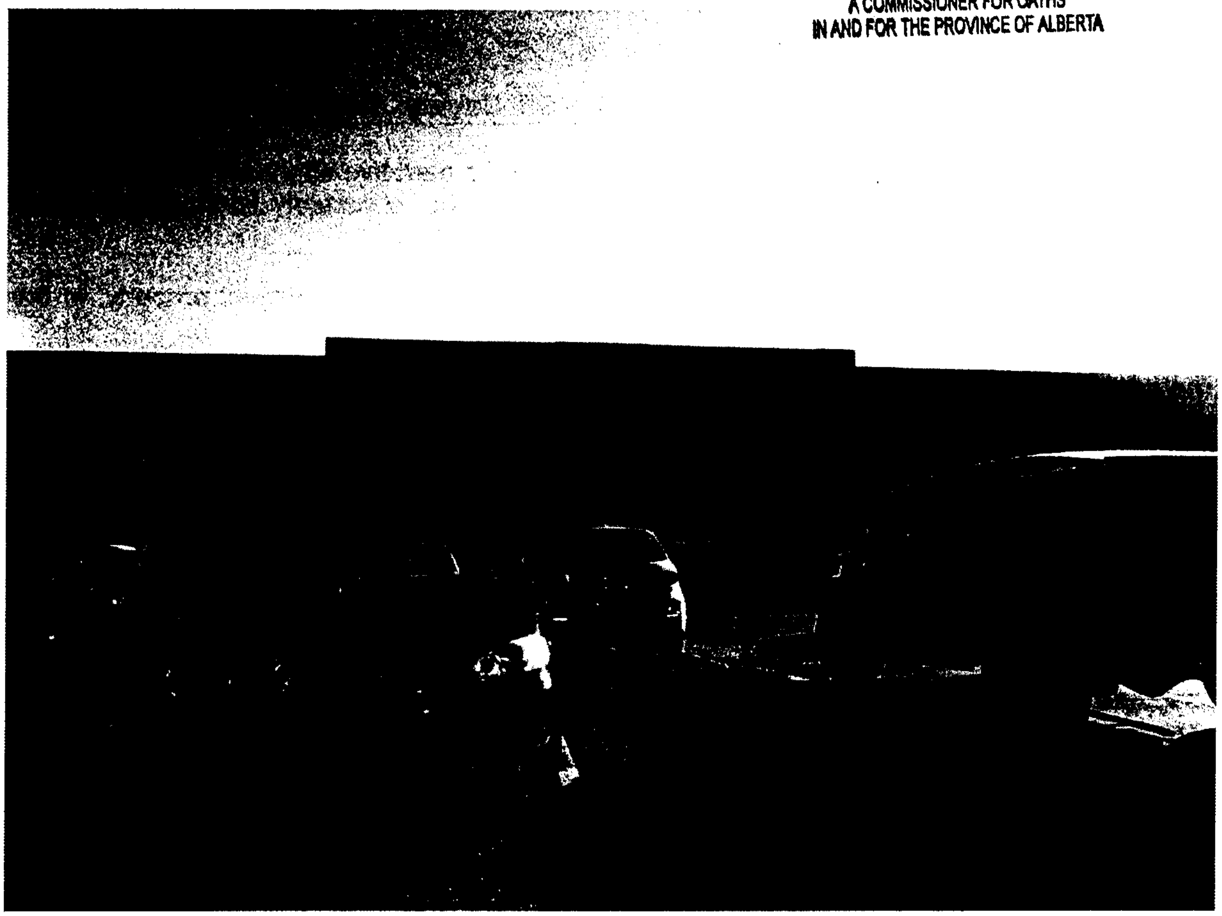
THIS IS EXHIBIT "U"
referred to in the Affidavit of
Ronald Aitkens
Sworn before me this 5
Day of June A.D. 20 12
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

NARRATIVE APPRAISAL REPORT
Units 14 & 18, 1410 – 27 Street SE
Calgary, Alberta



PREPARED FOR:
Imor Capital Corp.
#202, 1040 West Georgia Street
Vancouver, BC V6E 4H1

