APPRAISAL OF REAL PROPERTY

Development Land

306, 308, 310 & 312 – 25th Avenue SW

Calgary, AB

City of Calgary File Number LOC 2020 – 0048 (306, 310 & 312 25 AV SE)

IN A NARRATIVE APPRAISAL REPORT

As of July 12, 2021

Prepared For:

Mr. Chris Gusa

The City of Calgary

Real Estate and Development Services (#8052)

3rd Floor, 313-7 Avenue SE

Calgary, AB T2G 0J1

Prepared by:

Cushman & Wakefield ULC

Valuation & Advisory

250 - 6 Avenue SW, Suite 2400

Calgary, AB T2P 3H7

PRIVILEGED & CONFIDENTIAL

C&W File ID: #21-213-900176

CUSHMAN & WAKEFIELD ULC
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Development Land

306, 308, 310 & 312 – 25^{th} Avenue SE
Calgary, AB

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July 12, 2021

Mr. Chris Gusa
The City of Calgary
Real Estate and Development Services (#8052)
3rd Floor, 313 -7 Avenue SE
Calgary, AB T2G 0J1

Re: Development Land Value
306, 308, 310 & 312 – 25th Avenue SW, Calgary, AB
C&W File #21-213-900176

Mr. Gusa:

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

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 appraisal report is prepared in accordance with the Canadian Uniform Standards of Professional Practice (CUSPAP) adopted by the Appraisal Institute of Canada, effective January 1, 2020, and the Code of Ethics and Professional Conduct of the Appraisal Institute of Canada.

The purpose of this appraisal is to provide an estimate of the market value for the subject land based on three density scenarios. It is our understanding that the intended use of the appraisal is for internal decision making to assist on a planning application. 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.

In recent times, the CRE market has been driven by investor demand and strong liquidity. Asset values can fall significantly in short periods of time if either of these two factors, often in conjunction with many others, change significantly. While Cushman & Wakefield is closely monitoring the latest developments resulting from the COVID-19 pandemic, and will continue to provide updates as events unfold, the reader is cautioned to consider that values and incomes are likely to change more rapidly and significantly than during standard market conditions. Furthermore, the reader should be cautioned and reminded that any conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property(ies) of this event, or any event, subsequent to the effective date of the appraisal.

As a result of this analysis, the market value of the fee simple estate in the subject property, at July 12, 2021 is estimated as follows:

<u>Scenario 1: M-H2 3.5 FAR Land Use</u>

THREE MILLION SIX HUNDRED FORTY THOUSAND DOLLARS
$3,640,000

Mr. Chris Gusa
The City of Calgary
July 12, 2021
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Scenario 2: M-H2 4.5 FAR Land Use

FOUR MILLION THREE HUNDRED NINETY THOUSAND DOLLARS
$4,390,000

Scenario 3: M-H2 5.0 FAR Land Use

FOUR MILLION EIGHT HUNDRED EIGHTY THOUSAND DOLLARS
$4,880,000

This estimate of market value is based on an exposure time of six (6) to twelve (12) months.

We caution the reader that values and incomes are likely to change more rapidly and significantly than during standard market conditions. It is unclear as of the date of this report what the impact on investment metrics will be as well as on asset liquidity. Furthermore, we ask that the reader consider events that may have taken place after the completion of this report and recognize that this report expresses an opinion of value as of the date of value.

Extraordinary Assumption

The subject sites include four individual lots zoned DC 63Z2006, with the underlying bylaws of RM-6. The market values contained herein assumes the lots have been assembled as one parcel containing 13,000 sf and the zoning has been amended to one of three multi-family zoning scenarios including:

- **Scenario 1:** Based on the subject site being rezoned with a MH-2h28, Multi-Residential – High Density Medium Rise District land use to a maximum density of 3.5 FAR.
- **Scenario 2:** Based on the subject site being rezoned with a MH-2h28, Multi-Residential – High Density Medium Rise District land use to a maximum density of 4.5 FAR.
- **Scenario 3:** Based on the subject site being rezoned with a MH-2, Multi-Residential – High Density Medium Rise District land use to a maximum density of 5.0 FAR.

The valuation has been based on the assumptions and information provided by our client. Should this information vary, we reserve the right to amend our appraisal and any value impact ensuing. Development costs or levies have not been deducted from the value of the land as contained herein.

We hereby certify that we have no present or contemplated interest in the above-described property of any kind whatsoever. The attached report includes all relevant data and our analysis supporting the conclusion. If you have any questions, please contact the undersigned.

Respectfully submitted,

CUSHMAN & WAKEFIELD ULC

REVIEWED BY:

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Table of Contents

Executive Summary

PROPERTY IDENTIFICATION

Property Description	:	Development Land
Address	:	306, 308, 310 & 312 – 25 Avenue SW, Calgary, AB
Legal Description	:	

Municipal Address	Legal Desc.	Title No.
306-25 Ave SW	B1; 44; 11 east half	911069362
308-25 Ave SW	B1; 44; 11 west half	931287662
310-25 Ave SW	B1; 44; 10 east half	881033527
312-25 Ave SW	B1; 44; 10 west half	031252248

VALUE ESTIMATE

Valuation Methods (Conclusions)	:	Direct Comparison
Valuation Date	:	July 12, 2021

Scenario 1 – M-H2 f3.5

Value Conclusion:	:	**$3,640,000**
Value per Buildable Square Foot	:	**$80.00/ BSF**

Scenario 2 – M-H2 f4.5

Value Conclusion	:	**$4,390,000**
Value Per Buildable Square Foot	:	**$75.00/ BSF**

Scenario 3 M-H2 f5.0

Value Conclusion	:	**$4,880,000**
Value Per Buildable Square Foot	:	**$75.00/ BSF**

PROPERTY DESCRIPTION

Location	:	The subject parcel is located in the Mission neighborhood, an inner-city community. The parcels have frontage along 25th Avenue SW between 2nd Street SW and 4th Street SW, where retail, commercial and entertainment amenities are concentrated.
Site Area	:	13,000 sf (based on survey plan)
Current Land Use	:	DC 63Z2006 – Direct Control Use based on the RM-6 for high density medium profile (3.5 FAR)
Assumed Land Use	:	M-H2 3.5 FAR – Multi-Residential – High Density Medium Rise (Scenario 1) M-H2 4.5 FAR – Multi-Residential – High Density Medium Rise (Scenario 2) M-H2 5.0 FAR – Multi-Residential – High Density Medium Rise (Scenario 3)
Density	:	Maximum allowable: 3.5 FAR – (Scenario 1) Maximum allowable: 4.5 FAR – (Scenario 2) Maximum allowable: 5.0 FAR – (Scenario 3)

HIGHEST AND BEST USE		
As if Vacant	:	The highest and best use of the site as if vacant is considered to be with a multi-residential development, based on the assumptions contained herein.
As Improved	:	Based on the data and overall reasoning within this report, the highest and best use as improved, is redevelopment with a multi-residential development.

Extraordinary Assumptions and Hypothetical Conditions

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

The subject sites include four individual lots zoned DC 63Z2006, with the underlying bylaws of RM-6. The market values contained herein assumes the lots have been assembled as one parcel containing 13,000 sf and the zoning has been amended to one of three multi-family zoning scenarios including:

- **Scenario 1:** Based on the subject site being rezoned with a MH-2h28, Multi-Residential – High Density Medium Rise District land use to a maximum density of 3.5 FAR.
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- **Scenario 3:** Based on the subject site being rezoned with a MH-2, Multi-Residential – High Density Medium Rise District land use to a maximum density of 5.0 FAR.

The valuation has been based on the assumptions and information provided by our client. Should this information vary, we reserve the right to amend our appraisal and any value impact ensuing. Development costs or levies have not been deducted from the value of the land as contained herein.

We hereby certify that we have no present or contemplated interest in the above-described property of any kind whatsoever. The attached report includes all relevant data and our analysis supporting the conclusion. If you have any questions, please contact the undersigned.

Aerial View

*City of Calgary Proposed Land Use Application document

Introduction

Purpose And Intended Use Of This Appraisal

The purpose of this appraisal is to provide an estimate of market value of the subject property based on three density scenarios. It is our understanding that the intended use of the appraisal is for internal decision-making to assist in a planning application. This report has been prepared for and may only be relied upon by The City of Calgary Real Estate and Development Services.

Property Identification

The subject property is municipally addressed as

306, 308, 310 & 312 – 25th Avenue SE, Calgary, AB

The subject property is legally described as follows:

Municipal Address	Legal Desc.	Title No.
306-25 Ave SW	B1; 44; 11 east half	911069362
308-25 Ave SW	B1; 44; 11 west half	931287662
310-25 Ave SW	B1; 44; 10 east half	881033527
312-25 Ave SW	B1; 44; 10 west half	031252248

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.

Property Ownership

The subject lots are currently owned by the following individuals:

Municipal Address	Legal Desc.	Ownership
306-25 Ave SW	B1; 44; 11 east half	W. MacDonald
308-25 Ave SW	B1; 44; 11 west half	R. Prodanovic
310-25 Ave SW	B1; 44; 10 east half	R. Prodanovic
312-25 Ave SW	B1; 44; 10 west half	R. Prodanovic

There do not appear to have been any transfers of the lots within the three years preceding this appraisal.

Effective Date Of Appraisal

The effective date of the appraisal is July 12, 2021.

Property Rights Appraised

The legal interest appraised is the fee simple estate. The fee simple estate is 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:

- Conducted a site inspection of the subject property on July 12, 2021;
- Considered information with respect to sales, listings, and leases, at or about the valuation date, of properties considered similar to the subject, where we have significant knowledge of such sales, listings, and leases 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:
  - 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
  - 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; and
- Examined market conditions and analyzed their potential effect on 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 as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus."***

Implicit in this definition 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."***

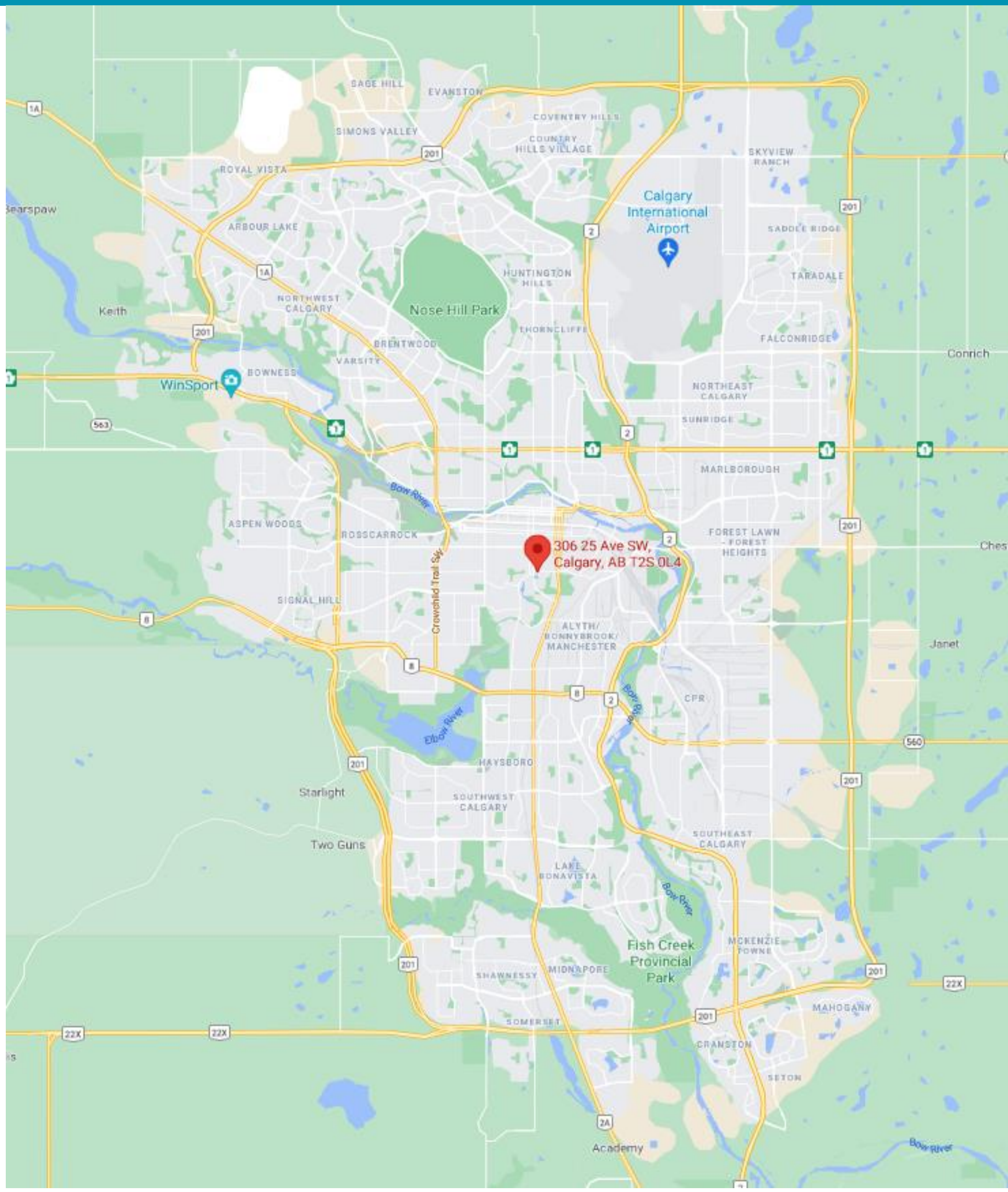
Based on discussions with various investors and real estate brokers familiar with assets such as the subject and based on an analysis of comparable sales utilized in this valuation, it is our estimate that the subject would require a six (6) to twelve (12) month exposure period. Typical purchasers for this asset type would be large property development companies/corporations and real estate investment firms who specialize in mixed use and/or multi-family projects.

Property Details

Neighborhood Description

LOCATION
The Mission area is bounded by 17th Avenue SW in the north, 4th Street SW in the west, the Elbow River in the south and the Elbow River and 1 Street SE in the east. This area covers approximately 132 acres. More specifically, subject parcel is located in the Mission neighborhood, an inner-city community. The site has frontage along 25th Avenue SW between 2nd Street SW and 4th Street SW, where retail, commercial and entertainment amenities are concentrated.
TRANSPORTATION SYSTEMS (BUS, RAPID RAIL, ETC.)
25th Avenue SW serves as an important connection between MacLeod Trail and 4th Street SW with bus route stops across the street and connecting the subject site to the downtown and LRT. As per the Mission ARP, this street is a 'minor collector' roadway with 4th Street being a 'secondary route' and 17th Avenue SW and Macleod Trail SW being 'major' routes.
NEIGHBOURHOOD TRAFFIC COUNTS (MOST RECENT AVG DAILY WEEKDAY TRAFFIC VOLUME-2019)
• 11,000-12,000 vpd : 4th street at 25th Avenue SE • 45,000 – 50,000 vpd – Mcleod Trail SE at 25th Avenue SE
PLANNED CHANGES IN ROAD NETWORK
None known
LAND USE CHANGES
The subject property is currently zoned with a DC use that is guided under the RM-6 multi-family permitted uses. It is an assumption of this appraisal the land use will be amended to an M-H2 multi-residential use as described in the two scenarios that comprise the valuation section.
CONCLUSION
The long-term outlook for this neighborhood is positive as the site is in a good location with an entertainment district and has close proximity to the Downtown core as well as transit in close proximity.

