Current Real Estate Appraisal
Full Narrative Report

Industrial Business Condo Unit

Units 24, 25, Plan 0413779

406, 5723 10 Street NE
Calgary, Alberta

Prepared for:
Buyer
Hidden Creek Manor NW
Calgary, Alberta T3A 6L7

Effective Date: November 07, 2014

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Our File No. J0183
Client File No.

November 13, 2014

Hidden Creek Manor NW
Calgary, Alberta T3A 6L7

Attention: Buyer

RE: **Current Real Estate Appraisal Presented in a Full Narrative Report of the Industrial Business Condo Unit Located at 406, 5723 10 Street NE, Calgary, Alberta**

Dear Mr. B.:

As requested, the above referenced property has been examined for factors deemed pertinent in arriving at an estimated market value. The purpose of this appraisal is to estimate the Current Market Value of the Fee Simple Interest of the above property legally described as Units 24, 25, Plan 0413779.

The intended use of this appraisal is for first mortgage financing purposes. Therefore, the intended user of this appraisal is Buyer and the chosen financing institution, or Yorkfield Financial Corporation, 104 Sunrise Way, Priddis, Alberta T0L1W0.

In order to carry out this assignment, a market study of real estate activity in the vicinity of the subject property has been conducted. This investigation included the collection and analysis of real estate market transactions, listings, offerings, pre-sales and information pertaining to other transactions that have occurred in the area in the recent past.

Based upon the data, analyses and conclusions contained in this report, the following Current Market Value estimate has been concluded effective November 07, 2014.

VALUE ESTIMATE SUMMARY Valuation Premise	Effective Date	Estimated Value* (Rounded)
“AS IS”	November 7, 2014	$

*** - See Extraordinary/Hypothetical Assumptions and Limiting Conditions**

The estimated market value stated above, as well as every other element of this appraisal, are qualified in their entirety by the Fundamental Assumptions and Limiting Conditions set forth in this report, which are an integral part of this appraisal.

Exposure Time (as defined in this report): 6 to 9 months given market conditions and unique amount and quality of developed office space

This letter of transmittal and the pages that follow constitute my appraisal report, including the data and analyses utilized in forming an estimate of market value. Should you have any questions concerning this report, please do not hesitate to call.

Respectfully submitted,

Dale Yachimec, AACI, P.App., MBA
Dale Commercial
Inspected Property: __√__Yes __No

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EXECUTIVE SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Client:	Buyer
Property Owner:	1537826 Alberta Inc.
Intended Use and User(s):	First mortgage financing purposes by the client, Buyer and the chosen financing institution, or Yorkfield Financial Corporation, 104 Sunrise Way,Priddis, Alberta T0L1W0
Property Address:	406, 5723 10 Street NE, Calgary, Alberta
Legal Address:	Units 24, 25, Plan 0413779
Property Use/Type:	Industrial/Business Office
Land Use Designation/Zoning:	I-G – Industrial General
Inspection Date:	November 07, 2014
Effective Date of Appraisal:	November 07, 2014
Report Date:	November 13, 2014
Property Rights Appraised:	Fee Simple Interest
Classification of Report and Appraisal:	Current Market Value Presented in a Full Narrative Report
Subject Complex Land Size:	1.72 Acres
Condo Unit Footprint Size:	2,386 SF
Total Rentable Area:	3,271 SF (excludes 309 SF of hall and stairwell common area space)
Highest and Best Use as Vacant:	Not Applicable given the building improvements in place
Highest and Best Use as Improved:	Light Industrial/Office Usage

MARKET VALUE CONCLUSIONS

Valuation Methodology	As Is
Direct Comparison Approach	$
Income Approach	$
Reconciled Value*	**$**

*** - See Extraordinary/Hypothetical Assumptions and Limiting Conditions**

Exposure Time (as defined in this report):	6 to 9 months given market conditions and unique amount and quality of developed office space

FUNDAMENTAL ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the appraiser in this appraisal report is subject to the following assumptions and limiting conditions and any other specific conditions set forth by the appraiser elsewhere in the report.

General

1. The effective date of value to which the opinions expressed in this report apply is set forth in the Letter of Transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date that may affect the opinions stated herein. No opinion is expressed regarding legal matters that require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers.
2. Information, estimates, and opinions contained in this report were obtained from sources considered reliable and believed to be true and correct. However, the appraiser assumes no responsibility for accuracy of such items furnished by the appraiser obtained from other parties.
3. The appraiser assumes no responsibility for legal matters affecting the property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be marketable. The property is appraised as though under responsible ownership and management and free and clear of any or all liens or encumbrances unless otherwise stated.
4. The appraiser is not required to give testimony or appear in court because of having prepared this appraisal of the subject property unless arrangements have been made otherwise.
5. Disclosure of the contents of this appraisal is governed by the by-laws and regulations of the professional appraisal organizations with which the appraiser is affiliated.
6. Neither all nor any part of the contents of this report or copy thereof (including conclusions as to property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers are connected) shall be used for any purpose other than the intended use of this appraisal outlined in this report by anyone but the client or the client's assigns without the prior written consent of the appraiser. Nor shall this report be conveyed by anyone to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
7. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to sizes and areas were either estimated through measurement or taken from sources considered reliable, and no encroachment of any real improvements present is assumed to exist other than specified. All maps, plats and exhibits included are for illustration only, as an aid in visualizing matters discussed within the report and should not be considered as surveys or relied upon for any other purpose. All engineering and other information obtained from the client regarding the subject property are assumed to be correct.
8. It is assumed that all applicable zoning regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
9. No changes of any item of the appraisal report shall be made by anyone other than the appraiser, and the appraiser shall have no responsibility for any such unauthorized changes.

Site

10. The appraiser inspected the site on which the subject condominium complex is constructed and found no obvious evidence of soil deficiencies except as stated in the report. However, no responsibility can be assumed for hidden soil deficiencies, such as weight bearing capacity limitations, or conformity to specific government requirements, without the provision of specific professional or governmental inspections. For purposes of this appraisal, the appraiser assumes that there are no hidden or unapparent soil deficiencies of the property, subsoil, or structures if present, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or for engineering that might be required to discover the factors.

11. The completion of an environmental assessment was not within the scope of this analysis. Unless otherwise stated in this report, the existence of petroleum leakage, chemicals or toxic waste, which may or may not be present on the property or adjacent properties, were not called to the attention of, nor were they observed by the appraiser. Therefore, the assumption is being made that no environmental hazard problems are evident on the subject land except those discussed within the context of this report.

12. The value concluded herein is entirely contingent upon the subject property not being within or subject to any unknown provincial or federal regulations not identified on the title, such as building height restrictions, nature reserves, etc., which, as a result might limit, restrict, and/or prevent development of the subject land to its highest and best use.

Building Improvements

13. The appraiser inspected the subject condo unit, and found no obvious evidence of structural deficiencies except as stated in the report. However, again no responsibility for hidden defects or conformity to specific government requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

14. Unless otherwise stated in this report, the existence of hazardous materials within the subject condo unit, if any, including, but not limited to, asbestos, urea-formaldehyde foam insulation, polychlorinated biphenyls, were not called to the attention of, nor were they observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances as listed above or any other potentially hazardous materials may affect the value of the property. The value opinion is predicted on the assumption that there is no such material on or in the property, or on or in adjoining properties that would cause a loss in value to the property being appraised. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert in this field, if desired. In the event that a conclusion is reached whereby corrective action will be required to clean up any environmental contamination, the appraiser will at that time retain the right to modify and/or change the value conclusions presented herein.

15. On any appraisals involving proposed construction, the appraisal report and value conclusions are contingent upon completion of the proposed improvements, in accordance with the plans and specifications the appraiser obtained from the client.

16. The distribution of the total valuation in this report between land and improvements present, if any, applies only under the existing program of utilization. The separate valuations for land and building, if applicable, must not be used in conjunction with any other appraisal and are invalid if so used.

17. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, provincial, or federal government or private entity or organization associated with the uses of the subject condo unit, if any, have been or can be obtained or renewed for any use on which the value opinion contained in this report is based.
18. It is assumed that the utilization of the subject condo unit is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
19. The forecasts, projections, or operating estimates of the subject condo unit contained herein are based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to change as a result of variations in the market.
20. The construction and condition of the subject condo unit mentioned in the body of this report, are based on observations. No engineering study has been provided on the subject condo unit which would assist in the discovery of any latent defects. No certification as to any of the physical aspects of the subject condo unit could be given unless a proper engineering study was made.

Additional Assumptions and Limiting Conditions

None

EXTRAORDINARY/HYPOTHETICAL ASSUMPTIONS AND LIMITING CONDITIONS

Extraordinary/Hypothetical Assumptions:

Extraordinary Assumption is defined as "An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

-It is required to properly develop credible opinions and conclusions;
-The appraiser has a reasonable basis for the extraordinary assumption;
-Use of the extraordinary assumption results in a credible analysis; and
-The appraiser complies with the disclosure requirements set forth in the latest Canadian Uniform Standards for extraordinary assumptions.

Hypothetical Condition is defined as a hypothetical condition that is known to be contrary to what exists. However, the conditions are asserted by the appraiser for the purposes of the analysis as per the terms of reference provided by the client. An example would be valuing a property as if vacant when building and/or site improvements are present.

The following Extraordinary/Hypothetical Assumption(s) is/are being made:

None

Extraordinary Limiting Conditions:

Extraordinary Limiting Conditions is defined as a necessary modification or exclusion of a Standard Rule, which may diminish the reliability of the report. An example would be the appraiser's inability to inspect the interior of a building being appraised.

The following Extraordinary Limiting Conditions are being made:

None

EFFECTIVE DATE OF THE APPRAISAL/DATE OF THE REPORT

INSPECTION DATE: November 07, 2014
EFFECTIVE DATE: November 07, 2014
DATE OF THE REPORT: November 13, 2014

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to provide an estimate of the Current Market Value of the Fee Simple Interest of the subject property.

INTENDED USE OF THE APPRAISAL

The intended use of this appraisal is first mortgage financing purposes by the client. Therefore, the intended user of this appraisal is solely the client, or Buyer and the chosen financing institution, or Yorkfield Financial Corporation, 104 Sunrise Way, Priddis, Alberta T0L1W0.

PROPERTY RIGHTS DEFINED

The property rights being appraised are those of the "Fee Simple Interest". Fee Simple interest includes a "bundle of rights", which embraces the right to use the property, to sell it, to lease it, to enter it, or to give it away. It also includes the right to refuse to take any of these actions. These rights and privileges are limited by powers of government that relate to taxation, eminent domain, police power and escheat.

LOCAL MARKET AREA DEFINED

Local Market Area is an area or region in which real estate properties generally share similar location and/or economic characteristics, such as a municipal neighbourhood or district, an entire municipality or a region within a municipality, or a region within a province. A local market area can be broad or specific depending on the type of property.

MARKET VALUE DEFINED

The latest edition of the Canadian Uniform Standards defines market value as follows:

> *"The most probable price in terms of money which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, 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 each acted in what they consider their own best interest.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of 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."

EXPOSURE PERIOD DEFINED

The latest edition of the Canadian Uniform Standards defines exposure period as follows:

> *"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; a current estimate based upon an analysis of past events assuming a competitive and open market."*

Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. This statement focuses on the time component.

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: the supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy estimated from the effective date of appraisal. The estimate of the most probable exposure time is based upon consideration of one or more of the following:

- Statistical information about the time the properties are listed on the open market;
- Information gathered through sales verification; and,
- Interviews of market participants.

PROPERTY RIGHTS APPRAISED

The subject property rights being appraised are Fee Simple Interest.

PROPERTY IDENTIFICATION

The subject property is legally described as follows:

Units 24, 25, Plan 0413779

SCOPE OF THE APPRAISAL

As part of the valuation process, the appraiser inspected the subject property, viewed the surrounding properties, viewed the market area and inspected the comparable sales where possible. The highest and best uses were analyzed and determined for the subject property.

A search for comparables was made based upon, but not limited to the following search criteria: 1) Similarly located comparable sales within the general area. 2) Date of sale within the past several years and 3) Similar potential use. The most comparable sales were then selected from those transactions that met these criteria.

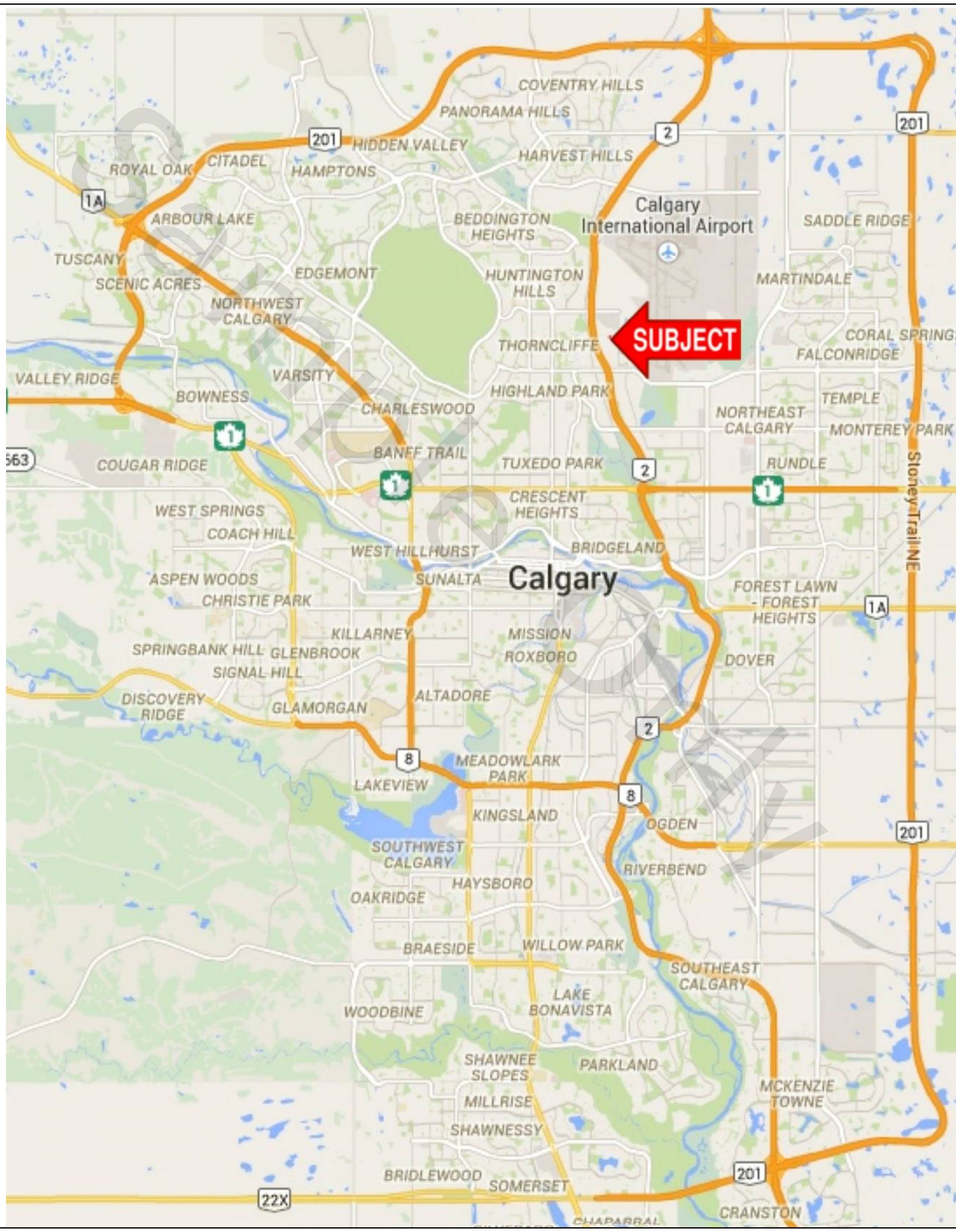
The sources of comparables used in this analysis included use of an in-house developed database of market transactions obtained from a variety of sources including but not limited to title transfers obtained from Alberta Land Titles, pending and/or sold comparable sales obtained from the Multiple Listings System of the local Real Estate Board and/or through discussions with local realtors, property owners and other appraisers knowledgeable of the area that were personally verified by the appraiser. The appraiser is responsible for the researching and analysis of all data and conclusions utilized within this report.

To arrive at the value estimate, discussions were also held with representatives of the local municipality regarding the assessed value, land use designation and potential future uses of the subject property. All applicable current land use and planning documents were obtained from the municipality and reviewed as applicable to the subject property. Copies of the two current Certificates of Title associated with the subject condo unit were obtained from Land Titles and all encumbrances were reviewed.

All valuation techniques were considered during the valuation of the subject property, however only those techniques deemed appropriate were selected and applied. The three key approaches considered are outlined later in this report.