PREPARED BY:
Wernick Omura Limited
101, 1901 Centre Street NW
Calgary, AB T2E 2S7

WERNICK OMURA
Real Estate Advisory Services

Market research Valuation Property Tax Review Reserve Fund Study

Imor Capital Corporation
Suite 220-1040 West Georgia Street
Vancouver, BC V6E-4H1

November 3, 2011
File No: 2011058

Attention: Mr. Alexander Hayne

Re: Appraisal of Units 14 & 18 – 11410 27 Street SE, Calgary, Alberta

In accordance with your authorization, we have completed a narrative appraisal report regarding the above referenced property. The property consists of two, separately titled, condominium units located in East Shepard Industrial area in southeast Calgary.

The purpose of this appraisal is to estimate the market value of the subject property, in fee simple estate, as at October 11, 2011.

The intended use of this appraisal is to provide Imor Capital Corporation with information for judicial sale. Unauthorized use of the data, analyses, and conclusions presented in this report is strictly prohibited.

This appraisal contains an extraordinary limiting condition that the appraiser has not inspected the interior of the subject property and that the building description herein is based on information provided by the client and our data files.

Based on an inspection of the property and the research and analyses undertaken, we have formed the opinion that as at October 11, 2011, subject to the Ordinary and Extraordinary Assumptions and Limiting Conditions contained therein, that the market value of the subject property is:.

One Million Five Hundred Thousand Dollars ($1,500,000)

Based on an inspection of the property and the research and analyses undertaken, we have formed the opinion that as at October 11, 2011, based on the Ordinary and Extraordinary Assumptions and Limiting Conditions contained herein, that the forced sale value of the subject property is:

One Million Two Hundred Seventy FiveThousand Dollars ($1,275,000)

The appraisal will comply with the reporting requirements set forth in the Canadian Standards of Professional Appraisal Practice. The information contained in this report is specific to the needs of the client and for the stated intended use. Wernick Omura Limited is not responsible for unauthorized use of this report.

Sincerely,

WERNICK OMURA LIMITED

Tony Omura, AACI, P.App
RECA Alberta Licensed

Appraisal Process/Reporting	: A Narrative Appraisal Report, complying with AIC regulations.
Type of Property	: Two Industrial Condominium Units
Municipal Address	: #14 & #18, 11410 – 27 Street SE, Calgary, Alberta
Legal Description	Plan 0712941 Units 9 and 10
Effective Date of Appraisal	October 11, 2011
Unit Area	Main floor: 6,028 square feet Mezzanine: 2,400 square feet Total......... 8,428 square feet
Dimensions and Area of Site	: The site (common property) is irregular in shape and 0.85 acres in size. The each of the subject units have a 190/10,000 undivided interest in the common property.
Assessment (2011)	: #14, 11410 – 27 Street SE ...... $555,500 #18, 11410 – 27 Street SE ...... $555,500 **Total $1,111,000**
Taxes (2011)	#14, 11410 – 27 Street SE .... $8,671 #18, 11410 – 27 Street SE .... $8,671 **Total $17,342**
Land Use Classification	Industrial General District (I-G)
Highest and Best Use	Existing Use
Property Interest Appraised	Fee Simple

MARKET VALUE
Direct Comparison Approach : $1,500,000

3.1 Purpose
The purpose of this report is to estimate the market value of the subject property.

3.2 Intended Use
The intended use of this appraisal is to provide the client, Imor Capital Corporation, with an estimate of the market value of the subject property for judicial sale purposes. The intended user of this report is limited to Imor Capital Corporation. Unauthorized use of the data, analyses and conclusions presented in this report is strictly prohibited.

3.3 Property Rights Appraised
The valuation of real property includes both physical real estate and rights that one or more individuals, partnerships, or corporations may have or contemplate having in the ownership or use of land and improvements. Special attention is given to any limitations of ownership rights, such as easements, encroachments, liens, or leases. The property rights appraised in this report are that of a Fee Simple Estate.

A **fee simple estate** is defined as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat."

