



APPRAISAL OF REAL PROPERTY

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

**IN A FULL NARRATIVE APPRAISAL REPORT
As of June 30, 2015**

**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 – 5th Avenue SW, Suite 1730
Calgary, AB T2P 3Y6**

**C&W File ID: 15-213-900133.4
CONFIDENTIAL**



Development Land

Known as Airdrie LP Lands - 318.97 Acres
Airdrie, AB

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July 2, 2015

Mr. Mark Scott
Genesis Land Development Corporation
7315 – 8th Street NE
Calgary, Alberta T2E 8A2

Re: 318.97 Acres of Development Land, Airdrie, Alberta
C&W File ID: 15-213-900133.4

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 June 30, 2015, is estimated as follows:

TWENTY FIVE MILLION FIVE HUNDRED TWENTY THOUSAND DOLLARS
\$25,520,000

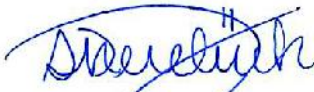
This estimate of market value is based on an exposure time of six to twelve months.

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 | : June 30, 2015 |
| Market Value | : \$25,520,000 |
| 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

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

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 June 30, 2015.

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 June 30, 2015;

- 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.

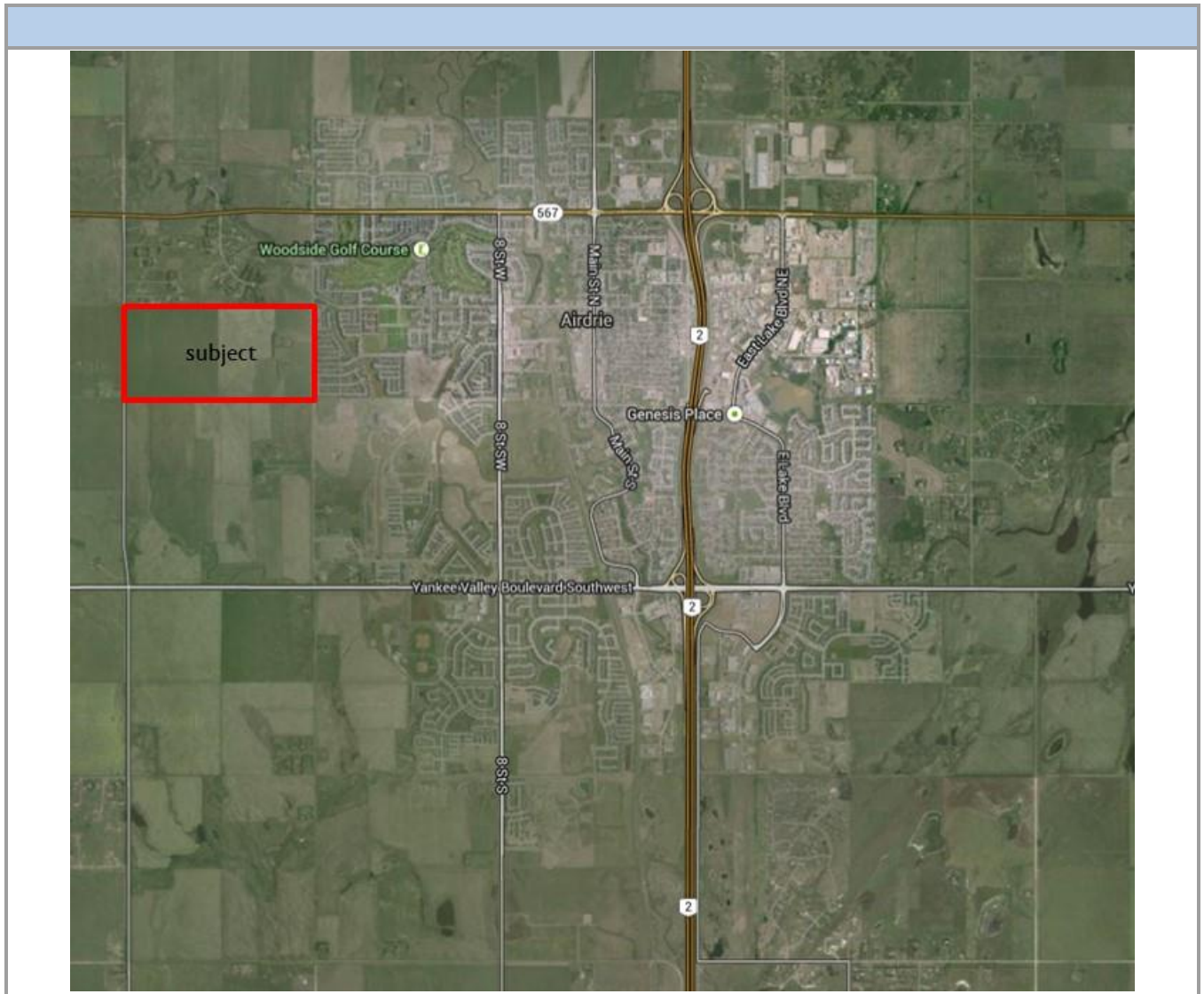
LAND USE CHANGES

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

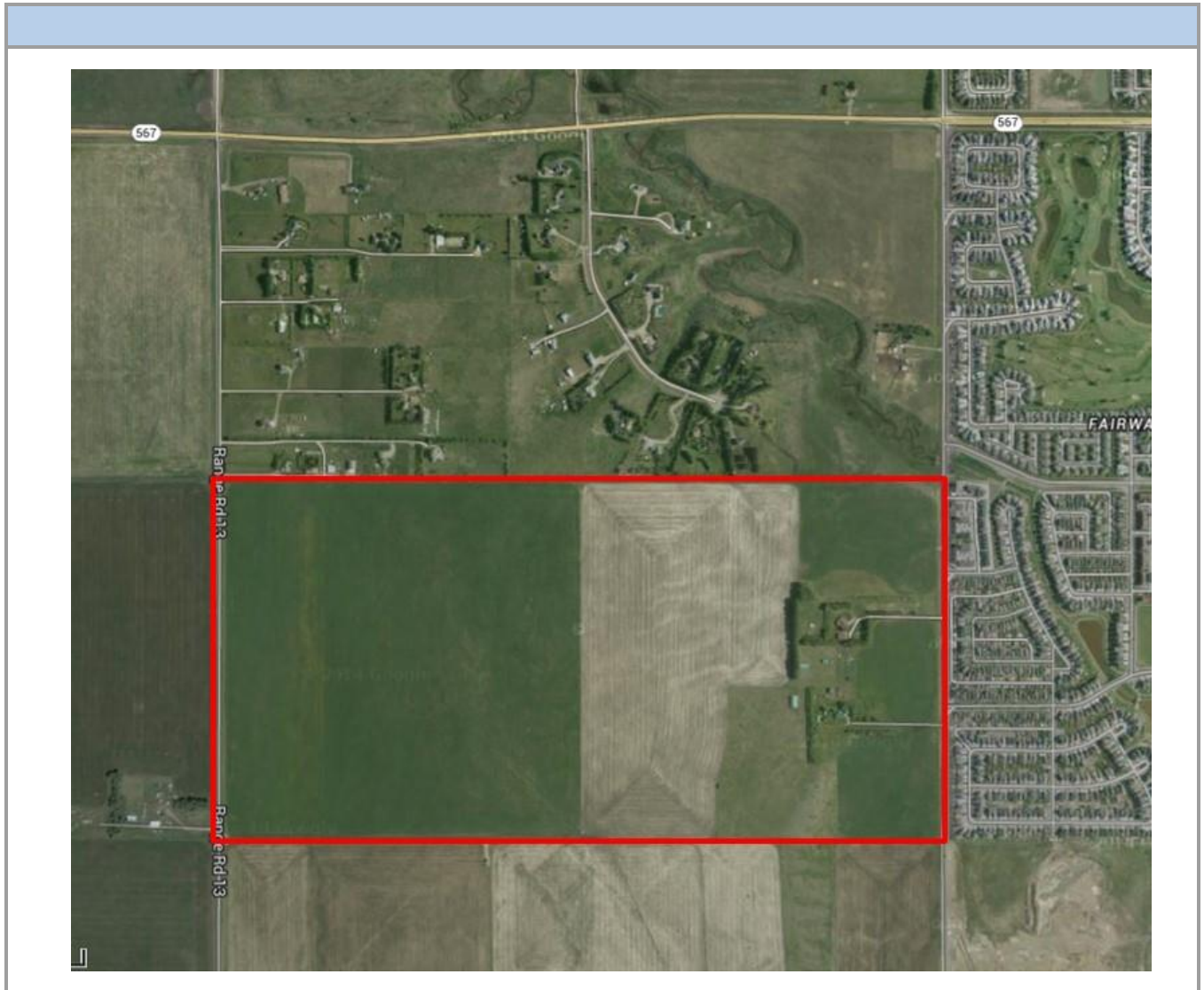
CONCLUSION

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

REGIONAL MAP

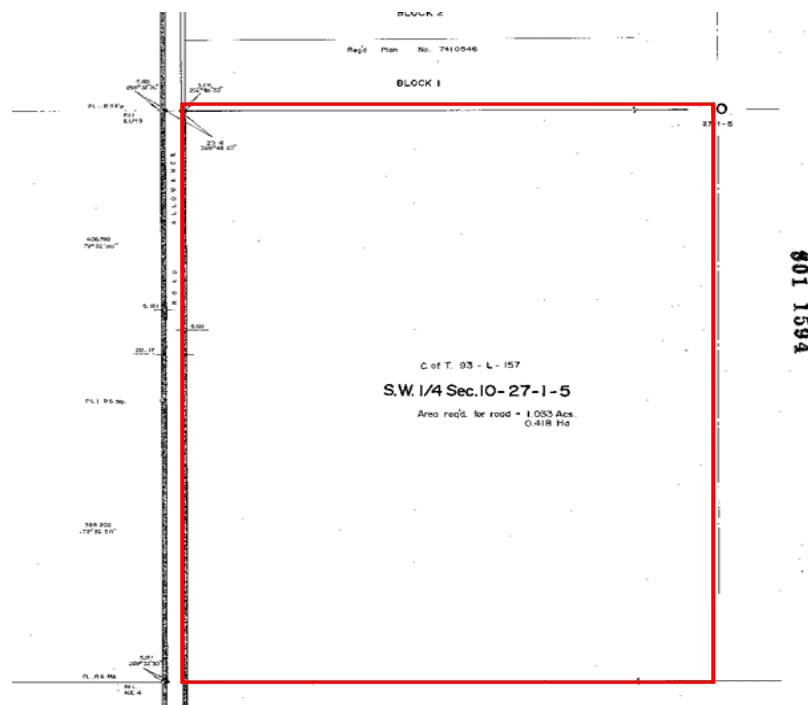
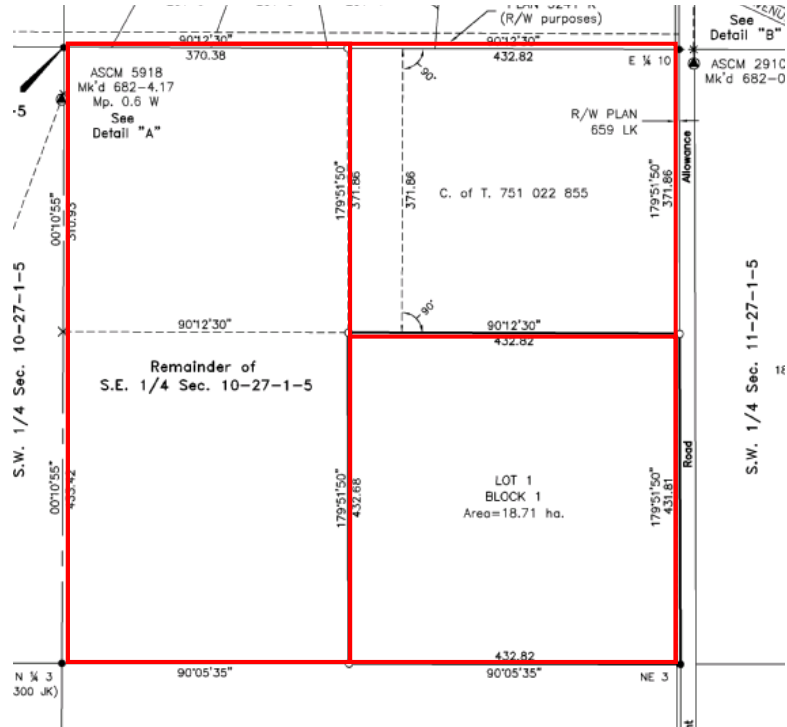


LOCAL AREA MAP



SITE DESCRIPTION

SITE PLAN



SITE DETAILS

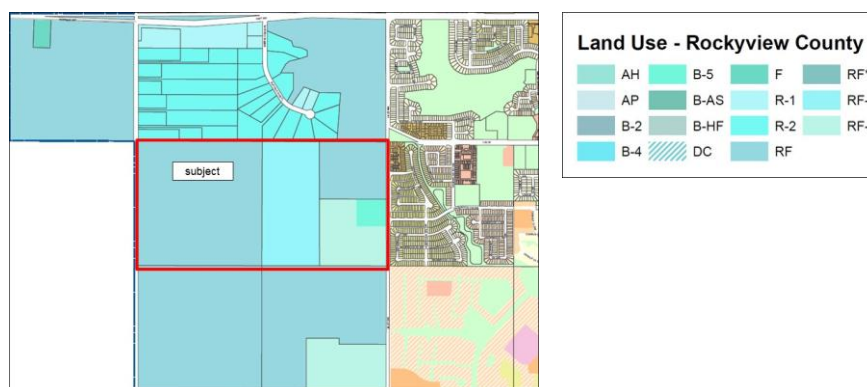
| | | | |
|--------------------------------|---|--|-------------|
| Lot Details | : | Shape : | Rectangular |
| Total Area | : | 318.97 acres | |
| Easements and/or Rights of Way | : | There are several instruments registered on the subject titles and are assumed not to have any impact on the marketability 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 th 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.

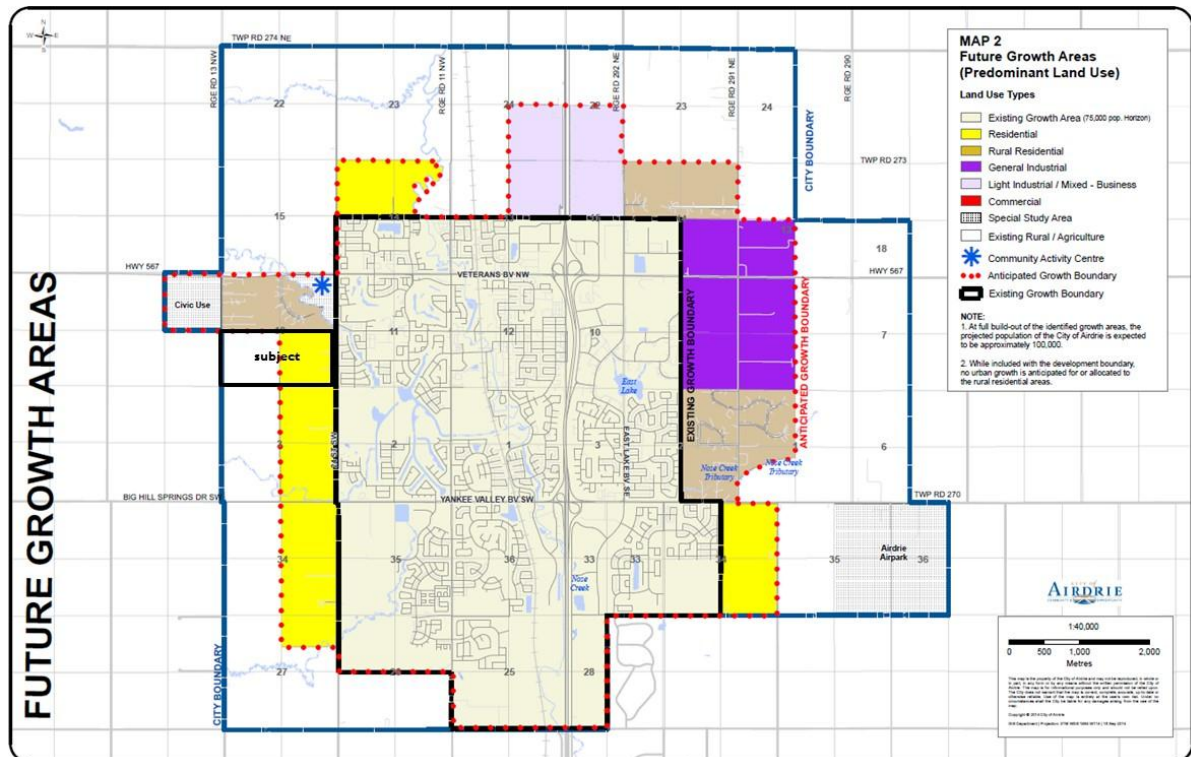
AGRICULTURAL HOLDING DISTRICT – ROCKY VIEW COUNTY

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, 2015 assessment and tax levies were not readily available.

MARKET ANALYSIS

CANADA - ECONOMIC OVERVIEW

MARKET DEFINITION

