24 acres to 143.25 acres. Index No. 1 is a current listing and Index No. 2 is an expired listing while the remainder of properties transferred between February 2011 and December 2011.

The low end of the range is detailed by Index No. 4, a sale transaction occurring in September 2011 and located north of Delacour. Based on the size and location of the parcel it is assumed it was purchased as a future homestead site. A unit value higher than this index is appropriate for the subject property, located within the Delacour Village Conceptual Scheme.

The high end of the range is detailed by Index No. 2. This index is an expired listing located in close proximity to the subject property and is within the Delacour Village Conceptual Scheme. The property consists of six, separate parcels of land surrounding The Canals at the Delacour Golf Course. Based on discussions with the listing agent, the feedback from potential purchasers was that a value closer to $60,000 per acre would be a more appropriate value.

The remaining parcels provide a more narrow range of values between $20,418 and $73,795 per acre.

Based on the current Rocky View County Growth Management Strategy, the county will be focusing on development in certain nodes in the county and will no longer be considering any new traditional country residential policy areas. The County is promoting development in Growth Nodes, Community Cores and existing Rural Communities. Delacour is identified as a Community Core which is positive for future development of the subject parcels. While it is noted that the Growth Management Strategy was only adopted in 2009, the County has recently held public consultations and is expected to have a new County Plan complete by mid 2013 which may differ from the Growth Management Strategy. As the subject site consists of four quarter sections with two in the Delacour Village Conceptual Scheme and two outside, it is our interpretation that they would attain substantially different values. While it is noted that the western two quarters are outside the conceptual scheme, the do form a natural extension of the proposed community and development of these parcels would be viewed positively by the County of Rocky View once the eastern two quarters are substantially developed. The northwest and southwest quarter sections would attain a value of between $23,000 and $27,000 per acre, while the parcels within the Structure plan would be closer to the values on the high end of the comparable sales range between $40,000 and $45,000 per acre.

Therefore, the subject property results in the following estimates of value:

DELACOUR LANDS:

311.55 acres x $25,000 per acre = ***$7,790,000 (rounded)***

DELACOUR CONCEPTUAL SCHEME:

305.71 acres x $42,500 per acre = ***$12,990,000 (rounded)***

$20,780,000

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, 2012 was:

TWENTY MILLION SEVEN HUNDRED EIGHTY THOUSAND DOLLARS
$20,780,000

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 **Genesis Land Development Corp.** for the purpose of providing an estimate of the market value of the subject land in Delacour, Alberta for distribution to limited partners. It is not reasonable for any person other than **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 **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, both 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 our 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 are our 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.
- Brad Kroeker inspected the property that is the subject of the report on December 16, 2012.
- 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, 2012. 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, Brad Kroeker, has fulfilled the requirements of the program, and is a member in good standing.
- Sheena Kereliuk is a candidate member of the Appraisal Institute of Canada.
- Brad Kroeker is a licensed appraiser under the Real Estate Act of Alberta. Sheena Kereliuk is a licensed candidate appraiser under the Real Estate Act of Alberta.
- 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 property, at the effective date of valuation was:

DELACOUR LANDS:

311.55 acres x $25,000 per acre = ***$7,790,000 (rounded)***

DELACOUR CONCEPTUAL SCHEME:

305.71 acres x $42,500 per acre = ***$12,990,000 (rounded)***

TWENTY MILLION SEVEN HUNDRED EIGHTY THOUSAND DOLLARS
$20,780,000

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

Sheena Kereliuk, PGCV, B.Comm
Consultant

August 8, 2013
Date

Brad Kroeker, B.Sc., AACI, P.App.
Associate Vice President

August 8, 2013
Date