Source: AI, p. 140

3.4 Definitions

3.4.1 Market Value
Market Value is defined as: "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1.) *buyer and seller are typically motivated;*
2.) *both parties are well informed or well advised, and acting in what they consider their own best interests;*
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."*

Source: CUSPAP

3.4.2 Condominium

Condominium Ownership may be defined as:

A unit consists of a space that is situated within a building and described in a condominium plan registered under the Condominium Property Act of Alberta. The unit has a fee simple interest and an undivided percentage or interest of the common property as defined by the Condominium Property Act of Alberta. Common property is divided into 10,000 unit factors and distributed among property owners based on the sizes of their units. Maintenance costs of the common property are shared among property owners based on unit factors.

3.5 Effective Date of Valuation

The Effective Date of valuation is October 11, 2011.

3.6 Scope of Work

The appraiser has developed a narrative appraisal which encompasses the reporting requirements as set forth and recommended by the Appraisal Institute of Canada under the Canadian Uniform Standards of Professional Appraisal Practice reporting requirements. During the gathering and analysis of data in relation to this assignment, the appraiser completed the following deliverable tasks:

- drive by inspection of the property on October 11, 2011;
- identification of subject property through the municipality and provincial land registry;
- researching relevant market data through various sources such as the local real estate board, RealNet, Alberta Data Search and the provincial land titles office;
- review of existing leasing agreements
- application of the Direct Comparison Approach in order to determine a final estimate of value.

It is important to note in undertaking this assignment, the following tasks have not been performed:

- interior inspection of the property
- investigations into the load bearing capacity of the soil;
- detailed inspections of the structure, roof or mechanical systems;
- an environmental review of the property;
- audit of financial and legal information;
- a survey of the site.

Verification of Third Party Information

The analysis set out in this report relied on written and verbal information obtained from a variety of sources considered reliable. Unless otherwise stated herein, there was no verification of client-supplied information, which was believed to be correct.

3.7 Assumptions and Limiting Conditions

This report is subject to the Limiting Conditions and Assumptions. Acceptance and/or use of this report by the client constitutes acceptance of all Limiting Conditions and Assumptions set forth below and in other parts of this report where are deemed necessary and appropriate. The client and designated users of the appraisal report should inspect the property and confirm factual information before final decisions are made concerning the subject.

1.) The appraiser's function is to provide a value estimate of the subject property based on observations of the real estate market. This report is an economic study, not engineering, environmental, construction, architectural, legal, audit study nor a survey. Expertise in these areas, among others, is not implied.

2.) The value conclusion in this report is based on the information provided by the client. Information, including, but not limited to, the municipal and legal descriptions of the property; rent roll and operating statements, is assumed to be accurate.

3.) Market and property data sources used to form the opinions of value in this report include the local real estate board, RealNet, Alberta Data Search, land title office, cost manual, and the local municipal government. A concerted effort has been put forth to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct, but no guarantee as to the accuracy of the data is implied. Moreover, since appraisal is prepared based on historical sales data, while the real estate market itself is dynamic and changes constantly, the Market Value conclusion in this report may be lagging behind the up to the minute offerings and transactions. As a result, the value estimate expressed as of the date of this appraisal cannot be relied upon as of any other date except with further confirmation from the appraiser in writing.

4.) The architectural, structural, mechanical, electrical and other plans and specifications of the building or buildings and improvements, if available, are assumed to be correct. Furthermore, all buildings and improvements are deemed to have been constructed and finished in accordance with such plans and specifications, and in compliance with the local building codes and zoning regulations, unless otherwise noted. Sketches, drawings, diagrams and photographs, if any, presented in this report are included for the sole purpose of illustration. In the event of proposed improvements, it is assumed that they will be completed in a good and workmanlike manner according to the plans and specifications provided. Further inspection may be required to confirm the completion of such work.

5.) The subject is considered to be available for normal financing.

6.) The appraiser(s) have no responsibility for matters of any legal nature affecting the property being appraised or the title thereto; the appraiser(s) assume title to be good and marketable, free of adverse influences unless noted in the report. No title policy or report has been furnished to the appraiser(s), unless so stated in the report. It is assumed that there are no pledges, charges, liens or special assessments outstanding or in the process of being registered against the property. Moreover, this report assumes that there are no encumbrances, easements, rights-of-way, building restrictions, work orders or other notices of violation of law outstanding, or pending legal action, suit, or any other requirement of law preventing occupancy or imposing any other adverse effect on the operation of the property, so as to affect value.