Geographically, Canada is the second largest country in the world at almost 10.0 million km² (or 3.9 million square miles), and has the longest coastline and longest border with another country, the United States (U.S.). The Canadian economy is the eighth largest in the world.



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.

Additional items of note regarding Canada are as follows:

- Canada encompasses six time zones, and it takes seven hours to fly from Halifax in the east of Canada to Vancouver in the west of Canada. Being such a large country, its geography is varied including: lakes, rivers, valleys, mountain ranges, rainforests, and plains.
- Canada is home to some of the best animation schools in the world: the country has a global reputation for excellence in this industry. It has been estimated that well over half of the software used in Hollywood was developed in Canada. Canada is also known for its content creation. Toronto's Nelvana produces Franklin the Turtle, Little Bear, and Rolie Polie Olie. In Quebec, CINAR turns out Caillou and Zoboofafoo, among other productions. In Vancouver, Mainframe Entertainment produces ReBoot, Beast Wars, and features such as Barbie and the Nutcracker. Further, Canada is a major player in the game industry, home to industry giant Electronic Arts (EA), based in Burnaby, B.C.
- According to United Nations' latest World Happiness Report, Canada is among the 10 happiest countries in the world at fifth place, up one place from its 2014 ranking. The idea behind the report is that well-being is determined by more than just wealth, and that improving life satisfaction or happiness ought to be a consideration in public policy-making, as the happiest countries are not among the world's richest countries by Gross Domestic Product (GDP) per capita.

| CANADA ECONOMIC INDICATORS Q1 2015 | | |
|---|-------|---------------|
| | 2015f | Y/Y Change |
| GDP Growth | 1.8% | ↓ |
| Unemployment Rate | 6.8% | ↓ |
| Employment Growth | 0.6% | ↓ |
| Retail Sales Growth | 2.2% | ↓ |
| Housing Starts (000's) | 178 | ↓ |
| Source: BMO Capital Markets, TD Economics | | |

CURRENT TRENDS

According to RBC, the Canadian dollar strengthened to just under U.S. \$0.83 at the end of April 2015 from U.S. \$0.79 at the end of March with the 5.0 percent rally occurring alongside a 25.0 percent jump in oil prices. Despite recent oil price gains, RBC assumes that the Canadian dollar will fall back below U.S. \$0.80 by the end of June before slipping to U.S. \$0.76 cents by the end of the third quarter of 2015.