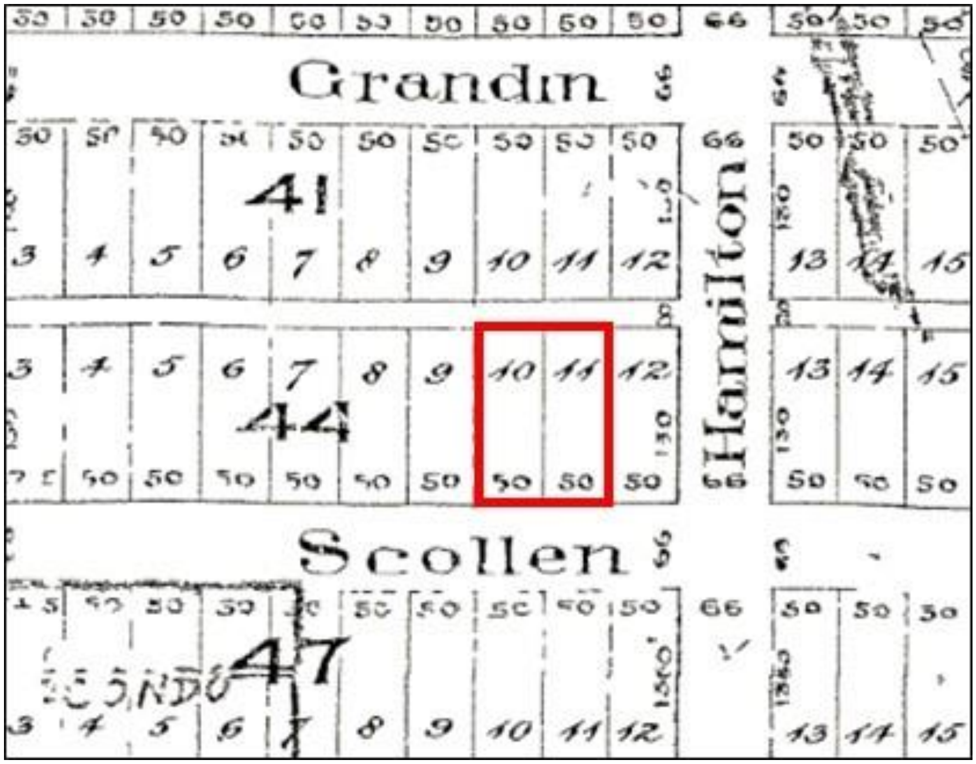
REGIONAL MAP



LOCAL MAP


Subject
HILLHURST
SUNNYSIDE
EAU CLAIRE
CHINATOWN
BRIDGELAND-RIVER
WESTMOUNT
WEST VILLAGE
DOWNTOWN WEST END
DOWNTOWN COMMERCIAL
DOWNTOWN
EAST VILLAGE
Calgary
SUNALTA
BELTLINE
VICTORIA PARK
LOWER MOUNT ROYAL
BANKVIEW
CLIFF BUNGALOW
GRANDVIEW
RAMSAY
UPPER MOUNT ROYAL
ERLTON
SOUTH CALGARY
Bow River
Peace Bridge
Calgary Tower
Calgary Stampede
Union Cemetery

SURVEY PLAN



Site Description

Location:	The subject parcel is located in the Mission neighborhood, an inner-city community. The site has frontage along 25th Avenue SW between 2nd Street SW and 4th Street SW, where retail, commercial and entertainment amenities are concentrated.
Shape:	Rectangular formation
Total Area:	13,000 sf – as assumed to be assembled
Topography:	The site is generally flat
Easements and/or Rights of Way:	We reviewed current titles on July 7, 2021. There are several mortgage and caveats registered on each of the four titles. These documents are assumed not to have any impact on the marketability of the subject site. For greater certainty, a legal opinion should be obtained.
Frontage, Access, Visibility:	The subject site is located along 25th Avenue SW with frontage on this road as well as has rear alley access.
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 existing structures and typical for the area. We did not observe any evidence to the contrary during our physical inspection of the property.
Utilities:	Full municipal services are available to the subject property.
Environmental Matters:	As per the Mission ARP Map 5, the subject property is located within the Floodplain area. Cushman & Wakefield ULC has no expertise or responsibility regarding environmental matters. We are unaware of any potential problems regarding soil conditions within this particular location and, without information to the contrary, we have assumed that soil conditions would be suitable in order to support all existing and/or potential uses envisioned for the subject property.

Land Use Bylaw

SUMMARY	
Proposed Land Use – Scenario 1	
Zoning:	MH-2, 3.5 FAR Multi-Residential – High Density Medium Rise District
Purpose:	The Multi-Residential – High Density Medium Rise District: (a) is intended to provide for Multi-Residential Development on selected parcels in the Developed Area and the Developing Area; (b) has Multi-Residential Development that will provide intense development, with higher numbers of Dwelling Units and traffic generation; (c) provides for Multi-Residential Development in a variety of forms; (d) has taller Multi-Residential Development with higher density; (e) has Multi-Residential Development where intensity is measured by floor area ratio to provide flexibility in building form and Dwelling Unit size and number; (f) is located on strategic parcels, including landmark locations, transit and transportation corridors and nodes and employment concentrations; (g) requires that Multi-Residential Development achieves a minimum density; (h) includes a limited range of support commercial multi-residential uses, restricted in size and location within the building; (i) provides outdoor space for social interaction; and (j) provides landscaping to complement the design of the development and to help screen and buffer elements of the development that may have impacts on residents or nearby parcels.
Permitted & Discretionary Uses:	Accessory Residential Building; Home Based Child Care – Class 1; Home Occupation – Class 1; Park; Sign – Class A, B, D ; Utilities.
Discretionary Uses:	The following *uses* are *discretionary uses* in the Multi-Residential – High Density Medium Rise District: Addiction Treatment; Assisted Living; Child Care Service, Community Entrance Feature, convenience Food Store, Counselling Service, Custodial Care, Drinking Establishment-small, Home Occupation-Class2, Information and Service Provider, Live Work Unit Multi-Residential Development, Office, Outdoor Café, Place of Worship-medium, Place of Worship- small, Restaurant neighborhood, Retail and Consumer Service, Service Organization Sign – Class B, C, D, E, Specialty Food Store, Take Out Food Service, Temporary Residential Sales Centre, Urban Agriculture, Utility Building.
Floor Area Ratio:	**The maximum floor area ratio under this scenario is 3.5 FAR.**

SUMMARY

Proposed Land Use – Scenario 2

Zoning:	MH-2, 4.5 FAR Multi-Residential – High Density Medium Rise District
Purpose:	The Multi-Residential – High Density Medium Rise District: (a) is intended to provide for Multi-Residential Development on selected parcels in the Developed Area and the Developing Area; (b) has Multi-Residential Development that will provide intense development, with higher numbers of Dwelling Units and traffic generation; (c) provides for Multi-Residential Development in a variety of forms; (d) has taller Multi-Residential Development with higher density; (e) has Multi-Residential Development where intensity is measured by floor area ratio to provide flexibility in building form and Dwelling Unit size and number; (f) is located on strategic parcels, including landmark locations, transit and transportation corridors and nodes and employment concentrations; (g) requires that Multi-Residential Development achieves a minimum density; (h) includes a limited range of support commercial multi-residential uses, restricted in size and location within the building; (i) provides outdoor space for social interaction; and (j) provides landscaping to complement the design of the development and to help screen and buffer elements of the development that may have impacts on residents or nearby parcels.
Permitted & Discretionary Uses:	Accessory Residential Building; Home Based Child Care – Class 1; Home Occupation – Class 1; Park; Sign – Class A, B, D ; Utilities.
Discretionary Uses:	The following *uses* are *discretionary uses* in the Multi-Residential – High Density Medium Rise District: Addiction Treatment; Assisted Living; Child Care Service, Community Entrance Feature, convenience Food Store, Counselling Service, Custodial Care, Drinking Establishment-small, Home Occupation-Class2, Information and Service Provider, Live Work Unit Multi-Residential Development, Office, Outdoor Café, Place of Worship-medium, Place of Worship- small, Restaurant neighborhood, Retail and Consumer Service, Service Organization Sign – Class B, C, D, E, Specialty Food Store, Take Out Food Service, Temporary Residential Sales Centre, Urban Agriculture, Utility Building.
Floor Area Ratio:	**The maximum floor area ratio under this scenario is 4.5 FAR.**

SUMMARY	
Proposed Land Use – Scenario 3	
Zoning:	MH-2, 5.0 FAR Multi-Residential – High Density Medium Rise District
Purpose:	The Multi-Residential – High Density Medium Rise District: (a) is intended to provide for Multi-Residential Development on selected parcels in the Developed Area and the Developing Area; (b) has Multi-Residential Development that will provide intense development, with higher numbers of Dwelling Units and traffic generation; (c) provides for Multi-Residential Development in a variety of forms; (d) has taller Multi-Residential Development with higher density; (e) has Multi-Residential Development where intensity is measured by floor area ratio to provide flexibility in building form and Dwelling Unit size and number; (f) is located on strategic parcels, including landmark locations, transit and transportation corridors and nodes and employment concentrations; (g) requires that Multi-Residential Development achieves a minimum density; (h) includes a limited range of support commercial multi-residential uses, restricted in size and location within the building; (i) provides outdoor space for social interaction; and (j) provides landscaping to complement the design of the development and to help screen and buffer elements of the development that may have impacts on residents or nearby parcels.
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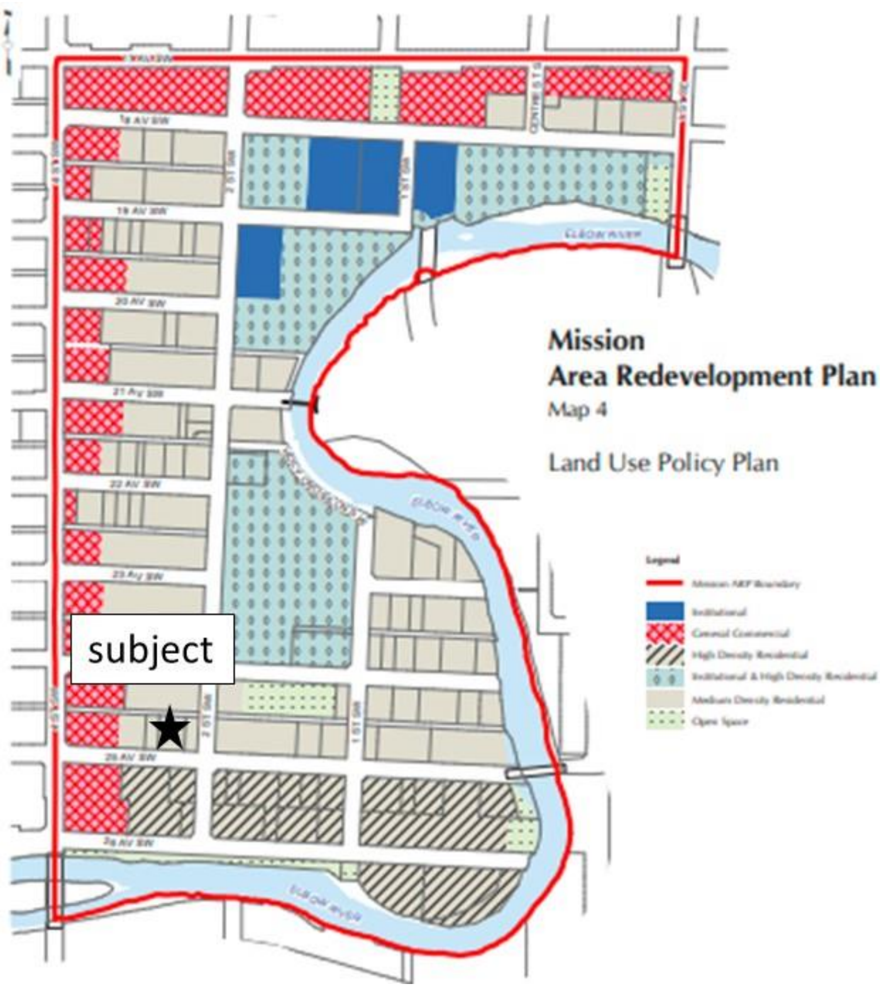
Floor Area Ratio:	**The maximum floor area ratio under this scenario is 5.0 FAR.**

Planning Documents

MISSION ARP

The subject parcels are located within medium density residential sector which is bounded by 18 Avenue SW, 25 Avenue SW, 2 Street SW and 4th Street SW. The intent of the Mission ARP policies is to support apartment redevelopment that is sensitive to the existing community character and compatible with the existing residential streetscape. The subject parcels are located within the medium density land use area and are subject to a maximum density of 3.5 FAR with a maximum height of five storeys.



Market Analysis

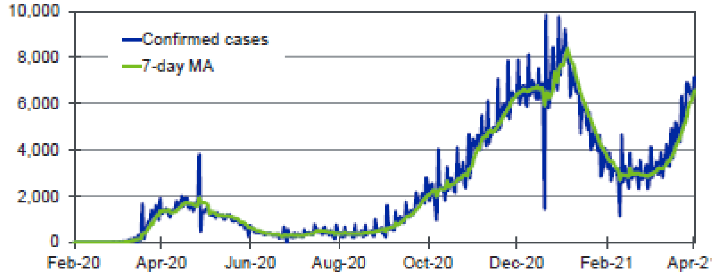
Canadian Economic Overview

Key Indicators

The COVID-19 pandemic entered a troubling new phase in early 2021 in Canada. Public health conditions appeared to be improving around the start of the year as the winter wave was subsiding, but the optimism would prove to be short-lived, as case counts began exploding in March. In turn, provincial governments closed schools, places of worship, gyms, restaurants, salons, and other non-essential businesses. They have limited capacity at essential businesses, restricted inter-provincial travel, and imposed curfews. Southern Ontario, particularly the Golden Horseshoe area, which is Canada's largest population centre and economic hub, was significantly impacted. However, after a poor start, vaccine distribution is steadily gaining momentum.

Second Wave Rages

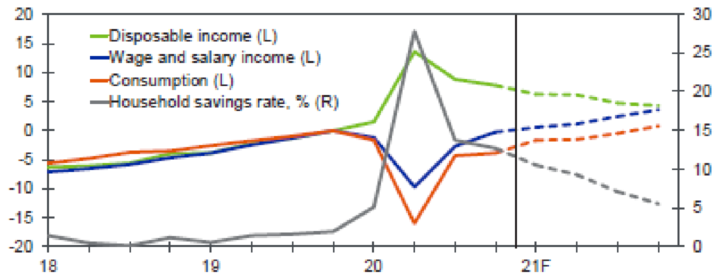
New COVID-19 infections per day, Canada



Sources: WHO, Moody's Analytics

Savings Remain Elevated, Consumption Lags

Select income and spending measures, % change from 2019Q4



Sources: Statistics Canada, Moody's Analytics

Through the first quarter, Canada trailed the EU in administered doses per capita, but progress has improved significantly since. The timing of the outbreaks suggests that first-quarter GDP growth will prove strong, but the second quarter will see a slowdown. The winter wave of infections induced job losses in December and January, but several strong months of hiring followed. Therefore, job losses appear likely in April and May, which should reverse the improvement in the unemployment rate, which had fallen to 7.5% in March. Unemployment is unlikely to push below 7% on a sustained basis until mid-2022.