7.) If fractional interest of a property is appraised, the value estimates of the fractional interest cannot be utilized in estimating the value of the entire property by mathematical extension.

8.) Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property, including, but not limited to, its soils, foundation, superstructure, mechanical and other operating systems, etc. or adverse environmental conditions such as the presence of hazardous wastes and toxic substances, which would have a negative impact on the property value. It is assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during normal research involved in completing the appraisal. Moreover, the appraiser is not qualified to identify such substances or conditions. Anyone concerned with those issues should consult professionals of the respective area.

9.) The contents of this report are confidential and will not be disclosed by the author to any third party except as provided for by the provisions of the Canadian Uniform Standards of Professional Appraisal Practice ("**The Standards**") and/or when properly entered into evidence of a duly qualified judicial body. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the appraiser's privacy policy.

10.) The client to whom this report is addressed may use it in deliberations affecting the subject property only, and in so doing, the report must not be extracted; it must be used in its entirety. Furthermore, it is a term of this agreement that only the specified client may rely upon this report for the specified purpose stated in this report. It is not reasonable for any third party to rely on this appraisal without obtaining written authorization from the client and the appraiser(s). The appraiser shall not be held liable for any loss or damage that may occur to any third party or user other than the specified client by reason of their reliance on this report without dual diligence by the intended users.

11.) This report is subject to copyright. Any extraction of the content of this report in full or in part without permission of the author is strictly prohibited.

12.) The agreed compensation for services rendered in preparing this report does not include fees for consultations and/or arbitrations, if any, should personal appearances be required in connection with this report, additional fees will have to be negotiated. Unless otherwise noted, all estimates are expressed in Canadian currency.

13.) The authentic copies of this report will be bound in Wernick Omura Limited covers and signed in blue ink. Any copy that does not have the above is considered unauthorized and may have been altered. In the event that this report is transmitted electronically, only the original signed and bound report can be relied upon as electronic copy can be modified digitally. The appraiser shall not be held responsible for any unauthorized change of the report.

3.8 Extraordinary Limiting Condition

The client, Imor Capital Corporation, specifically requested that I not enter the property. Therefore, this appraisal assumes that the quality and condition of the interior finish is average to good based on information provided by the client and our data files. If at a later date it is found that the quality, quantity and condition of the interior improvements is contrary to my assumption, the value estimate may change.

4.1 National Overview

Gross Domestic Product

Gross Domestic Product (GDP) is also referred to as economic output and is generally considered a measure of the overall size of the economy. A growing labour force, increased technology and increased capital investments usually precipitate GDP growth whereas negative GDP growth is generally indicative of higher unemployment levels and a lower standard of living.

Real GDP accounts for changes in the price level resulting in a more accurate measurement than nominal GDP which fails to account for the effects of inflation. The table below shows the recent trend in terms of Canadian Real GDP.