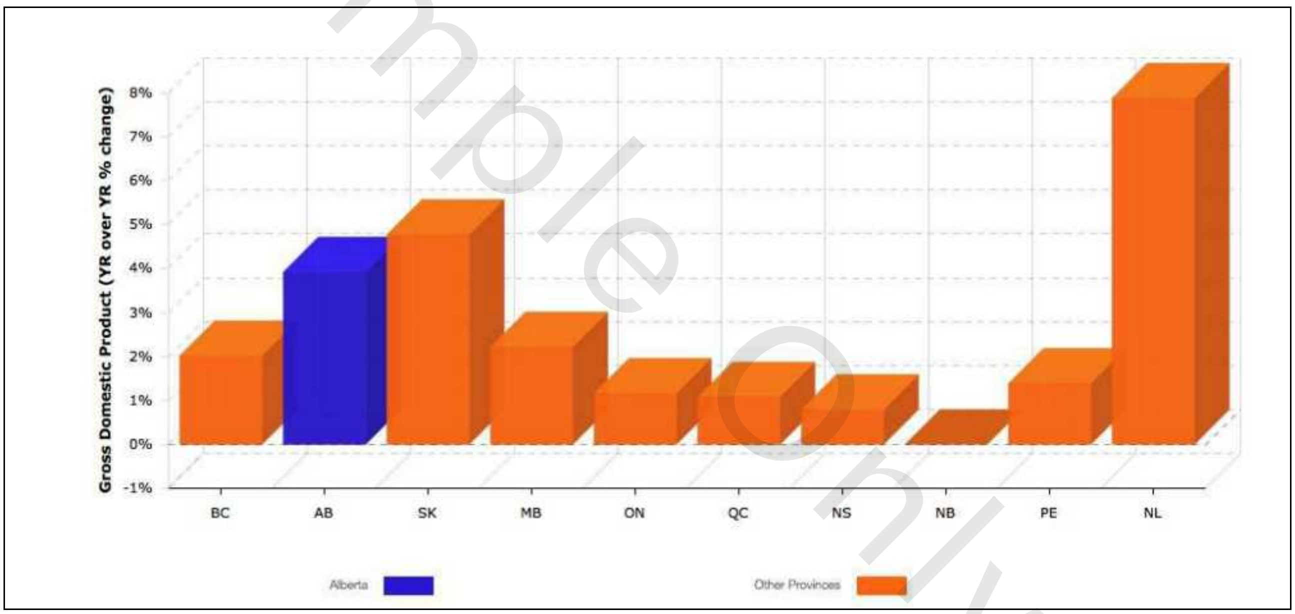
REGIONAL/MUNICIPAL ECONOMIC ANALYSIS

ALBERTA ECONOMIC ANALYSIS



Calgary Location Map

The subject property is located within the northeastern part of Calgary as shown in the previous map. Alberta's economy has shown three years of positive GDP growth since economic growth contracted in 2009 following the global financial crisis during the fall of 2008. Alberta's real GDP rebounded 3.3% during 2010 and the federal agency has stated that Alberta's economy advanced 5.2% in 2011, which represents the province's highest economic growth rate since 6.2% reported in 2006. Every province recorded GDP increases in 2011 according to Statistics Canada and Canada's GDP rose 2.6% during 2011 after increasing 3.4% during 2010. For a second straight year, Alberta led the country with GDP growth of 3.9% in 2012 compared with 1.8% GDP growth across the country. Contributing towards Alberta's economic growth is oil prices that have generally been above $80 US per barrel since October of 2010 and were generally hovering around the $100 US per barrel mark until recently dropping back to the $80 US per barrel level. In 2013, Alberta experienced a GDP growth of 3.9%, which was second to Saskatchewan and third to Newfoundland as shown below.



Source: AlbertaCanada.com Economic Dashboard, October 2014

Also supporting evidence of strong economic growth in Alberta during the last three years is changes of Alberta's total building permit values. During 2013, Alberta's total value of building permits increased by 17.7% over 2012 levels, which had subsequently increased by 14.8% over 2011 levels. Alberta's construction sector had the greatest contribution towards GDP growth during 2012 with 7.7% growth. However, on a year-to-date basis (January to April 2014), Alberta building permits were 5.8% lower than during the same period of 2013. This decrease was the result of large declines in non-residential permits. Positive growth was observed in residential housing starts during this same period, which increased by 5.2%.

Positive changes to Alberta's total building permit values also supports evidence of strong economic growth in Alberta. During 2013, Alberta's total value of building permits increased by 17.7% over 2012 levels, which had subsequently increased by 14.8% over 2011 levels. Alberta's construction sector had the greatest contribution towards GDP growth during 2012 with 7.7% growth. On a year-to-date basis (January to August 2014), Alberta building permits were 6.0% higher than during the same period of 2013. Alberta's permit values during 2Q 2014 surpassed levels observed during 2Q 2013 as shown in the following graph. This increase was partially the result of $1.8 billion in permits issued in Alberta during the month of August, which was the second highest monthly total in Alberta's history. Residential permits made up the largest portion (59%) of the $1.8 billion permits issued during August 2014[1]. As a result, Alberta's housing prices are now exceeding levels observed during the prior mid-2007 peak residential market period.

Source: AlbertaCanada.com Economic Dashboard, October 2014

Alberta once again is also leading other provinces in terms of population growth and is second to Saskatchewan in having the lowest unemployment. Between 2Q 2013 and 2Q 2014, Alberta's population grew from 3.982 million to 4.112 million, or by 3.26%, which was greater than the national average of 1.1%. During April 2014, Alberta also ranked first in comparison to other provinces in terms of manufacturing sales and employment and ranked second in retail trade, unemployment rates and overall MLS sales values.

In summary, Alberta's economy has been experiencing overall positive economic and population growth since 2011, which has been putting upward pressure on land values throughout Alberta. Current housing prices within Alberta have already surpassed average prices that had occurred during Alberta's prior mid-2007 peak residential market period, which has a positive ripple affect on commercial and industrial businesses that serve the residential market. Alberta's economic conditions are anticipated to continue to be overall positive over the short to medium term, which will continue to put upward pressure on land values throughout Alberta.

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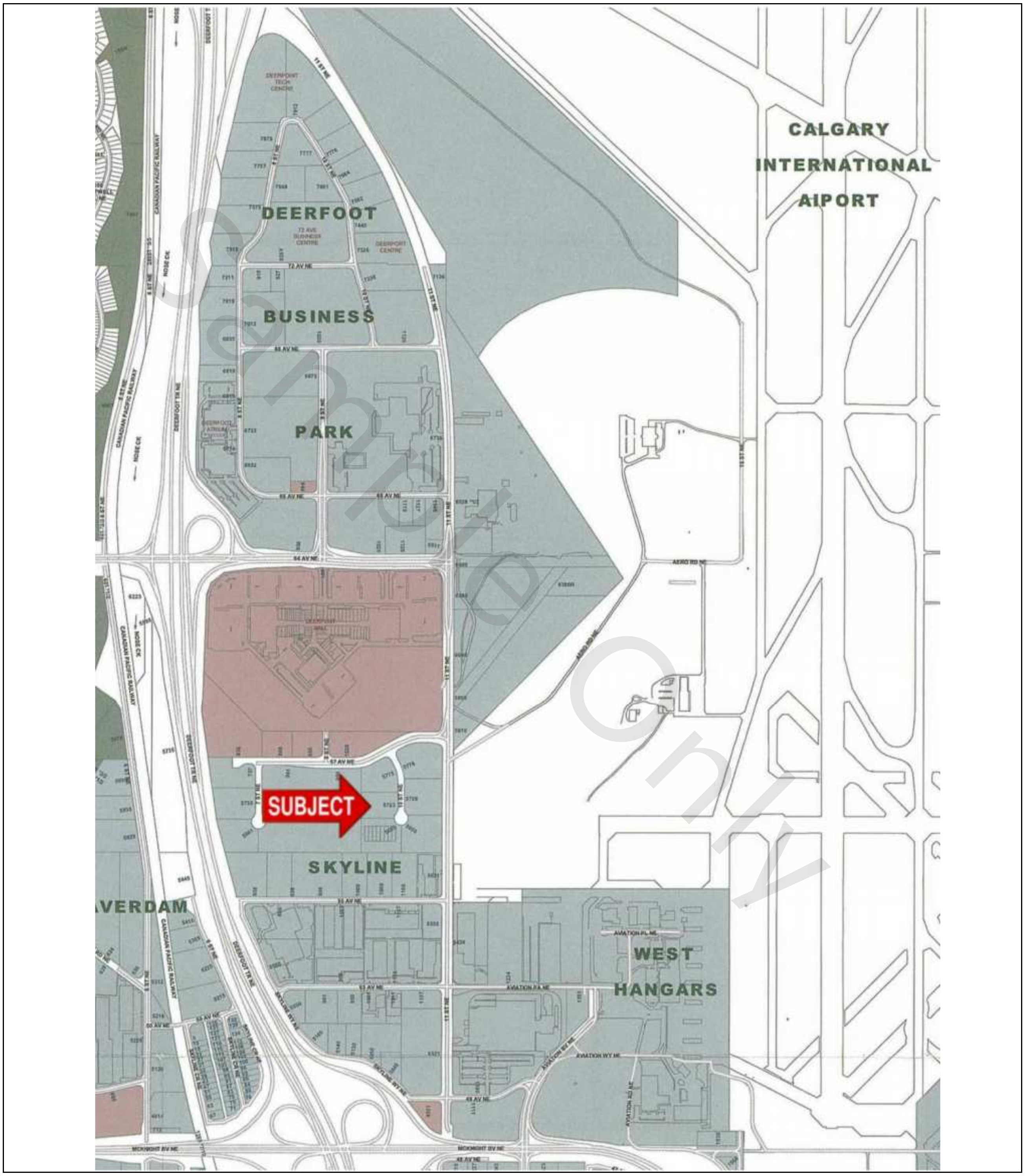
[1] Albertacanada.com Economic Dashboard, Oct. 2014, http://economicdashboard.albertacanada.com/BuildingPermit

CITY OF CALGARY/SKYLINE AREA ANALYSIS



Calgary Location Map

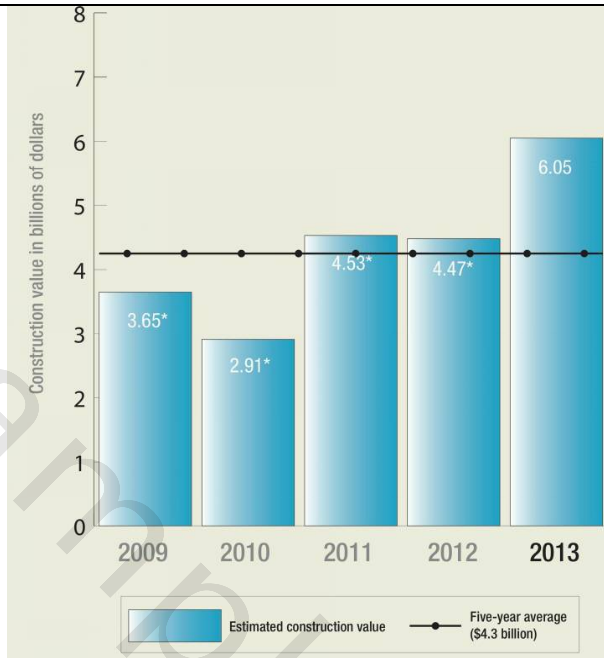
As shown in the previous map, the subject property is located within the northeast part of the City of Calgary within the Skyline Industrial neighbourhood, which will be discussed at the end of this section. The City of Calgary is located near the midpoint between Winnipeg and Vancouver, approximately 320 km (200 miles) north of the US border. As a national transport centre, Calgary serves as the gateway to the two major Rocky Mountain passes, as well as the crossroads of Alberta's rail and road systems. With a trading area of over 1,300,000, Calgary is an important regional and national economic centre.

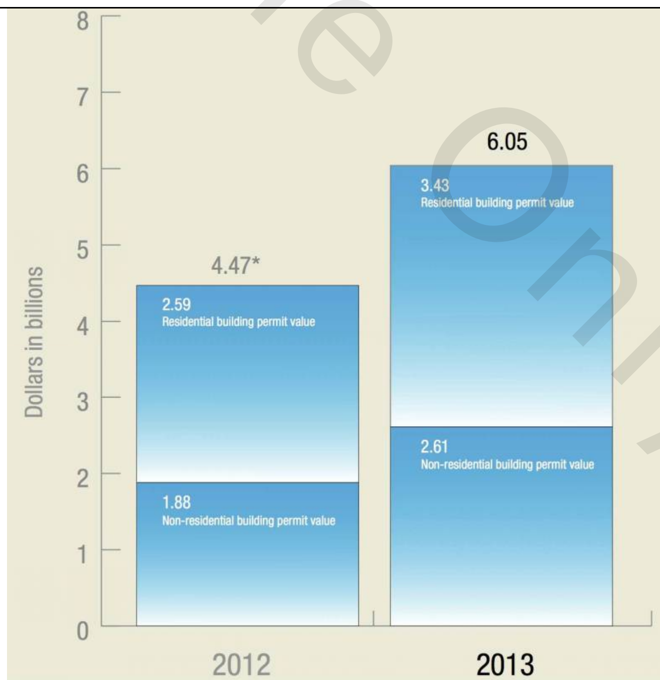
The population of Calgary is reported to be 1,149,552 persons as of April 2013. The City has shown positive growth since 1994. The following chart illustrates the population growth from 1994 to 2013:

CALGARY'S POPULATION GROWTH			
CENSUS	POPULATION	INCREASE/ DECREASE	% GROWTH FROM PREVIOUS
2013	1,149,552	29,327	2.62%
2012	1,120,225	30,189	2.77%
2011	1,090,036	18,521	1.69%
2010	1,071,515	6,060	0.57%
2009	1,065,455	22,563	2.16%
2008	1,042,892	22,950	2.25%
2007	1,019,942	28,183	2.84%
2006	991,759	35,681	3.73%
2005	956,078	22,133	2.42%
2004	933,945	11,180	1.21%
2003	922,315	17,328	1.91%
2002	904,987	28,468	3.25%
2001	876,519	15,770	1.83%
2000	860,749	18,361	2.13%
1999	842,388	23,054	2.81%
1998	819,334	28,836	3.65%
1997	790,498	23,439	3.06%
1996	767,059	17,986	2.40%
1995	749,073	10,889	1.48%
1994	738,184	10,465	1.44%

Calgary is a major business centre for Western Canada with 135 head offices. With low unemployment, services and cultural amenities fitting a city of over one million, and no provincial sales tax, the City draws new residents from throughout the Province and beyond as exemplified in the steady population growth. Calgary is also Western Canada's distribution hub. The latter attraction has lead to the development of numerous mega warehouse complexes within the city's industrial parks.

The following Permit Statistics were obtained from the City of Calgary's web site:





Construction activity has been generally trending upward in Calgary since 2010 and both residential and non-residential sectors have trended upward between 2012 and 2013 as shown in the previous charts.

Residential Sector

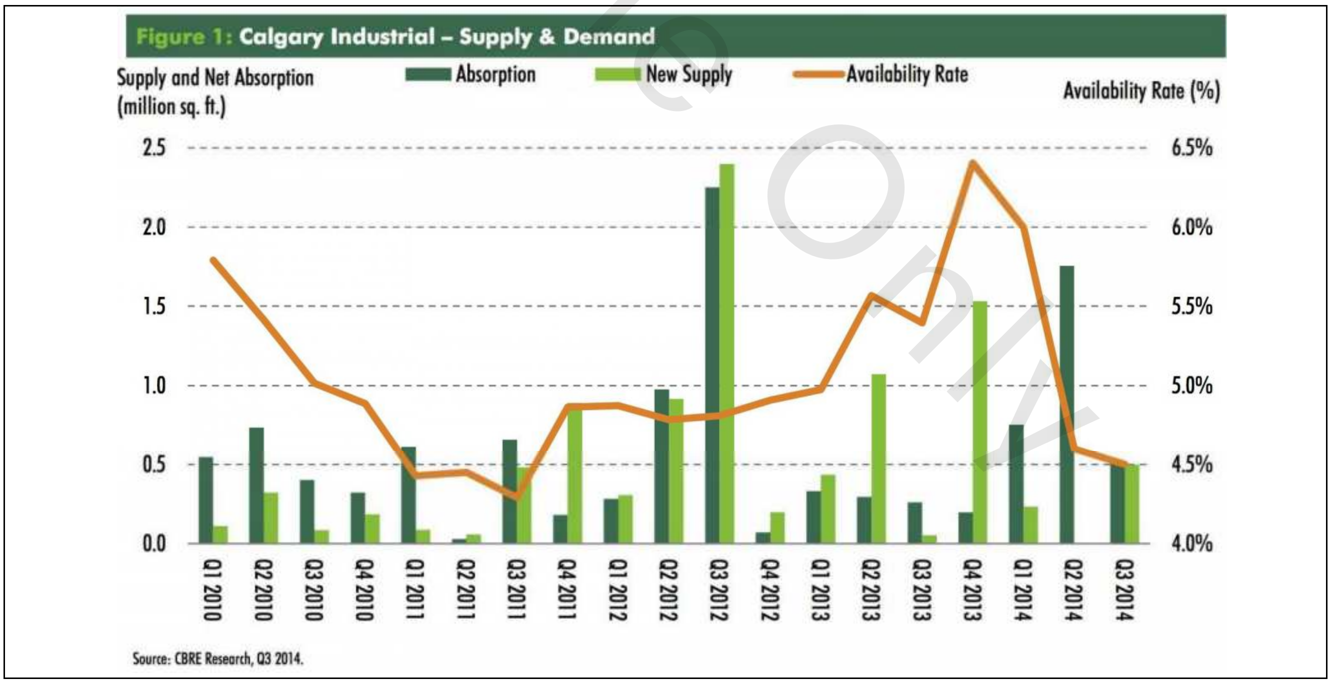
Calgary's residential sector represents the largest of the city's two construction sectors. Residential permit values between January 1 and September 30, 2014 totalled $2.76 Billion and were 12% higher than the $2.46 Billion reported over same period during 2013, which indicates that Calgary already surpassed 2012, which indicates that this sector is likely to remain as strong or stronger than that observed during 2013.

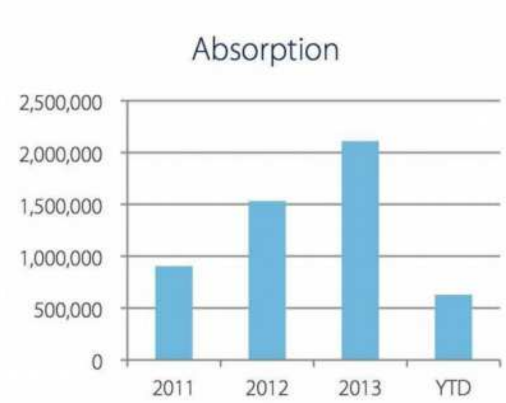
Non-Residential Sector

Calgary's non-residential sector includes commercial (office and retail) and industrial construction. Non-residential permit values also trended upward between 2013 and 2014. Non-residential permit values between January 1 and September 30, 2014 totalled $2.25 Billion and were 8.7% higher than the $2.07 Billion reported over same period during 2013, which indicates that this sector is remaining strong as well.

Industrial Sector

The subject property consists of an industrial zoned condominium unit located within Northeast Calgary. As such, following additional market information has been included regarding Calgary's industrial sector, which was obtained from CBRE and Avison Young, respectively:





Source: Avison Young Calgary Industrial Overview Spring 2014

From the previous graphs, it is seen that the overall industrial availability/vacancy rate for the City of Calgary is in the order of 4.5% to 5.0%. The absorption of industrial space ranged from 500,000 to 1,750,000 square feet per quarter during 2014 with a spike in absorption observed during Q2 2014. The total amount of industrial space absorbed between January 1 and September 30, 2014 totals approximately $3 million square feet, which already exceeds that observed during 2013. The latter absorption explains the high amount of new industrial inventory that was recently added in Calgary during Q3 2014. CBRE noted in the Q3 2014 MarketView Report that Southeast Calgary accounted for 317,526 sq. ft. of the 514,324 sq. ft. of net absorption in Q3 2014, which has become somewhat of a trend in relation to the amount of space being absorbed within Northeast Calgary. The new supply of industrial units somewhat balancing the absorption of the units that is resulting in a relatively balanced industrial market.