Sentiment Remains Weak, but Hope Emerges

Survey of Global Business Confidence, diffusion index, >0 is expansionary

Source: Moody's Analytics

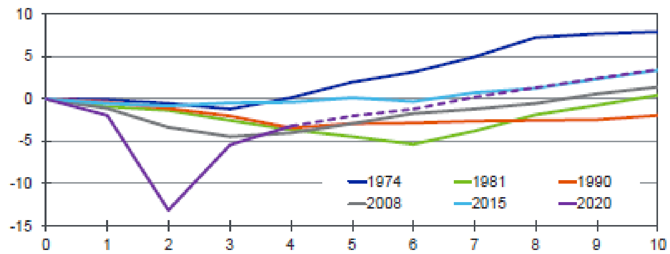
Despite the rocky start to the year, the second half of 2022 should deliver historically strong GDP growth. New COVID-19 cases should subside with the arrival of warmer weather, as was the case in 2020, and more widespread vaccine distribution. Further, consumers have significant pent-up demand for services such as travel, leisure, and hospitality, and they have the ability to spend. The household savings rate ended 2020 near 13%.

By summertime, the combination of widespread vaccine distribution, easing public health restrictions, elevated savings, and further fiscal stimulus will rebalance the economy, replacing a deficit of demand with a supply shortage. Accordingly, inflation and interest rates will push higher in the second half of 2021, generating some unease.

An uptick in borrowing costs will strain heavily indebted households and cool down the high-flying housing market. Further fueling the rise of interest rates, the Bank of Canada will significantly dial back its quantitative easing program towards the end of the year, as the economy appears increasingly able to stand on its own two feet.

Quicker Recovery Than Following Great Recession

GDP, % change, qtrs from start of recession

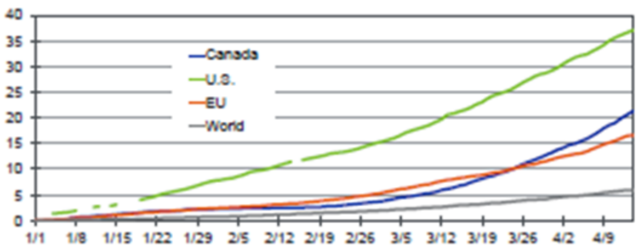


Sources: Statistics Canada, Moody's Analytics

While Canadians will begin losing the support of accommodative monetary policy, the recovery will get additional assistance from its main trading partner, the U.S. The U.S. passed a historic US$1.9 trillion stimulus package in March, and more is likely in October. Canadian exporters will enjoy the support of significant spillover demand from the southern neighbour.

Vaccine Distribution Improving

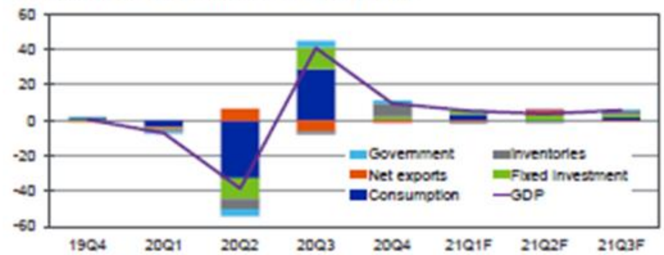
Share of people with at least one vaccine dose, as of Apr 14, 2021



Sources: Our World in Data – Univ. of Oxford, Moody's Analytics

GDP Growth Accelerates in Second Half of 2021

Contribution to real GDP, annualized % change, ppts



Sources: Statistics Canada, Moody's Analytics

Economic Health Check

	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21
Unemployment rate, %	12.4	11.2	10.1	9.5	8.9	8.8	8.9	8.8	8.4
Employment, m/m diff, ths	553.7	524.1	334.3	226.8	173.7	32.1	-70.3	-2.1	116.5
Average weekly earnings, y/y & chg	9.2	8.3	7.5	6.6	6.4	6.4	7.3	ND	ND
Consumer price index, y/y % chg	0.2	0.4	0.4	0.5	0.7	0.8	0.9	0.9	1.4
Retail sales, m/m % chg	14.9	8.1	1.2	0.7	1.0	-0.7	-1.0	ND	ND
IP, m/m % chg	4.1	2.3	1.2	0.2	1.3	1.1	1.7	ND	ND
Merchandise trade balance, level C$ bil	-1.9	-2.4	-3.2	-3.6	-3.7	-3.1	-1.4	0.1	ND
House prices, m/m % chg	0.8	1.0	1.2	1.3	1.3	1.2	1.0	0.9	0.7
Housing starts, ths	217.4	239.5	238.5	232.6	232.8	239.7	268.0	272.5	307.7

Better than prior 3-mo MA | Unchanged from prior 3-mo MA | Worse than prior 3-mo MA

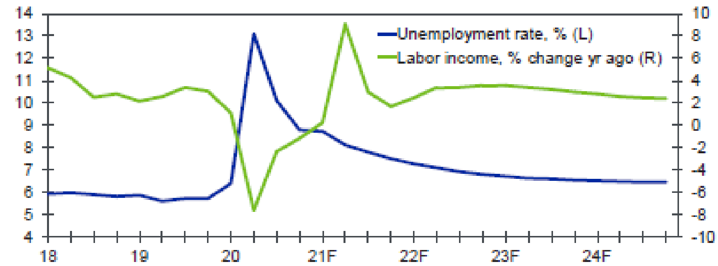
Sources: Statistics Canada, Bank of Canada, RPS, CMHC, Moody's Analytics

Near Term Outlook

Labour, Income, and Spending

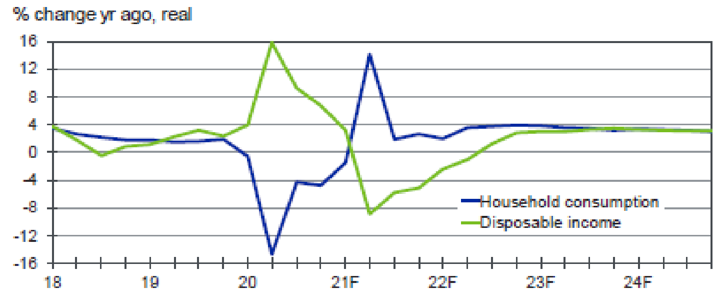
Following the winter wave of COVID-19 that saw combined job losses of 265,000 in December and January, hiring boomed with an employment increase of 562,000 over February and March that pushed unemployment down to 7.5%. The latest wave of infections that began in March will delay further progress. The unemployment rate is unlikely to push below 7% until mid-2022. Job growth will prove strong, but the labour market will also contend with the return of discouraged workers to the labour force.

Labor Market Conditions



Sources: Statistics Canada, Moody's Analytics

Fading Stimulus Reduces Disposable Income



Sources: Statistics Canada, Moody's Analytics

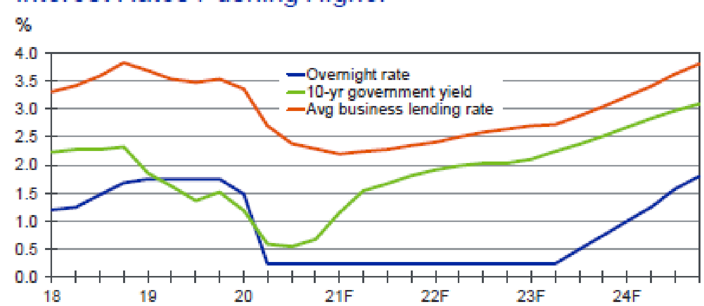
Vaccine distribution, pent-up demand, and elevated savings will propel a stronger recovery in the second half of 2021, speeding up job creation and dropping unemployment back to its long-run natural rate of 6.5% in late 2023. Rising employment bolsters wage and salary growth, but disposable income is likely to drop through 2021 as government transfer payments shrink and investment income pauses.

Despite disposable income's retreat, households are armed with significant savings, allowing private consumption to continue to expand. Following a 6.1% contraction in 2020, real personal consumption expenditures will likely grow 3.9% in 2021 and 3.3% in 2022, recovering all of the lost ground. The household savings rate ended 2020 at 13%, which consumers are expected to spend away in about a year, returning to about 5%. Prior to the crisis, savings was barely 1%, but cautious sentiment is unlikely to permit a return to that level. Consumption's share of GDP increased from around 50% in 2000 to closer to 60% pre-pandemic and should remain the driving force of GDP growth in the years ahead.

Monetary Policy and Credit Conditions

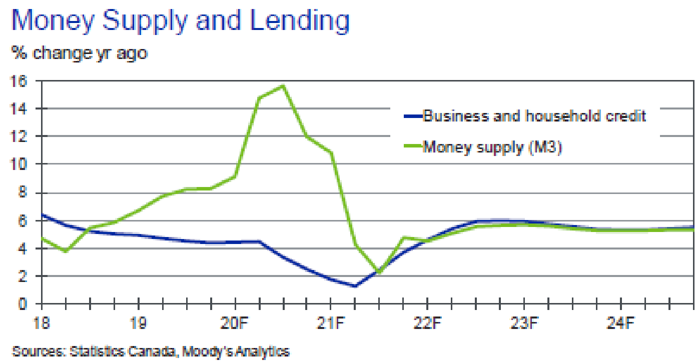
The Bank of Canada will make minor adjustments to policy in order to aid the economy through a rocky first half of the year, but its interventions will start to scale back in late 2021 as the recovery gains momentum. The bank has already begun the task of winding down its programs to purchase corporate and provincial debt. With its primary federal government bond buying program, the bank is still purchasing about $4 billion in securities per week to hold down rates.

Interest Rates Pushing Higher



Sources: Statistics Canada, Moody's Analytics

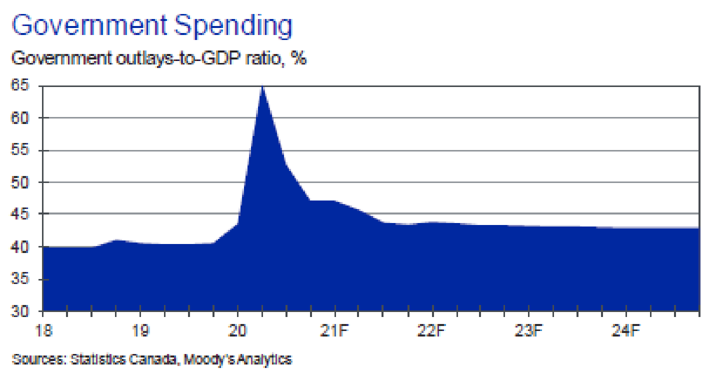
Thus, the total value of assets on the bank's balance sheet is slowly approaching $600 billion, making it the owner of more than 35% of the federal government's total outstanding debt. Policymakers have begun to outline a plan to taper off its quantitative easing once the recovery is well underway, which we interpret to mean the end of 2021.



As the bank scales down its interventions, bond yields will pusher further north, with the 10-year government yield expected to reach 2% by mid-2022. In turn, the five-year mortgage rate will climb, nearing 4% around the same time. The bank has held its target for the overnight rate at 0.25% since March. In its forward guidance, policymakers have expressed no desire to venture lower, preferring quantitative easing instead. Policymakers will not raise the policy rate until the labour market recovers fully, which implies mid-2023. By mid-2026, the policy rate returns to its long-run equilibrium of 2.75%. Rising rates will cool credit growth, which is long overdue. Household debt to disposable income exceeds 170% – one of the highest rates in the world.

Fiscal Policy

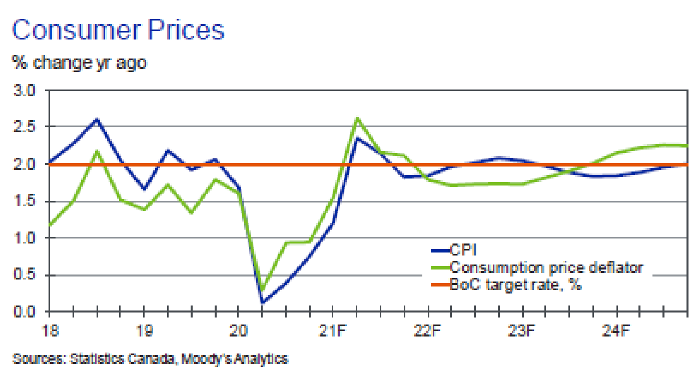
Fiscal policymakers have deployed more than $360 billion in stimulus, about 12% of pre-pandemic GDP, primarily by expanding unemployment benefits; providing wage subsidies to firms; increasing benefit payments for children, students, and seniors; allowing mortgages to be deferred; and temporarily reducing payroll deductions.



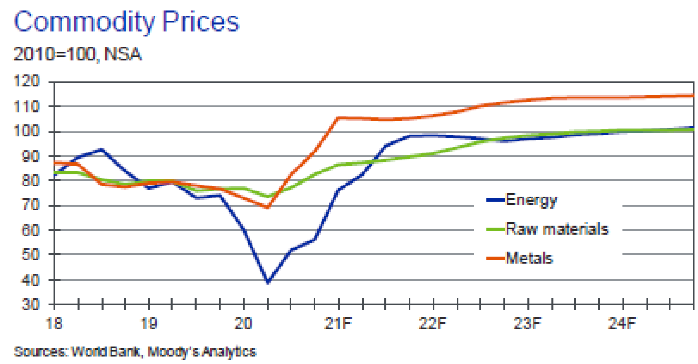
Government outlays as a share of GDP soared from about 40% in 2019 to a peak of 52% in 2020 and will likely remain near 45% in 2021 and 2022, laying bare the extent to which stimulus is propping up the economy. Despite the recent red ink, Canada has historically favored balanced budgets, which meant the government entered the crisis in a far better fiscal position than many of its peers. However, Canada is poised to join the growing group of nations with general government debt to GDP greater than 100%. Canada lost its AAA rating from Fitch in 2020, but not from Moody's nor S&P, due to its debt accumulation, but the country will remain a safe haven during times of crisis because of its strong and stable institutions and will maintain access to low interest rates.

Inflation

Consumer price inflation will turn volatile over the coming months as year-over-year comparisons to the onset of the pandemic skew the figures higher. CPI inflation should crest near 2.4% in the second quarter. Weighing down inflation, the swell in food prices during the early days of the pandemic is unwinding, and low interest rates are depressing mortgage interest costs. However, the hot housing market and rising prices for building materials are factors to be monitored in the near to medium term.



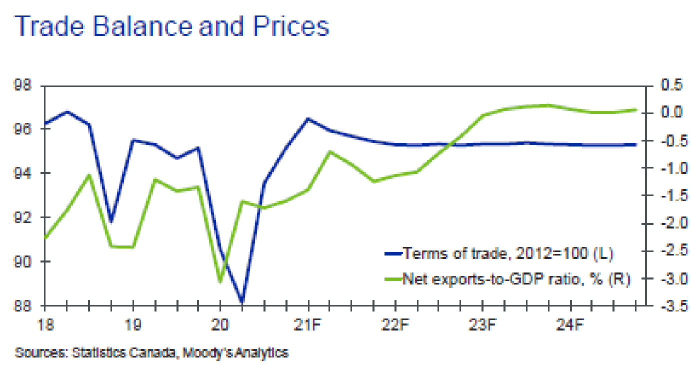
The Bank of Canada's preferred measures of core inflation suggest that the headline rate of inflation underestimates the degree to which costs are rising. The CPI-trim and the CPI-median are running around 2%, in line with the Bank of Canada's target. Following the second-quarter inflation spike, we expect CPI inflation to ease, finishing the year around 1.8%. Inflation quickly heats back up in 2022 as the labour market starts to tighten back up. As inflation pushes past the bank's 2% target in late 2022, policy makers begin to feel the pressure, leading to the first expected rate hike in mid-2023.