According to the Canada Mortgage and Housing Corporation (CMHC), Canadian housing market is modestly overvalued. High house prices coupled with weakening of the Canadian economy will slow down the housing market in 2015. In order to avoid a possible crash in the housing market, the Bank of Canada cut down the interest rate by 25 basis points in January 2015. Although lower rates make it more affordable for people to buy houses, analysts predict it will not make a significant difference.

Additional details regarding the area are as follows:

- According to RBC, in January 2015, Canadian GDP fell by 10 basis points, and the decline reflected a 30 basis point drop in output from service-producing industries, with weakened wholesale and retail trade leading the way.
- According to RBC, Canadian auto sales picked up pace in April from already solid readings through the first quarter of 2015. April auto sales were up 5.8 percent from a year ago according to the Global Automakers of Canada (GAC) after rising almost 3.0 percent on a year-over-year basis.
- According to TD Economics, March 2015 manufacturing sales rebounded from their February decline, rising 2.9 percent over the month. The gain was not broad based, with slightly less than half of industries reporting an increase in sales. Sales were equally strong in volume terms (+2.9 percent). However, March manufacturing sales data closed out a soft first quarter for Canada's manufacturing sector. Real activity in the industry contracted for the second straight quarter.

DEMOGRAPHIC CHARACTERISTICS

According to the Conference Board of Canada, the total population of Canada was 35.5 million in 2014, and accounted for approximately 0.5 percent of the world's population. The population is expected to grow at an average rate of 1.1 percent over the next five years, reaching 37.5 million by the end of 2019. Ontario is the most populous province in Canada with over 13.6 million people, and Toronto with 2.6 million people is the most populous city in the country.

Additional items of note are as follows:

- Canada welcomes thousands of immigrants every year. According to the 2011 National Household Survey, Canada's immigrant population reported close to 200 countries as a place of birth. On a regional basis, Asia (including the Middle East) remained Canada's largest source of immigrants between 2006 and 2011. Among all recent immigrants who arrived during the same time period mentioned before, roughly 661,600 or 56.9 percent came from Asia (including the Middle East). This proportion was down slightly from 60.0 percent among those who arrived between 2001 and 2005. In contrast, immigrants born in Asia accounted for 8.5 percent of the foreign-born population who settled in Canada prior to the 1970s.
- The median age of Canadians is 40.6 years, and the majority (68.7 percent) of the population falls into the age group of 15-64 years.
- Canada is one of the most diverse countries in the world. More than 200 ethnic origins were reported in the 2011 National Household Survey. In 2011, 13 different ethnic origins had surpassed the 1.0 million mark.

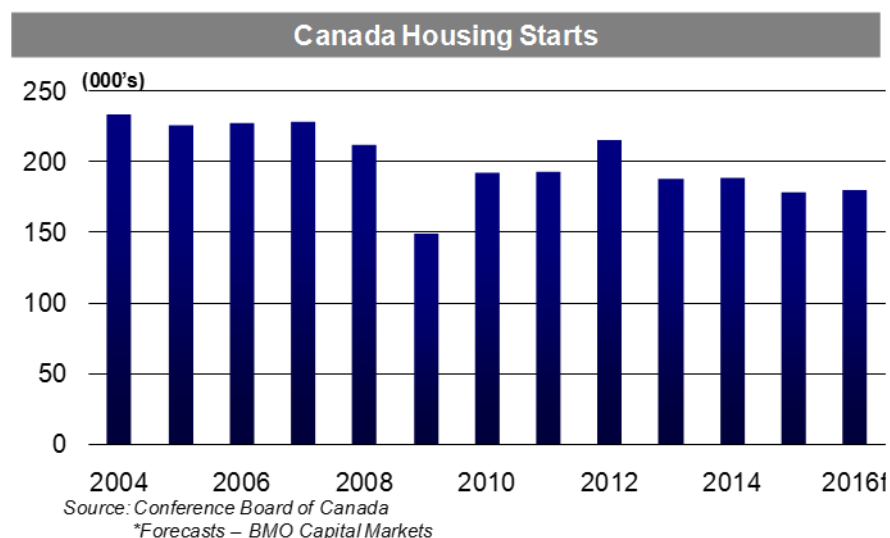
HOUSEHOLDS

According to *The Economist* magazine, in Canada, housing prices have risen steeply in the past decade, with the hot markets of Toronto and Vancouver seeing increases of 7.8 percent and 7.1 percent respectively in the past year. In a recent survey of housing costs around the world, the magazine reports that Canada's housing prices are 35.0 percent overvalued when compared to Canadian incomes, largely a result of lower mortgage rates. CMHC expects that the mortgage rates continue to be supportive of housing demand and will remain at or close to current levels over the next two years.

Additional considerations include the following:

- The Canadian housing market has been heating up in 2014 due to the continued recent decline in mortgage rates. The recent cut in mortgage rates, however, may not help the slowdown of the housing market in 2015.
- According to BMO Capital Markets, Canadian housing starts will decrease to 178,000 units in 2015 before increasing to 180,000 units in 2016.
- According to CMHC, housing activity is expected to slow down in oil-producing regions, particularly in Alberta as a result of weakening economic conditions. On the other hand, this decline will be partially offset by increasing housing activity in other parts of the country, particularly in Ontario, where the economy should benefit from falling oil prices, lower interest rates, and lower Canadian dollar.

The following graph presents historical and projected activity of housing starts in Canada:



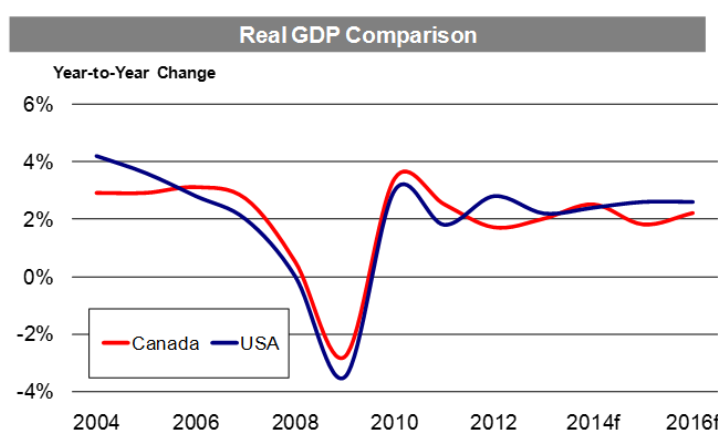
GROSS DOMESTIC PRODUCT (GDP)

Canada is one of the largest exporters of automobile equipment and goods due to its position within NAFTA. Leading equipment manufacturers and global automakers operate in Canada, among which General Motors, Toyota, and Ford. Leading bus and truck manufacturers have also located in Canada, including Volvo Bus, Motor Coach Industries, and Hino. In addition, a number of large original equipment suppliers operate in the country, including Johnson Controls, Aisin Seiki, and Continental.

Additional items of note are as follows:

- BMO Capital Markets expects that real GDP growth for Canada will slow down to 1.8 percent in 2015, before improving to 2.2 percent in the following year.
- The anticipated real GDP growth in Canada in 2015 is primarily due to a pickup in exports thanks to strong economic growth in the U.S..
- The recent slide in crude oil prices is likely to drive a sizeable near-term wedge in economic performances between the three major oil-producing provinces and other regions. This differential could start to narrow next year as oil prices gradually strengthen beginning in late 2015.

The following graph presents further details of historical and projected GDP activity:



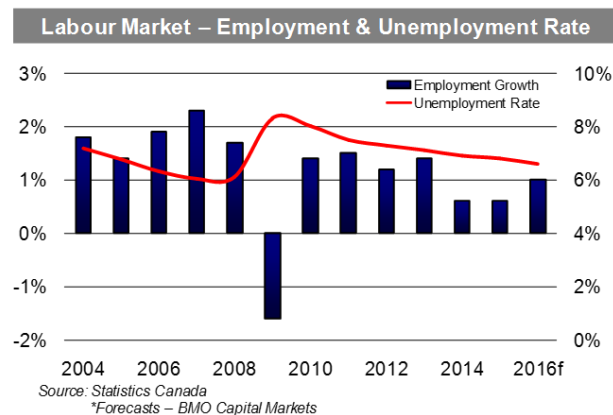
EMPLOYMENT AND UNEMPLOYMENT

Almost five years after the global recession, the global economic environment remains fragile. However, despite the challenging external environment, the Canadian economy and labour market have been strong. Canada has experienced solid job creation performance since the beginning of the recovery, with over 1.0 million more Canadians working today than in July 2009, an increase of 6.3 percent, according to Service Canada. Canada has outperformed all other G-7 economies in job creation over this period. Canada's solid record on job creation over the recovery continues the strong performance that has resulted in close to 1.6 million net new jobs created since the beginning of 2006, a gain of 9.8 percent. This represents the strongest labour market performance among all G-7 economies since 2006.