In 2013, Calgary experienced city-wide floods, which has resulted in an unusually strong demand for contractors to repair and rebuild buildings damaged by flooding, which is also contributing towards increased construction activity. As a result, office build-out costs have increased from the $55 to $65 per square foot mark to close to $100 per square foot for basic office space.

Summary

Overall construction activity within the City of Calgary has been trending upward and both residential and non-residential construction activity is stronger than that observed during 2013. The absorption and construction of industrial space is also trending upward along with office build out costs, which is expected to continue to put upward pressure on industrial property values and lease rates within the City of Calgary over the short to medium term, particularly for industrial space with large components of office space.

SKYLINE AREA ANALYSIS

The subject property is located in the Skyline Industrial Area within northeast Calgary. Skyline is generally bounded by Deerfoot Trail, 11 Street NE and 57 Avenue NE, as shown in the map at the beginning of this section. The Skyline Industrial Area is a mixture of older and newer industrial, retail and office complexes. Its location near the airport, near Deerfoot Mall and the Deerfoot Trail are key factors that attract businesses to this area. Road access to the neighborhood is provided by McKnight Blvd NE and 64 Avenue NE that intersect with Deerfoot Trail.

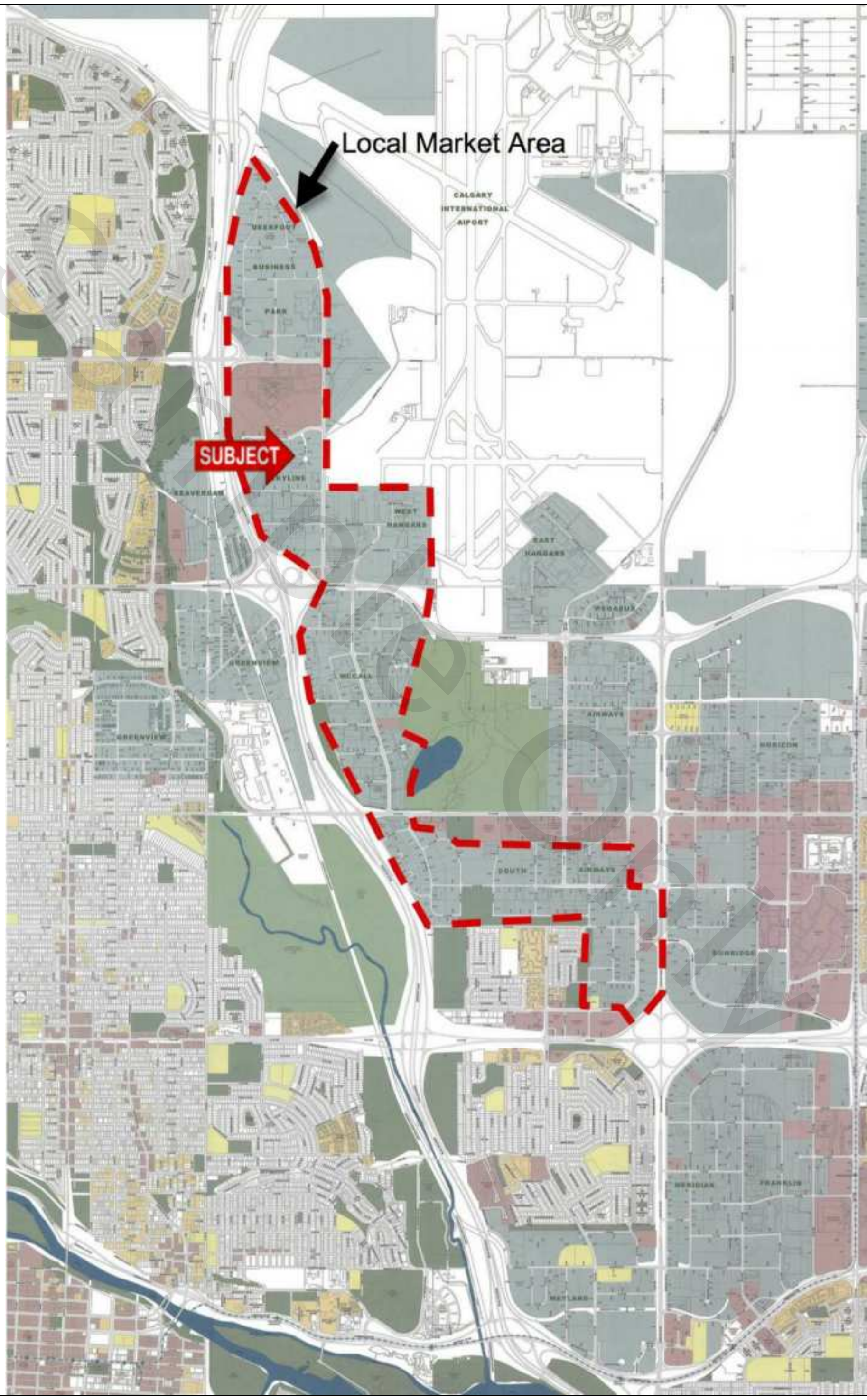
The subject property area as well as other industrial areas within the City of Calgary has access to the Calgary full municipal servicing standard, which includes municipal water, sewer and gutter storm sewer services in addition to power, telephone and natural gas services. Roadways include paved urban roadways with municipal street lighting. The latter would all apply to the subdivision in which the subject property is located.

The subject property is located along 10 Street NE that contains a mixture of industrial, quasi retail and office space. As such, the immediate area contains many businesses that demand more office space than shop space, which is different than the typical type of industrial space that typical contracting trades demand that usually consists of warehouses with a small office component and large shop component. 10 Street NE represents a dead end roadway that provides access to the immediate area from 57 Avenue NE to the north that intersects with 11 Street NE, which is arterial roadway leading into the Area with high traffic volumes.

Summary and Conclusion

The subject is located in a newer neighborhood that is attractively located near the airport, Deerroot Mall and Deerfoot Trail, which are attractive features from a business perspective. The neighborhood close proximity to Deerfoot Trail provides quick access out of the city towards the north and south, which is particularly attractive for businesses serving Calgary as well as the Calgary Area.

MARKET AREA ANALYSIS



Market Area Map

The subject land under analysis consists of an industrially zoned condominiumized bay with a high amount of office space located in northeast Calgary within the Skyline Industrial district. The district contains many newer buildings present and is predominantly zoned for industrial usage as identified in light gray as shown in the above map obtained from CBRE. The subject property is in very close proximity to the Deerfoot Trail. Therefore, the local market area is generally defined as any industrial zoned properties located within Northeast Calgary in newer buildings within a similar designated industrial district and similar proximity to the Deerfoot Trail. A secondary local market area would be similar industrial zoned condo units located within Southeast Calgary that are also in close proximity to the Deerfoot Trail, which would also have similar quick accessibility in and out of the city.

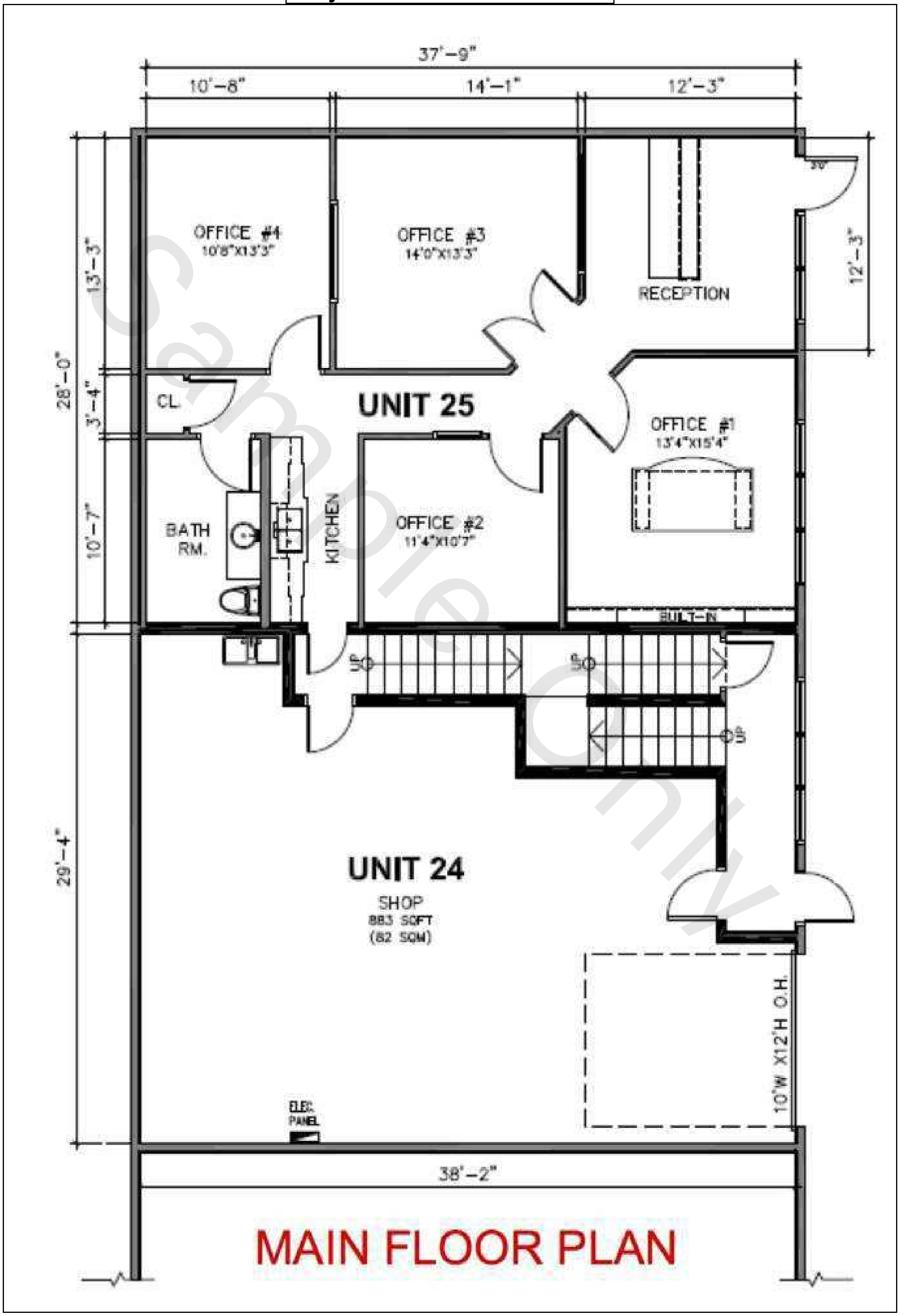
A review of the general area in which the subject land is located revealed that the majority of the lands within the immediate area of the subject property carry the same I-G – Industrial-General usage. However, a large number of businesses are quasi-retail and office in nature and consist of marketing firms, dental lab companies, engineering companies and other office uses rather than typical trades contractors. Thus, an above average amount of office space is present in many of the multi-tenant industrial building developments and several suburban office complexes are present as well. Few single tenant industrial buildings are present within the immediate area.

The overall location of the subject property within the northeast Industrial subdivision is considered to be above average in terms of proximity to the Deerfoot Trail and that the latter roadway can be accessed from either 64 Avenue NE towards the north or McKnight Blvd. NE towards the south, which makes the subject location highly appealing from an accessibility perspective.

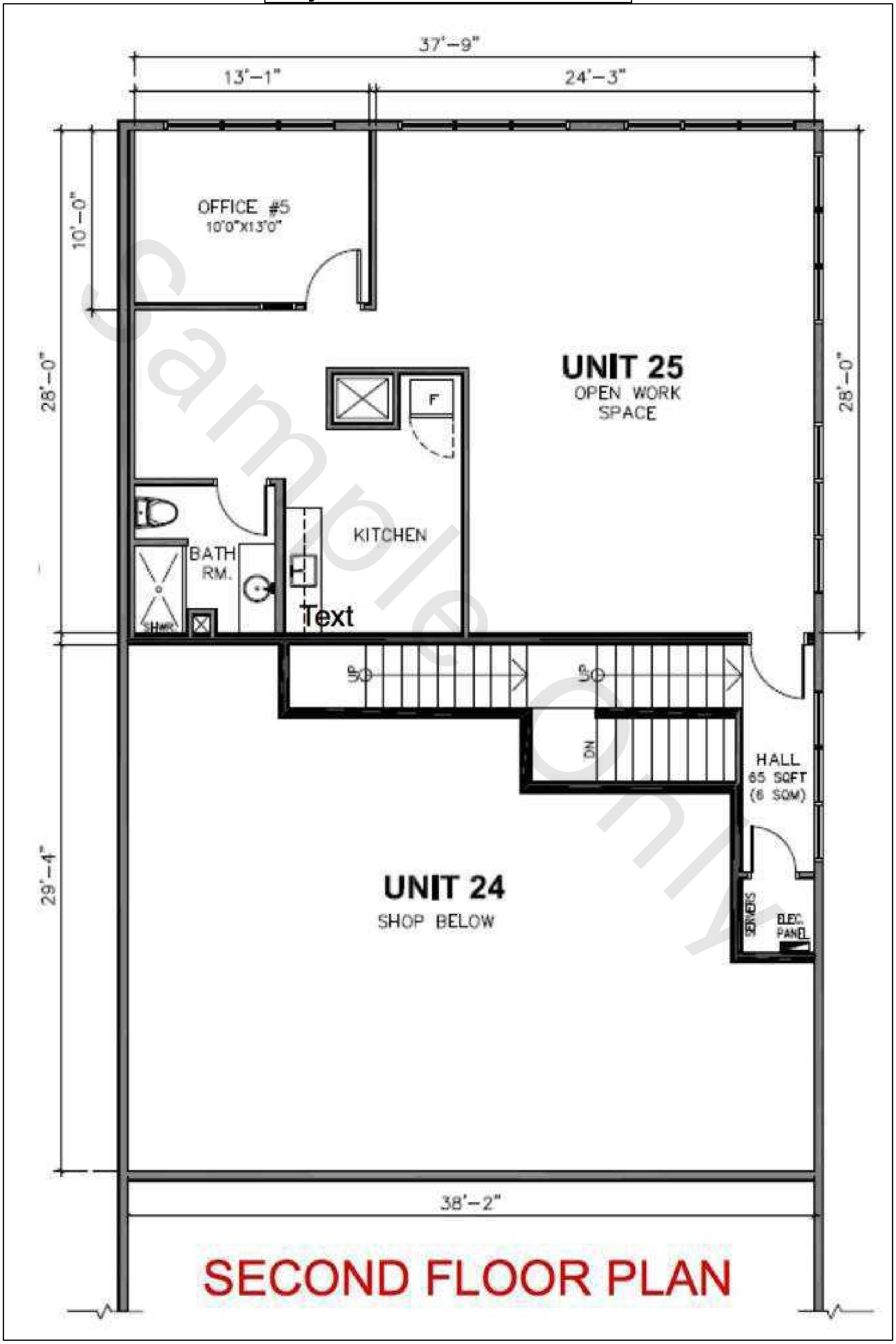
SITE DESCRIPTION & ANALYSIS

Subject Aerial Photo

Subject Main Level Floor Plan



Subject Second Level Floor Plan



The reader is referred to the previous maps that pertain to the subject property. Below are key features and characteristics of the subject land:

Municipal Address:	406, 5723 10 Street NE, Calgary, Alberta
Legal Address:	Units 24, 25, Plan 0413779
Access:	Direct by 10 St NE.
Visibility:	Visibility from 10 St NE and surrounding development is rated as Average.
Paved Street:	Yes
Sidewalk:	Yes
Curb And Gutter:	Yes
Storm Sewer:	Yes
<u>Availability of Utilities</u>	
Public Electricity Available:	Yes
Water Supply Available:	Municipal Public
Public Sewer Available:	Yes
Natural Gas Available:	Yes
Telephone Available:	Yes
Underground Utilities:	Yes
Adequacy of Utilities:	Good
Street Lighting Present:	Yes
Landscaping:	Good
Topography:	Generally level
Rail Access:	No
Adjacent Uses:	Predominantly Business Office with some Light Industrial usage
Easements/Encumbrances Issues:	No
Environmental Issues:	No

Summary:

The site on which the subject condominium complex is constructed contains a total site area of 1.72 acres. The shape of the site is rectangular and benefits from having direct access from 10 St NE. Visibility to the site is considered average. The site on which the subject condo complex is constructed is generally level, however the land is sloped downward towards the north. For this reason, the rear of the complex is not readily accessed from the front side.

TAXES AND ASSESSMENT INFORMATION

A summary of the assessment of the subject is provided in the following tables, which was obtained from the municipality's Assessment Department.

2014 property taxes for Unit 24 were $3,711.14 and $5,884.20 for Unit 25.

ASSESSMENT & TAXES - TAX YEAR 2014	Unit 24	Unit 25
Tax Roll #.	0	0
Land Value	$0	$0
Building Value	$263,000	$417,000
Other Value	$0	$0
Total Estimated Land Value	$0	
Total Assessed Building Value	$680,000	
Total Estimated Other Value	$0	
Total Assessment	***$680,000***	

OWNERSHIP/SALES HISTORY

The following chart outlines historical sales involving the subject property within three years of the effective date of this appraisal or earlier:

Owner	Title No.	Purchase Price	Purchase Date	Terms
1537826	101258574	$850,000	8/31/2010	Cash and/or standard mortgage financing

The most recent registration is when the current owner of the subject property purchased the property in August 2010 with the same interior improvements present.

The subject property is currently listed at $825,000. The appraiser is aware that the subject property was originally listed in May 2014 for $895,000, then dropped to $825,000 and again dropped to $775,000 in August 2014, which resulted in a bidding war for the subject property.

To the best of the writer's knowledge, the subject property was not involved in any other sales related activity during the three years preceding the effective date of this appraisal.

TITLE ENCUMBRANCES

Reference is made to Exhibit B of the addenda of this report that contains a current copy of the subject Certificate of Title. A review of the title revealed that encumbrances are registered against the subject title. An encumbrance can have a positive, negative or no affect on the value of the subject property depending on the nature of the encumbrance.

Encumbrances that have a positive affect on the property would include those that generate revenue or enhance the use of the property, such as access easements registered on the subject property that are located on adjoining properties that are beneficial to subject property in terms of increased accessibility and yard size.

Encumbrances that have a negative affect on the property would include those that generate costs or diminish the use of the property, such as easements or right of ways located within the interior parts of the subject property that are detrimental to subject property in terms of limiting the size and/or location of buildings that could be built.