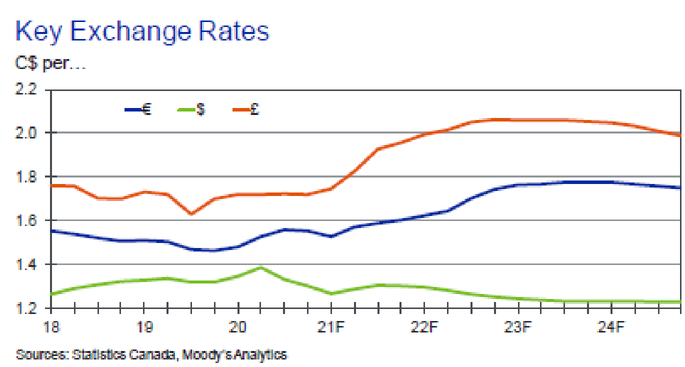
Canada has experienced low and stable inflation ever since the bank adopted inflation targeting in 1991, and that trend is unlikely to change. Domestic prices tend to be slightly more volatile than in the U.S. because the value of the Canadian dollar tracks the price of oil, affecting import costs, but the difference is modest.

Trade and Foreign Exchange

The rapid, stimulus-fueled recovery in the U.S., combined with growing global transportation demand, bodes well for Canadian exporters. The U.S. economy will lead the globe out of the pandemic thanks to robust fiscal stimulus and the relatively more rapid pace of vaccinations. The surge in consumer demand will spur business activity across North American supply chains as orders from U.S. importers swell, benefiting manufacturers the most. Further, the increasing rate of vaccinations will help rejuvenate travel demand and, in turn, Canadian energy.



Oil prices will hold near the current levels for the next few years, with the benchmark WTI oil price clinging to US$60 per barrel by the end of 2021, implying a Western Canada Select price closer to about US$45. However, the stable price reflects increasing production offsetting against rising demand. As supply ramps up, the transportation bottlenecks that afflicted oil drillers risk reappearing.



The recent appreciation of the Canadian dollar against the U.S. will reverse slightly over the next year as oil prices flatten out. The high degree of integration with the U.S. leads to similar inflation and interest rate profiles. With stable oil prices, the two countries' exchange rate will tread near its current level.

The recovery of imports will mimic the movements in household spending. Following trade liberalization, the import share of domestic demand surged from 15% in the early 1980s to about 30% in 2000, where we project they will remain.

Key Risks & Long-term Forecast Summary

Summary

The third, spring wave of COVID-19 will temporarily slow the recovery, but the improving rate of vaccinations sets the stage for a strong second half of the year. Tragically, with the end of the pandemic and the return to normal in sight, new, more infectious variants of COVID-19 have spawned the worst wave of infections so far in the crisis. Provinces clamped down with strict public health measures, which further impacted already struggling sectors of the economy. These preventive measures and the accelerating vaccine distribution are expected to turn the tide, leading to a gradually loosening of public health restrictions. Herd immunity will revive consumer and business confidence. With the aid of elevated savings, the reopening will encourage the release of pent-up demand and a robust recovery will take a firmer hold of the economy. Such is the baseline outlook. Despite the highly optimistic outlook, several risk factors threaten to derail the recovery.

What to watch out for

COVID-19: The virus remains the foremost threat to the economy. Persistence of the contagion will prolong the time that businesses stay closed, depriving many households of income. The longer the closures endure, the greater the risk that more long-lasting damage is done to the economy. COVID-19 poses long-run risks as well. Like influenza, new variants may be vaccine-resistant, and seasonal outbreaks will become the new normal. In turn, social and spending habits may permanently evolve as households, businesses, and financial markets permanently re-price the risk of different activities and investments. Vaccine hesitancy raises concerns amid isolated reports of side effects and mixed messages from public health officials. If the skepticism grows, Canada could fail to reach herd immunity, implying continued outbreaks.

Debt and housing. Canadians entered the crisis with high levels of household debt, and the latest housing boom is generating increasing concern among regulators and policymakers. Rumblings about potential changes in mortgage lending regulations are starting to grow louder. Rising interest rates will begin to push debt-service obligations higher. As the data on participation in the mortgage deferral program indicate, many households' finances are fragile. About 10% of CMHC-backed mortgage borrowers took up the option to pause their home-loan payments. The forecast anticipates that a rapid recovery in employment generates the wage and salary income necessary to support house prices' current valuation. A much weaker labour market recovery would imply more profound deterioration in loan performance. As banks increasingly become saddled with bad debt, a credit crisis begins to take hold. The combination of higher interest rates, tightening lending standards, and elevated unemployment sparks a wave of deleveraging and a correction in the housing market.

Taper Tantrum: As the history of the last recession makes clear, winding down the enormous array of monetary support will not be easy. The last time central banks started slowing down their asset purchases, investors revolted, and rates spiked. In the euro zone, following the last recession, a sovereign debt crisis erupted in the periphery economies as the European Central Bank adhered to the preferred policies of its higher-income members.

As of April, the Bank of Canada holds more than 30% of the federal government's debt. Trudeau's $100 billion stimulus plan could force the bank to take its stake even higher. Unwinding monetary stimulus while ensuring that interest rates do not rise too quickly and prematurely stunt the recovery presents a difficult high-wire act, particularly if incoming inflation data exceed consensus projections.

Trade War/International Tensions: The deterioration of the global trade environment remains a significant risk for Canada. The forecast assumes that increasing vaccination rejuvenates transportation demand. Canadian energy producers and vehicle manufacturers stand to make significant gains. However, a longer-than-expected time to reach global herd immunity would prolong the pain for Canadian exporters. Further, the continued closure of international borders would further starve the struggling tourism, leisure, and hospitality industries.

Protectionism also remains a dominant force despite the change in the U.S. presidential administration. The new "Buy American" executive order from President Biden prioritizes domestic suppliers for federal procurement purchases. While this order alone is not a significant concern for Canada, it may signal a more protectionist stance from the Biden administration than expected. The cancellation of Keystone XL, which strikes a blow to Canada's oil industry, hurts relations and raises the odds of retaliation. A breakdown in the relationship between Canada and its United States-Mexico-Canada Agreement partners would increase the chances of increased trade barriers in areas not covered by the USMCA.

Long Term Forecasts

	2020	2025	Avg 2020-2029	Avg 2030-2039	Avg 2040-2049
GDP					
Real GDP, % change	-5.4	2.1	2.1	2.2	1.9
Real private consumption, % change	-6.1	2.4	1.9	2.5	2.0
Real fixed investment, % change	-3.6	1.3	2.0	1.8	1.9
Real net exports, bil, SAAR	10.1	39.9	32.0	22.4	3.2
Real government consumption, % change	-1.1	1.6	2.0	2.1	2.2
Labor and Demographics					
Unemployment rate, %	9.6	6.4	7.0	6.4	6.5
Labor force participation rate, %	79.3	81.4	81.2	84.1	86.3
Population, # mil	38.0	39.9	39.7	43.6	47.0
Population growth, % change	0.9	1.0	1.0	0.8	0.7
Real productivity, % change	-0.3	1.3	1.5	1.2	1.1
Real disposable income per capita, ths	na	na	na	na	na
Financial					
Debt-to-GDP, %	100.1	82.4	84.4	55.9	41.3
10-yr government bond yield, %	0.8	3.3	2.8	3.7	3.8
Policy rate, %	0.6	2.2	1.6	2.7	2.7
Stock index, % change	-1.8	5.7	4.4	4.7	4.5
External					
Exchange rate, currency/USD	1.3	1.2	1.2	1.3	1.3
Real effective exchange rate, 2010=100	80.7	82.7	82.3	81.8	81.0
Industry					
Industrial production, % change	-8.3	-0.2	0.6	1.2	0.9
Capacity utilization, %	77.2	82.4	82.3	83.7	84.6
Consumer					
Real retail sales, % change	-1.8	2.0	1.8	2.2	2.1
Household saving rate, %	9.6	-1.1	0.9	1.5	2.3
House price index, % change	8.6	5.5	5.5	5.2	5.5
Consumer price index, % change	0.7	2.1	1.9	2.2	2.2

Last updated on: 04/06/2021

Source: Moody's Analytics

Alberta - Economic Overview

Alberta is known as Canada's "energy province", with more than 80.0% of the country's reserves of conventional crude oil, over 90.0% of its natural gas, and all of its bitumen & oil-sands reserves residing in the province. Furthermore, Alberta is the world's second largest exporter of natural gas, and the fourth largest producer. Alberta's energy sector represents approximately one fifth 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 manufacturing, and service sectors to develop a dynamic and diverse economy. Alberta's borders touch the vast prairies to the east, the Canadian arctic to the north, and the United States to the south.

Overall Trends

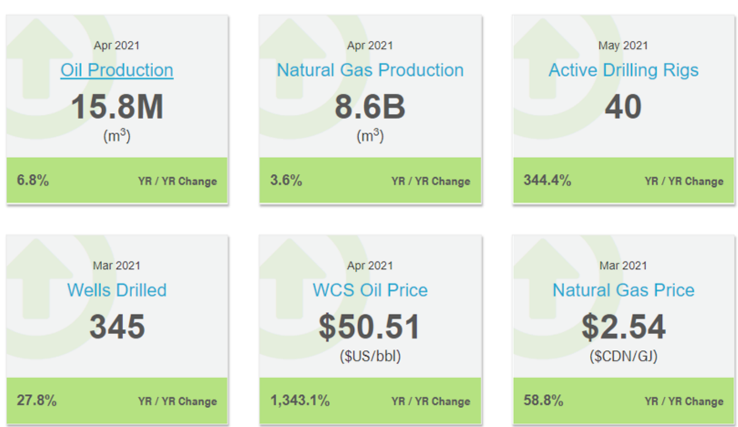
The COVID-19 pandemic coupled with the collapse in oil prices caused Alberta to go into one of the worst downturns in history in 2020. Alberta is slowly emerging from the effects of the downturn in the economy and economic prospects have improved. Although, the outlook remains uncertain and depends on virus containment and an effective vaccine rollout.

Alberta Economic Indicators Change - Q1 2021 [annual average % change, unless otherwise noted]				
Indicator	**2021**	**2022**	**2023**	**2024**
Real GDP	4.8	3.7	3.3	3.1
Employment	4.2	2.9	2.5	2.4
Unemployment Rate (%)	9.9	8.4	7.3	6.3
Indicator	**2021**	**2022**	**2023**	**2024**
WTI Oil Prices (US$/Barrel)	46.0	55.0	56.5	--
Light Heavy Differential (US$/Barrel)	14.6	14.7	15.3	--
Exchange Rate (US cents/CAD$)	77.4	77.8	78.2	--

Source: Treasury Board of Finance, Jan 2021

Alberta's economy hit its lowest point in May 2020 and the economy has since seen a rebound with the Alberta Activity Index increasing by nearly 10%, led by a swift recovery in retail spending, housing and oil production. The province has seen a recovery of roughly three-quarters of the jobs lost between February 2020 and April 2020. Despite the improvement, economic activity is still relatively weak and recovery will take time. A resurgence in COVID-19 cases and tighter public health measures in early 2021 continue to impact Alberta, Canada and the world.

According to the Government of Alberta, the West Texas Intermediate (WTI) price of oil, which is often reflective of a world reference price, averaged US$61.72 a barrel in May 2021. This figure is 272.9% higher than it was the year prior. Western Canada Select (WCS), the price obtained for many Alberta producers of oil, averaged US$50.51 a barrel in April 2021, 1,343.1% higher than it was a year earlier.



Source: Government of Alberta

Oil and gas activity is expected to improve in 2021 as the vaccine rollout continues and is expected to spur economic recovery. Oil production in Alberta has seen improvements in 2021, with 15.77 million cubic metres in April 2021, up 16.8% compared to April 2020. Non-conventional (or oil sands) production, which constituted 84.5% of all oil production in Alberta in April 2021, increased by 7.0% year-over-year, while production of conventional oil increased 5.8% over the same time frame.

Amongst the challenges faced in the energy sector, agriculture has become become a shining light for the province throughout the pandemic. Farm cash receipts increased by 15.7% in the first quarter of 2021, compared to the same quarter in 2020. In Alberta, crop receipts increased 30.7% while direct payments and livestock receipts increased 6.5% and 0.9% respectively.

Economic Activity

Alberta Economic Indicators

	2019	2020	2021YTD	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
Alberta Activity Index (y/y % change)	-0.5	-6.2	-0.5	-3.0	-2.6	-0.6	-0.4		
Household Sector									
Retail Sales ($ millions, SA)	81,091	78,894.0	22,341.0	7,235.0	6,939.0	7,367.0	7,502.0	7,471.0	
y/y % change	-0.8	-2.7	15.2	9.2	2.9	9.7	10.9	26.3	
New Vehicle Sales (units, thousands)	223	184	49	14	14	14	15	21	
y/y % change	-6.1	-17.4	18.5	-7.0	-0.4	-7.5	-3.1	81.7	
Consumer Price Index (y/y % change)	1.8	1.1	1.6	1.3	0.8	0.8	0.6	1.9	3.3
Excluding Food & Energy	1.8	1.2	0.2	1.0	0.8	0.6	-0.4	-0.1	0.8
Housing Starts (SAAR, thousands)	27.3	24.0	29.8	26.9	31.4	29.6	27.4	29.2	33.1
y/y % change	4.8	-12.2	24.0	1.2	-19.1	42.3	45.4	-11.1	39.5
New Housing Price Index (y/y % change)	-1.5	-0.9	2.1	0.8	0.5	0.8	1.4	2.2	3.9
Resale Home Sales (units, SA)	53,064	54,998	30,491	5,715	6,151	6,967	7,320	7,944	8,250
y/y % change	0.1	3.6	112.5	31.0	42.1	59.0	61.9	122.6	339.8
Sales to New Listing Ratio (SA)	0.49	0.56	0.72	0.62	0.66	0.72	0.73	0.70	0.74
MLS Average Resale Prices ($ thousands, SA)	387	392	428	407	399	415	418	435	443
y/y % change	-2.7	1.4	12.6	6.1	2.9	4.7	8.7	16.1	21.7
Consumer Bankruptcies (level)	5,589	3,602	781	265	276	254	220	307	
y/y % change	13.5	-35.6	-35.2	-44.8	-31.5	-40.1	-42.9	-22.7	
Business Sector									
Goods Exports (customs based, $ millions)	117,552	91,408	29,578	7,735	8,795	9,031	9,429	11,118	
y/y % change	-0.1	-0.4	-22.0	6.1	-9.2	-13.6	-8.3	6.4	21.3
Energy Products ($ millions)	84,525	60,198	20,477	5,041	5,964	6,095	6,809	7,573	
y/y% change	1.3	-28.8	2.0	-16.0	-21.8	-17.7	5.5	21.7	
Agricultural Products ($ millions)	7,705	8,424	2,349	748	788	763	661	926	
y/y % change	-7.2	9.3	23.4	10.2	35.3	27.8	20.8	21.7	
Rigs Drilling	92	60	87	60	66	119	112	73	42
y/y% change	-30.6	-35.3	-18.0	-36.9	-31.5	-29.6	-30.0	-3.2	142.0
Manufacturing Shipments ($ millions, SA)	76,406	64,979	18,674	5,579	5,802	6,044	6,241	6,389	
y/y% change	-1.9	-15.0	3.3	-7.5	-2.8	-2.0	0.3	12.5	
Wholesale Trade ($ millions, SA)	80,916	76,819	20,655	6,636	6,583	6,877	6,688	7,090	
y/y% change	-1.5	-5.1	7.0	3.0	0.2	8.3	1.3	11.8	
Building Permits ($ millions, SA)	11,647	10,723	3,408	1,043	914	1,128	1,133	1,138	
y/y% change	-13.5	-7.9	12.8	9.5	-11.1	16.2	9.0	30.0	
Residential Permits ($ millions, SA)	6,999	6,824	2,258	697	642	828	665	766	
y/y % change	-10.0	-2.5	23.2	23.5	4.5	47.7	-5.9	35.1	
Non-Residential Permits ($ millions, SA)	4,648	3,899	1,150	345	271	310	468	372	
y/y% change	-18.2	-16.0	8.5	-11.0	-34.2	-26.0	40.7	20.7	
Non-Res. Building Cons. Price Index2 (y/y % char	2.3	0.4	0.9		0.1			0.9	

Source: Statistics Canada, Alberta Treasury Board and Finance

Demographic Characteristics

Alberta's population was 4,436,258 as of March 18, 2021, an increase of 0.8% from the year prior. In the fourth quarter of 2020, net migration into of Alberta totaled 4,418, compared with a net inflow of 11,746 in the same quarter of 2019, a decrease of 62.4%.