CURRENT ECONOMIC INDICATORS — CANADA

August 5, 2011

Economy at a glance

Month-over-month % change unless otherwise indicated

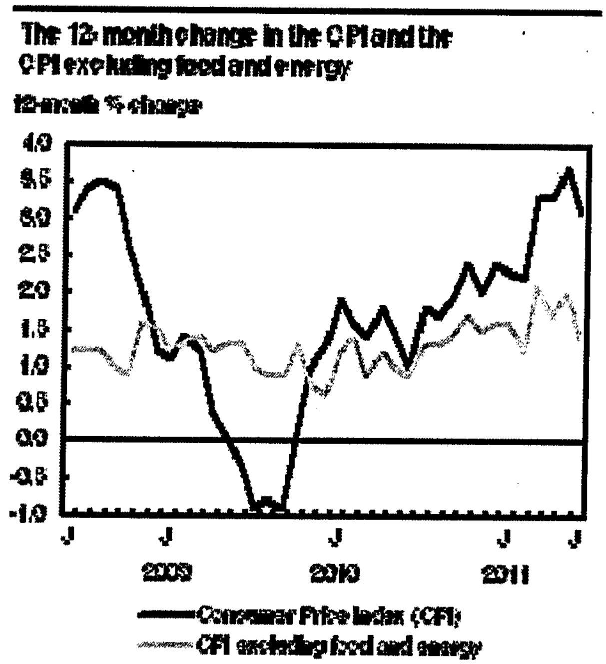
	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11
Real GDP	0.27	-0.06	0.35	0.43	0.53	0.47	-0.13	0.26	0.04	-0.33	N/A	N/A
Industrial production	0.00	-0.91	0.67	0.24	1.38	0.73	-0.98	1.13	-0.03	-2.16	N/A	N/A
Labour market												
Employment (change in 000s)	23.7	-10.5	3.4	6.2	30.4	69.2	15.1	-1.5	58.3	22.3	28.4	7.1
Employment	0.14	-0.06	0.02	0.04	0.18	0.40	0.09	-0.01	0.34	0.13	0.16	0.04
Unemployment rate (%)	8.1	8.0	7.8	7.6	7.6	7.8	7.8	7.7	7.6	7.4	7.4	7.2
Average hourly wages (permanent, year/year %)	2.32	2.45	1.92	2.27	2.22	2.29	2.47	2.61	2.38	2.24	2.03	1.25
Housing market												
Housing starts (000s)	190.3	185.4	172.1	194.7	169.6	168.1	180.4	184.8	194.1	193.3	200.8	N/A
New housing price index (year/year %)	2.93	2.66	2.45	2.32	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Existing home sales (000s)	33.2	34.5	36.1	37.8	37.8	39.3	38.7	38.3	36.6	36.6	37.6	N/A
Average prices (year/year %)	-0.08	-0.25	0.24	2.00	1.17	5.03	8.02	8.11	6.97	7.87	9.22	N/A
Consumer												
Car sales	-3.46	3.26	0.32	0.35	-5.55	4.04	-0.22	1.90	-0.45	-6.09	N/A	N/A
All trade groups	0.60	0.83	0.89	1.52	-0.54	-0.49	0.48	-0.13	0.30	0.14	N/A	N/A
Real retail sales	0.37	0.59	0.05	1.44	-0.82	-0.65	0.37	-0.95	0.18	0.00	N/A	N/A
Manufacturing												
Manufacturing shipments	2.09	-0.54	2.16	-0.61	1.60	3.16	-2.18	1.64	-1.27	-0.78	N/A	N/A
Inventories	1.28	0.01	0.28	0.98	0.47	0.58	0.05	2.05	1.13	0.75	N/A	N/A
Unfilled orders	1.51	-2.70	-0.73	-0.10	-1.21	0.83	1.01	9.58	0.29	0.91	N/A	N/A
Trade												
Trade balance ($ billions)	-2.2	-2.3	-1.4	-0.1	1.9	2.0	-0.2	-0.3	-0.9	-0.8	N/A	N/A
Exports	1.55	-1.63	3.30	2.21	7.24	3.77	-8.90	5.19	-1.78	1.23	N/A	N/A
Imports	1.52	-1.18	0.39	-1.40	1.41	3.58	-3.36	5.38	-0.17	1.09	N/A	N/A
Prices												
Consumer price index	-0.09	0.17	0.43	0.09	0.00	0.26	0.25	1.10	0.34	0.67	-0.66	N/A
(year/year %)	1.74	1.92	2.44	2.00	2.35	2.35	2.16	3.29	3.28	3.70	3.10	N/A
Core CPI, BoC measure	0.09	0.17	0.43	0.00	-0.26	0.00	0.17	0.69	0.17	0.51	-0.59	N/A
(year/year %)	1.58	1.49	1.84	1.39	1.49	1.40	0.87	1.74	1.65	1.82	1.30	N/A
Industrial product price index (year/year %)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Raw materials price index (year/year %)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other indicators												
Leading indicator	0.58	-0.16	0.45	0.45	0.45	0.61	0.97	0.60	0.72	0.79	0.16	N/A
Wholesale trade	1.55	0.88	0.37	1.14	0.89	1.55	-0.97	0.22	-0.09	1.89	N/A	N/A
Ivey purchasing managers index	65.9	70.3	56.7	57.5	50.0	41.4	69.3	73.2	57.7	69.1	68.2	N/A
Building permits (residential and non-residential)	-9.82	13.68	-3.84	-11.23	2.65	-6.56	9.81	16.75	-21.50	20.92	2.15	N/A