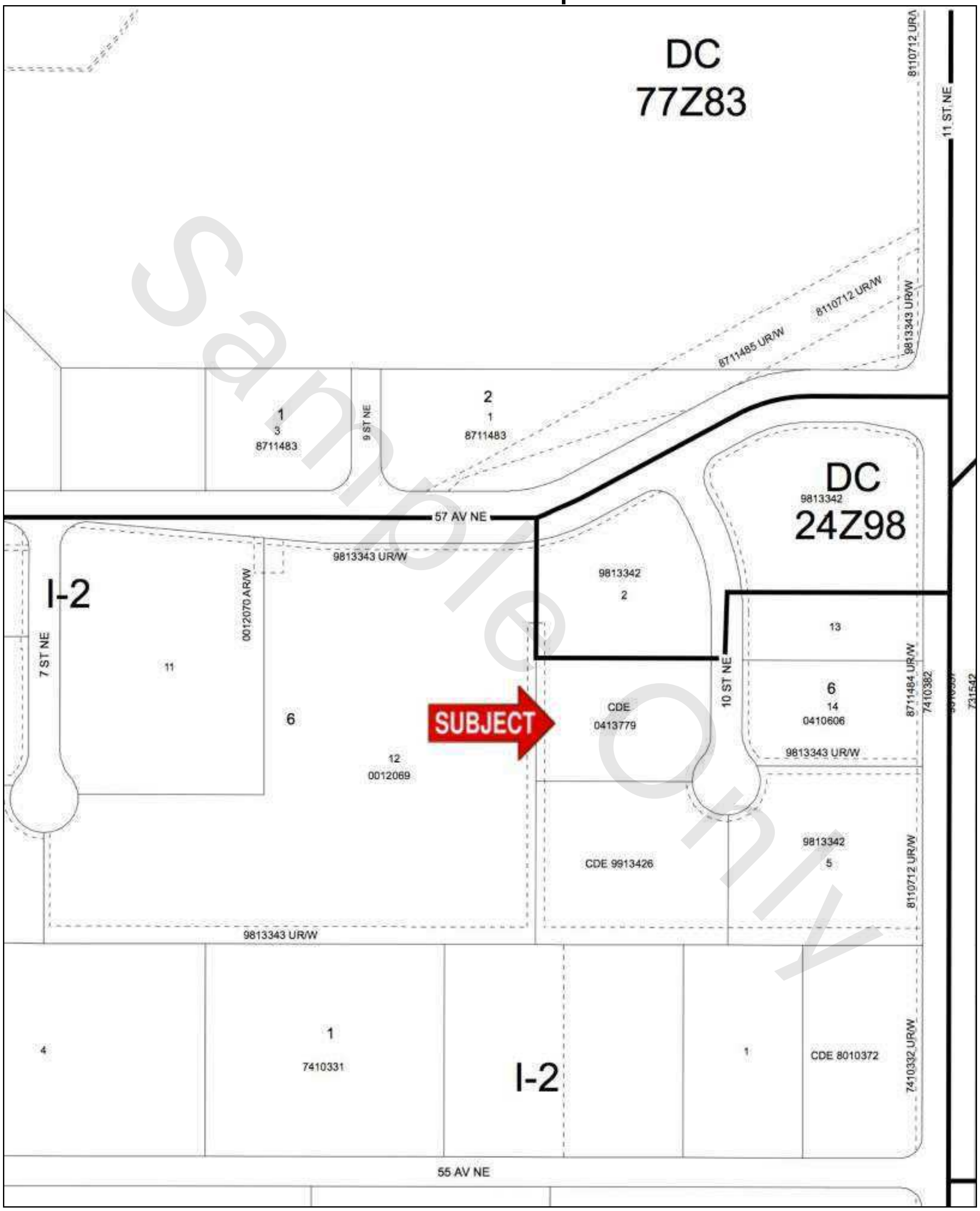
Lastly, encumbrances that have a no affect on the property would include those that are unrelated to the use of the subject property or are temporary in nature, such as mortgage financing and temporary caveats that are readily removable without any significant cost.

Title Encumbrances Comments

A total of 6 encumbrances are registered against the subject land titles. One surrounds standard airport zoning regulations that restricts building heights and property uses that may interfere with air traffic that is of no concern. One involves a City of Calgary utility right of way, which is also of no concern given the subject building improvements are already in place. One involves a partial wall agreement between units, which is standard for condo units sharing a wall, which is of no concern. The remaining two encumbrances involve standard mortgage financing registrations that are temporary in nature and for that reason are of no concern as well.

MUNICIPAL LAND USE OVERVIEW

Land Use Map



The reader is referred to the previous map obtained from the municipality's planning department that illustrates the current land use designation assigned to the subject property as I-2, which is the same as the I-G Industrial General Land Use Designation.

There are typically up to three municipal planning documents that affect the future and current uses of the subject property, or the Municipal Development Plan, the Area Structure Plan and the Land Use Bylaw. The Municipal Development Plan and the Area Structure Plan, if applicable, are reviewed primarily from the perspective of future land use for the subject property and surrounding area. Conversely, the Land Use Bylaw was reviewed primarily from a current use perspective of the subject property. Below are the aspects of these planning documents that apply to the subject property:

Current Land Use Designation:	I-G – Industrial General
Potential Future Uses:	The future use of the subject property coincides with the current light industrial/office usage given the I-G Industrial General zoning of the area is not foreseen to change over the long term.
Current Use:	The subject condo unit was designed and predominantly used for office usage with light industrial usage being secondary.
Legally Conforming:	Yes. The subject light industrial design complies with the permitted uses of the IG-Industrial General land use designation, particularly the general industrial - light permitted use, whereas office usage is a discretionary use. **CONDOMINIUM BYLAW COMMENTS** The subject light industrial and/or office usage also complies with Section 2.2 of subject condominium bylaws that specifically permits commercial warehouse and business office usage.
<u>Zoning Change</u>	
Requested:	No
Likely:	No
Purpose:	The Industrial – General District is intended to be characterized by: (a) a wide variety of light and medium general industrial uses and a limited number of support commercial uses; (b) parcels typically located in internal locations; (c) the application of discretion for parcels that share a property line with a major street or expressway to ensure an appropriate interface and compliance with City plans and policies; (d) a limited number of non-industrial uses that may be appropriate due to building or parcel requirements generally found in industrial areas; (e) uses and buildings that may have little or no relationship to adjacent parcels;

(f) appropriate controls to ensure screening of any outdoor activities; and
(g) limits on sales and office activities in order to preserve a diverse industrial land base.

Permitted/Discretionary Uses:

Permitted uses include a variety of light to medium industrial uses as well as limited commercial and institutional uses.

Discretionary uses include further industrial, commercial and institutional uses.

Refer to Exhibit C of the addenda for a full list of permitted and discretionary uses and all regulations associated with this land use designation.

BUILDING IMPROVEMENTS DESCRIPTION

Below is a summary of the key characteristics of the subject condo unit:

GENERAL IMPROVEMENTS DESCRIPTION	
Property Type	Industrial
Condo Unit Footprint Area SF	2,386
Total Rentable Area SF	3,271
General Property Class	C
Effective Age (Years)	10
Economic Life (Years)	45
Depreciation (Straight Line)	22.20%
Parking Type	Surface
Condition of Parking	Good
No. of Parking Spaces	7

Bldg/Component Desc	**Bldg/Component 1**
Year Built	2004
Year Renovated	2004
Effective Age (Years)	10
Total Economic Life (Years)	45
Remaining Economic Life (Years)	35
Building Type	Single Storey/Office Mezz.
Building Description	Warehouse
Stories	1
Building Area SF	2,386
Rentable Area SF	3,271
Floor Plan	Good
Floor Coverings	Carpet, Vinyl Tile, Travertine
Ceiling Height (Feet)	21
Appeal and Appearance	Excellent
Condition	Good
Construction Detail	
Construction Class	C
Construction Quality	Good
Frame Type	Concrete Block
Sub-Floor Type	Concrete
Roof Type	Flat
Roof Cover	Rubber Membrane
Exterior Walls	Stucco
Mechanical Detail	
Plumbing	Average
Heating Type	Forced Air/Radiant Heaters
Cooling Type	Engineered Cooling
Electrical	Average
Sprinkler	None
No. Truck Doors	1

Improvements Comments:

The subject property consists of two adjacent condo bays that forms one unit. Based on survey plan dimensions, building measurements and layout diagrams contained in the listing brochure, the main level is demised into 1,194 square feet of office space with a high quality finish that includes travertine tiles and custom woodwork, 883 square feet of shop space and the remaining 309 square feet consists of stairwell and hallway space considered to be non-rentable common area that provide access to the main level office and shop space and second level office space. The condo unit also has an advanced central controlled sound system for presentation purposes in each main level office.

The second level consists of 1,194 square feet of office space as well that is demised into above average office space given the 9'6" ceiling height, HVAC system with zone heating controls, three piece bathroom with shower and two walls of windows that provide a view towards the west and north. Overall, the total amount of rentable space is 3,271 square feet exclusive of common stairwell and hallway areas of which 2,388 square feet, or 73% of the total rentable area is developed office space.

No deferred maintenance is present in the subject property.

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use

Four criteria are examined in order to determine the highest and best use of the subject property. The criteria and their applicability to the subject, both “as vacant” and “as improved” are as follows:

Physically Possible: the size, shape and topography affect the uses to which land may be developed. The utility of a parcel is dependent on its frontage and depth. Sites with irregular shapes may be more expensive to develop, and topography or subsoil conditions may make utilization too costly or restrictive. Highest and best use as improved also depends on physical characteristics such as condition and utility.

Legally Permissible: a legally permissible use is determined primarily by current zoning regulations. However, other considerations such as long-term leases, deed restrictions, and environmental regulations may preclude some possible highest and best uses.

Financially Feasible: the use of the property is analyzed to make a determination as to the likelihood that the property is capable of producing a return which is greater than the combined income needed to satisfy operation expenses, debt service, and capital amortization. Any use that is expected to produce a positive return is classified as financially feasible.

Maximally Productive: the use that provides the highest rate of return among financially feasible uses is the highest and best use. The use of the land must yield a profitable net return, and the quantity of land devoted to any specific use must be limited to that quantity which will yield a maximum return to each owner.

Current Use

The subject building was designed and predominantly used for business office purposes with light industrial usage being secondary.

Highest and Best as Vacant

Physically Possible
N/A

Legally Permissible
N/A

Financially Feasible
N/A

Maximally Productive/Assemblage
N/A

HIGHEST AND BEST USE AS VACANT:

Not Applicable given the building improvements in place

Highest and Best as Improved

Physically Possible
Industrial, Office, Retail, Institutional or Public Use

Legally Permissible
Industrial, Office, Retail, Institutional or Public Use

Financially Feasible
Light Industrial, Office, Institutional or Public Use

Maximally Productive/Assemblage
Predominantly Office usage with secondary light industrial usage given the high amount of office space present. Assemblage with additional units would not be required to realize the optimal use of the subject unit.

HIGHEST AND BEST USE AS IMPROVED:

Light Industrial/Office Usage

APPRAISAL METHODOLOGY

There are three approaches to value that can be applied for properties of this type, or the Cost Approach, Income Approach and Direct Comparison Approach. Each are briefly explained below and those selected are elaborated further during the application of the each approach.

COST APPROACH

The Cost Approach is based upon the premise that a prudent buyer will pay no more for a property than it would cost to reproduce or replace a substitute property with the same utility. The Cost Approach is a method in which the value of a property is developed by 1) estimating the replacement or reproduction cost new of the subject improvements, 2) deducting the estimated depreciation from all sources, and 3) adding this depreciated reproduction or replacement cost of the improvements to the site value. The site value is based upon a vacant site being used to its highest and best use. Generally speaking, the site value is estimated by the Direct Comparison Approach. Replacement or reproduction cost new can be derived from reliable cost manuals or from interviews with reputable local contractors. Depreciation can be from physical, functional, or economic causes. Physical depreciation is simply the percentage of life past due to physical wear and tear of the improvements. Functional depreciation is based upon the “cost to cure” outdated and inferior designs. Economic depreciation is based on the revenue or value losses incurred due to negative external influences. Ideally, depreciation is estimated from the market by observing comparable properties.

DIRECT COMPARISON APPROACH

The Direct Comparison Approach relies heavily upon the principle of substitution. Recent sales of similar properties are gathered, and a meaningful unit of comparison is developed. Then, a comparative analysis between the sales and the subject involves consideration for differences in location, time, terms of sale, and physical characteristics. The reliability of the Direct Comparison Approach depends, to a large extent, upon the degree of comparability between the sales and the subject. The major strengths of this approach include the reflection of actual market transactions and the fact that common denominators are fairly easily determined. The potential weaknesses of this approach arise from the fact that the data is not recent and ideal comparables are usually difficult to obtain.

INCOME APPROACH

The Income Approach to value is predicated upon the relationship between income and value. Although all of the appraisal principles are involved in this approach, the principle of anticipation is particularly applicable. This appraisal technique converts anticipated annual net income into an indication of value. This process is called capitalization, and it involves multiplying the annual net income by a factor or dividing it by a rate that weighs such considerations as risk, time, return on investment, and return of investment. The appropriateness of this rate or factor is critical, and there are a number of techniques by which it may be developed. The net income attributable to the subject property is estimated by subtracting vacancy, collection losses, and expenses from the property's annual potential gross income. All of these figures are derived from market comparison of properties similar to the subject. The reliability of the Income Capitalization Approach depends upon the reliability of income and expense estimates, the duration of the net annual income, and the method of capitalization. The weakness of this approach lies in the estimation of income and expenses and the fact that not all properties are suitable for this approach. The strength of this approach is its reflection of typical investor considerations as they analyze income-producing properties.

Given the subject property consists of a condominium unit that the Cost Approach cannot be used to derive a separate depreciated value, and given the subject property would appeal to both owner user as well as an investor owner, only the following two approaches will be applied commencing with the first approach listed below:

1. Direct Comparison Approach
2. Income Approach

The applicability and reliability of each approach are considered again during the reconciliation and determination of the subject property final market value estimate and those approaches deemed most applicable will be given most or full weight.

DIRECT COMPARISON APPROACH TO VALUE

The Direct Comparison Approach draws heavily upon the principle of substitution. In essence, this principle states that a prudent purchaser will pay no more for any particular property than it would cost him to acquire an equally desirable alternate property. This approach consists of the comparison of similar property, which has recently sold or is currently being offered for sale. This comparison process involves making adjustments between the subject property and the comparable properties on an item-by-item basis. The factors considered in the comparison include date of sale, conditions of the sale (including financial terms), and physical characteristics. The subject property is the standard, and the adjustments are made to the sale price of the comparable property in order to arrive at an indication of value for the subject.

The weakness of this approach includes the fact that there may be inadequate data in the marketplace to justify its use, the fact that it is based upon historical data rather than future expectations, and the fact that the conditions of comparability may not closely conform to the subject property. Its strength lies in the fact that it reflects actual market behavior of typical purchasers under current market conditions. In short, the reliability of this approach depends upon the comparability of the comparable properties, verification of sales data, the conditions under which the property is sold, and the date of the sale. This approach is applicable to both vacant and improved properties.

In order to estimate the value of the subject property as improved, land title transfer records were searched for recent comparable sales. In addition, the local Real Estate Board system was searched and real estate brokers were consulted for information on listed and sold properties that would be in competition with the subject if it were offered for sale on the open market.

Of the sales reviewed, based on the above criteria, the following sales represent the best available from the market to estimate a market value of the subject property under this valuation approach. Emphasis was initially placed on searching for recent comparable sales within the subject property local market area. However, a limited number of recent sales are available for analysis with a similar amount and quality of office space as the subject condo unit. Therefore, research was extended to include a more broader area, pre-sales and an extended time period that includes the prior sale of the subject condo unit in 2010. The subject prior sale was included in the analysis given the sale was an arms-length transaction at market value and market conditions can be readily adjusted to current market conditions and thus is highly relevant market information that is reasonable to take into consideration. The appraiser believes that the selected sales represent a sufficient sample of the data to estimate the current market value of the subject property from this approach. Therefore, this approach will be applied in full detail.

Listed on the following pages are the comparable sales selected and used in this analysis,

Condo Industrial
Owner User Building Sale - Index #1

000693

Address:	406, 5723 10 ST NE, Calgary, AB
Legal ATS:	
Legal Plan:	UNIT 24 & 25, PLAN 0413779
Coordinates:	51.104270,-114.039584
Land Use:	IG-Industrial General
Sale Price:	$850,000.00
Building Area:	2,386.00 Sq Ft (Bay Footprint)
Unit Price:	$356.24 / Sq Ft
Transfer Date:	Aug 31, 2010
Title Number:	101258574
Year Built:	2004
LINC Number: (Multi-Property Sale)	0030757769 0030757777
Vendor:	1127928 Alberta Ltd.
Purchaser:	1537826 Alberta Ltd.

Comments

Sale involves the prior sale of the subject property. Cash and/or standard financing.

Built in 2004.

At the time of the sale, the main level was demised into 1,194 square feet of office space with a high quality finish, 883 square feet of shop space and 309 square feet of common area space to provide access the the main level office and shop space.

The second level consisted of 1,194 square feet of office space as well that is demised into above average office space given the 9'6" ceiling height, HVAC system with zone heating controls, three piece bathroom with shower and two walls of windows that provide a view towards the west and south.

Overall, of the total amount of rentable space is 3,271 square feet (excluding common areas). The total amount of built out office is 2,388 square feet, which equates to 73% of the total rentable area.

Condo fees at the time of the sale were $411/Month.

Condo Industrial
Owner User Building Sale - Index #2

000692

Address:	8, 5660 10 ST NE, Calgary, AB
Legal ATS:	
Legal Plan:	UNIT 4, PLAN 0813282
Coordinates:	51.104067,-114.037502
Land Use:	IG-Industrial General
Sale Price:	$415,000.00
Building Area:	1,478.00 Sq Ft (Bay Footprint)
Unit Price:	$280.78 / Sq Ft
Transfer Date:	May 21, 2013
Title Number:	131115989
Year Built:	2008
LINC Number:	0033371048
Vendor:	CHARAN DEVELOPMENT LTD
Purchaser:	KEEPSAKE DEVELOPMENTS CORP

Comments

Cash and/or standard financing.

Warehouse ceiling height is 20' feet. Built in 2008.

Interior condo unit. Approximately 50% of the main level and the same amount of area on the mezzanine level was developed into standard office space with a basic finish that can be accessed privately from the front of the unit. The shop area is accessed from the rear of the condo unit. Overall 66% of the usable space has been developed into office space.