Additional items of note are as follows:

- According to BMO Capital Markets, Canadian employment grew at 0.6 percent in 2014, and will remain unchanged in 2015. The job market will pick up in 2016, growing at 1.0 percent.
- According to Statistics Canada, employment dropped in April by 20,000 positions, as gains in full-time work were more than offset by losses in part-time. In addition, employment declined for women aged 55 and older, and increased for their male counterparts. There was little change among the other demographic groups.
- According to Statistics Canada, in the 12 months to April 2015, employment increased by 139,000 (up 80 basis points), with all of the growth in full-time work. Over the same period, the total number of hours worked increased by 90 basis points.

The following graph represents yearly historical and projected employment and unemployment rates for Canada:



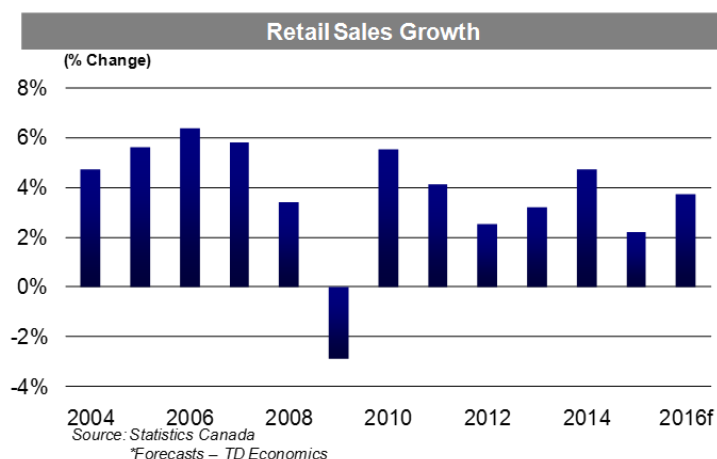
RETAIL SALES

The retail sector plays a key role in bridging production and consumption, and as a result, the sector has significant direct and indirect effects on the Canadian economy. According to Statistics Canada, in February 2015, Canadian retail trade's contribution to GDP at basic prices was \$90.5 billion, a 1.5 percent increase over last month and a 3.9 percent increase over last year.

Additional details regarding retail trade in Canada are as below:

- In 2014, Canadian retail sales reached a record level with a 4.8 percent growth rate, an increase from 3.2 percent in 2013, according to TD Economics.
- Retail sales are expected to record a growth rate of 2.9 percent for 2015 and 3.6 percent for 2016, according to TD Economics. Slow economic growth in Canada in 2015 may be a significant factor for the decrease in retail sales during the year. In addition, the falling Canadian dollar may raise consumer prices, especially for imports, and push down the GDP growth.
- Some major retailers closed doors over the past few years (Zellers, Target, Future Shop, and Jacob), and at least six other retailers (Sears Canada, Reitmans, Chapters Indigo, Aeropostale Canada, Best Buy Canada, and Le Chateau) are at risk of disappearing from Canada in the medium term.

The following graph represents yearly historical and projected retail sales rates for Canada:



CONCLUSION

Real GDP is expected to grow at 1.8 percent and 2.2 percent in 2015 and 2016, respectively. Stronger growth forecast for the U.S. economy, which is set to grow at 2.5 percent in 2015, combined with a weaker Canadian dollar should have favourable effects on the Canadian economy. Canada's export sector is expected to be a growth driver in 2015 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, however low oil prices may decrease manufacturing costs.

Final thoughts:

- Although Real GDP in Canada did not grow in the first quarter of 2015, it is expected to steadily grow in the remaining quarters of the year, according to BMO Capital Markets.
- As oil prices decline, energy based economies such as Alberta are expected to slowdown in 2015, with British Columbia leading this year's GDP at 2.6 percent, compared to national rate of 1.8 percent.

ALBERTA – ECONOMIC OVERVIEW

THE ALBERTA ECONOMY

Alberta is known as Canada's "energy province", with more than 80% of the country's reserves of conventional crude oil, over 90% 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. In addition to energy, Alberta has capitalized on its strengths in agriculture, forestry and industrial products to develop a dynamic and diverse economy.



Additional items of note regarding Alberta are as follows:

- In 2013, Alberta's economic diversity was driven by the energy sector at 23.1% of GDP, followed by the finance and real estate sector at 13.5%, and the construction sector at 10.9%. The sliding oil market in 2014 Q4 has contributed to a level of uncertainty in the market.
- Alberta's proximity to the western United States (the ten states westbound from Colorado to the Pacific Coast) provides easy access to a market of 64 million people. The fast growing nature of the American economy may see Alberta enjoy positive export demand in 2015.

A stable economy, low taxes, natural resources, and beautiful landscapes make Alberta a great place to do business, live, and work. According to *Canada's Best Places to Live 2014*, conducted by MoneySense magazine, the top three cities were from Alberta, namely: St. Albert, Calgary, and Strathcona County.

OVERALL TRENDS

Alberta led all provinces in economic growth over the past twenty years with an average annual GDP growth rate of 3.5% until last year. The Alberta economy continued the trend in 2014, posting the same economic growth, and the key influencing factors were surging population growth and a weaker Canadian dollar. Economic activity in Alberta is projected to slow down significantly (to 0.4%) in 2015 as the impact of low oil prices ripples through the economy. Next year, moderate bounce backs in crude oil prices and economic growth (1.9%) are expected. According to the Alberta Treasury Board of Finance, the average number of active rigs in Alberta was 99 in March 2015, a 64.8% decrease over last year, and the lowest number of active rigs seen for the month of March since 1992.

Additional details regarding the area are as follows:

- The Alberta Energy Regulator (AER) says it is undertaking a \$1.4 million project that will provide it with the necessary tools and framework to become a best-in-class energy regulator. Following a competitive bidding process, the AER selected the University of Pennsylvania's Penn Program on Regulation to undertake the best-in-class project, which is scheduled to be completed by the summer of 2015.

| ALBERTA ECONOMIC INDICATORS Q1 2015 | | |
|---|----------|---------------|
| | 2015 (f) | Y/Y Change |
| GDP | 0.4% | ↓ |
| Unemployment | 5.7% | ↑ |
| Employment Growth | 0.6% | ↓ |
| WTI Crude Oil (\$US per barrel) | \$48.92 | ↓ |
| Natural Gas (\$US MMBtu's) | \$3.09 | ↓ |
| Housing Starts (000's) | 37.0 | ↓ |

Source: BMO Capital Markets, TD Economics

- According to the Alberta Oil & Gas Industry Winter 2015 update, in 2014 the Alberta government earned more than \$9 billion from its royalties, amounting to about 21% of the province's budget. With every dollar drop in the price of oil per barrel during a year, Alberta loses over \$250 million in revenue.
- According to TD Economics, Alberta posted the sharpest pullback in employment across all regions in February 2015 (-14,000 positions), albeit employment is still rose 1.6% year-over-year.

DEMOGRAPHIC CHARACTERISTICS

According to the Conference Board of Canada *Winter 2015*, Alberta's population was 4.2 million in 2014, a 2.5 percent increase on a year-over-year basis. The population in Alberta will continue to grow, however, at a declining rate over the next few years, reaching 4.5 million by the end of 2019. Interprovincial migration, a strong source of population growth in the province, is responsible for this slowdown, as Alberta's economic activity is expected to suffer due to declining oil prices, there will be less people moving into the province for good.

Additional items of note are as follows:

- Alberta is Canada's fourth-most populous province, and its diverse population is comprised mainly of Caucasians (80.3%), followed by visible minorities (13.9%) and aboriginals (5.8%).
- Over 71% of Albertans identify as Christian, while almost 24% of residents identify with no religion.
- Alberta's population grew 2.9% in 2014, the increase of 114,493 representing the second largest increase on record. In addition, between 2003 and 2013, Alberta's population increased 26%, the highest increase in North America.

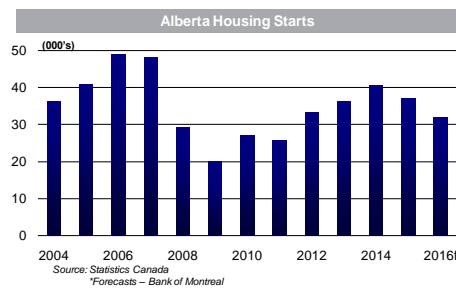
HOUSEHOLDS

Alberta has been one of the best places to live in Canada, and the world for that matter, due to many characteristics including: low unemployment rates, the highest income levels in the country, falling crime rates, and beautiful landscapes. Alberta is also the sunniest province in Canada with more than 2,000 hours of sunshine each year and has four distinct seasons. Most people living and working in Alberta get universal access to hospital and medical services under the Alberta Health Care Insurance Plan (AHCIP), which is free and covered by the Government of Alberta. Generally, temporary foreign workers and their families are also eligible. In a 2012 worldwide survey on quality of living, Calgary ranked #32 out of 50 cities, with New York and London ranked #47 and #38, respectively.