It is evident the pace of growth declined considerably in the latter half of 2010 with growth of just 1% in the third quarter compared to an average 5.25% growth rate experienced in late 2009 and early 2010. Despite the recent slowdown in output, RBC is forecasting Canada's economy will have experienced a 3.1% growth rate in 2010 while forecasts for 2011 and 2012 sit at 3.2% and 3.1%, respectively.

Inflation

The Consumer Price Index (CPI) is a fundamental indicator of the purchasing power of money as it measures the average change in retail prices encountered by Canadian consumers. . A distinction must be made between total CPI and core CPI as the latter excludes eight of the most volatile components in the "basket" of goods and services thereby resulting in a measure that is less susceptible to harsh variations due to temporary price increases in components such as natural gas or fruits and vegetables.

The Bank of Canada has a target range for inflation between 1 to 3 per cent with the aim of maintaining the 2 per cent midpoint. As indicated by the chart on the following page, inflation appears to be well within the Bank's target range.



Interest Rates

The interest rates prevalent in the market place are vital in analyzing any investment, let alone real property which is commonly financed through various debt instruments. The Bank of Canada's primary tool in administering monetary policy is through altering the target for the overnight rate, also known as the key interest rate or key policy rate.

The unprecedented decision by the Bank of Canada in April 2009 to drop the target for the overnight rate to 0.25 per cent helped promote economic activity while keeping inflation from increasing rapidly. On June 1, 2010, the Bank of Canada increased the overnight rate target to ½ per cent and re-established the normal functioning of the overnight market by restoring the operating band to 50 basis points. As a result of the strengthening Canadian economy, the Bank of Canada increased the overnight rate by 25 basis points in three consecutive interest rate announcements starting June 2, 2010. Given the relatively fragile state of the global economy, the Bank has maintained the target for the overnight rate at 1 per cent since September 8, 2010, stating any further reduction in monetary stimulus would need to be carefully considered.

Key Rates as of July and August, 2011

$US/Can Exchange Rate	1.0186
Target for Overnight Rate	1.00%
Corporate Paper 1 month	1.07%
Treasury Bill 1 month	0.88%
Prime business rate	3.00%
Conventional mortgage 5 year	3.47%
Government of Canada Bonds 10 yr	2.93%
Government of Canada Bonds 5 yr	2.20%

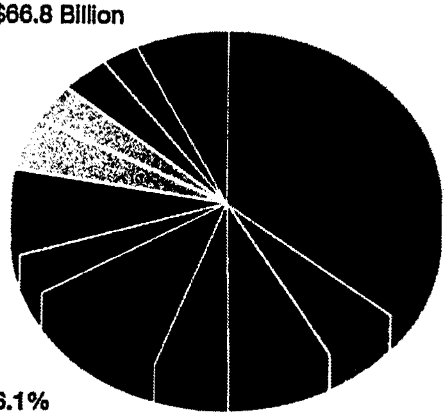
Source: Bank of Canada

4.2 Provincial Overview

The Province of Alberta spans 661,848 square kilometres and accounts for approximately 10.9 per cent of Canada's total population, fourth highest amongst Canadian Provinces.

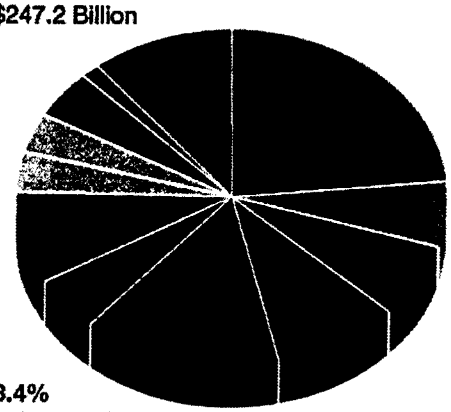
Despite the fact Alberta has reduced its reliance on the energy sector over the past decade, it is evident the economic base of the province is still heavily dependent on the oil and gas industry, as illustrated by the graphs below.