000691

Condo Industrial
Owner User Building Sale - Index #3

Address:	105, 5723 10 ST NE, Calgary, AB
Legal ATS:	
Legal Plan:	UNIT 8, PLAN 0413779
Coordinates:	51.104684,-114.038774
Land Use:	IG-Industrial General
Sale Price:	$220,000.00
Building Area:	989.00 Sq Ft (Bay Footprint)
Unit Price:	$222.45 / Sq Ft
Transfer Date:	Dec 2, 2013
Title Number:	131309435
Year Built:	2004
LINC Number:	0030757603
Vendor:	TIMOTHY J. HOULE
Purchaser:	RONALD BELT

Comments

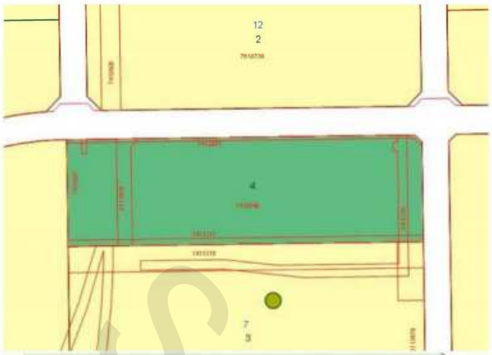
Cash and/or standard financing.

Built in 2004.

Interior condo unit consists of an undeveloped warehouse shell with a small office area developed on the mezzanine level. Purchaser owns adjacent unit at the front of the building. Purchaser acquired the bay to expand storage space for existing unit.

000694

Condo Industrial
Owner User Building Sale - Index #4



Address:	UNIT 19, 3151 5 AVE NE, Calgary, AB	
Legal ATS:		
Legal Plan:	UNIT 19, PLAN 1410540	
Coordinates:	51.056641,-113.988638	
Land Use:	IC - Industrial Commercial	
Sale Price:	$1,149,150.00	
Building Area:	4,890.00	Sq Ft (Bay Footprint)
Unit Price:	$235.00	/ Sq Ft
Transfer Date:	Jan 1, 2014	
Title Number:	PRE-SALE TBD	
Year Built:	2014	
LINC Number:	0036062966	
Vendor:	Hungerford Properties	
Purchaser:	TBD	

Comments

Cash and/or standard financing.

Built in 2014.

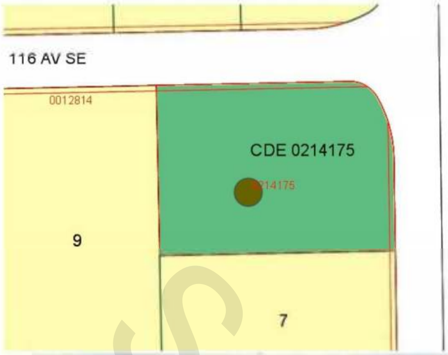
Sale involved the prompt pre-sale of an end-cap industrial condo shell prior to the building construction commencing.

Unit 17 consisting of an interior condo unit shell 3,541 Sq. Ft. in size zoned IG sold later in August 2014 for $747,151, or $211/Sq. Ft.

Retail, office and medical usage are permitted uses of the IC land use designation.

000695

Condo Industrial
Owner User Building Sale - Index #5



Address: Bay 6, 4407 116 AVE SE, Calgary, AB

Legal ATS:
Legal Plan: UNIT 11, PLAN 0214175

Coordinates: 50.946662,-113.972275
Land Use: IG-Industrial General

Sale Price: $560,000.00

Building Area: 1,515.00 Sq Ft (Bay Footprint)
Unit Price: $369.64 / Sq Ft

Transfer Date: May 16, 2014

Title Number: 141120703
Year Built: 2002
LINC Number: 0029684065

Vendor: RB Enterprise Holdings Corp.

Purchaser: Renaneftegaz Canada Ltd.

Comments

Cash and/or standard financing.

Built in 2002.

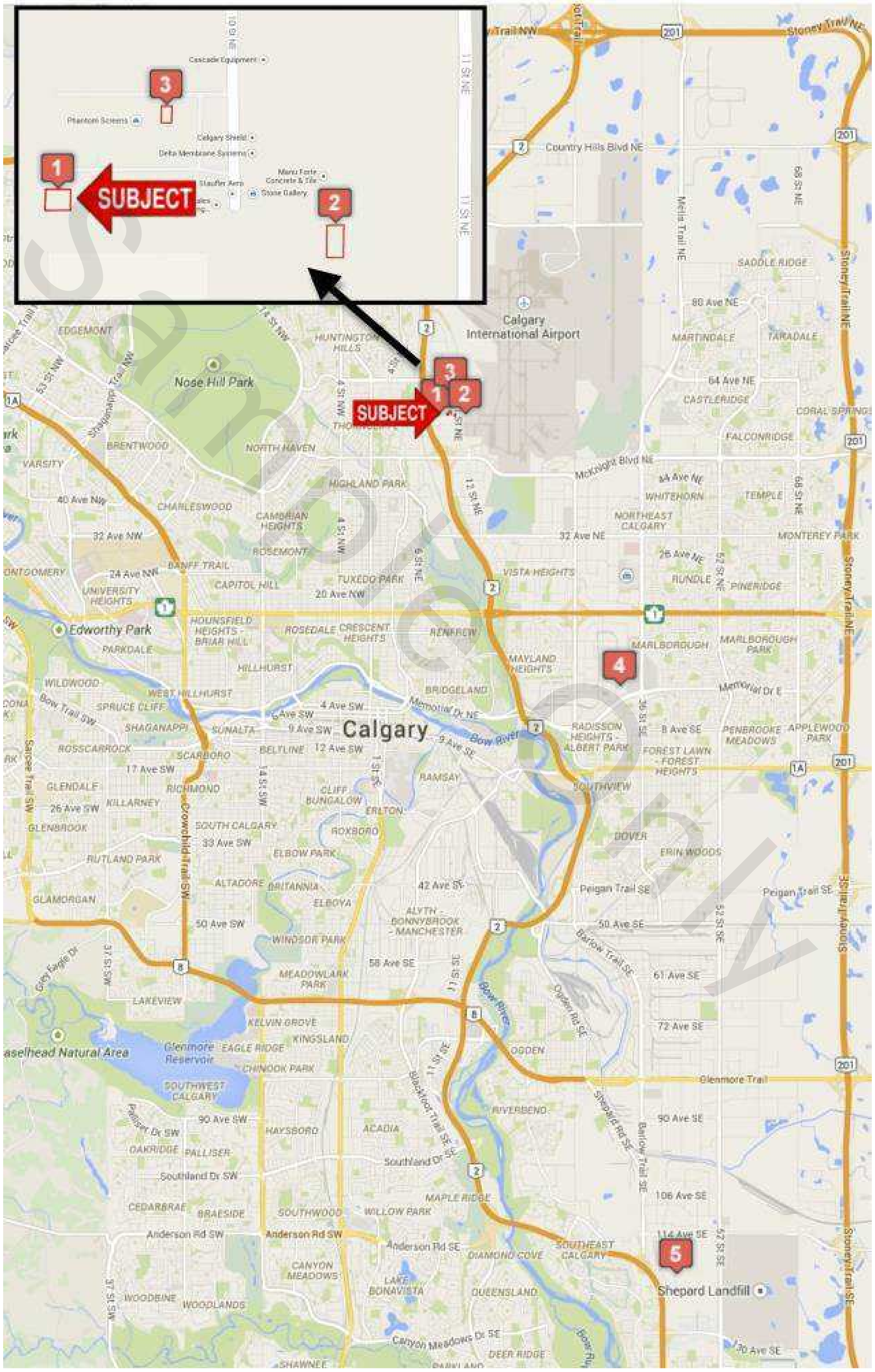
Interior industrial condo unit fully finished on two levels. 40% showroom space on the main level plus an additional 605 Sq. Ft. of finished office space on the second level for a total of 57% office space in relation to total usable space of 2,120 Sq. Ft. Condo fees are $465/month.

Located near numerous retail services including Staples, Canadian Tire, major banks, Home Depot, Wal-Mart, Superstore, Sobeys, Co-op, post offices and Dairy Queen.

Was Listed at $575,000, or $379/Sq. Ft. for 7 months.

Improved Sales Analysis

Sales Location Map



Listed on the preceding pages are the improved sales deemed to be the most comparable to the subject property, which are illustrated in the previous location map. To arrive at a value conclusion for the subject, it is necessary to adjust the comparable sales prices for characteristics that are dissimilar from those of the subject property. The characteristics that may require adjustments include property rights, financing/sale terms (cash equivalency), conditions of sale, non-sale status, market conditions (time), and physical characteristics such as location, size, quality of construction, amount of interior finish out, occupancy, zoning, visibility and alike.

In developing the Direct Comparison Approach involving condo units such as the subject property, consideration can be given to a number of techniques in order to arrive at an estimate of value. In this instance, the approach will be developed on the basis of "unit values". A unit value or the sale price per square foot of the condo unit footprint area, or gross building area (GBA) has been developed for each of the comparable sales, which is simply derived by contrasting the sale price to the total condo unit footprint area. Any office space located on the mezzanine or second level are excluded from the total condo unit footprint area and are adjusted for separately. Those factors requiring adjustment will be discussed in the following narrative and summarized in a subsequent adjustment chart, which contains further adjustment notes.

Extraction of Adjustments

Property Rights - The transaction price of a sale is always based on the real property interest conveyed. In this instance, an adjustment for this attribute was not considered necessary for any of the sales.

Conditions of Sale - Adjustments made for conditions of sale usually reflect atypical motivations of the buyer and seller at the time of conveyance. A sale may be transacted at a below market price if the seller needs cash in a hurry. A financial, business, or family relationship between the parties may also affect the price of property. Interlocking corporate entities may record a sale at a non-market price to serve their business interest. When non-market conditions of sale are detected in a transaction, the sale must be thoroughly researched before an adjustment is made. Within the confirmation process, detailed attention was made to ensure the conditions of each sale. Based upon the research performed, it is believed that all of the comparable sales involved regular arms-length transactions without the presence of duress or adverse market influence. As such, no adjustments were warranted.

Financing/Sale Terms - The price paid in acquiring a property may be influenced by atypical financing and/or sale terms involved, if any. Above or below market financing or special sale terms could have a negative or positive affect on the price paid. Therefore, some method of converting these financing and/or sale terms to cash must occur so that the adjustment process may be applied to the affected sales. In reviewing the comparables, an adjustment was not required for atypical financing or sale terms to any of the sales.

Market Conditions/Time - Market conditions may change between the time of sale of a comparable property and the date of the appraisal of the subject property. Changed market conditions often result from various causes, such as inflation or changes in demand and/or supply. Time itself is not the cause for the adjustment.

Historical sales revealed that property prices have been stable to moderately increasing over the past four years at near inflation rates due to a relatively well balanced condo market in conjunction with labour costs increasing. Data extracted from the market support an annual inflationary percentage adjustment of 2% which will be used herein.

Location/Proximity to Deerfoot - Location considerations include such factors such as the general location within Calgary and proximity to major transportation routes, in this case the Deerfoot Trail. When reviewing the sales, it was determined that the locations of all the comparables are similar to the subject property general location and proximity to Deerfoot Trail and therefore no significant location adjustments were required to any of the sales.

Size - The subject gross bay footprint area is 2,386 square feet. Generally speaking, smaller condo units typically sell at higher unit values than larger units due to a greater demand and affordability for smaller units and that unit costs are typically higher for smaller units. When reviewing the comparables, the sales that were deemed overall inferior in building size were adjusted upward as high as 9.00%, and the sales that were deemed superior were adjusted downward as low as -15.00%.

End Unit/Street Frontage – The subject condo unit is an end unit, which provides above average amounts of parking space and attractive views from the unit's second level that are value added features. However, the subject condo unit does not have any exposure/frontage to vehicle or pedestrian traffic. Sale 4 exemplifies the premium a buyer paid for the end unit in relation to an interior unit that sold near the same time for 10% less in the same complex recognizing that Sale 4 had moderately superior I-C Industrial Commercial Zoning. All five sales were deemed to have comparable street frontage features. However, when reviewing the comparables, three sales were deemed to consist of inferior interior units, which were adjusted upward as high as 8.00%.

Age - The subject property was constructed in 2004 and has a physical age of 10 years. The comparables used in this analysis varied in age with the newer more recent comparables being adjusted downward, and the older inferior comparables being adjusted upward.

Condition - The subject is considered to be in good condition. The sales were all comparable in condition and therefore an adjustment was not deemed necessary to any of the sales.

Office Quantity/Quality - The greater the amount and quality of office space within a condo unit, the greater the value of a property. Of the 3,271 square feet of usable space, 73% consists of above average office space with very high quality office space present on the main level. When reviewing the comparables, the sales that were deemed overall inferior in terms of quantity and/or quality of offices were adjusted upward from as low as 5% to as high as 50%.

Special Features - The presence of special features increases the value of a property. For industrial properties, special features can include special site features, such as compacted gravel, concrete or paved yards, fenced yards, special loading docks and out buildings, and special building features can include a significant amount of developed office space, shop craneways and the presence of any other unique built-in equipment fixtures. The key special features associated with the subject condo unit are associated with the large amount of built-out office space and the above average quality. These features were already accounted for in the previous section and no special features were noted with any of the five sales that required adjusting. Thus, no adjustments were required under this heading.

Zoning - The subject condo unit is zoned I-G Industrial General. When reviewing the comparables, one of the sales, or Sale 4 was deemed to have a moderately superior I-C Industrial Commercial land use designation, which includes retail and office uses as permitted uses. Thus, a moderate downward adjustment was applied to this indicator.

The following chart illustrates the adjustments required to each of the comparable sales and contains further notes surrounding the adjustments that were deemed necessary.

SUMMARY OF IMPROVED SALES WITH ADJUSTMENTS

Comp No.	Subject	1	2	3	4	5
Property Name	Industrial Condo Unit	Industrial Condo	Industrial Condo	Industrial Condo	Industrial Condo	Industrial Condo
Address	406, 5723 10 Street NE	406, 5723 10 ST NE, Calgary, AB	8, 5660 10 ST NE, Calgary, AB	105, 5723 10 ST NE, Calgary, AB	UNIT 19, 3151 5 AVE NE, Calgary, AB	Bay 6, 4407 116 AVE SE, Calgary, AB
Municipality	Calgary	Calgary	Calgary	Calgary	Calgary	Calgary
Date of Sale	---	08/31/10	05/01/13	12/02/13	01/01/14	05/16/14
Sale Price	---	$850,000	$415,000	$220,000	$1,149,150	$560,000
Bay Footprint SF (GBA)	2,386	2,386	1,478	989	4,890	1,515
Zoning	IG	IG	IG	IG	IC	IG
Price/SF (GBA)	---	$356.24	$280.78	$222.45	$235.00	$369.64
Property Rights	Fee Simple Interest	0	0	0	0	0
Financing/Sale Terms	---	0	0	0	0	0
Conditions of Sale	---	0	0	0	0	0
Year Built	2004	2004	2008	2004	2014	2002
Actual Age	10	10	6	10	0	12
QUANTITATIVE ADJUSTMENTS						
Property Rights		0.00%	0.00%	0.00%	0.00%	0.00%
Financing/Sale Terms		0.00%	0.00%	0.00%	0.00%	0.00%
Conditions of Sale		0.00%	0.00%	0.00%	0.00%	0.00%
Months Elapsed		51.17	18.70	11.53	10.53	6.03
Market Conditions/Time		8.50%	3.00%	2.00%	1.75%	1.00%
Adj Price/GBA		**$386.52**	**$289.20**	**$226.90**	**$239.11**	**$373.34**
Location/Proximity to Deerfoot		Comparable	Comparable	Comparable	Comparable	Comparable
Size		Comparable	Comparable	Semi-Superior Smaller Size	Inferior Larger Size	Superior Smaller Size
End Unit/Street Frontage		Comparable End-Cap Location	Semi-Inferior Interior Bldg Location	Semi-Inferior Interior Bldg Location	Comparable End-Cap Location	Semi-Inferior Interior Bldg Location
Age		Semi-Superior Age at Sale Date	Semi-Superior Newer Age	Comparable	Semi-Superior Newer Age	Semi-Inferior Older Age
Condition		Comparable	Comparable	Comparable	Comparable	Comparable
Office Quantity/Quality		Comparable	Inferior Office Quality	Inferior Office Quantity (None)	Inferior Office Quantity (None)	Semi-Inferior Office Quality
Special Features		Comparable	Comparable	Comparable	Comparable	Comparable
Zoning		Comparable	Comparable	Comparable	Superior IC Zoning	Comparable
Total Net Adjustments		($38.65)	$60.73	$124.80	$117.16	($11.20)
Net Percent Adjustment		-10.0%	21.0%	55.0%	49.0%	-3.0%
Total Adjusted Price/GBA		**$347.87**	**$349.93**	**$351.70**	**$356.27**	**$362.14**

Sales Price per Gross Building/Bay Footprint Area (GBA) Conclusion

The previous grid summarizes the adjustments made to each sale. After making adjustments the comparables form a value range of $347.87 to $362.14 per square foot of each condo bay footprint area. The average of the range is calculated at $353.58 per square foot.

In weighing the adjusted unit value for Sale 1 involving the previous sale of the subject condo unit and Sale 5 involving the most recent sale that is the most overall similar to the subject condo unit in terms of quantity and quality of developed office space, and in considering the overall average adjusted unit value and market conditions, the appraiser estimates the subject property to have an "As Is" unit market value of $? per square foot of the total gross building/bay footprint area. Based on this market unit value estimate the subject property is estimated to have an overall "As Is" market value of $? as outlined below:

IMPROVED SALES ANALYSIS

ADJUSTED PRICE/GBA ANALYSIS			
Sale No.	PSF/GBA	Net Adjustment	Adj. PSF/GBA
Subject	----	----	----
Sale 1	$356.24	($8.37)	$347.87
Sale 2	$280.78	$69.15	$349.93
Sale 3	$222.45	$129.25	$351.70
Sale 4	$235.00	$121.27	$356.27
Sale 5	$369.64	($7.50)	$362.14

STATISTICAL ANALYSIS		
Minimum	Average	Maximum
$347.87	$353.58	$362.14

MARKET VALUE ESTIMATE			
Premise	Estimated PSF/GBA	Gross Bldg Area	Value (Rounded)
As Is		**2,386**	**$**

In summary, after application of Direct Comparison Approach, the appraiser has concluded the following market value estimate:

MARKET VALUE ESTIMATE

DIRECT COMPARISON APPROACH VALUE RECONCILIATION	
	Value Estimate
Sales Price/Unit of Comparison (UOC)	$
Conclusion	$
Rounded	**$**

INCOME APPROACH

When valuing potential income-producing properties such as the subject condo unit, an appropriate appraisal technique to apply to estimate market value is the Income Approach given the subject condo unit could readily be leased to one, two or even three separate tenants due to its design.