Additional items of note are as follows:

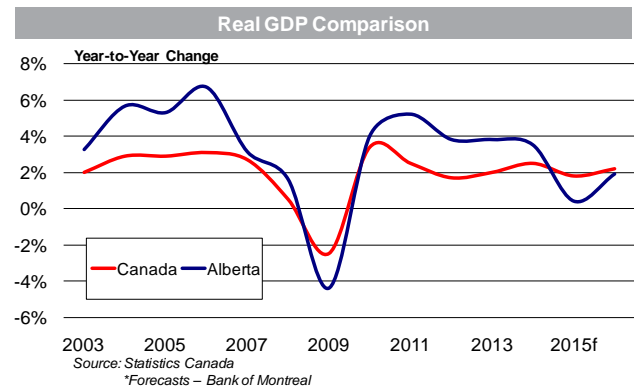
- According to the *Alberta Treasury Board of Finance*, Alberta's housing market is on two different paths; while new housing activity remains strong, the resale market has softened. Alberta's sales-to-new listings ratio fell dramatically between December 2014 and February 2015. This was the result of a jump in new listings and a decline in sales, mainly in Calgary. Prices were down 3.3% year-to-date in February, for the first time in two years.
- Slow economic growth in Alberta is expected to hinder residential construction in the province. BMO Capital Markets projects housing starts in Alberta to decrease to 37,000 units in 2015 from 40,500 units in 2014. It will further decline to 32,000 units in 2016.

The following graph presents historical and projected activity of housing starts in Alberta:



GROSS DOMESTIC PRODUCT (GDP)

Alberta continued to be Canada's growth driver in 2014 at 3.5% and according to BMO Capital Markets, Alberta's economy substantially outperformed the rest of Canada's, leading all other provinces in terms of growth and job creation. However, economic activity in Alberta is expected to feel the weight of lower oil prices with GDP estimated to grow by only 0.4% in 2015, before accelerating to 1.9% in 2016.



Additional items of note are as follows:

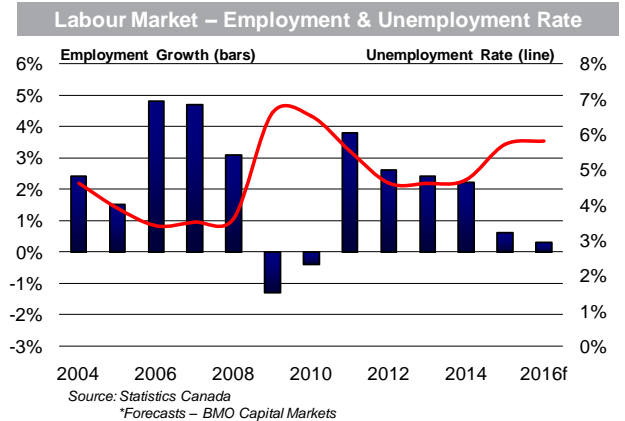
- In November 2014, the U.S. Senate rejected a bill to speed approval of Phase IV of the Keystone XL pipeline, which was critical to future economic growth in Alberta as the energy sector accounts for more than one quarter of the province's GDP. Another vote is expected in 2015.
- Alberta has one of the most competitive business tax environments in North America. The combined federal/provincial corporate tax rate for 2014 was 25%. In addition, it is the only province that does not have a provincial retail sales tax, and there are no provincial capital or payroll taxes. Further, it has a publicly-funded health care insurance system that makes Alberta's tax environment very competitive.
- The North American crude oil price (West Texas Intermediate) fell further in the first three months of 2015 and currently sits close to \$45.00 US per barrel, according to ATB Financial. Consistently weak oil and natural gas prices have curtailed investment in the energy sector.

EMPLOYMENT AND UNEMPLOYMENT

Alberta has been Canada's employment powerhouse over the past few years. In the past year, Edmonton accounted for 40% of net new jobs in Canada, with Alberta creating 80% of net new jobs. Alberta's job market is highly concentrated in energy and natural resources, advanced technologies, agri-foods, forest products, and industrial and metal fabrication. In addition, Alberta's strong economic growth over the past decade has had major implications on its labour force. Shortages in skilled workers due to low birthrates and an aging workforce encourage immigration and migration to the province, which are key contributors to its population growth.

Additional items of note are as follows:

- The labour market is feeling the pressure of declining activity in the province. According to the *Alberta Treasury Board of Finance*, February employment losses of 14,000 wiped out the job gains in January, returning employment to just below December 2014 levels. At the industry level, employment in the natural resources industry has declined since mid-2014, and shed 8,000 jobs in the first two months of 2015. Similarly, the professional and scientific services industry lost over 10,000 jobs in January and February.
- BMO Capital Markets projects that last year's employment growth rate of 2.2% will drop to 0.6% in 2015, and to 0.3% in 2016. As a result, the unemployment rate will rise to 5.8% by year-end 2016. The decline in labour market activity is mainly due to the slowdown of Alberta's economy driven by lower oil prices.
- While falling oil prices negatively affect Alberta, it helps the other Canadian provinces that are not energy driven. The Conference Board of Canada projects that Alberta's share of the national employment gains will fall over the next few years as the fortunes of other provinces improve due to the decline of oil prices.

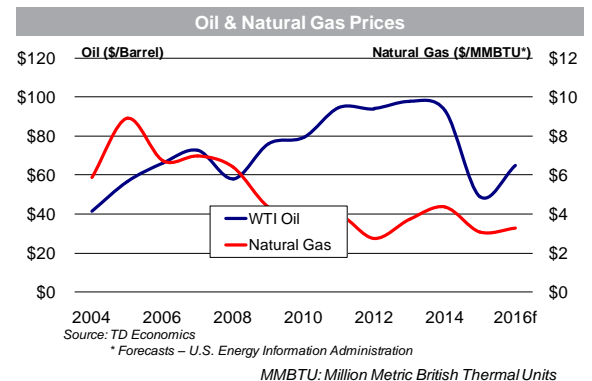


RETAIL/COMMODITY SALES

Consumers have been a major source of economic growth since 2010. They may continue to add to growth in 2015 and 2016, although their contribution will decrease as a weaker labour market translates into softer earnings growth. TD Economics expects retail trade in the province to exhibit negative growth (-0.9%) in 2015, compared to 7.7% last year. Retail sales will bounce back to 3.4% in 2016.

Additional items of note are as follows:

- According to the Alberta Treasury Board of Finance, Alberta's Consumer Price Index (CPI) saw deflation of 0.1% in March. The deflation was mainly due to falling energy prices as CPI inflation excluding energy was 2.6%.
- According to the Alberta Treasury Board of Finance, retail sales were \$6.4 billion in February, down 1.4% year-over-year. Sales growth was pulled down by a 19% drop in gasoline station sales.
- TD Economics expects the annual average price for natural gas to decrease to \$3.09/MMBTU in 2015 from \$4.36/MMBTU in 2014, before increasing to \$3.30/MMBTU in 2016.



FUTURE CONSIDERATIONS

According to the Conference Board of Canada, Alberta may face a recession in 2015 due to the plunging oil prices. Further, the Conference Board anticipates that if no new pipeline projects are approved in the near future, oil sands investment may be lower than expected in the province. Capital investments are a key driver of Alberta's economy and could have adverse effects on its forecasted GDP growth of 0.4% in 2015.

Final thoughts:

- Oil and gas investment moves with prices. The drop in oil prices is expected to lead to much lower energy investment this year and a further decrease in 2016. The 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.
- On a separate note, Alberta's Health Minister Stephen Mandel has announced that beginning June 1, 2015, the sale of certain flavoured tobacco products, including cigars and cigarettes, will be banned.

CALGARY - ECONOMIC OVERVIEW

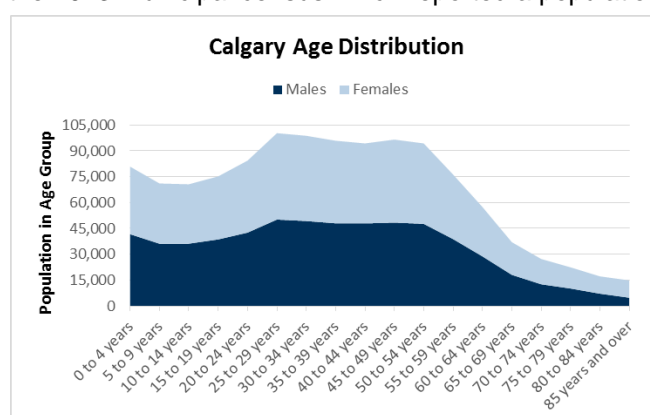
THE CALGARY ECONOMY

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.