- In Q1 2021, Alberta's population reached 4.44 million, up 34,213 or 0.8% from Q1 2020, the highest in Canada. The national growth rate was 0.4% over the same period. However, the third quarter of 2020 reported a net migration out of the province of 545, compared to the net flow of 15,964 in the third quarter of 2019.

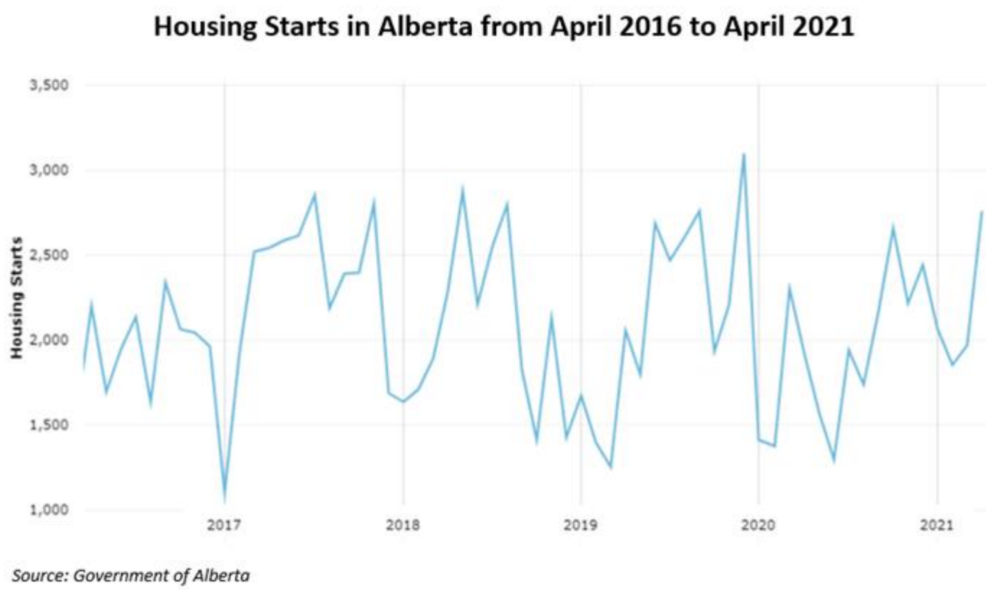
- Net inter-provincial migration into Alberta was -1,293, down from a net of 1,555 a year earlier, while net international migration was 5,711, compared with a net increase of 10,191 a year earlier.

- Overall net migration to Alberta in 2020 was 11,545, down 75.2% compared to 2019. In 2020 Alberta gained 13,697 people through international migration and lost 2,152 through interprovincial migration.

Households

Alberta has been one of the best places to live in Canada due to many characteristics including: high income levels as compared to the rest of the country, falling crime rates, and beautiful landscapes.

Urban housing starts totaled 2,760 in April 2021 representing a year-over-year increase of 43.8%. Housing starts nationally increased by 63.2% over the same period. Additionally, single-detached units increased 107.1% whereas apartment units, comprising roughly 26% of all units, decreased by 22.1%.



The dollar value of homes sold in Alberta through the Multiple Listing Service (MLS) increased 420.3% to $4.3 billion in April 2021 compared to the same time period a year earlier when conditions were severely impacted by COVID-19. Fort McMurray had the largest increase (+602.6%). The high figures for this month are indicative of recovery from depressed sales due to Covid last year.

Investment

In 2020, non-residential capital investment in Alberta decreased by 16.3% from 2019 to $49.8B, primarily due to impact of the COVID-19 pandemic. Despite this decrease, in 2020, Alberta’s per capita investment spending was $11,251, which has the highest per capita spending of all provinces and 72% higher than the Canadian average.

Looking forward, in 2021, investment in the province is forecasted to increase by 5.1% as the economy continues to recover from the COVID-19 pandemic. The largest sector, mining and oil and gas extraction, is expected to see capital expenditures increase by 3.0% to $17.1B. Overall, construction spending is expected to increase by 6.9%, while spending on machinery and equipment is expected to slightly increase by 0.9%. Investment in paper manufacturing is expected to see significant growth in 2021, increasing 71.6% to $152.4M. Increases are also expected in other notable sectors such as non-metallic mineral product manufacturing, utilities, support activities for oil and gas, chemical products, and arts, entertainment and recreation. The largest notable declines include wood product manufacturing, fabricated metals, food manufacturing, plastics and rubber products, and accommodation and food services.

Employment and Unemployment

According to Alberta Treasury Board and Finance, Alberta’s employment declined 12,600 month over month in April 2021. This was after following strong gains in the first three months of 2021, as public health measures tightened. This slowdown in employment was witnessed in part time work while full time employment has continued to gain momentum. Alberta has recovered 86% of the 337,000 jobs lost between February and April 2020.

In April 2021, Alberta's seasonally adjusted unemployment rate was 9.0%, down from 9.1% in March 2021 and down 4.4% from April 2020. Despite the loss in employment from March 2021 to April 2021, Alberta’s unemployment rate declined due to a decrease in labour force outweighing employment losses. The national unemployment rate was 8.1% in April 2021, down from 13.1% in the same period in 2020.

On a year-over-year basis, employment increased by 290,500, or 15.0% in April 2021. Over the same period, Canada's employment increased by 2,485,600, or 15.4%. Part-time employment had the largest year-over-year change, increasing 38.6% compared to April 2020, while full-time employment decreased by 10.8% over the same period.

Future Considerations

Despite the improvement in the Alberta economy in the first few months of 2021, economic activity is still relatively weak and recovery will take time. A resurgence in COVID-19 cases and tighter public health measures in early 2021 continue to impact Alberta, Canada and the world. The Alberta economy has started to see a rebound from the COVID-19 pandemic and is expected to gain momentum in the second half of the year as vaccines continue to roll out. The Alberta economy contracted by 7.8% in 2020 and GDP is forecast to partially rebound by 4.8% this year.

Calgary Economic Overview

Recent Performance. Calgary's recovery is outpacing Canada's. After COVID-19 took a bigger bite out of the economy, Calgary has regained jobs at a faster pace and closed 2020 with payrolls on par with year-ago levels. A complete recovery of mining payrolls has been a major boon. Retail employment has also regained its pre-pandemic level before the rest of the nation. An increase in housing demand, partially thanks to low interest rates, has helped lift house prices. Prices have been rising steadily for the first time since 2017.

Oil. Calgary's key oil industry will contribute to the recovery in the near term, but it faces more risk by the year's end. Although most mining occurs outside Calgary, the industry is about four times larger than the national average thanks to back-office operations. The industry suffered mightily during the pandemic due to the drop in global oil demand, but employment has already rebounded. Payrolls currently sit near their 2015 level, before a supply boom led to a price collapse. The OPEC+ decision to hold back a historic quantity of oil from the market has allowed prices to recover to profitable levels for Calgary's producers, while global demand makes progress. In many ways, Calgary remains dependent on OPEC+; should the bloc choose to ramp up output and prices drop, many of Calgary's higher-cost producers will be squeezed out of the market. Moody's Analytics expects OPEC to prioritize pricing over market share this year, giving Calgary some life. However, as the bloc raises output later in 2021, Calgary's employment gains will level off.

Construction. The construction industry in Calgary frequently moves in lockstep with oil because of the high concentration of firms specializing in energy infrastructure. The industry closed 2020 on a high note, with employment higher than a year earlier thanks to high housing demand and the construction of the Enbridge Line 3 pipeline. The new line expands capacity for southbound Canadian oil exports, and after much legal wrangling, is on track for completion by the end of the year. The line will benefit the oil industry as well by lowering transportation costs for Alberta's producers. Since most of the Canadian portion of the line is now complete, non-residential employment growth will taper off, but demand from the oil industry will support growth over the next two years.

Demographics. Over the long term, demographics drive the upbeat outlook for Calgary. Population growth in Alberta will outpace that in all other provinces. The influx of educated workers will support growth in high-paying, white-collar industries. Employment growth at service providers will outpace that for goods producers over the forecast horizon. This trend will further the shift that began in 2015 away from Calgary's historic overdependence on the oil industry. Population growth will also drive the housing market, providing further support for the construction industry. Like the rest of the economy, builders will be able to break their dependency on the oil market as a source of demand.

Calgary's recovery will pick up steam as the COVID-19 virus begins to wane. Increasing case counts are cause for concern in the short term. Vaccination efforts along with a healthy oil industry will keep the economy moving in the right direction. Longer term, an educated population and healthy in-migration will help diversify the economy away from oil, supporting growth.

ECONOMIC HEALTH CHECK

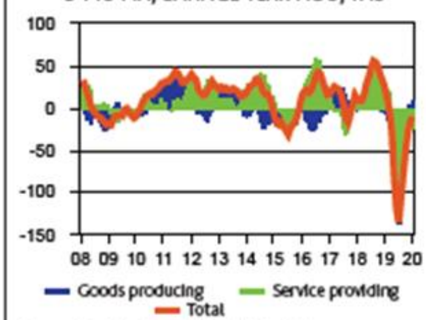
3-MO MA

	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20
Employment, change, ths	-22.5	-7.3	12.1	22.0	23.3	16.9
Unemployment rate, %	14.8	15.2	14.2	12.8	11.5	10.8
Labor force participation rate, %	68.6	70.1	71.7	72.5	73.0	73.1
Employment rate, %	58.4	59.4	61.5	63.2	64.6	65.2
Average weekly earnings by province, C$	1,220.7	1,205.0	1,202.9	1,196.3	1,193.4	1,194.9
New home price index	96.7	96.5	96.5	96.7	97.0	97.2
Residential permits, single-family, #	202	220	253	289	319	335
Residential permits, multifamily, #	488	478	530	564	645	573

Better than prior 3-mo MA | Unchanged from prior 3-mo MA | Worse than prior 3-mo MA

Sources: Statistics Canada, Moody's Analytics

CONTRIBUTIONS TO EMPLOYMENT



Sources: Statistics Canada, Moody's Analytics

CURRENT EMPLOYMENT TRENDS

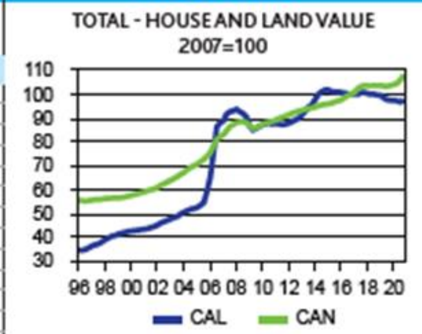
Sources: Statistics Canada, Moody's Analytics

% CHANGE YR AGO

	2020Q3	2020Q4	2021Q1
Total	-5.4	-1.1	3.8
Construction	1.1	6.3	6.8
Manufacturing	-5.3	16.8	10.3
Trade	-0.1	3.9	12.4
Trans./Warehousing	-8.1	-2.4	8.1
Info., Culture, Rec.	10.7	10.9	-0.7
Financial Services	7.1	30.0	28.1
Prof./Business Svcs	-10.9	-16.9	-0.6
Edu./Health Services	-5.6	-6.1	-1.0
Accomodation/Food Svcs	-21.0	-16.5	-16.3
Other Services	-18.2	17.0	11.1
Public Administration	-15.2	-12.3	-10.6

Sources: Statistics Canada, Moody's Analytics

HOUSE PRICE



Sources: Statistics Canada, Moody's Analytics

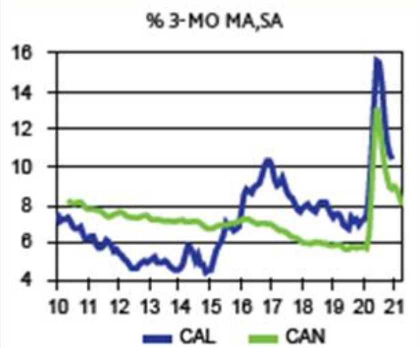
RELATIVE EMPLOYMENT PERFORMANCE

Sources: Statistics Canada, Moody's Analytics

HOUSING AFFORDABILITY

Sources: Brookfield RPS, Statistics Canada, Moody's Analytics

UNEMPLOYMENT RATES

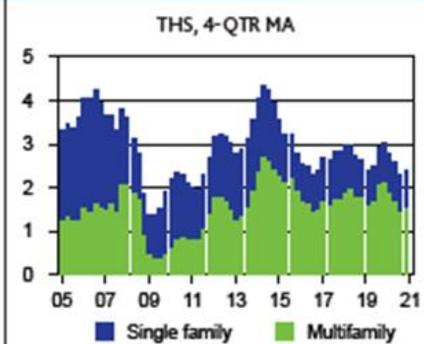


Sources: Statistics Canada, Moody's Analytics

COMMERCIAL STRUCTURES PRICE

Sources: Statistics Canada, Moody's Analytics

HOUSING STARTS



Sources: CMHC, Moody's Analytics

MOODY'S ANALYTICS / Canadian Metro Areas / May 2021

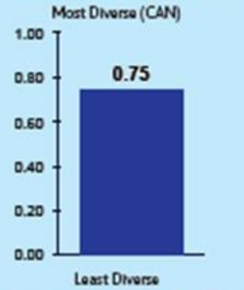
EMPLOYMENT & INDUSTRY

TOP EMPLOYERS

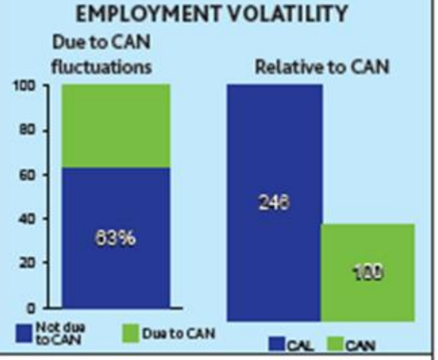
Canadian Pacific Railway Ltd.	12,770
Suncor Energy Inc.	12,480
Enbridge Inc.	12,000
WestJet Airlines Ltd.	11,624
Shaw Communications Inc.	10,000
Canadian Natural Resources Ltd.	9,709
Ensign Energy Services Inc.	7,160
TransCanada Corp.	7,081
ATCO Ltd.	6,241
Imperial Oil Ltd.	5,700
Precision Drilling Corp.	5,471
Husky Energy Inc.	5,157
Calfrac Well Services Ltd.	3,900
Calgary Co-operative Association Ltd.	3,800
Parkland Fuel Corp.	3,051
Stuart Olson Inc.	2,924
NOVA Chemical Corp.	2,900
AltaGas Ltd.	2,881
Total Energy Services Inc.	2,314
Enerflex Ltd.	2,300