The basic theory of the Income Approach presumes that no prudent buyer will pay more for the right to receive the future income stream for the subject property than an amount for which he can obtain the rights to a substitute future income stream, assuming similar quality, quantity, and durability of the income streams. The quality of the future benefits affects investment risk and the buyer's ability to receive a return on his initial investment, as well as, a return of his investment. The quantity of the future benefits reflects the amount of the future income stream plus potential appreciation or depreciation over the buyer's term of ownership. Durability relates to the amount of time that an investment will continue to provide positive benefits of ownership adequate to meet the investor's criteria.

There are two accepted forms of the Income Approach, which can be employed for a project similar to the subject property. These methods are the Direct Capitalization and Discounted Cash Flow Analysis. The Direct Capitalization Technique is often used when a property is currently operating at or near a stabilized occupancy level or when a property is projected to have a relatively level income stream. Alternatively, a Discounted Cash Flow Analysis is used when multiple tenants are in-place and/or when the income stream will vary throughout the holding period. The basic steps to follow in the Income Approach are detailed as follows:

1. Estimate the total annual gross income that the property is capable of producing less allowances for future vacancies and bad debts.
2. Estimate the total annual operating expenses.
3. Calculate the net annual operating income.
4. Utilizing a suitable procedure, convert the anticipated net annual income stream into an indication of the capital value of the property.

SUBJECT TENANCY

The Income Approach typically commences with an analysis of the lease agreements in place for the existing tenant(s) in the subject property. In this case, the subject property is not occupied by tenants. Therefore, a review of market rents for comparable buildings was conducted to estimate market rents to assign to the subject rentable space to perform the Income Approach on a hypothetical basis.

ANALYSIS OF MARKET RENT

Market rent is defined by The Dictionary of Real Estate Appraisal, 4th Edition published by the Appraisal Institute as;

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 leased unaffected by special fees or concessions granted by anyone associated with the transaction.*

POTENTIAL GROSS INCOME

Potential Gross Income (PGI) is defined by The Dictionary of Real Estate Appraisal, 4th Edition published by the Appraisal Institute as;

"The total income attributable to real property at full occupancy before vacancy and operating expenses are deducted."

A fairly broad market overview of recent leasing activity of comparable industrial and office buildings was researched within the subject local market area. Due to the limited availability of lease rates within this area, market research was extended to include leases and listings in buildings in other locations and in other types of buildings deemed relatively comparable.

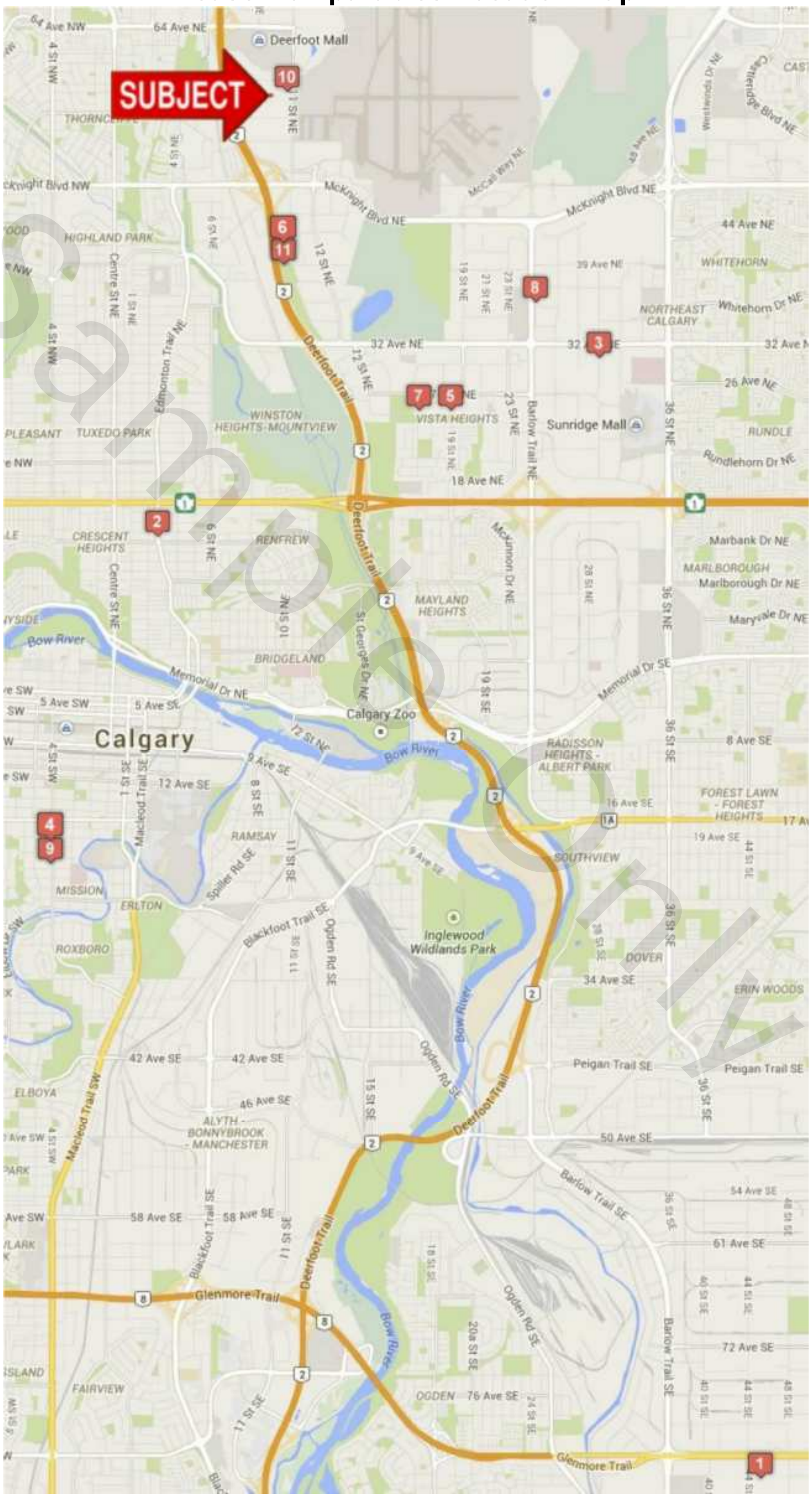
The lease rates gathered are a triple net (N3) rate, which is the net operating income realized by the property owner net of all operating costs including utilities, taxes, insurance and maintenance costs. The following summarizes the lease agreements and listings considered in our analysis. The following summarizes the comparable rent properties that were used to estimate market rent and thus contribute to estimating the subject's Potential Gross Income.

LEASE COMPARABLES

LEASE RATE SURVEY					
	Building Location	Area (Sq. Ft.)	Date	Rate (Sq. Ft.)	Comments
1.	4511 Glenmore Tr SE, Calgary	2940	10/1/2013	$12.50	2940 Sq. Ft. warehouse & office space. Built in 2000. Main level warehouse/office space with high ratio office space with a basic finish. 2nd level basic open office space in the order of 2,000 Sq/ Ft. has leased at the same time for $11.00/Sq. Ft. over 5 years. Lease Term: 5 Years. Op. Costs: $6.45/Sq. Ft.
2.	202, 1409 Edmonton Tr NE, Calgary	1268	11/21/2013	$16.16	1,268 Sq. Ft. 2nd level office space. Built in 1970. Total gross rent is $2,500/month. Op. Costs estimated at $7.50/Sq. Ft., which equates to a net lease rate of $16.16/Sq. Ft. Building contains numerous office and retail users. Lease Term: 3 Years. Original listed rate was $20.90/Sq. Ft. Op. Costs: $7.50/Sq. Ft.
3.	3415 29 ST NE, Calgary	10025	5/1/2014	$13.80	7,906 Sq. Ft. warehouse space. 2,119 Sq. Ft. office/showroom space. Built in 1984. Industrial bay with high quality finishes. Zoned I-G. 11,000 Sq. Ft. gated and fenced private yard. 18 foot ceiling. Built in 1982. 2 dock loading doors, 1 dock with load leveller and 1 drive in door. Original listed rate was Market. Op. Costs: $4.75/Sq. Ft.
4.	100, 509 20 AVE SW, Calgary	1950	5/1/2014	$26-$28	1,950 Sq. Ft. main level office space. Built in 1996. Main level Tudor style former law office with high end finish, molded ceilings, wood highlights and other high end finishes. Originally designed by Lawyer from England. 2nd level space was originally listed at $22-$23/Sq. Ft. Net but landlord decided to occupy 2nd level space and lease out main level space to a law firm due to no elevator present to 2nd level for handicap access purposes. Op. Costs: $11.00/Sq. Ft. Escalating Lease Rate Terms: $26 (2), $28 (3), Net Equivalent Rate: $27/Sq. Ft.
5.	1919 27 AVE NE, Calgary	1611	5/1/2014	$15.00	1611 Sq. Ft. warehouse & office space. Built in 1980. Industrial/office warehouse in multi-tenant building with main and second level office space in very good condition. Lease Term: 3 Years. Op. Costs: $4.00/Sq. Ft.
6.	204, 4216 10 ST NE, Calgary	1240	8/24/2014	$12.00	1,240 Sq. Ft. 2nd level office space. Built in 1973. Basic walk up 2nd level office space with two parking stalls. Area is demised into a reception area and three offices. Lease Term: 3 Years. Original listed rate was $12.00/Sq. Ft. Op. Costs: $3.30/Sq. Ft.
7.	Bay 2, 1715 27 AVE NE, Calgary	3100	Listing	$12.00	1,900 Sq. Ft. warehouse space. 1,200 Sq. Ft. office space. Ceiling height is 18'9". Built in 1981. 1 drive in door; 200 electrical amps. Located in a well maintained building Ample on site parking. Op. Costs: $3.88/Sq. Ft.
8.	Bay 3, 2611 37 AVE NE, Calgary	7600	Listing	$14.00	7,600 Sq. Ft. warehouse & office space. Built in 1981. 2 drive in doors. Parking: 84 free random surface parking stalls. Security guard available. Op. Costs: $8.70/Sq. Ft.
9.	200, 509 20 AVE SW, Calgary	1957	Listing	$12.00	1,957 Sq. Ft. 2nd level office space. Built in 1996. Fully developed open 2nd level open office space with separate entrance and large windows. Main level space in the same building is listed at $13.00/Sq. Ft. with 1/3 office space and 2/3 shop space.
10.	110, 1111 57 AVE NE, Calgary	5000	Listing	$22.00	5,000 Sq. Ft. main level office space. Built in 2004. Op. Costs: $9.00/Sq. Ft.
11.	4216 10 ST NE, Calgary	2202	Listing	$12.00	1,489 Sq. Ft. warehouse space. 713 Sq. Ft. office space. Built in 1973. Industrial bay in multi-tenant building with 713 Sq. Ft. office space. Op. Costs: $3.30/Sq. Ft.

MARKET RENT DISCUSSION

Lease Comparables Location Map



A total of 11 lease comparables were gathered for this analysis and all are considered good indicators of prevailing market rental rates. A fairly broad range in lease rates is indicated. The lower range in lease rates, or from $12.00 to $14.00, typically applies to larger sized space, warehouse space with little office space, basic second level office space, space with few office developments, older space or space with an older finish, space with limited parking and space in secondary locations. Indicators 1, 3, 6, 7, 8, 9 and 11 would fall within this group. Conversely, the upper range in lease rates, or from $14.00 to $28.00, typically applies to smaller sized space, space with a large amount of office space, newer space or space with a newer or high quality/high end finish, space with abundant parking space and space in primary locations. The remaining six Indicators would fall within this group. Given the subject property newer high quality finish, newer building, end-cap location with an abundance of parking, smaller size space and large amount of office space, the higher range in lease rates would generally apply to the subject space. The design of the subject building is such that the main level office space, shop space and second level office space could realistically be leased out to three separate tenants due to the design and location of the hallway and stairway at the front of the building. Thus, the appraiser will assign separate lease rates to each of these three key components.

The main level office space consists of relatively smaller sized office space with a high end finish that is relatively new in age given the newer status of the building. Indicator 4 exemplifies the premium lease rate high quality office space can command recognizing that the location of this indicator within south central Calgary is superior. In considering the listed rate associated with indicator 10 within a professional office building that is larger in size, with higher operational costs and inferior finish, and in considering the high quality office space associated with indicator 4 in a superior location, a range in lease rates of $22.00 to $25.00 per square foot would generally apply to the subject main level office space. In view of the small sized space, large amount of parking stalls present, high quality finish, below average office operational costs and overall accessibility, a market lease rate at the upper range in lease rates, or $25.00 per square foot net is concluded for the main level office space.

The subject second level also consists of smaller sized office space with above average features, such as a high ceiling, three piece bathroom, HVAC with zone heat/air conditioning control, two walls of windows, an abundance of parking space and the low operational costs, a range of lease rates of $13.00 to $17.00 per square foot net would apply to the subject second level space. Given the above average features, smaller size below average operational costs for office space and location within an industrial district, a lease rate at the middle of the latter range, or $15.00 per square foot net would apply to the subject second level space, which is consistent with the overall asking lease rate for the subject property advertized in the For Sale or Lease Brochure Listing.

Lastly the subject main level shop space could readily be leased to another other business in the area looking for additional heated storage or technical work space given the dual gas overhead and radiant heating present and vinyl tile flooring. Given the smaller size, a range of lease rates of from $10.00 to $12.00 per square foot would generally apply to this space. In acknowledging the small size, a lease rate at the upper limit of the range, or $12.00 per square foot net is concluded for this space, which equates to $883 per month net.

In summary, the following market lease rates have been estimated for the subject rentable space, which will be used in the one year pro forma forecast:

Building Component	Estimated Market N3 Lease Rate/SF	Component Area (Sq. Ft.)	Monthly Net Rent	Annual Net Rent
Main Level Office Space	$25.00	1,194	$2,487.50	$29,850
Second Level Office Space	$15.00	1,194	$1,492.50	$17,910
Shop Space	$12.00	883	$883.00	$10,596
			Total:	$58,356

EXPENSE ANALYSIS

Vacancy And Collection Loss

The allowance selected for vacancy and collection loss is intended to account for periodic vacancies within the complex, collection problems, rental abatements, etc. Typically, the allowance is expressed as a percentage of gross annual income.

The subject property is vacant. Thus, the Income Approach was developed on a hypothetical basis assuming that a lease rates are in place at market rents for all three latter building components. Full occupancy was projected and an allowance for vacancy and collection loss was included to account for expenses incurred by the property owner in this regard over the long term during vacancies.

No specific vacancy survey of industrial and office space within Calgary was undertaken by the appraiser. A general overview completed by the writer would indicate that vacancy levels are exceptionally low within the subject area from the few for lease signs observed. Earlier in this report within the City of Calgary/Skyline Area Analysis section, CBRE and Avison Young industrial market reports revealed that industrial vacancy rates during 3Q 2014 are in the order of 4.5% to 5%. A similar vacancy rate would be expected for suburban office space.

When smaller sized industrial or office space comes available on the market, it is typically leased within 2 to 3 months, which equates to an approximate 3% to 5% vacancy level for a building with 5 year (60 month) lease agreements. Thus, a reasonable allowance for vacancy and collection loss for fully occupied buildings would therefore vary between 3% and 5% over a long time period. Given the building is demised to have multiple tenants that reduces the risk of the entire building being vacant, which is somewhat offset by the secondary location within an industrial park, and in considering a longer term view, a 4% allowance was applied.

Expense Analysis

Three expenses would accrue to the landlord that involve operating expenses during vacancies, an allowance for major structural repairs and maintenance and management expenses.

Operating costs refer to those expenses that are necessary to maintain a continuing flow of gross income and primarily relate to the cost of maintaining the land, the improvements, the equipment, as well as labor and maintenance fees. Under a triple net lease type of arrangement, in conjunction with the base rent, the tenant pays 100% of the operating expenses during occupancy.

The three building components identified previously are not separately metered. Therefore, the landlord would be required to collect utility costs in addition to operational costs from the tenant. Therefore, operational costs were calculated based on actual 2014 condominium fees of $488.91 per month, the 2014 actual annual taxes of $9,595.34 and an estimated average utilities estimated at $750 per month on average. The latter expenses equate to a total of $7.50 per square foot based on the total rentable area of 3,271 square feet. A full recovery of these operating expenses is projected, thus was included in the analysis except during vacancies. Therefore, these expenses were included in the pro forma forecast to primarily to account for the landlord's losses during vacancies.

The second allowance is required to account for major structural repairs and maintenance that reflects periodic maintenance and upkeep of major components of the complex such as the foundation, roof system, etc. Typically, the allowance is expressed as a percentage of effective gross income and will typically vary between 1% and 2% annually depending on the age of the building. In acknowledging the good condition of the electrical, mechanical, plumbing and interior finish, an allowance of 1% was applied.

The third expense typically incurred by a real estate investment property owner is a management expense, which is typically in the order of 5% of the Effective Gross Income. This expense is usually incurred with larger sized investment properties with numerous tenants with significant tenant turnovers. However, property owners typically perform this duty themselves in smaller sized investment properties given the fewer number of tenants present recognizing that the owner's time spent managing the investment is essentially the management costs. Nevertheless, the owner's time spent managing the property is a form of a cost to the owner. Thus, a management deduction at the middle of the latter range, or 5% was applied to the subject total gross revenues in the pro forma forecast.

Based on the review completed, the following base year income and expense pro forma is presented commencing December 1, 2014:

ONE-YEAR PRO FORMA FORECAST COMMENCING DECEMBER 1, 2014

Base Rent			
- Main Level Office Space	1,194 Sq. Ft. @ $25.00/Sq. Ft.		$29,850.00
- Second Level Office Space	1,194 Sq. Ft. @ $15.00/Sq. Ft.		$17,910.00
- Main Level Shop Space	883 Sq. Ft. @ $12.00/Sq. Ft.		$10,596.00
SubTotal:			$58,356.00
Additional Rent			
- Operating Costs (Inc. Utilities)	3,271 Sq. Ft. @ $7.50/Sq. Ft.		$24,533.00
Total Gross Income:			**$82,889.00**
Less: Vacancy & Collection Loss @ 4%			($3,316.00)
Effective Gross Income (EGI):			**$79,573.00**
Less Operating Expenses			
- Struct. Repairs & Maint. @ 1% of EGI		($796.00)	
- Operating Costs & Utilities @ $7.50/Sq. Ft.		($24,533.00)	
- Management Expenses @ 5% of EGI		($3,979.00)	
SubTotal:			($29,308.00)
Net Operating Income			**$50,265.00**

CAPITALIZATION TECHNIQUES

The most logical purchaser for a property such as the subject would involve an investor. A review of the investment criteria typically applied by such investors highlights that a majority of properties are being acquired on the basis of discounting income expectancies to a present worth estimate, which is referred to as "capitalization". As implied, consideration can thus be given in the form of capitalization or, Direct Capitalization. This present worth estimate, the result of the capitalization process, is the amount that a prudent, typically informed investor would be willing to pay at a fixed point in time for the right to receive the income stream produced by a particular property.