Economic Diversity: 1985
Percentage Distribution of GDP
Total GDP: $66.8 Billion



- Energy 36.1%
- Manufacturing 6.0%
- Transportation & Utilities 7.7%
- Business & Commercial Services 5.5%
- Finance & Real Estate 11.0%
- Tourism & Consumer Services 3.8%
- Retail & Wholesale 8.1%
- Public Administration 4.8%
- Education 3.6%
- Health 3.6%
- Agriculture 3.0%
- Construction 6.7%

Economic Diversity: 2009
Percentage Distribution of GDP
Total GDP: $247.2 Billion

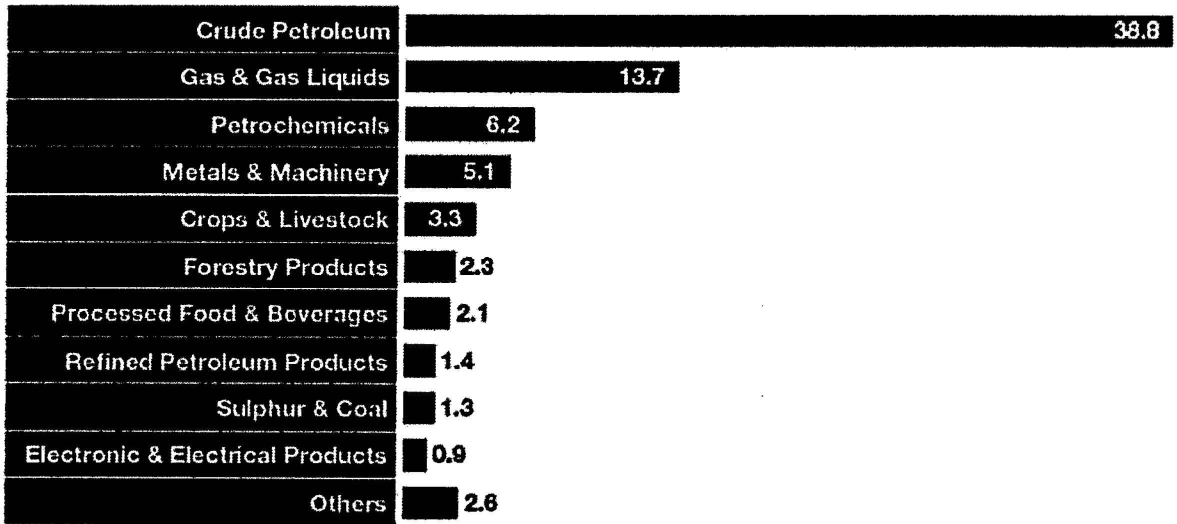


- Energy 23.4%
- Manufacturing 6.5%
- Transportation & Utilities 7.2%
- Business & Commercial Services 9.6%
- Finance & Real Estate 14.6%
- Tourism & Consumer Services 5.2%
- Retail & Wholesale 9.0%
- Public Administration 4.0%
- Education 3.7%
- Health 4.9%
- Agriculture 1.4%
- Construction 10.6%

Sources: Statistics Canada and Alberta Finance and Enterprise

Alberta's Major Exports 2010 ($ Billions)