Source: Calgary Economic Development, 2019

INDUSTRIAL DIVERSITY



EMPLOYMENT VOLATILITY



COMPARATIVE EMPLOYMENT AND INCOME

Sector	% of Total Employment			Average Annual Earnings, C$		
	CAL	AB	CAN	CAL	AB	CAN
Forestry, Fishing, and Mining	6.4%	6.1%	1.7%	$192,200	$152,700	$106,300
Utilities	1.0%	1.1%	0.8%	nd	$102,900	$83,200
Construction	8.9%	10.0%	7.6%	$54,500	$60,500	$44,300
Manufacturing	5.0%	5.9%	9.3%	$64,300	$66,700	$50,700
Wholesale and Retail Trade	13.3%	14.4%	14.9%	$42,500	$38,000	$32,500
Trans. and Warehousing	6.6%	5.6%	5.3%	$52,300	$49,800	$45,800
Financial Svcs. and Real Estate	5.7%	4.9%	6.9%	$61,200	$51,800	$59,700
Professional/Sci/Tech Svcs.	11.1%	8.1%	8.5%	$63,300	$59,500	$58,100
Business and Support Svcs.	3.7%	3.3%	3.9%	$63,000	$49,600	$29,100
Educational Svcs.	7.0%	6.9%	7.4%	$50,800	$51,400	$47,900
Health and Social Assistance	13.6%	13.6%	13.5%	$55,400	$47,100	$44,000
Info., Culture and Recreation	4.1%	3.3%	3.8%	$37,700	$40,200	$37,700
Accommodation/Food Svcs.	5.7%	5.3%	5.2%	$25,900	$22,200	$19,800
Other Services	4.4%	4.6%	4.1%	$43,400	$41,200	$32,500
Public Administration	3.5%	4.8%	5.5%	$68,300	$67,800	$61,300

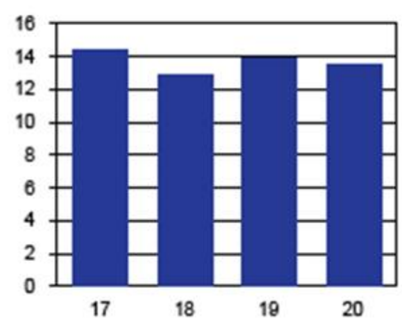
Sources: Statistics Canada, Moody's Analytics – % of total employment, 2020, Average annual earnings, 2016

MIGRATION FLOWS

INTO CALGARY	NUMBER OF MIGRANTS
Non-CMA, AB	4,306
Edmonton	4,171
Toronto	2,785
Vancouver	2,722
Winnipeg	1,137
Non-CMA, BC	914
Saskatoon	912
Red Deer	883
Okotoks	873
Total in-migration	*34,437*
FROM CALGARY	
Non-CMA, AB	4,082
Edmonton	3,737
Toronto	3,551
Vancouver	3,533
Non-CMA, BC	1,362
Victoria	1,100
Kelowna	1,041
Okotoks	862
Ottawa - Gatineau	841
Total out-migration	*33,893*
Net-migration	544

NET MIGRATION

THS



Sources: Statistics Canada, Moody's Analytics (top) 2016

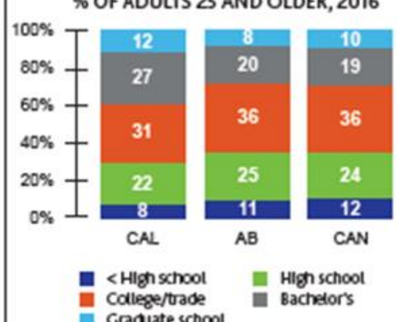
REAL AVERAGE FAMILY INCOME

2018C$

Sources: Statistics Canada, Moody's Analytics

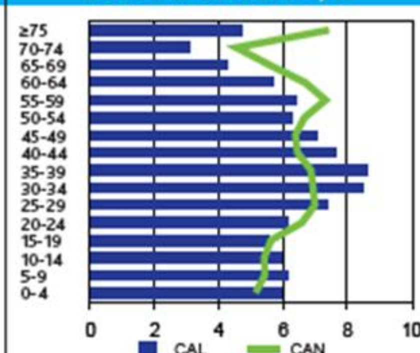
EDUCATIONAL ATTAINMENT

% OF ADULTS 25 AND OLDER, 2016



Sources: Statistics Canada, Moody's Analytics

POPULATION BY AGE, %



Sources: Statistics Canada, Moody's Analytics, 2019

Valuation Process

Highest and Best Use

Scenario 1: M-H2h28f3.5 Land 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 improved and as if vacant. In both cases, the property's highest and best use must meet four criteria. That use must be (1) legally permissible, (2) physically possible, (3) financially feasible, and (4) maximally profitable.

Legally Permissible

According to the current Land Use Bylaw, the subject property is currently designated with a DC63Z2006 land use which follows the RM-6 permitted uses however is proposed with a M-H2h28f3.5 land use for high density development. As such, the site is assumed to be permitted for development with a multi-residential development which would be considered 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, and topography do not physically limit their use. The subject property is of adequate shape and size to accommodate a multi-residential development.

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. Development with a multi-residential building appears to be financially feasible.

Highest and Best Use Conclusion

Considering the subject site's physical characteristics and location including close proximity to public transit , 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 as a multi-residential development site, as per the assumed land use.

Scenario 2: M-H2h28f4.5 Land 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 improved and as if vacant. In both cases, the property's highest and best use must meet four criteria. That use must be (1) legally permissible, (2) physically possible, (3) financially feasible, and (4) maximally profitable.

Legally Permissible

According to the current Land Use Bylaw, the subject property is currently designated with a DC63Z2006 land use which follows the RM-6 permitted uses however is proposed with a M-H2h28f4.5 land use for high density development. As such, the site is assumed to be permitted for development with a multi-residential development which would be considered 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, and topography do not physically limit their use. The subject property is of adequate shape and size to accommodate a multi-residential development.

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. Development with a multi-residential building appears to be financially feasible.

Highest and Best Use Conclusion

Considering the subject site's physical characteristics and location including close proximity to public transit , 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 as a multi-residential development site, as per the assumed land use.

Scenario 3: M-H2h28f5.0 Land 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 improved and as if vacant. In both cases, the property’s highest and best use must meet four criteria. That use must be (1) legally permissible, (2) physically possible, (3) financially feasible, and (4) maximally profitable.

Legally Permissible

According to the current Land Use Bylaw, the subject property is currently designated with a DC63Z2006 land use which follows the RM6 regulations however is proposed with a M-H2h28f5.0. As such, the site is assumed to be permitted for development with a multi-residential development which would be considered 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, and topography do not physically limit their use. The subject property is of adequate shape and size to accommodate a multi-residential development.

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. Development with a multi-residential building appears to be financially feasible.

Highest and Best Use Conclusion

Considering the subject site’s physical characteristics and location including close proximity to public transit , 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 as a multi-residential development site, as per the assumed land use.

Assessment and Tax Information

The four subject lots each contain a house constructed in 1910-1911 on site; The 2021 assessment and tax values, based on the lots are as follows, however for the purposes of the valuation the subject property is assumed to be vacant.

Municipal Address	Legal Desc.	Title No.	2021 Assessment	2021 Tax Levy
306-25 Ave SE	B1; 44; 11 east half	911069362	$ 607,000	$ 4,495
308-25 Ave SE	B1; 44; 11 west half	931287662	$ 554,000	$ 4,103
310-25 Ave SE	B1; 44; 10 east half	881033527	$ 568,500	$ 4,210
312-25 Ave SE	B1; 44; 10 west half	031252248	$ 546,500	$ 4,047
Total			**$ 2,276,000**	**$ 16,855**

The As the assessment value does not consider the residential development potential and is considered below the market value contained herein.

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 on 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.

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, 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.

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 develop an opinion of value by comparing this property with similar, recently sold properties in the surrounding or competing areas. 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 favourable 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.

As mentioned previously, 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 buildable square foot or value per unit 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 below are thought to be reasonably comparable to the subject site and to provide a reliable indication as to its current market value.

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

Comparable Land Sales

LAND SALES

NO	ADDRESS LEGAL	SALE DATE SALE PRICE	VENDOR PURCHASER	LAND USE	SITE SIZE (SF) BUILDABLE (SF)	SALE PRICE / SF (M) SALE PRICE / BUILDABLE SF (M2)	REMARKS
S	**Subject Site**	**-** **-**	**-**	**M-H2 f4.5** **4.5 fAR**	**13,000 sf**	**-** **-**	
1	217 – 221 14 Street NW Calgary, AB 6219L / 3 / 4-9 & northernly 2/3 of lot 10	November 2020 $4,300,000	B-V Automotive Ltd. Ocgrow Group of Companies (Sola Development Ltd.)	DC 227D2019 (permitted uses of MU-2) 5.0 FAR	22,651 113,256	$190 ($623) $38 ($409)	Located in Hillhurst, on the west side of 14th Street, south of 2nd Avenue NW. Prior to the date of sale, a Development Permit application had been filed for the development of one building comprising of retail / consumer service and 168 dwelling units. At the time of sale the property was vacant and unimproved with one development permit application file for development of a mixed-use building with 168 units and retail.
2	223-231 9A Street NW Calgary, AB Plan 24480; Blk 1; Lots 28-34	March - May 2020 $3,400,000	Various Individual Owners JEMM Sunnyside Ltd.	M-C2 > M-H2 5.0 FAR	20,146 100,730	$169 ($554) $34 ($366)	Located in Sunnyside, on the west side of 9A Street, south of 2nd Avenue and two blocks south of the Sunnyside LRT Station and within the TOD study boundary area. This sale is reflective of five individual lot transfers from five individuals as an assemblage. Individual parcels range from 2,996 sf to 5,156 sf and transferred at individual land values between $132.92 to $193.91 psf.All of the lots had older, single family houses on the sites at the time of sale, however the sales were reflective of land values only. Prior to the date of sale, one land use application had been submitted regarding a proposed M-H2 designation with max. 5.0 FAR due to transit proximity. No development permits were proposed at the time of sale.

LAND SALES

NO	ADDRESS LEGAL	SALE DATE SALE PRICE	VENDOR PURCHASER	LAND USE	SITE SIZE (SF) BUILDABLE (SF)	SALE PRICE / SF (M) SALE PRICE / BUILDABLE SF (M2)	REMARKS
3	710 – 19th Street SE Calgary, AB Plan 17JK; Blk X	January 2020 $3,000,000	Canhusk Real Estate ULC 1033984 Alberta Ltd. (TriWest Capital Partners)	DC299D2018 (underlying MH-2) 4.0 FAR	29,620 118,480	$101 ($331) $25 ($269)	Located in Inglewood, on the southeast corner of 19th Street and 7th Avenue SE; The Land Use Designation for the property is DC 299D2018, • intended to increase density in close proximity to the Blackfoot Trail / 9 Avenue SE Bus Rapid Transit (BRT) station; • to allow for a transit-oriented development that celebrates and enhances the visual experience in the Inglewood community's east gateway; • enable a building massing that transitions and is sensitive to the low-density residential development located south of 7 Avenue SE, • encourages an active interface area with the Park space adjacent to the north and east property lines; and • provide for a bonusing system to balance the increased intensity allowed under this Direct Control District. The maximum floor area ratio is 4.0 unless otherwise referenced. The maximum building height ranges from 14 to 44 meters with certain condition of lot alignment applies. Previous development plans included The Grid, a 20 storey, 173-unit multi-family tower with 17 townhouse units. No building permit applications had been submitted prior to the date of sale. Property was acquired in 2016 for $839,539.

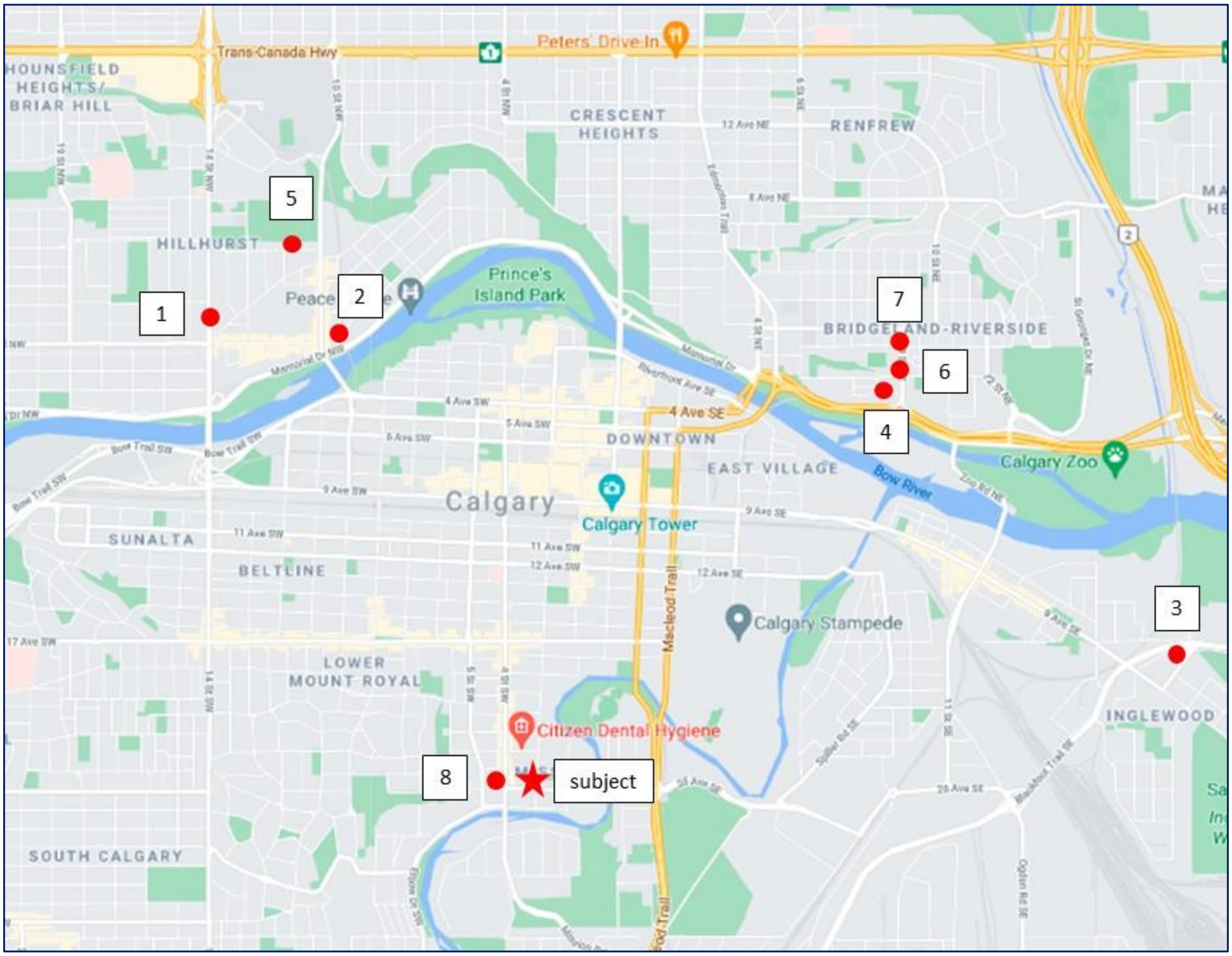
LAND SALES

NO	ADDRESS LEGAL	SALE DATE SALE PRICE	VENDOR PURCHASER	LAND USE	SITE SIZE (SF) BUILDABLE (SF)	SALE PRICE / SF (M) SALE PRICE / BUILDABLE SF (M2)	REMARKS
4	950 McPherson Sq. NE Calgary, AB Plan 0512930, Block 7, Lot 2	November 2019 $5,600,000	City of Calgary JEMM Properties	DC 64D2019 (permitted uses of the MU-1) 5.3 FAR	40,075 212,398	$139 ($456) $26 ($280)	Located in **Bridgeland/Riverside,** on the northwest corner of McPherson Road and 9th Street NE. Direct Control District that is intended to accommodate transit supportive mixed-use development in compliance with the policies of the applicable local area redevelopment plan, allow for high density development in close proximity to the Bridgeland Memorial LRT station, establish motor vehicle parking requirement reductions for the incorporation of Transportation Demand Management (TDM) measures. At the time of sale the property was vacant and unimproved. Prior to the date of sale, one Development Permit application had been submitted to the City of Calgary Planning Department regarding the construction of Multi-Residential Development, Retail and Consumer Service (1-building 285-unit) project on the property.
5	1116, 1122, 1124 & 1128 – 5 Avenue NW Plan 5609J; Blk T; Lots 8-14	September 2019 $7,497,385	Various The Victoria on 5Th GP	DC 34D2016 (M-H1 use) 4.0 FAR	26,231 104,924	$285 ($935) $71 ($764)	Located in Hillhurst, along 5th Avenue NW, between 10th Street & 11th Street NW. The comparable traded as a land assembly with a total of four parcels. Prior to the date of sale, a development permit was submitted and approved for a 79 unit residential building. Proposed development is 63,986 sf (2.43 FAR).
6	1018 McDougall Road NE Calgary, AB	February 2019 $5,300,000	The City of Calgary Bucci Riverside Projects Ltd.	MU-1f5.3h50 5.3 FAR	44,649 236,639	$118 ($387) $22 ($237)	Located in the Bridgeland/Riverside area on the northeast corner of McDougall Road and 9th Street NE; Land use is for a mixed-use district with street-oriented design for buildings between four and six storeys in height; At the time of sale construction of a multi-family/retail complex had commenced on the property.