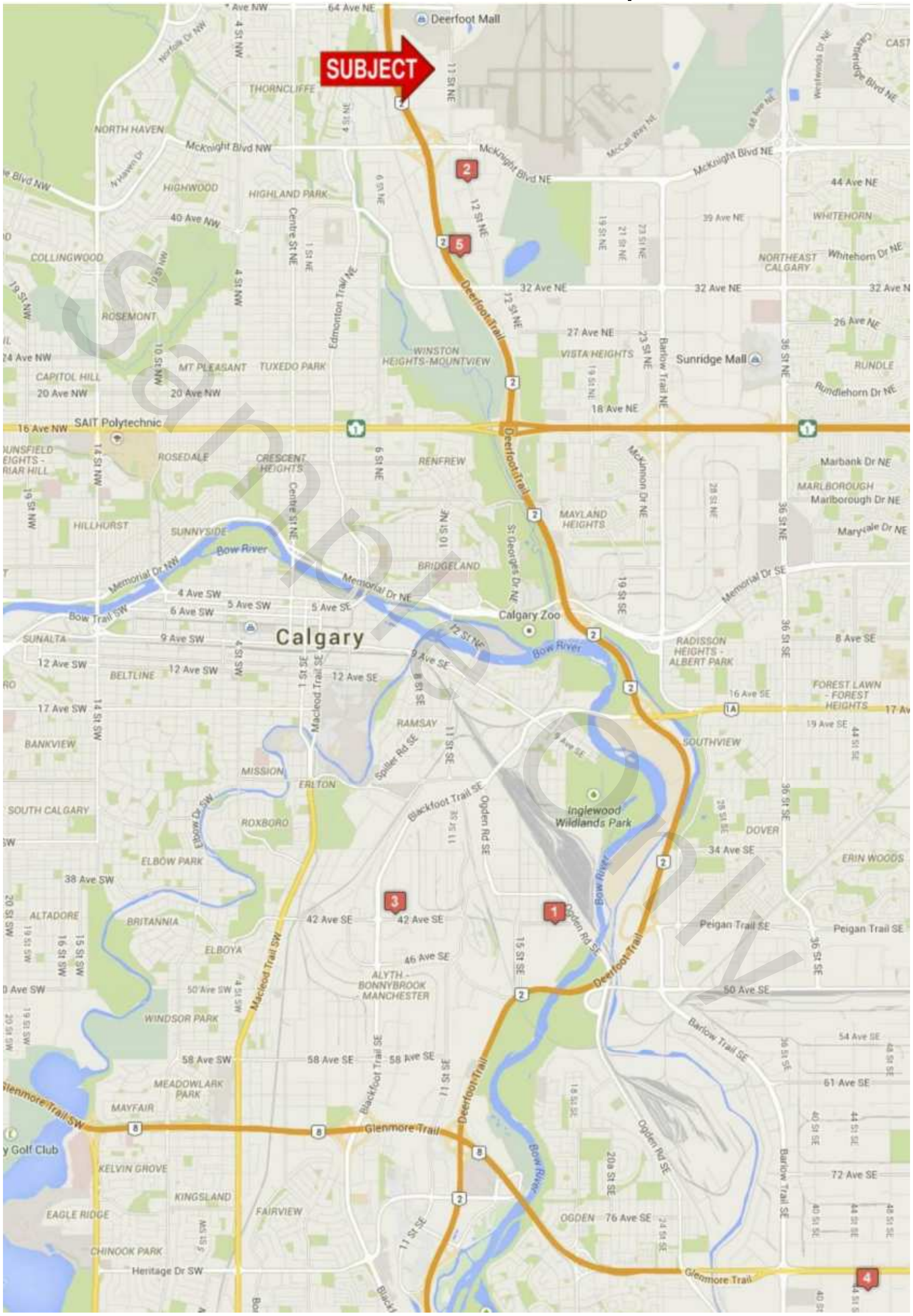
An Overall Capitalization Rate is simply derived by contrasting the income, which the property is capable of producing for the initial year of ownership to the sale price. The basis of Capitalization Rate Analysis involves the extracting of ratios between the net operating income, which a property was producing as at the date of sale to the market selling price. This technique is one of the most basic forms of capitalization and is a derivative of the Comparative Method or, Direct Sales Comparison Approach. Typically, the resulting ratio, which is extracted is referred to as a "current earnings ratio". Traditionally, capitalization rates have represented the relationship between the current net operating income of a property and its market value. This relationship does not imply that the current net earnings are expected to remain the same throughout the tenure of ownership, for the fact of the matter is that they could very likely rise or fall in the same way that gross earnings fluctuate with changing market conditions. What is significant about current earnings ratios is that it is the current earnings that are being utilized as the unit of comparison simply because they are known and can be estimated with relative certainty. If the future performance of a property is expected to rise or fall below the norm, the capitalization rate is to be modified accordingly, and when applied to the amount of current earnings, will provide an appropriate indication of value. Thus, this analysis concentrates on "Overall Capitalization Rates".

In selecting sales data, emphasis has been placed on the available transactions within Calgary that are similar in magnitude of overall value and usage to the subject property with consideration also given to property sales larger in magnitude of overall value due to the scarceness of data. The risk level and upside potential of the subject property is another factor emphasized. Lastly, the age and condition of the facility are also variables that have been weighted. Those sales that have been selected for analysis are summarized in the following chart:

CAPITALIZATION RATE COMPARABLES CHART

	INDEX #1	INDEX #2	INDEX #3	INDEX #4	INDEX #5
LOCATION:	4207 17 St SE, Calgary, AB	4605 12 ST NE, Calgary, AB	4032/4040 7 ST SE, Calgary, AB	#59, 4511 Glenmore TR SE, Calgary, AB	3740 11A St NE, Calgary, AB
PROPERTY TYPE:	Multi Tenant Industrial	Multi Tenant Industrial	Multi Tenant Industrial	Multi Tenant Industrial	Multi Tenant Industrial
YEAR BUILT:	1963	1973/1980	1955	2000	1976
SALE PRICE:	$1,475,000	$1,695,000	$2,820,000	$912,500	$3,625,000
SALE DATE:	April 2011	May 2011	January 2013	November 2013	April 2014
CAP. RATE:	7.9%	6.5%	6.9%	6.4%	6.6%
COMMENTS:	Concrete block construction. Warehouse ceiling height is 14 feet. Built in 1963. Key building areas include: 14200 Sq Ft warehouse/ office space. Grade level doors & vehicle hoists. Site improvements include paved entrance & parking.	Concrete block construction. 1 storey building. Built in 1973/1980. Key building areas include: 13600 Sq Ft warehouse/ office space. Building features include drive in door; double garage on site. Three unit complex with high office build-out. Major mechanical and HVAC replacement program as well as renovations to offices and reception all completed in 2006. Parking for 28 vehicles and a rear yard area.	Cash and/or standard financing. Built in 1955. Single tenant building with fenced yard. 1.87 acre site.	Cash and/or standard financing. Built in 2000. 700 Sq Ft warehouse space. 2240 Sq Ft main level office space. 2400 Sq Ft second level office space. Sale involved a single bay in a Multi-tenant industrial investment building with second level office space. The main level and second level were rented out to two separate tenants.	Cash and/or standard financing. Concrete/metal construction. Built in 1976. 1 storey building with mezzanine space consisting of office space. 28700 Sq Ft warehouse/ office space. Sale involved a 6-bay multi-tenant industrial/office building. Bay sizes range from 3,200 to 3,600 SF.

Investment Sales Location Map



Dale Commercial.com Appraisals

ANALYSIS AND CONCLUSIONS

A series of five investment industrial sales were selected for analysis as shown in the previous chard and subsequent location map. The sales have transacted between April 2011 and the effective date of this appraisal. Emphasis again has been placed on industrial investment building sales as well as smaller scale projects within Calgary. The sales have presented an unadjusted range in capitalization rates fluctuating between a low of 6.4% through to a high 7.9%.

Capitalization rates were generally experiencing downward pressure since 2011 as it became evident that Alberta's economy was improving. The market has been moderately improving since 2011, thus downward timing adjustments are warranted to sales 1 through 3. The remaining two indicators are deemed relatively current and thus do not warrant any significant timing adjustments. The remaining discussions address the remaining adjustments applicable to all indicators to primarily account for differences in risk level and upside potential if evident, which are the two key factors affecting capitalization rates.

Indicator 1 consists of an older concrete building built in 1963 located in Southeast Calgary. Overall, a downward adjustment would apply to the capitalization rate for this indicator in addition to the downward timing adjustment discussed previously given the greater risk level associated with the older building.

Indicator 2 consists of a concrete building built in 1973/1980 located in Northeast Calgary. The central location within Northeast Calgary is deemed to be similar to the subject location within Northeast Calgary. Significant upgrades were performed on the building mechanical systems and office developments, which reduces the risk of unexpected building expenses. Thus, no adjustment would apply to the capitalization rate for this indicator given the upgrades despite the building older age.

Indicator 3 consists of an older concrete building built in 1955 also located in Southeast Calgary. Overall, a downward adjustment would apply to the capitalization rate for this indicator to account for the greater risk associated with this older building, which is compounded together with the downward timing adjustment that was also applied to this sale.

Indicator 4 consists of a newer building built in 2000 located in Southeast Calgary. No adjustment would apply to the capitalization rate for this indicator given the similar age as the subject building. Of note is that the tenant arrangement associated with this indicator is highly similar to the leasing of space within the subject condo unit.

Lastly, indicator 5 is a concrete/metal frame building built in 1976. As with indicators 1 and 3, a downward adjustment would apply to the capitalization rate for this indicator to account for the older building status that presents a greater risk level in terms of unexpected building repair expenses.

Market Value Estimate Conclusions

After considering all the forgoing discussions and in emphasizing the adjusted capitalization rate for indicator 4 that is highly similar in terms of space being leased within a condo unit, it is the author's judgment that an appropriate range capitalization rate for the subject property would fall within the range of 6.0% and 7.0%. A capitalization rate of this magnitude is realistic given the overall low risk level associated with the subject condo unit given the newer age and multi-tenant design from the private entrances to the subject unit three key rentable areas.

A capitalization rate at the middle of the aforementioned range, or ?% was concluded, which yields the following value estimate:

INCOME APPROACH VALUE RECONCILIATION	
	Value Estimate
Direct Capitalization Rate	%
Net Income	$50,265
NOI/CAP Conclusion	$
Rounded	$

RECONCILIATION AND FINAL VALUE ESTIMATE

In this section of the report, the estimated values derived from the approaches applied are summarized and reconciled into one final concluded market value estimate, taking into consideration the subject property characteristics, the data gathered and the approaches applied. In this case, two valuation approaches were applied. Therefore, your attention is directed to the following, which summarizes the value estimates of the approaches applied earlier in this report along with the reconciled market value estimate followed by a brief review of all the approaches considered.

MARKET VALUE CONCLUSIONS

Valuation Methodology	As Is
Direct Comparison Approach	$
Income Approach	$
Reconciled Value*	**$**

*** - See Extraordinary/Hypothetical Assumptions and Limiting Conditions**

The **Cost Approach** is most applicable to properties with new improvements or highly unique improved properties. The Cost Approach to value is developed by two fundamental opinions: the value of the land and the value of the improvements to the land. Initially, the current market value of the land is estimated as if vacant and capable of being put to its highest and best use. The reproduction or replacement cost new of the improvements, less any depreciation, is then added, along with any contributory value of the site improvements. The validity of the resulting value estimate is impacted to varying degrees by the accuracy of the cost estimates and the depreciation estimate. Given the subject property consists of a condominium unit that the Cost Approach cannot be used to derive a separate depreciated value and as such is not an industry standard approach for appraisers to apply to condo units of any type, this approach was deemed not appropriate and thus was not applied.

The **Direct Comparison Approach** is most applicable to vacant land and owner occupied properties and is based on the comparison between the subject property and similar properties that sold within a reasonable period prior to the date of appraisal, and which are capable of providing insight into the valuation of the subject property. Units of comparison are examined and developed and after making the appropriate adjustments to the comparable sales to account for differences such as location and physical characteristics, to derive an indication of the subject property value. Critical in this valuation methodology is the availability of sufficient market comparables with which to make valid comparisons. Condo units are typically owner occupied and the greatest appeal are to owner users. Furthermore, a sufficient number of comparable sales were available for analysis. Therefore, this approach was deemed appropriate and thus was applied.

The **Income Approach** is most applicable to investment properties that are used for income generating purposes. The Income Approach measures value by capitalization of the net income from the real estate. The potential gross income is first estimated based on data derived directly from the market. Deductions are then made for vacancy and collection loss, and normal operating expenses. The resulting net income figure is then converted to a value estimate by any one of several capitalization methods. The design of the subject condo unit is such that it would also appeal to an investor owner. Although the subject condo unit was vacant as of the effective date, sufficient market data is available to apply the Income Approach on a hypothetical basis based on market rental rates. Therefore, this approach was deemed appropriate and thus was applied on a hypothetical basis primarily to serve as a crosscheck to the general magnitude of the value derived from the Direct Comparison Approach.

In fully weighing the value derived from the Direct Comparison Approach given the subject property would be most appealing to an owner user, the following final value estimate was concluded:

VALUE ESTIMATE SUMMARY Valuation Premise	Effective Date	Estimated Value* (Rounded)
“AS IS”	November 7, 2014	$

*** - See Extraordinary/Hypothetical Assumptions and Limiting Conditions**

Exposure Time (as defined in this report): 6 to 9 months given market conditions and unique amount and quality of developed office space

CERTIFICATION OF APPRAISER

I certify to the best of my knowledge and belief that:

1. I have no present or contemplated interest in the property appraised nor any personal interest with respect to the parties involved. My employment or compensation for this appraisal was not contingent upon a predetermined or appraised value of the property, the attainment of a specific result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

2. Dale Yachimec has personally inspected the subject property.

3. All statements and information in this report are true and correct; and the appraiser has not knowingly withheld any information.

4. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.

5. The analyses, opinions and conclusions were developed, and this report have been prepared in conformity with the Canadian Uniform Standards and are subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

6. As of the date of this report, Dale Yachimec has fulfilled the requirements of the Appraisal Institute of Canada Continuing Professional Development Program for Members.

7. The undersigned is a member in good standing of the Appraisal Institute of Canada and is a licensed member with the Real Estate Council of Alberta.

8. No one provided significant professional assistance to the person signing this report. Dale Yachimec has prepared all conclusions and opinions concerning the real estate that are set forth in the appraisal.

9. Based on my experience, it is my opinion that I meet the qualifications to provide an estimate of the subject property market value concluded in this report.

10. Based on the inspection of the subject property conducted by Dale Yachimec on November 07, 2014, the preceding data, analyses and conclusions enables me to formulate the following estimate of the market value for the subject property described herein effective November 07, 2014:

VALUE ESTIMATE SUMMARY Valuation Premise	Effective Date	Estimated Value* (Rounded)
"AS IS"	November 7, 2014	**$**

*** - See Extraordinary/Hypothetical Assumptions and Limiting Conditions**

Exposure Time (as defined in this report): 6 to 9 months given market conditions and unique amount and quality of developed office space

Dale Yachimec, AACI, P.App., MBA
Dale Commercial
Inspected Property: _√_Yes __No
Dated: November 13, 2014

ADDENDA

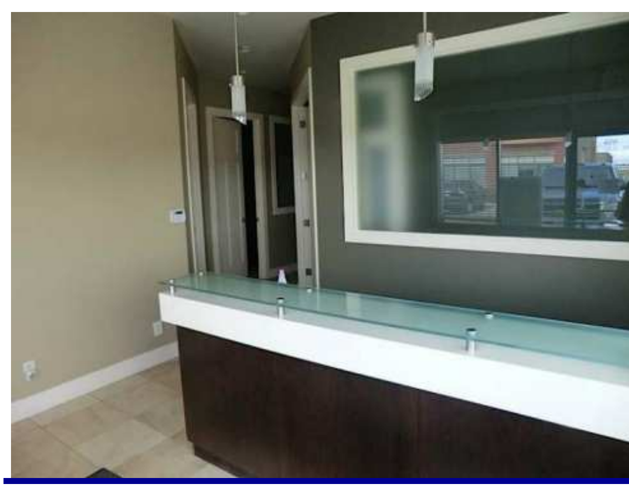
EXHIBIT A - SUBJECT PHOTOGRAPHS

FRONT VIEW #1 OF THE SUBJECT PROPERTY

FRONT VIEW #2 OF THE SUBJECT PROPERTY

REAR VIEW #1 OF THE SUBJECT PROPERTY

REAR VIEW #2 OF THE SUBJECT PROPERTY



VIEW #1 OF THE SUBJECT MAIN LEVEL OFFICE SPACE

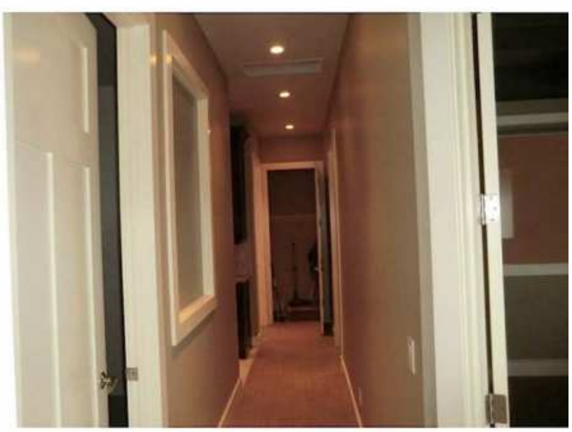
VIEW #2 OF THE SUBJECT MAIN LEVEL OFFICE SPACE

VIEW #3 OF THE SUBJECT MAIN LEVEL OFFICE SPACE

VIEW #4 OF THE SUBJECT MAIN LEVEL OFFICE SPACE

VIEW #5 OF THE SUBJECT MAIN LEVEL OFFICE SPACE

VIEW #6 OF THE SUBJECT MAIN LEVEL OFFICE SPACE



VIEW #7 OF THE SUBJECT MAIN LEVEL OFFICE SPACE

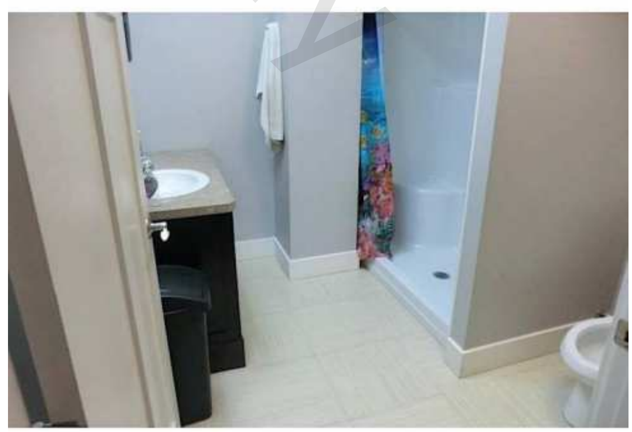
VIEW #8 OF THE SUBJECT MAIN LEVEL OFFICE SPACE

VIEW #1 OF THE SUBJECT SHOP SPACE

VIEW #2 OF THE SUBJECT SHOP SPACE ILLUSTRATING THE DUAL FORCED AIR AND RADIANT HEATING SYSTEMS

VIEW #1 OF THE SUBJECT 2ND LEVEL OFFICE SPACE

VIEW #2 OF THE SUBJECT 2ND LEVEL OFFICE SPACE



VIEW #3 OF THE SUBJECT 2ND LEVEL OFFICE SPACE

VIEW #4 OF THE SUBJECT 2ND LEVEL OFFICE SPACE

VIEW TOWARDS THE WEST FROM THE SUBJECT 2ND LEVEL OFFICE SPACE

VIEW TOWARDS THE NORTH FROM THE SUBJECT 2ND LEVEL OFFICE SPACE

VIEW OF THE COMMON ROADWAY LEADING TO THE SUBJECT PROPERTY

EXHIBIT B – CERTIFICATES OF TITLE

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0030 757 769	0413779;24	101 258 574