The 2014 municipal census conducted by the City of Calgary indicates that 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 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 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 February was 817,900, up 2,100 from January 2015, and up 26,100 from February 2014. The unemployment rate also saw a marginal increase from 4.7% to 5.0% between January and February 2015. The participation rate in February 2015 remains steady, hovering at 73.0%, virtually unchanged from October 2014, above the national rate (65.8%) and at par with the provincial rate (73.0%).

| Labour Force Characteristics - Seasonally Adjusted 3-Month Moving Average | | | | | | |
|---|--------------|---------------|------------------------------|-------------------------------|------------------------------|-------------------------------|
| | January 2015 | February 2015 | January 2015 - February 2015 | February 2014 - February 2015 | January 2015 - February 2015 | February 2014 - February 2015 |
| | thousands | thousands | change (thousands) | | % change | |
| Population | 1,163.4 | 1,166.1 | 2.7 | 38.5 | 0.2 | 3.4 |
| Employment | 815.8 | 817.9 | 2.1 | 26.1 | 0.3 | 3.3 |
| Unemployment Rate (%) | 4.7% | 5.0% | --- | --- | 0.3 | 0.2 |
| Participation Rate (%) | 73.6% | 73.8% | --- | --- | 0.2 | 0.1 |

Source: Statistics Canada, March 2015

BUILDING PERMITS

Total value of building permits decreased 32.21% between December 2014 and January 2015, and decreased 34.46% year-over-year. A prominent reason is the significant decrease in institutional permit value on a month-over-month and year-over-year basis at -54.33% and -37.27% respectively, as well as the significant decrease in industrial permit value on a month-over-month basis (-57.16%).

| Calgary Economic Region Building Permits Value (in Millions) | | | | | | | |
|--|-------------------|---------------|--------------|-------------------------------|------------------------------|-------------------------------|------------------------------|
| Sector | January 2014 | December 2014 | January 2015 | December 2014 to January 2015 | January 2014 to January 2015 | December 2014 to January 2015 | January 2014 to January 2015 |
| | change (millions) | | | | % change | | |
| Commercial | 76.7 | 125.4 | 76.9 | -48.5 | 0.2 | -38.70% | 0.20% |
| Industrial | 2.6 | 4.4 | 1.9 | -2.5 | -0.7 | -57.16% | -27.14% |
| Institutional | 60.1 | 67.6 | 30.9 | -36.7 | -29.2 | -54.33% | -48.61% |
| Residential | 650.9 | 566.6 | 408.3 | -158.3 | -242.6 | -27.94% | -37.27% |
| Total Permits and Values | 790.2 | 764.0 | 517.9 | -246.1 | -272.3 | -32.21% | -34.46% |

Source: Statistics Canada, March 2015

MAJOR PROJECTS

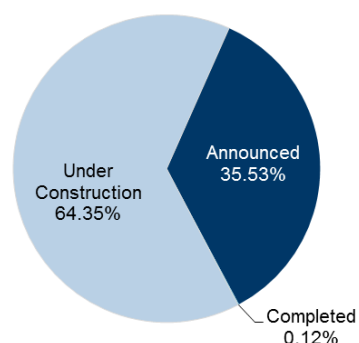
The project sectors with the highest value as of March 2015 were Commercial/Retail (\$7.00 billion), Institutional (\$2.97 billion), Infrastructure (\$2.48 billion), and Residential (\$2.36 billion). Leading developments among Calgary's major projects include Stonegate Landing by WAM Development Group 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 March 2015 is provided below:

| Top 10 Major Calgary Projects by Value | | | | | |
|--|---|---|-----------------------|--------------------|-----------------------|
| # | Project Description | Company Name | Cost in \$ (Millions) | Status | Construction Schedule |
| 1 | StoneGate Landing | WAM Development Group / AIMCo | 3,000 | Under Construction | 2010 - 2021 |
| 2 | International Transborder Concourse | Calgary Airport Authority | 1,427 | Under Construction | 2011 - 2015 |
| 3 | Shepard Energy Centre Power Plant | ENMAX Energy Corp. / Capital Power Corp. | 1,400 | Under Construction | 2011 - 2015 |
| 4 | Calgary Cancer Centre | Government of Alberta / Alberta Cancer Foundation | 1,200 | Announced | 2016 - 2020 |
| 5 | Brookfield Place Calgary Office Towers | Brookfield Properties Ltd. | 1,000 | Under Construction | 2013 - 2017 |
| 6 | Foothills Medical Centre Upgrade (McCaig Tower) | Alberta Health and Wellness | 551 | Under Construction | 2006 - 2016 |
| 7 | Oxford Airport Business Park | Oxford Properties | 500 | Under Construction | 2011 - 2019 |
| 7 | Shepard Suburban Office Campus | Shepard Development Corp. | 500 | Announced | 2014 - 2019 |
| 9 | Calgary Urban Pipeline Replacement Project | ATCO Pipelines | 450 | Announced | Completion by 2018 |
| 10 | Bonnybrook Wastewater Treatment Plant D Expansion | City of Calgary | 400 | Announced | 2015 - 2020 |
| 10 | Highstreet Calgary | Shape Properties | 400 | Announced | |
| 10 | Telus Sky Mixed-Use Tower | Telus / Westbank / Allied Properties | 400 | Under Construction | 2014 - 2017 |

Source: Government of Alberta

Projects Value by Status as of March 2015
Calgary (\$ Millions)



Project Count as of March 2015

| Industry Type | Number of Projects | Value (\$MM) |
|-------------------------------------|--------------------|--------------------|
| Commercial / Retail | 47 | \$7,004.10 |
| Institutional | 26 | \$2,974.80 |
| Infrastructure | 28 | \$2,482.90 |
| Residential | 68 | \$2,361.50 |
| Power | 1 | \$1,400.00 |
| Tourism / Recreation | 27 | \$1,330.70 |
| Commercial / Retail and Residential | 7 | \$1,318.50 |
| Pipelines | 1 | \$450.00 |
| Agriculture / Forestry and Related | 1 | \$154.00 |
| Other Sectors | 1 | \$27.00 |
| Total | 207 | \$19,503.50 |

Source: Government of Alberta

MLS HOUSING SALES

According to the Calgary Real Estate Board (CREB), in March 2015, there were 1,747 residential sales, a decrease of 29.58% from March 2014. Year-to-date (as of March 2015) sales decreased 33.40% from 5,770 in 2014 to 3,843 in 2015. Decreases were seen across all housing sale categories, with single family down 32.18%, apartments down 37.77%, and townhouses down 32.99% year-to-date. Total sales volume year-over-year saw even more dramatic decreases, down 33.81%, 39.73%, and 35.76% respectively. Regardless, single family homes saw a year-to-date increase of 12.73% over 2013 statistics.

| Residential Sales - Calgary CMA | | | | | | |
|---------------------------------|----------------|----------------|-----------------------------------|------------------------|------------------------|--|
| Sector | Sales YTD 2014 | Sales YTD 2015 | Sales YTD % Change Year-Over-Year | Sales Volume YTD 2014 | Sales Volume YTD 2015 | Sales Volume YTD % Change Year-Over-Year |
| Single Family | 3,443 | 2,335 | -32.18% | \$1,890,407,785 | \$1,251,170,539 | -33.81% |
| Condo Apartment | 1,075 | 669 | -37.77% | \$341,135,833 | \$205,600,840 | -39.73% |
| Condo Townhouse | 1,252 | 839 | -32.99% | \$531,276,658 | \$341,274,771 | -35.76% |
| Total Residential | 5,770 | 3,843 | -33.40% | \$2,762,820,276 | \$1,798,046,150 | -34.92% |

Source: Calgary Real Estate Board (CREB), April 2015

The average price of a single family home fell 1.92% year-over-year to \$547,253 in March 2015, from \$557,976 the previous year. Comparatively, the average price of condominium townhouses fell 3.93% to \$408,162 and the average price of condominium apartments fell 1.29% to \$306,781 year-over-year.

RETAIL SALES

January 2015 represented the fourth consecutive month of declining retail sales in Alberta, hitting their lowest level since December 2013. Retail sales (adjusted) in Alberta fell 2.84% between December 2014 and January 2015, equating to a 2.31% year-over-year decrease. Additionally, December 2014 represented Canada's largest decline since April 2010 (2.0%), at \$41.36 billion in retail sales. Alberta's retail sales fared worse than the national average in December, dropping 2.34% from \$6.60 billion to \$6.44 billion.

Impacted by the declining price of oil, Alberta has been replaced by British Columbia and Ontario as the provinces with the highest levels of retail sales. Alberta's retail sales decline for January 2015 was most prominently attributed to decreased sales at gasoline stations. Coupled with weak income growth Canadians are currently experiencing, savings and therefore disposable income levels have seen little growth.

CPI

As measured by Statistics Canada, the Consumer Price Index (CPI) for Calgary in February 2015 132.6, a change of 0.7% from January 2015. This equates to a 1.1% increase on a year-over-year basis.

FUTURE CONSIDERATIONS

The economy of Alberta, and Calgary more specifically, is dominated by the oil and gas sectors, and the performance of real estate in many markets across the province is directly and substantially linked to the health of these two resource-based industries. Over the past 6 months, the price of oil has declined by approximately 45%, and there is concern across the oil-producing communities as to the future direction and health of the oil industry in North America generally, and in Alberta in particular. Cushman & Wakefield is unable to determine the long-term price of oil or its impact on the future of the sector in Alberta or Calgary more specifically, but caution the reader that any prolonged period of low oil prices could have a negative impact on real estate demand in the province and a possible material impact on property valuations.