LAND SALES

NO	ADDRESS LEGAL	SALE DATE SALE PRICE	VENDOR PURCHASER	LAND USE	SITE SIZE (SF) BUILDABLE (SF)	SALE PRICE / SF (M) SALE PRICE / BUILDABLE SF (M2)	REMARKS
7	114, 118, 120 9A St NE Calgary, AB	January 2019 $2,100,000	1861057 Alberta Inc. Camargue Properties Inc.	MU-1 f3.0h16 3.0 FAR	14,157 42,471	$148 ($486) $49 ($527)	Located in the Bridgeland/Riverside area on the southeast corner of 9A Street and 1st Avenue NE; Land use is for a mixed-use district with street-oriented design for buildings between four and six storeys in height; At the time of sale the property was improved with three single family detached dwellings. NO permits had been submitted at the time of sale Transit oriented?
8	528 25 Avenue SW Calgary, AB	August 2018 $10,885,902	Gloria Hopkins Et. Al. Mission Seniors Living Ltd.	M-C2 changed to DC75D2019 3.0 FAR 7.5 FAR w bonus	19,803 148,522 (7.5 FAR)	$550 ($1,804) $73 ($786)	Located in the Cliff Bungalow community as a redevelopment site. Change in use for M-2 mixed-use seniors care up to 45m height (12 storeys) with approx. 141 independent assisted living and memory care units, 61 UG stalls and FAR of 7.5 with bonus or 3.0 FAR without.

Land Sale Comparables Map



Analysis

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

Property Rights Appraised

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

Financial Terms

To the best of our knowledge, all of the sales utilized in this analysis were accomplished with cash and/or cash and market-oriented financing.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between knowledgeable buyers and sellers on the open market.

Market Conditions

Due to limited inner-city transactions of land with similar land uses to that of the subject, the sales that are included in this analysis date between January 2019 to February 2021. Discussions with industry professionals, both brokers and developers, revealed that there has been a noteworthy softening in demand, generally, for urban redevelopment land that is not located in prime locations as the cost of land acquisition in addition to high construction costs and increasing operating expenses are stretching the feasibility of multi-family proforma statements.

The subject property and the majority of comparables are in inner-city locations and would still have significant interest at the right price. Considering current trends in today's market, developers have had to adjust rental rates to match the changing market conditions and market uncertainty caused by the lockdowns and increased unemployment following the COVID-19 pandemic, however the current occupancy rate for stabilized, newly developed product remains above 88 percent within Calgary as of Q1 2021.

Overall, based on the transaction dates of all of the sales except Index No.1 which transacted post-COVID, and considering the demand of the rental market, a downward adjustment to comparable indices 2 through 6 have been applied.

Location

The subject land is located in the City of Calgary, in the community of Mission along 25th Avenue SW in close proximity to the Mission entertainment district, as well as the City's downtown core. The Mission area is considered a premium development location with few development parcels of significant size, remaining.

Index No. 1 located along 14th Street NW, a major north-south connector route in Calgary. The site is also located within proximity of Kensington Road and 1.1 KM from the Sunnyside LRT station. In addition, there are a number of bus stops along 14th Street NW. Overall this location is inferior as it is located further away from the Sunnyside LRT Station and to major retailers along 10 Street NW. As such, we have made an upwards adjustment.

Index No. 2 is located in the Sunnyside community along the west side of 9A Street NW which borders the LRT line on the east side of 9A Street. This is a prime, inner-city location with proximity to the Bow River pathways, Kensington Entertainment District and shopping amenities. The parcel is also located within the TOD Study Area boundary, being within 350m of the Sunnyside LRT station. Overall, this parcel would be considered to have similar positive attributes as a location to the subject site.

Index No. 3 is located east of the Downtown Core and on the east edge of the Inglewood neighborhood boundaries, within proximity to the Bow River and Inglewood Bird Sanctuary. More specifically the site is situated at the southeast corner of 19th Street SE and 17th Avenue SE where the BRT is located. Overall, due to this site being located outside of the Inglewood Entertainment District, and is adjacent to industrial uses and railway lines, this location is considered significantly inferior to that of the subject property and an upward adjustment has been applied.

Index Nos. 4, 6 and 7 are sales of parcels in Bridgeland on McPherson Square with close proximity to the LRT Station, however this area is considered inferior to that of Mission as a development site and adjustments were applied.

Index No. 5 is located in the Hillhurst area along 5th Avenue NW and backs onto the Hillhurst Park on the north side of the site. The location has close proximity to the Sunnyside/Kensington Entertainment area, Sunnyside LRT Station and also benefits from the park views and amenities. Overall, while the benefits from the park views make this site a good development location, the Mission area is still considered to be a premium neighborhood, therefore an upward adjustment has been applied.

Index No. 8 is the August 2018 sale of a site within the Mission neighborhood, along 25th Avenue SW between 4th and 5th Street southwest and is considered comparable to the subject's location, therefore no adjustments were required.

Development Timing/Potential

The majority of indices have developments planned, proposed, or constructed at time of writing. Additionally, rezoning that has been achieved on select parcels indicating the development intentions for the properties. Properties without development permits submitted or are considered to have a longer timeline for development and inferior in this regard. At the time of writing, the subject property had proposals in place for a land use amendment.

Land Use

The subject lands are proposed with an M-H2 land use for high-density, medium rise residential development where which tend to be located in landmark locations or strategic areas that feature transit nodes and employment concentrations. Support commercial uses at grade are included within the permitted uses and bylaw; This land use is comparable to all of the land uses with MU-1, MU-2, M-H1 and M-H2 land uses which are also for multi-family residential developments with limited or at-grade commercial support uses. As some of these land uses are for low rise or medium rise, the differences in densities have been accounted for in the density adjustments while the Land Use category addresses the permitted uses. As all of the zoning designations are similar, no adjustments were required.

Size

The indices range in size from 14,157 square feet to 44,649 square feet, compared to the subject parcel which is 13,000 sf. Larger parcels generally sell for lower unit values than smaller parcels, all else being equal given the law of diminishing returns, although the effect of this diminishes beyond a certain parcel size. Index No. 7 is considered similar in size while the remaining comparables are considered larger and have upward adjustments considered to their value per unit.

Buildable Size/ Density

The indices range in size from 42,471 buildable square feet to 236,639 buildable square feet based on maximum densities between 3.0 to 7.5 FAR, while the subject property has been valued based on three density scenarios including an FAR of 3.5, 4.5 and 5.0.

Higher density parcels typically trade for a lower value per buildable square foot than lower density sites. This inverse relationship is caused by additional costs that are incurred to build to higher densities and that the magnitude of investment is larger. Higher densities require additional levels of underground parking and higher buildings which tend to increase the cost per square foot of construction. Adjustments were considered for the differences in densities as Index No. 6 at a 3.0 FAR and Index No. 7 at a density of 7.5 FAR will require more significant adjustments to values. The remaining comparables range between 4.0 and 5.3 FAR.

Transit Oriented Development Site

Typically a Transit-Oriented Development Policy provides direction for the development of area typically within 600m of a Transit Station, an existing LRT station or BRT station where an LRT station will eventually develop. This type of development creates a higher density, walkable, mixed-use environment within station areas in order to optimize use of existing transit infrastructure, create mobility options. While the subject property is in close proximity to the Erlton Stampede LRT Station it is just outside the typical TOD distance, therefore those indices which are in TOD oriented areas are considered superior and have been adjusted downward.

Adjustment Grid

Considering the above analysis, the adjustment chart summary to follow is a qualitative analysis applied to each of the comparables' buildable square foot.

Scenario 1: M-H2 f3.5

SCENARIO 1 : Direct Comparison Sales Adjustment Grid

No.		Price per Unit & Date	Economic Adjustments (Cumulative) Property Rights Conveyed	Conditions of Sale	Financing	Market Conditions	Property Characteristic Adjustments (Additive) Location	Development Potential/ Timing	Land Use	Size	Density	Other	Indicated Price per BSF
	Comparable Address	Subject	Fee Simple/ Mkt.	Arms-Length	None		Mission	Vacant Land	M-H2	13000 sf	3.5 FAR	Transit-Oriented	
1	217-221 14 ST NW	**$38**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Simliar	Similar	Larger	Higher	Simliar	**Higher Than**
		November-20	Similar	Similar	Similar	Downward Adj.	Upward Adj.	-	-	Upward Adj.	Upward Adj.	-	**$38**
2	223-231 9A ST NW	**$34**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Similar	Inferior	Similar	Larger	Higher	Superior	**Higher Than**
		March-May 2020	Similar	Similar	Similar	Downward Adj.	-	Upward Adj.	-	Upward Adj.	Upward Adj.	Downward Adj.	**$34**
3	710-19th Street SE	**$25**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Sig Inferior	Inferior	Similar	Larger	Higher	Similar	**Higher Than**
		January-20	Similar	Similar	Similar	Downward Adj.	Upward Adj.	Upward Adj.	-	Upward Adj.	Upward Adj.	-	**$25**
4	950 McPherson Sq. NE	**$26**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Similar	Similar	Larger	Higher	Superior	**Higher Than**
		November-19	Similar	Similar	Similar	Downward Adj.	Upward Adj.	-	-	Upward Adj.	Upward Adj.	Downward Adj.	**$26**
5	1116 5 Avenue NW	**$71**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Superior	Similar	Larger	Higher	Similar	**Higher Than**
		September-19	Similar	Similar	Similar	Downward Adj.	Upward Adj.	Downward Adj.	-	Upward Adj.	Upward Adj.	-	**$71**
6	1018 McDougall Rd NE	**$22**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Superior	Similar	Sig. Larger	Higher	Superior	**Higher Than**
		Feburary 2019	Similar	Similar	Similar	Downward Adj.	Upward Adj.	Downward Adj.	-	Upward Adj.	Upward Adj.	Downward Adj.	**$22**
7	114-120 9A St NE	**$49**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Inferior	Similar	Similar	Similar	Similar	**Higher Than**
		January-19	Similar	Similar	Similar	Downward Adj.	Upward Adj.	Upward Adj.	-	-	-	-	**$49**
8	528 25 Avenue SW	**$73**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Similar	Similar	Similar	Larger	Higher	Similar	**Higher Than**
		August-18	Similar	Similar	Similar	Downward Adj.	-	-	-	Upward Adj.	Upward Adj.	-	**$73**

Scenario 2: M-H2 f4.5

SCENARIO 1 : Direct Comparison Sales Adjustment Grid

No.		Price per BSF & Date	Economic Adjustments (Cumulative) Property Rights Conveyed	Conditions of Sale	Financing	Market Conditions	Property Characteristic Adjustments (Additive) Location	Development Potential/ Timing	Land Use	Size	Density	Other	Indicated Price per BSF
	Comparable Address	Subject	Fee Simple/ Mkt.	Arms-Length	None		Mission	Vacant Land	M-H2	13000 sf	4.5 FAR	Transit-Oriented	
1	217-221 14 ST NW	**$38**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Simliar	Similar	Larger	Higher	Simliar	**Higher Than**
		November-20	Similar	Similar	Similar	Downward Adj.	Upward Adj.	-	-	Upward Adj.	Upward Adj.	-	**$38**
2	223-231 9A ST NW	**$34**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Similar	Inferior	Similar	Larger	Higher	Superior	**Higher Than**
		March-May 2020	Similar	Similar	Similar	Downward Adj.	-	Upward Adj.	-	Upward Adj.	Upward Adj.	Downward Adj.	**$34**
3	710-19th Street SE	**$25**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Sig Inferior	Inferior	Similar	Larger	Lower	Similar	**Higher Than**
		January-20	Similar	Similar	Similar	Downward Adj.	Upward Adj.	Upward Adj.	-	Upward Adj.	Downward Adj.	-	**$25**
4	950 McPherson Sq. NE	**$26**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Similar	Similar	Larger	Higher	Superior	**Higher Than**
		November-19	Similar	Similar	Similar	Downward Adj.	Upward Adj.	-	-	Upward Adj.	Upward Adj.	Downward Adj.	**$26**
5	1116 5 Avenue NW	**$71**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Superior	Similar	Larger	Lower	Similar	**Similar to**
		September-19	Similar	Similar	Similar	Downward Adj.	Upward Adj.	Downward Adj.	-	Upward Adj.	Downward Adj.	-	**$71**
6	1018 McDougall Rd NE	**$22**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Superior	Similar	Sig. Larger	Higher	Superior	**Higher Than**
		Feburary 2019	Similar	Similar	Similar	Downward Adj.	Upward Adj.	Downward Adj.	-	Upward Adj.	Upward Adj.	Downward Adj.	**$22**
7	114-120 9A St NE	**$49**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Inferior	Similar	Similar	Lower	Similar	**Higher Than**
		January-19	Similar	Similar	Similar	Downward Adj.	Upward Adj.	Upward Adj.	-	-	Upward Adj.	-	**$49**
8	528 25 Avenue SW	**$73**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Similar	Similar	Similar	Larger	Sig. Higher	Similar	**Higher Than**
		August-18	Similar	Similar	Similar	Downward Adj.	-	-	-	Upward Adj.	Upward Adj.	-	**$73**