LEGAL DESCRIPTION
CONDOMINIUM PLAN 0413779
UNIT 24
AND 451 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;1;25;2;NW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 071 093 968

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
101 258 574	31/08/2010	TRANSFER OF LAND		SEE INSTRUMENT

OWNERS

1537826 ALBERTA INC.
OF 406, 5723-10TH STREET NE
CALGARY
ALBERTA T2E 8W7

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
771 147 064	20/10/1977	ZONING REGULATIONS SUBJECT TO CALGARY INTERNATIONAL AIRPORT ZONING REGULATIONS
981 376 771	01/12/1998	UTILITY RIGHT OF WAY GRANTEE - THE CITY OF CALGARY. AS TO PORTION OR PLAN:9813343
031 212 597	24/06/2003	CAVEAT RE : EASEMENT , ETC.

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
101 258 574

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
041 408 152	26/10/2004	PARTY WALL AGREEMENT BETWEEN UNITS - SEE INSTRUMENT
101 258 575	31/08/2010	MORTGAGE MORTGAGEE - BUSINESS DEVELOPMENT BANK OF CANADA. 200, 6700 MACLEOD TRAIL SE CALGARY ALBERTA T2H0L3 ORIGINAL PRINCIPAL AMOUNT: $650,000
101 258 576	31/08/2010	CAVEAT RE : ASSIGNMENT OF RENTS AND LEASES CAVEATOR - BUSINESS DEVELOPMENT BANK OF CANADA. 200, 6700 MACLEOD TRAIL SE CALGARY ALBERTA T2H0L3 AGENT - JAMES D MCFARLANE

* ADDITIONAL REGISTRATIONS MAY BE SHOWN ON THE CONDOMINIUM ADDITIONAL PLAN SHEET

TOTAL INSTRUMENTS: 006

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 9 DAY OF NOVEMBER, 2014 AT 03:26 P.M.

ORDER NUMBER: 27267193

CUSTOMER FILE NUMBER:

END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0030 757 777	0413779;25	101 258 574 +1

LEGAL DESCRIPTION
CONDOMINIUM PLAN 0413779
UNIT 25
AND 451 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;1;25;2;NW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 071 093 968 +1

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
101 258 574	31/08/2010	TRANSFER OF LAND		SEE INSTRUMENT

OWNERS

1537826 ALBERTA INC.
OF 406, 5723-10TH STREET NE
CALGARY
ALBERTA T2E 8W7

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
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(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
101 258 574 +1

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
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* ADDITIONAL REGISTRATIONS MAY BE SHOWN ON THE CONDOMINIUM ADDITIONAL PLAN SHEET

TOTAL INSTRUMENTS: 006

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 9 DAY OF NOVEMBER, 2014 AT 03:26 P.M.

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EXHIBIT C – LAND USE BYLAW

Division 2: Industrial – General (I-G) District

Purpose 32P2009

906 The Industrial – General District is intended to be characterized by:

(a) a wide variety of light and medium general industrial ***uses*** and a limited number of support commercial ***uses***;

(b) ***parcels*** typically located in internal locations;

(c) the application of discretion for ***parcels*** that share a ***property line*** with a ***major street*** or ***expressway*** to ensure an appropriate interface and compliance with ***City*** plans and policies;

(d) a limited number of non-industrial ***uses*** that may be appropriate due to ***building*** or ***parcel*** requirements generally found in industrial areas;

(e) ***uses*** and ***buildings*** that may have little or no relationship to ***adjacent parcels***;

(f) appropriate controls to ensure ***screening*** of any outdoor activities; and

(g) limits on sales and office activities in order to preserve a diverse industrial land base.

Permitted Uses 32P2009

907 **(1)** The following ***uses*** are ***permitted uses*** in the Industrial – General District:

(a) **Park**;

(b) **Sign – Class A**;

(c) **Sign – Class B**;

(d) **Sign – Class D**; and

(e) **Utilities**.

(2) Unless otherwise referenced in subsection 908(1), the following ***uses*** are ***permitted uses*** in the Industrial – General District:

(a) **Auto Body and Paint Shop**;

(b) **Auto Service – Major**;

(c) **Auto Service – Minor**;

(d) **Beverage Container Drop-Off Depot**;

(e) **Car Wash – Multi-Vehicle**;

(f) **Car Wash – Single Vehicle**;

(g) **Catering Service – Major**;

(h) **Catering Service – Minor**;

(i) **Crematorium**;

(j) **Distribution Centre**;

(k) **Dry-cleaning and Fabric Care Plant**;

(l) **Fleet Service**;

(m) **Freight Yard**;

(n) **General Industrial – Light**;

(o) **General Industrial – Medium**;

(p) **Large Vehicle Service**;

(q) **Large Vehicle Wash**;

(r) **Motion Picture Production Facility**;

(s) **Municipal Works Depot**;

(t) **Parking Lot – Grade**;

(u) **Parking Lot – Structure**;

(v) **Power Generation Facility – Medium**;

(w) **Power Generation Facility – Small**;

(x) **Protective and Emergency Service**;

(y) **Recreational Vehicle Service**;

14P2010 (y.1) **Sign – Class C**;

(z) **Specialty Food Store**;

(aa) **Utility Building**;

(bb) **Vehicle Storage – Large**;

(cc) **Vehicle Storage – Passenger**; and

(dd) **Vehicle Storage – Recreational**.

Discretionary Uses 32P2009

908 **(1)** ***Uses*** listed in subsection 907(2) are ***discretionary uses*** if they are located:

(a) in proposed ***buildings***, or proposed additions to existing ***buildings***, that are located on a ***parcel*** that is ***adjacent*** to a ***major street*** or expressway; or

(b) on a ***parcel*** that does not have both sewer and water systems provided by the ***City***.

(2) The following ***uses*** are ***discretionary uses*** in the Industrial – General District:

(a) **Auction Market – Other Goods**;

(b) **Auction Market – Vehicles and Equipment**;

(c) **Building Supply Centre**;

(d) **Bulk Fuel Sales Depot**;

(e) **Child Care Service**;

(f) **Convenience Food Store**;

(g) **Custodial Quarters**;

(h) **Drive Through**;

(i) **Equipment Yard**;

(j) **Gas Bar**;

(k) **Instructional Facility**;

(l) **Kennel**;

(m) **Large Vehicle and Equipment Sales**; 9P2012

(m.1) **Medical Marihuana Production Facility**; 7P2014

(n) **Office**;

(o) **Outdoor Café**;

(p) **Pet Care Service**;

(p.1) **Place of Worship – Large**; 36P2011

(q) **Print Centre**;

(r) **Restaurant: Food Service Only – Medium**;

(s) **Restaurant: Food Service Only – Small**;

(t) **Restaurant: Licensed – Medium**;

(u) **Restaurant: Licensed – Small**;

(v) **Restored Building Product Sales Yard**;

(w) **Salvage Yard**;

(x) **Self Storage Facility**;

(y) **Storage Yard**;

(z) **Sign – Class E**;

(aa) **Sign – Class F**;

30P2011 (aa.1) **Sign – Class G**;

4P2012 (bb) **Special Function – Class 2**;

4P2012 (cc) *deleted*

(dd) **Take Out Food Service**;

38P2013 (ee) **Vehicle Sales – Minor**;

38P2013 (ff) **Veterinary Clinic**;

38P2013 (gg) **Wind Energy Conversion System – Type 1**; and

38P2013 (hh) **Wind Energy Conversion System – Type 2**.

Rules

909 In addition to the rules in this District, all ***uses*** in this District must comply with:

(a) the General Rules for Industrial Land Use Districts referenced in Part 8, Division 1;

(b) the Rules Governing All Districts referenced in Part 3; and

(c) the applicable Uses And Use Rules referenced in Part 4.

Building Size

910 The maximum ***gross floor area*** of all ***buildings*** on a ***parcel*** that is not serviced by ***City*** water and sewer, is 1600.0 square metres.

Floor Area Ratio

911 The maximum ***floor area ratio*** for ***buildings*** on a ***parcel*** that is serviced by ***City*** water and sewer is 1.0.

Building Height

912 The maximum ***building height*** is 16.0 metres.

Building Setback

913 The minimum ***building setback*** from a ***property line*** shared with the Headworks Canal operated by the Western Irrigation District is 15.0 metres.

32P2009 **Storage of Goods, Materials and Supplies**

913.1 (1) A ***use*** may have an outdoor area for the storage of goods, materials or supplies provided the storage area is:

(a) not located in a ***setback area***;

(b) not located between a ***building*** and a ***major street*** or ***expressway***; and

(c) shown on a plan approved as part of a ***development permit***.

(2) Goods, materials or supplies stored outside of a ***building*** within 5.0 metres of a ***property line*** have a maximum height of 5.0 metres.

(3) The height of goods, materials or supplies is measured from ***grade*** and includes any pallets, supports or other things on which the goods, materials or supplies are stacked.

Screening

32P2009

914 Loading docks, outdoor activities and equipment located outside of a ***building*** must be ***screened*** from view of:

(a) an ***adjacent expressway***, ***major street***, ***LRT corridor*** or regional pathway; and

(b) a ***street*** or ***lane*** where the ***street*** or ***lane*** separates the ***parcel*** from a ***residential district*** or ***special purpose district***.

Gross Floor Area for Offices and Administration Areas

67P2008,10P2009, 32P2009

914.1 (1) Unless otherwise referenced in subsection (2), the cumulative ***gross floor area*** of **Office *uses*** in a ***building*** must not exceed 50.0 per cent of the ***gross floor area*** of the ***building***.

(2) Areas in a ***building*** used for administration or to provide work space to employees of a ***use*** will not be included when determining compliance with subsection (1) provided:

(a) the administration or work space area is located in the same ***use area*** as the ***use*** that it serves; and

(b) the principal ***use*** is not an **Office**.

(3) The ***Development Authority*** may consider a relaxation of subsection (1) where an **Office** is proposed in a ***building***:

(a) that was legally existing or approved prior to the effective date of this Bylaw; and

(b) where the floor area proposed for the **Office** has already been constructed to accommodate an administrative or office function.

Front Setback Area

915 Where the ***parcel*** shares a ***front property line*** with:

(a) an ***expressway*** or ***major street***, the ***front setback area*** must have a minimum depth of 6.0 metres; and

(b) any ***street***, other than an ***expressway*** or ***major street***, the ***front setback area*** must have a minimum depth of 4.0 metres.

Rear Setback Area

916 **(1)** Where the ***parcel*** shares a ***rear property line*** with a ***parcel*** designated as:

(a) a ***commercial district***, the ***rear setback area*** must have a minimum depth of 1.2 metres;

(b) an ***industrial district***:

(i) the ***rear setback area*** must have a minimum depth of 1.2 metres; or

(ii) in the case where walls facing the ***rear property line*** are constructed of materials that do not require maintenance, there is no requirement for a ***rear setback area***; or

(iii) in the case where the ***parcel*** is ***adjacent*** to a rail line that terminates and there is no need for a spur line or the spur line is incorporated within the ***building***, there is no requirement for a ***rear setback area***;

(c) a ***residential district***, the ***rear setback area*** must have a minimum depth of 6.0 metres; and

(d) a ***special purpose district***, the ***rear setback area*** must have a minimum depth of 6.0 metres.

(2) Where the ***parcel*** shares a ***rear property line*** with:

(a) an ***expressway*** or ***major street***, the ***rear setback area*** must have a minimum depth of 6.0 metres;

(b) the Headworks Canal operated by the Western Irrigation District, the ***rear setback area*** must have a minimum depth of 7.5 metres;

(c) a ***lane***, there is no requirement for a ***rear setback area***; and

(d) an ***LRT corridor*** or ***street***, not including an ***expressway*** or ***major street***, the ***rear setback area*** must have a minimum depth of 4.0 metres.

Side Setback Area

917 **(1)** Where the ***parcel*** shares a ***side property line*** with a ***parcel*** designated as:

(a) a ***commercial district***, the ***side setback area*** must have a minimum depth of 1.2 metres;

(b) an ***industrial district***:

(i) the ***side setback area*** must have a minimum depth of 1.2 metres; or

(ii) in the case where walls facing the ***side property line*** are constructed of materials that do not require maintenance, there is no requirement for a ***side setback area***; or

(iii) in the case where the ***parcel*** is ***adjacent*** to a rail line that terminates and there is no need for a spur line or the spur line is incorporated within the ***building***, there is no requirement for a ***side setback area***;

(c) a ***residential district***, the ***side setback area*** must have a minimum depth of 6.0 metres; and

(d) a ***special purpose district***, the ***side setback area*** must have a minimum depth of 6.0 metres.

(2) Where the ***parcel*** shares a ***side property line*** with:

(a) an ***expressway*** or ***major street***, the ***side setback area*** must have a minimum depth of 6.0 metres;

(b) the Headworks Canal operated by the Western Irrigation District, the ***side setback area*** must have a minimum depth of 7.5 metres;

(c) a ***lane***, there is no requirement for a ***side setback area***; and

(d) an ***LRT corridor*** or ***street***, not including an ***expressway*** or ***major street***, the ***side setback area*** must have a minimum depth of 4.0 metres.

Landscaping In Setback Areas

918 **(1)** Where a ***setback area*** shares a ***property line*** with a ***street***, ***expressway*** or ***major street***, the ***setback area*** must:

(a) be a ***soft surfaced landscaped area***; and

(b) provide a minimum of 1.0 trees and 2.0 shrubs:

(i) for every 35.0 square metres; or

(ii) for every 50.0 square metres, where irrigation is provided by a ***low water irrigation system***.

(2) Where a ***setback area*** shares a ***property line*** with a ***lane***, there is no requirement for a ***soft surfaced landscaped area*** or ***hard surfaced landscaped area***.

(3) Where a ***setback area*** shares a ***property line*** with a ***parcel*** designated as a ***residential district***, the ***setback area*** must:

(a) be a ***soft surfaced landscaped area***;

(b) provide a minimum of 1.0 trees and 2.0 shrubs:

(i) for every 30.0 square metres; or

(ii) for every 35.0 square metres, where irrigation is provided by a ***low water irrigation system***; and

(c) provide trees and shrubs planted in a linear arrangement along the length of the ***setback area***.

(4) Where a ***setback area*** shares a ***property line*** with an ***LRT corridor***, or ***parcel*** designated as a ***commercial***, ***industrial*** or ***special purpose district***, the ***setback area***:

(a) must be a ***soft surfaced landscaped area***;

(b) may have a sidewalk in the ***setback area*** along the length of the ***building***; and

(c) must provide a minimum of 1.0 trees and 2.0 shrubs:

(i) for every 35.0 square metres; or

(ii) for every 50.0 square metres, where irrigation is provided by a ***low water irrigation system***.

(5) Where a ***setback area*** shares a ***property line*** with the Headworks Canal operated by the Western Irrigation District, the ***setback area*** must:

(a) be a ***soft surfaced landscaped area***;

(b) provide a minimum of 1.0 trees and 2.0 shrubs:

(i) for every 35.0 square metres; or

(ii) for every 50.0 square metres, where irrigation is provided by a ***low water irrigation system***; and

(c) provide trees and shrubs planted in a linear arrangement along the length of the ***setback area***.

Additional Landscaping Requirements

919 **(1)** Unless otherwise referenced in this District, all ***setback areas*** on a ***parcel***, not including those portions specifically required for motor vehicle access, sidewalks, or any other purpose allowed by the ***Development Authority***, must be a ***soft surfaced landscaped area***.

(2) Every ***building*** on a ***parcel*** must have at least one sidewalk connecting the ***public entrance*** to a public sidewalk, or in the case where there is no public sidewalk, to the nearest ***street***.

(3) A sidewalk must be provided along the entire length of the front of a ***building***, not including any portion of the ***building*** where loading docks are located.

(4) Every sidewalk located along the front of a ***building*** and every sidewalk located within a ***setback area*** must be:

(a) a ***hard surfaced landscaped area***;

(b) a minimum width of 2.0 metres; and

(c) raised above the surface of an adjacent parking area.

(5) Every sidewalk located within a parking area must be:

(a) an asphalt surface;

(b) indicated by painted lines;

(c) a minimum width of 2.0 metres; and

(d) at the same surface level as the parking area.

Employee Area

920 All ***developments*** must have an outdoor area, for use of the employees, that is a minimum of 10.0 square metres.

Outside Product Display Areas *32P2009*

921 *deleted*