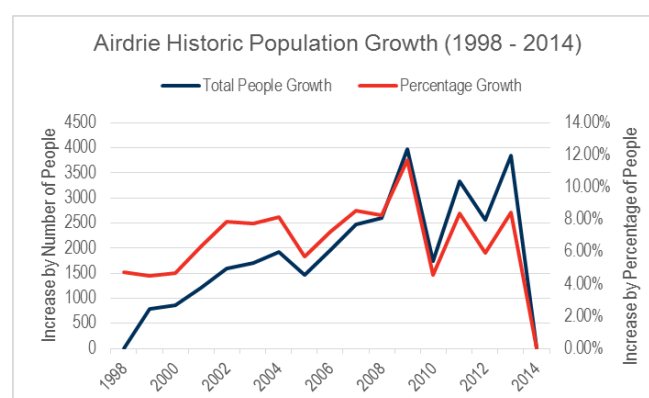
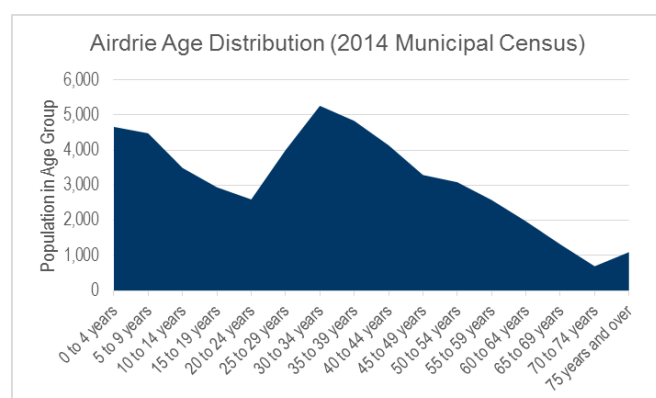
AIRDRIE- OVERVIEW

AIRDRIE ECONOMY

Airdrie is one of the fastest growing cities in Canada with a population close to 55,000 in 2014, and a 2013 population of 49,560.¹ 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 2014, the city recorded an annual growth of 10.76% (5,331 residents) from 2013's population of 49,560, reaching a total of 54,891 residents. In the past seventeen years, the city has consistently exhibited population growth above 4.0% annually. 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 12,500 residents aged 14 and under, accounting for a quarter of the total population.



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

| Airdrie Population & Housing Projections | | | | | | | |
|--|--------|--------|--------|--------|---------|--------|--------|
| | 2008 | 2013 | 2018 | 2023 | 2028 | 2033 | 2038 |
| Population | 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) | 12,699 | 17,573 | 21,027 | 23,980 | 2,682 | 29,805 | 32,840 |
| Cumulative Increase from 2008 | --- | 4,874 | 8,328 | 11,281 | -10,017 | 17,106 | 20,141 |

¹ Statistics Canada

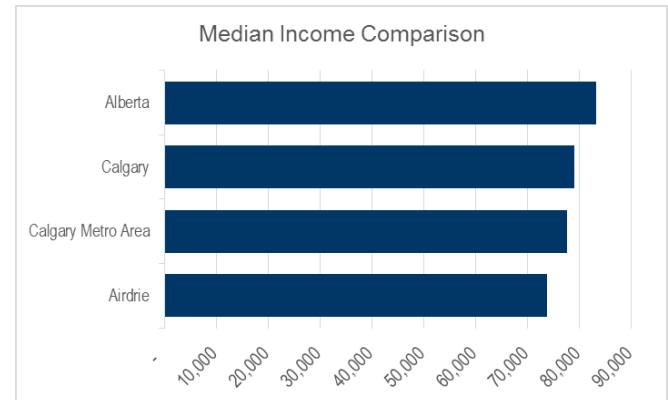
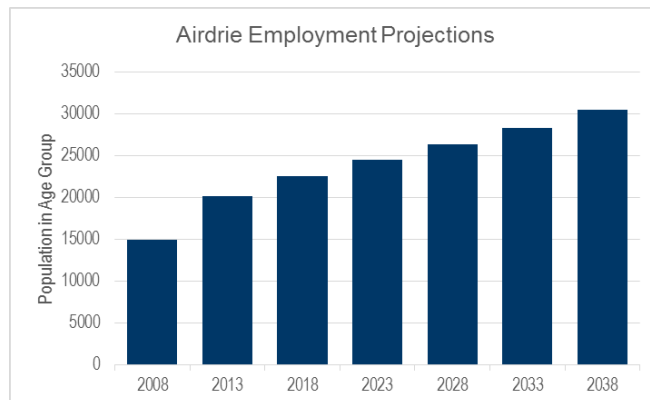
KEY ECONOMIC INDICATORS

Based on the most recent available information, Airdrie saw 323 new businesses open in 2014, 69 of which were Industrial/Commercial with the remainder being home-based. 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. Economic activity in Alberta is projected slow down significantly (to 0.4%) in 2015 as the impact of low oil prices ripples through the economy. In 2016, moderate bounce backs in crude oil prices and economic growth (1.9%) are expected.

| Airdrie Key Economic Indicators | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Population | 38,091 | 39,822 | 43,155 | 45,711 | 49,560 | 54,891 |
| Population Growth | 11.65% | 4.54% | 8.37% | 5.92% | 8.42% | 10.76% |
| Housing Permits (R-1 to R-5 units) | 816 | 993 | 1,070 | 1,520 | 1,772 | 1,500 |
| Residential Sales (R-1 to R-5 units) | 968 | 880 | 768 | 962 | 1,323 | 1,697 |
| Residential Average Sale Price (Single Family) | 348,971 | 362,978 | 360,836 | 370,277 | 388,625 | 427,881 |
| Residential Average Sale Price (Condominium) | 227,362 | 216,761 | 210,303 | 218,897 | 239,713 | 257,195 |
| Residential Building Construction Value | 151,217,157 | 188,661,501 | 187,056,526 | 257,669,711 | 297,824,842 | 289,641,529 |
| Commercial/Industrial Permits | 132 | 280 | 171 | 180 | 87 | 279 |
| Commercial/Industrial Construction Value | 38,305,547 | 56,300,838 | 71,998,710 | 45,538,962 | 73,465,953 | 75,946,031 |
| Property Tax Rate | 0.00972886 | 0.01065373 | 0.01090303 | 0.01139017 | 0.011631380 | 0.01126256 |
| Total Business Licenses | 2,383 | 2,564 | 2,695 | 2,841 | 3,180 | 3,325 |

EMPLOYMENT

A large portion of Airdrie residents (37%) 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 2038.² Airdrie's unemployment rate is low, and consistent with Alberta's rate of 4.5% as of January 2015. The median income for Airdrie's population is significantly above the surrounding regions. At approximately \$83,271, the median income is almost \$9,000 more than the median Alberta rate.³ 27.23% of Airdrie households had a total gross income of over \$100,000.⁴



² Airdrie Civic Census, 2011

³ Airdrie Community Profile, 2006

⁴ Census Airdrie Civic Census, 2008

Included below is a list of the top employers in Airdrie by payroll count.

| Employers Over 100 Employees (incl. full-time, part-time, and casual) | | | |
|--|------------------|-------------------------------------|------------------|
| Company Name | Employees | Company Name | Employees |
| Propak Systems Ltd. | 1,049 | Calgary Catholic School District | 149 |
| Rocky View Schools | 462 | Techmation Electric & Controls Ltd. | 143 |
| City of Airdrie | 445 | Costco Distribution Center | 135 |
| Walmart Canada | 400 | Bethany Care Centre | 131 |
| Real Canadian Superstore | 300 | Co-op Airdrie Centre | 130 |
| Fortis Alberta | 254 | Condillo Foods | 123 |
| Canada Safeway | 200 | Cam Clark Ford | 104 |
| First Student Canada | 175 | The Home Depot | 101 |
| ADESA Calgary | 160 | Sobeys | 100 |
| McDonald's Restaurant | 160 | Canadian Tire | 100 |
| Eaton | 158 | | |

Source: City of Airdrie, Economic Development 2011

MAJOR PROJECTS AND PERMITS

Airdrie has seen a 344.28% increase in the value of commercial permits between April 2014 and April 2015 monthly statistics, but a 19.61% drop in residential permit values over the period. Overall, permit values equate to a 69.29% drop between March and April 2015, and a 10.26% year-over-year between April 2014 and April 2015.

| Airdrie Building Permits Value (in Millions) | | | | | | | |
|---|-------------------|-------------------|-------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Sector | April 2014 | March 2015 | April 2015 | March 2015 to April 2015 | April 2014 to April 2015 | March 2015 to April 2015 | April 2014 to April 2015 |
| | | | | change (millions) | | % change | |
| Commercial | 0.55 | 3.41 | 2.45 | -1.0 | 1.9 | -28.08% | 344.28% |
| Institutional | --- | 21.35 | 0.18 | -21.2 | --- | -99.15% | --- |
| Residential | 22.87 | 43.69 | 18.38 | -25.3 | -4.5 | -57.92% | -19.61% |
| Total Permits and Values | 23.4 | 68.4 | 21.0 | -47.4 | -2.4 | -69.29% | -10.26% |

Source: City of Airdrie

The Government of Alberta lists two major projects (over \$5 million in value) in Airdrie at this time, both aimed at providing municipal services to residents: a reservoir and pump station, as well as a firehall.

| Airdrie Major Construction Projects (Over \$5 Million) | | | |
|---|-----------------|---------------------------|---------------|
| Project Description | Company | Cost (in Millions) | Status |
| Reservoir & Pump Station | City of Airdrie | \$12.60 | Announced |
| Airdrie Firehall | City of Airdrie | \$5.80 | Announced |

LAND DEVELOPMENT

A comprehensive growth strategy was developed for Airdrie to plan for future growth. The key findings of this study include that due to considerable recent growth, the City will run out of land within the next 30 years. The annexation of 12,640 acres of land located just north, east and west of Airdrie's current city limits was approved by local and provincial governments in March 2012. This provides the city with a 50 year land supply to see the development of services, amenities, and housing over the next several decades.