Scenario 3: M-H2 f5.0

SCENARIO 2 : Direct Comparison Sales Adjustment Grid													
			Economic Adjustments (Cumulative)				Property Characteristic Adjustments (Additive)						
No.		Price per Unit & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market Conditions	Location	Development Potential/ Timing	Land Use	Size	Density	Other	Indicated Price per BSF
	Comparable Address	Subject	Fee Simple/ Mkt.	Arms-Length	None		Mission	Vacant Land	M-H2	13000 sf	5.0 FAR	Transit-Oriented	
1	217-221 14 ST NW	**$38**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Similiar	Similar	Larger	Similar	Similiar	**Higher Than**
		November-20	Similar	Similar	Similar	Downward Adj.	Upward Adj.	-	-	Upward Adj.	-	-	**$38**
2	223-231 9A ST NW	**$34**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Similar	Inferior	Similar	Larger	Similar	Superior	**Higher Than**
		March-May 2020	Similar	Similar	Similar	Downward Adj.	-	Upward Adj.	-	Upward Adj.	-	Downward Adj.	**$34**
3	710-19th Street SE	**$25**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Sig Inferior	Inferior	Similar	Larger	Lower	Similar	**Higher Than**
		January-20	Similar	Similar	Similar	Downward Adj.	Upward Adj.	Upward Adj.	-	Upward Adj.	Downward Adj.	-	**$25**
4	950 McPherson Sq. NE	**$26**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Similar	Similar	Larger	Higher	Superior	**Higher Than**
		November-19	Similar	Similar	Similar	Downward Adj.	Upward Adj.	-	-	Upward Adj.	Upward Adj.	Downward Adj.	**$26**
5	1116 5 Avenue NW	**$71**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Superior	Similar	Larger	Lower	Similar	**Higher Than**
		September-19	Similar	Similar	Similar	Downward Adj.	Upward Adj.	Downward Adj.	-	Upward Adj.	Downward Adj.	-	**$71**
6	1018 McDougall Rd NE	**$22**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Superior	Similar	Sig. Larger	Higher	Superior	**Higher Than**
		Feburary 2019	Similar	Similar	Similar	Downward Adj.	Upward Adj.	Downward Adj.	-	Upward Adj.	Upward Adj.	Downward Adj.	**$22**
7	114-120 9A St NE	**$49**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Inferior	Inferior	Similar	Similar	Lower	Similar	**Higher Than**
		January-19	Similar	Similar	Similar	Downward Adj.	Upward Adj.	Upward Adj.	-	-	Upward Adj.	-	**$49**
8	528 25 Avenue SW	**$73**	Fee Simple/ Mkt.	Arms-Length	None	Superior	Similar	Similar	Similar	Larger	Higher	Similar	**Higher Than**
		August-18	Similar	Similar	Similar	Downward Adj.	-	-	-	Upward Adj.	Upward Adj.	-	**$73**

Conclusion

Summary of Analysis

The indices analyzed reflect a range in unit values from $25 to $73 per buildable square foot and range in site size from 14,157 square feet to 44,649 square feet with maximum buildable densities between 3.0 and 7.5 FAR as compared to the subject site under two scenarios including a density of 4.5 FAR and 5.0 FAR. The sales included transferred between August 2018 and November 2020.

The high end of the range of comparables is represented by Index Nos. 5 and 8. Index No.5 has a good location backing onto Riley Park and was also an assemblage of several lots which may have led to a higher value psf as the individual sites were assembled. This site is in close proximity to the Sunnyside LRT station and has a maximum permitted density of 4.0 FAR, lower than that of the subject property for both scenarios at 4.5 and 5.0 FAR.

Index No. 8 is highly comparable in location as it's situated in the Mission neighborhood, close to the subject site and also has a DC land use with the underlying permitted uses of M-H2, similar to the subject site as proposed. As this site is larger than the subject an upward adjustment would be anticipated for this as well as the higher density of 7.5 FAR (with bonus density) which puts downward pressure on the buildable value per square foot due to require additional levels of underground parking of higher buildings which tend to increase the cost per square foot of construction. Overall, a value above this index would be anticipated for the subject site for both scenarios with lower maximum densities.

Scenario 1

The comparable sales in the chart represent properties with densities ranging between 4.0 and 7.5 FAR and one Index with a density of 3.0 FAR which has a MU-1 land use. Based on the principle that a property with a lower density will have a higher value per BSF (all else being equal), in addition to the other adjustments considered in the chart, the indicated value for the subject site in this Scenario would be above the high end of the comparable sale range of $73 per BSF and would also be above the values determined for Scenarios 2 and 3 with densities of 4.5 and 5.0 FAR, which is concluded as $75 per BSF.

Overall, a reasonable indication of value for an MH-2 land use with a lower maximum density of 3.5 FAR is estimated to be between $77.50 and $82.50 per BSF at $80.00 per BSF as follows:

Mission Land - Scenario 1	
Site Size (sf)	13,000
Base Density	3.50
Base Buildable Square Foot (1)	45,500
Price Per Buildable	**$80.00**
Price Max Buildable Square Foot	$3,640,000
FINAL VALUE ROUNDED	**$3,640,000**
value per sf of land at 13,000 sf	$280

As sales of parcels zoned for high-density residential uses either typically have densities of 4.0 to 7.5 FAR or else are evaluated based on the maximum units/price per acre, comparable transactions of parcels with M-H2 land uses with lower densities of 3.5 FAR were limited to compare to the subject in this scenario. As a check on value to support the $80.00 per BSF conclusion, two recent sales in Mission of properties with the RM-6 land uses were considered, as this zoning has permitted density of either a maximum of 130 units per acre or of 3.5 FAR.

Land Use	Address	Sale Date	Acres	Sq. Ft.	Sale Price	Max Units	Value/Unit	$ BSF	$ / SF
R-M6	320 19th Avenue SW	May-21	0.450	19,602	$ 4,650,000	58.5	$ 79,487	$67.78	$237.22
R-M6	320 25 Avenue SW	Aug-20	0.298	12,981	$ 3,550,000	38.7	$ 91,637	$78.14	$273.48

Based on these sales, with emphasis on 320-25 Avenue SW which is located on the subject's block, a value per unit above $91,637 would be expected for the subject as a parcel with the same maximum permitted density as a site with an RM-6 at 3.5 FAR, however superior due to the additional commercial uses the MH-2 zoning allows for.

Max UPA allowable RM-6	130
Site size (ac)	0.298
Maximum units - Subject site	38.80
Concluded Value at $85.00 BSF	$3,640,000
Value per Unit	**$93,822**

Considering the value per unit based on the previous conclusion is above that of an August 2020 sale of a similar sized property, located on the subject's block with a slightly inferior land use, the concluded value of $80.00 per BSF is considered to be reasonable for the subject site assuming an MH-2 land use with a maximum density of 3.5 FAR.

Scenarios 2 and 3

While variances in density of more than 1.0 FAR are noticeable between comparable sales, differences below a 1.0 FAR spread, become less apparent. Typically, a higher density would have a lower value per bsf than lower density (all else being equal), however in the Mission community where there remains strong demand and limited development opportunities as shown by the lack of high density development site sales, it is estimated there would still be strong demand for a parcel at both 4.5 FAR and 5.0 FAR to support the same rate per bsf.

Therefore, Scenarios 2 and 3 have been estimated at $75.00 per bsf, which results in the following estimates of market value:

Mission Land - Scenario 2	
Site Size (sf)	13,000
Base Density	4.50
Base Buildable Square Foot (1)	58,500
Price Per Buildable	**$75.00**
Price Max Buildable Square Foot	$4,387,500
FINAL VALUE ROUNDED	**$4,390,000**
value per sf of land at 13,000 sf	$338

Mission Land - Scenario 3	
Site Size (sf)	13,000
Base Density	5.00
Base Buildable Square Foot (1)	65,000
Price Per Buildable	**$75.00**
Price Max Buildable Square Foot	$4,875,000
FINAL VALUE ROUNDED	**$4,880,000**
value per sf of land at 13,000 sf	$375

Direct Comparison Conclusion

In conclusion, we have determined the value of the subject property's underlying vacant land, as of July 12, 2021, utilizing the Direct Comparison Approach, to be as follows:

Scenario 1: M-H2 3.5 FAR Land Use

THREE MILLION SIX HUNDRED FORTY THOUSAND DOLLARS
$3,640,000

Scenario 2: M-H2 4.5 FAR Land Use

FOUR MILLION THREE HUNDRED NINETY THOUSAND DOLLARS
$4,390,000

Scenario 3: M-H2 5.0 FAR Land Use

FOUR MILLION EIGHT HUNDRED EIGHTY THOUSAND DOLLARS
$4,880,000

Final Value Estimate

We have used the Direct Comparison technique to estimate the market value of the subject property, as detailed in the previous sections of this report.

Based on our preceding analysis, it is our opinion that the market value of the Fee Simple Estate in this property, as of July 12, 2021 is estimated to be:

Scenario 1: M-H2 3.5 FAR Land Use

THREE MILLION SIX HUNDRED FORTY THOUSAND DOLLARS
$3,640,000

Scenario 2: M-H2 4.5 FAR Land Use

FOUR MILLION THREE HUNDRED NINETY THOUSAND DOLLARS
$4,390,000

Scenario 3: M-H2 5.0 FAR Land Use

FOUR MILLION EIGHT HUNDRED EIGHTY THOUSAND DOLLARS
$4,880,000

This estimate of market value is based on an exposure time of six (6) to twelve (12) months.

Development costs or levies have not been deducted from the value of the land as contained herein.

We caution the reader that values and incomes are likely to change more rapidly and significantly than during standard market conditions. It is unclear as of the date of this report what the impact on investment metrics will be as well as on asset liquidity. Furthermore, we ask that the reader consider events that may have taken place after the completion of this report and recognize that this report expresses an opinion of value as of the date of value.

This estimate of market value is based on an exposure time of six (6) to twelve (12) months.

Extraordinary Assumption

The subject sites include four individual lots zoned DC 63Z2006, with the underlying bylaws of RM-6. The market values contained herein assumes the lots have been assembled as one parcel containing 13,000 sf and the zoning has been amended to one of three multi-family zoning scenarios including:

- **Scenario 1:** Based on the subject site being rezoned with a MH-2h28, Multi-Residential – High Density Medium Rise District land use to a maximum density of 3.5 FAR.
- **Scenario 2:** Based on the subject site being rezoned with a MH-2h28, Multi-Residential – High Density Medium Rise District land use to a maximum density of 4.5 FAR.
- **Scenario 3:** Based on the subject site being rezoned with a MH-2, Multi-Residential – High Density Medium Rise District land use to a maximum density of 5.0 FAR.

The valuation has been based on the assumptions and information provided by our client. Should this information vary, we reserve the right to amend our appraisal and any value impact ensuing. Development costs or levies have not been deducted from the value of the land as contained herein.

Addenda Contents

Assumption 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 ULC 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 **The City of Calgary** for the purpose of providing an estimate of the current market value and market value for two assumed increase density scenarios of 306, 308, 310 & 312 – 25 Avenue SW, Calgary, AB, to assist with internal decision making for a planning application. It is not reasonable for any person other than **The City of Calgary** to rely upon this appraisal without first obtaining written authorization from the client and the author of this report. Liability is expressly denied to any person other than **The City of Calgary** and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by the client and all intended users is assumed.
- This report has been prepared at the request of **The City of Calgary** and for the exclusive (and confidential) use by the recipient as named herein for the specific purpose and function as stated herein. This appraisal report, its' content and all attachments/addendums and their content are the property of the author who has signed this report. The client, intended users and any appraisal facilitator are strictly forbidden and no permission is expressly, or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part), screen scrape, database scrape, exploit, reproduce, decompile, reassemble, or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.
- 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; 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 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.
- Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its' foundation, etc.), legal matters, questions of survey, opinions of title, or adverse

environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.

- The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including, but not limited to, pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including, but not limited to, mounds or mildews, or the conditions that might give rise to either; and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny a legal liability relating to the effect of environmental issues on the market value of the subject property.

- No survey of the property has been made. The legal description of the property and the area of the site were obtained from the local land registrar. 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 appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. No registry office search has been performed and the appraiser assumes that the title is good and marketable and free and clear of all encumbrances, including leases, encroachments, restrictions, or covenants unless otherwise noted in this report. The property is appraised on the basis of it being under responsible ownership and in the absence of pledges, charges, liens 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.).

- The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work.
- 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 term “inspection” refers to our observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP).
- The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, this data is 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.
- This report is completed on the basis that testimony or appearance in court concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and the provision of appropriate compensation. However, none of these assumptions and limiting conditions are 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 and confirmed in writing.
- 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 contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the Canadian Uniform Standards of Professional Appraisal Practice ("The Standards") and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of The Standards and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the Personal Information Protection and Electronic Documents Act (PIPEDA).

- Per our Letter of Engagement, the Client expressly agrees that its' sole and exclusive remedy for any and all losses or damages relating to this agreement or the appraisal shall be limited to the amount of the appraisal fee paid by the Client. In the event that the Client, or any other party entitled to do so, makes a claim against C&W or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the appraisal, the maximum damages recoverable from C&W or any of its affiliates or their respective officers or employees shall be the amount of the monies actually collected by C&W or any of its affiliates for this assignment and under no circumstances shall any claim for consequential damages be made. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.

- Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending, underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.

- 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 as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus."***

Implicit in this definition 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 six (6) to twelve (12) 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) to twelve (12) months.

Certification of Appraisal

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and represents my personal, unbiased professional analyses, opinions and conclusions.
- I 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.
- My 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.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards.
- David Y.T. Shum, AACI made an inspection of the property that is the subject of the report on July 12, 2021. Sheena Kereliuk, AACI did not make an inspection of the subject property.
- No one provided significant professional assistance to the person signing this report.
- The current value estimate contained in this report applies as at July 12, 2021. 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, Sheena Kereliuk and David Y.T. Shum have fulfilled the requirements of the program.
- The appraisal was performed in accordance with the investment Valuation Regulations for the appraisal of real estate investments, as set out by the Office of the Superintendent of Financial Institutions (OSFI) and the new CUSPAP standards.

Final Estimate of Value

Based on the agreed to Scope of Work, and as outlined in the report, we have developed an opinion that the Market Value of the Fee Simple estate of the above property, subject to the assumptions and limiting conditions, certifications, extraordinary assumptions and hypothetical conditions, if any, and definitions, on July 12, 2021, is:

Scenario 1: M-H2 3.5 FAR Land Use

THREE MILLION SIX HUNDRED FORTY THOUSAND DOLLARS
$3,640,000

Scenario 2: M-H2 4.5 FAR Land Use

FOUR MILLION THREE HUNDRED NINETY THOUSAND DOLLARS
$4,390,000

Scenario 3: M-H2 5.0 FAR Land Use

FOUR MILLION EIGHT HUNDRED EIGHTY THOUSAND DOLLARS
$4,880,000

This estimate of market value is based on an exposure time of six (6) to twelve (12) months.

Extraordinary Assumption

The subject sites include four individual lots zoned DC 63Z2006, with the underlying bylaws of RM-6. The market values contained herein assumes the lots have been assembled as one parcel containing 13,000 sf and the zoning has been amended to one of three multi-family zoning scenarios including:

- **Scenario 1:** Based on the subject site being rezoned with a MH-2h28, Multi-Residential – High Density Medium Rise District land use to a maximum density of 3.5 FAR.
- **Scenario 2:** Based on the subject site being rezoned with a MH-2h28, Multi-Residential – High Density Medium Rise District land use to a maximum density of 4.5 FAR.
- **Scenario 3:** Based on the subject site being rezoned with a MH-2, Multi-Residential – High Density Medium Rise District land use to a maximum density of 5.0 FAR.

The valuation has been based on the assumptions and information provided by our client. Should this information vary, we reserve the right to amend our appraisal and any value impact ensuing. Development costs or levies have not been deducted from the value of the land as contained herein.

Sheena Kereliuk, AACI, P.App, B.Comm
Vice President

July 12, 2021
Date

Reviewed By:

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

July 12, 2021
Date