RESIDENTIAL HOME SALES

According to the Calgary Real Estate Board, there were 40 single family home sales in April 2015, with an average list price of \$294,814 and an average sale price of \$300,769. Year-over-year there was no change in the average sale price. April 2015 inventory sits at 85 single family units, with days on market at 37.

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

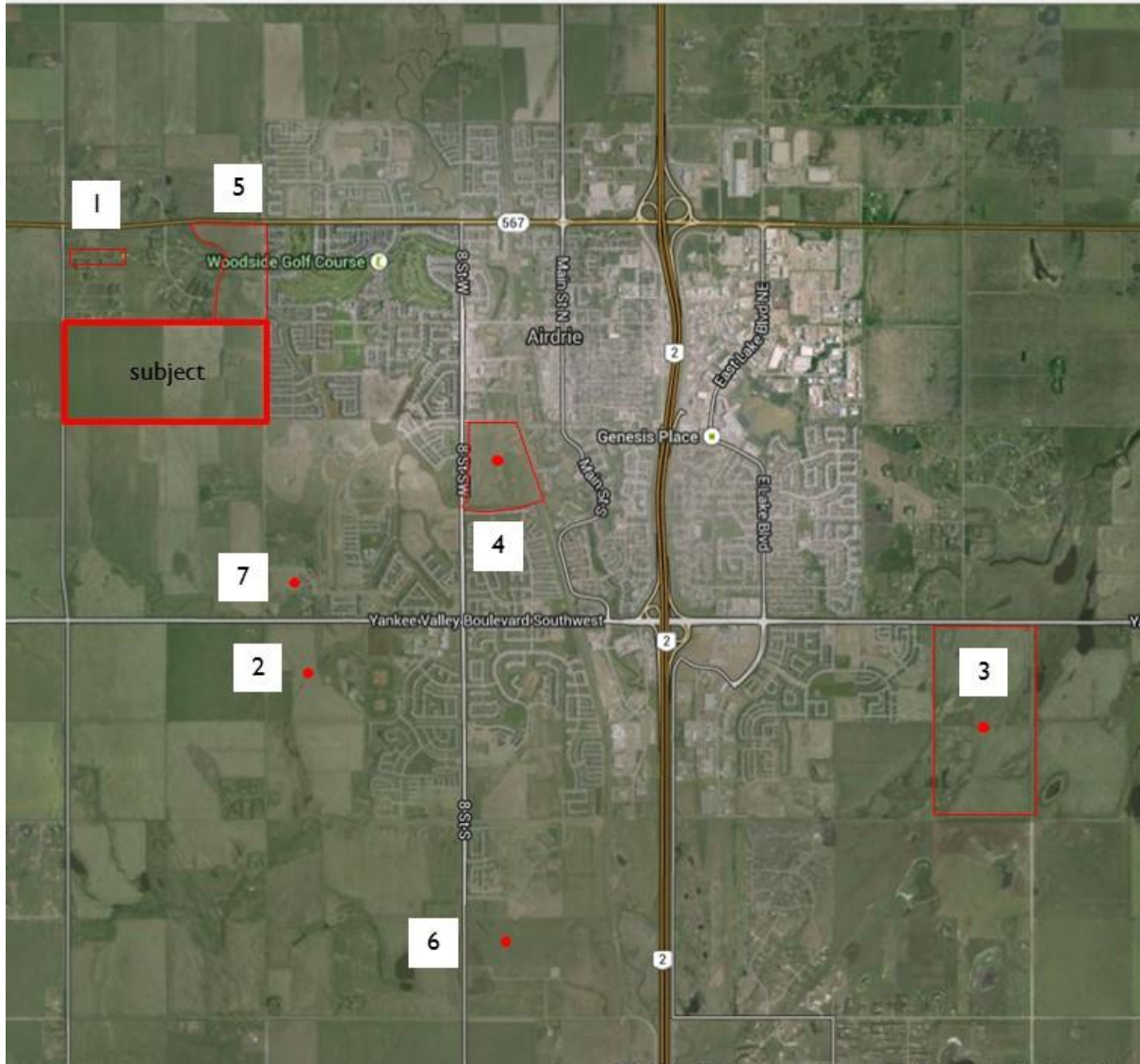
We have researched several market areas for transactions involving similar vacant land sales. Based on our investigations, the following sale indices were examined. Details of the sales are presented below:

| 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 Sheddy – 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; Listed August 2013. |
| 2 | 2201 Yankee Valley Blvd SW Airdrie, AB NW 35; 26; 1; W5M | April 2015 UH | Denaby Equities/Carma Ltd. Brookden GP Inc. | \$20,000,000 | 113.07 | \$176,882 | Located along Yankee Valley Boulevard in southwest Airdrie in the Chinook Winds community; Vendor was 75% Denaby Equities and 25% Carma; Property is within the "Existing Growth Area" in the Airdrie City Plan (adopted Sept. 2014). |
| 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 th 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 No. 1 is a current listing and we would expect this property 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 April 2015. There have been limited transactions in the Airdrie market over this period. Index Nos. 3, 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 new 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 south of the Bayview area and borders new residential development on the east side and is also superior.

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 faster 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) | | | | Subtotal Per Acre | Property Characteristic Adjustments (Additive) | | | | |
| | | Property Rights Conveyed | Conditions of Sale | Financing | Market* Conditions | | Location | Size | Public Utilities | Utility | Land Use /Planning |
| 1 | \$105,000 Listing | Fee Simple/Mkt. 0.0% | Current Listing Downward Adj. | None 0.0% | Similar 0.0% | \$105,000 | Similar | Significantly Smaller Downward Adj. | Similar | Inferior Upward Adj. | Similar |
| 2 | \$176,882 Apr-15 | Fee Simple/Mkt. | Current Listing | None | Similar | \$176,882 | Similar | Similar | Similar | Similar | Superior Downward Adj. |
| 3 | \$55,000 Sep-13 | Fee Simple/Mkt. | Arms-Length | Other Terms - | Inferior Upward Adj. | \$55,000 | Similar | Similar | Similar | Similar | Similar |
| 4 | \$195,465 Jan-13 | Fee Simple/Mkt. | Arms-Length | None | Inferior Upward Adj. | \$195,465 | Superior Downward Adj. | Smaller Downward Adj. | Similar | Similar | Superior Downward Adj. |
| 5 | \$47,946 11/12 | Fee Simple/Mkt. | Arms-Length | None | Inferior Upward Adj. | \$47,946 | Similar | Smaller Downward Adj. | Similar | Inferior Upward Adj. | Inferior Upward Adj. |
| 6 | \$56,818 May-12 | Fee Simple/Mkt. | Court Ordered Sale Upward Adj. | None | Inferior Upward Adj. | \$56,818 | Similar | Smaller Downward Adj. | Similar | Similar | Similar |
| 7 | \$147,860 Jan-12 | Fee Simple/Mkt. | Arms-Length | None | Inferior Upward Adj. | \$147,860 | Superior Downward Adj. | Significantly Smaller Sig. Downward Adj. | Similar | Similar | Superior Downward Adj. |
| | | | | | | | | | | | Overall |
| | | | | | | | | | | | \$105,000 Lower Than |
| | | | | | | | | | | | \$176,882 Lower than |
| | | | | | | | | | | | \$55,000 Higher than |
| | | | | | | | | | | | \$195,465 Sig. Lower than |
| | | | | | | | | | | | \$47,946 Higher than |
| | | | | | | | | | | | \$56,818 Higher than |
| | | | | | | | | | | | \$147,860 Sig. Lower than |

SUMMARY OF DIRECT COMPARISON APPROACH

The seven 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 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 \$176,882 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. The most recent transaction was a sale located southeast of the subject site in the Chinook Winds area, a superior location and also this property having a sooner time to development than the subject property, based on planning documents.

In addition to the comparable transactions in the chart, we are also aware of a 155.00 acre parcel located in the Chinook Winds community which is currently under contract, however no pricing details were available.

Based on the location, size, physical attributes and development potential of the subject property, the indicated value of \$80,000 per acre was utilized which results in the following estimate of value:

$$318.97 \text{ acres} \times \$80,000 \text{ per acre} = \$25,517,600$$

\$25,520,000

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 June 30, 2015 was:

TWENTY FIVE MILLION FIVE HUNDRED TWENTY THOUSAND DOLLARS
\$25,520,000

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

ADDENDA CONTENTS

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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 current 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:

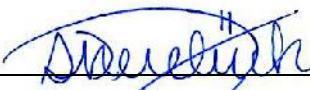
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions and conclusions.
- We have no present or prospective 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.
- Sheena Kereliuk inspected the property that is the subject of the report prior to June 30, 2015. David Shum did not inspect the subject property.
- 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 June 30, 2015. 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 current market value of the subject properties, at the effective date of valuation was:

TWENTY FIVE MILLION FIVE HUNDRED TWENTY THOUSAND DOLLARS
\$25,520,000


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



Sheena Kereliuk, B.Comm, PGCV.
Consultant

July 2, 2015

Date



David Y.T. Shum, AACI, P.App.
Managing Director, Western Canada

July 2, 2015

Date