Total Exports of Goods: $77.8 Billion*



* Exports of services are not included in this estimate

Sources: Statistics Canada and Alberta Finance and Enterprise

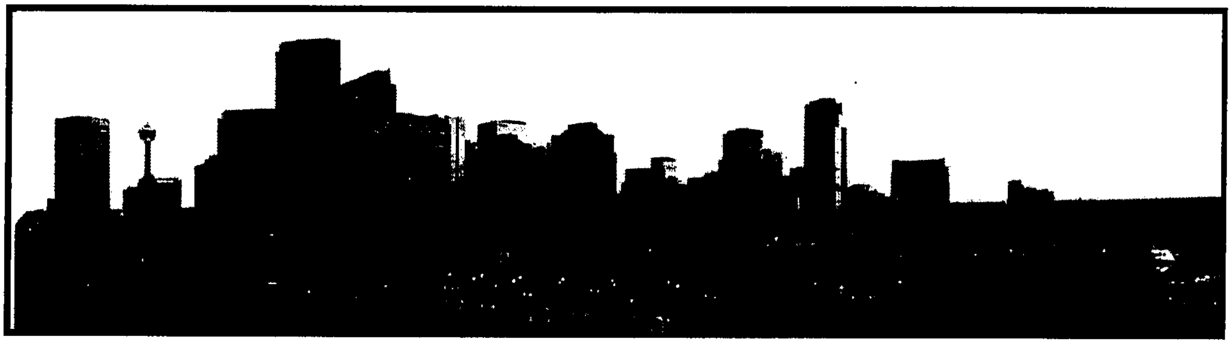
Provincial Economic Indicators

- In 2010, Alberta's real GDP by industry advanced 3.8% up from a 4.8% decrease recorded in 2009. Nationally, real GDP expanded 3.3% in 2010, following the 2.6% decline of 2009.
- Employment in Alberta rose by 12,400 in July 2011 and the unemployment rate fell from 5.6% in June to 5.5% in July, due to an increase in the labour force of 11,800 people. Nationally, employment increased by 7,100 while the unemployment fell to 7.2%.
- In May, average weekly earnings in Alberta were the highest in the country at $1,037.40 (seasonally adjusted). This was an increase of 0.5% from April and 4.9% higher than a year earlier. Nationwide, average weekly earnings were $875.64 (seasonally adjusted), up 3.3% from May 2010.
- Alberta's year-over-year CPI inflation rate was 2.1% in June, down from the 2.8% rate recorded in May. Nationally, the inflation rate stood at 3.1%, down from 3.7% in May.
- As of April 1, 2011, Alberta's population was estimated at 3,758,234 representing growth of 1.5% from a year earlier. Nationally, population grew 1.1% from April 2010.
- In the first quarter of 2011, Alberta had a net interprovincial migration gain of 5,275 people. This was up from the gain of 2,510 in the fourth quarter of 2010.
- Alberta retail sales were up 0.2% (seasonally adjusted) between April and May and 7.8% above May 2010 levels. Nationally, retail sales edged up 0.1% from April.
- In June, housing starts in Alberta grew by 3.0% in July to a seasonally adjusted annual rate of 24,300 units. Nationally, housing starts advanced 3.1% year-over-year in July.
- New house prices in Alberta were unchanged in June. Compared to a year ago, new house prices in Alberta were 0.3% higher. Nationally, new house prices were 2.1% higher than a year ago.
- The value of building permits in Alberta fell by 11.0% (seasonally adjusted) in June 2011 to $972.6 million with both the residential sector (-4.1%) and the non-residential sector (-18.5%) falling from the May values.
- The average number of rigs drilling in Alberta was 240 in July, up from 150 in June. Drilling activity was 20.8% more than the numbers from July 2010.

	2011-12 Budget	2010-11 Actual	2011-12 YTD
Oil (WTI, US$/barrel)	$89.40	$83.33	$99.60
Natural Gas (ARP, $C/GJ)	$3.45	$3.28	$3.35 (April – May)

Source: Government of Alberta

4.3 City of Calgary



The City of Calgary traces its roots back to 1875 when a troop of North West Mounted Policemen established a fort at the junction of The Bow River and the Elbow River. The arrival of the Canadian Pacific Railway in 1875 stimulated settlement while ranching, agriculture and wholesale trading characterized the early economic base of the region. Calgary was incorporated as the "Town of Calgary" in 1884 with a population of 6,000 people and was later incorporated as "The City of Calgary" in 1894.

The discovery of vast oil reserves drastically changed the economic base of Calgary in the 1940's as mining and oil and gas extraction became fundamental sources of employment. Historically, Calgary has suffered from boom and bust cycles tied to energy prices; however, major industries such as manufacturing, construction and professional services have helped diversify the economic base of the community in recent years.

Calgary's reputation as the nations "Energy Capital" is largely attributed to the fact Calgary is Canada's major corporate headquarter for the energy industry. According to Calgary Economic Development, 74 of Calgary's top head offices, or 68 per cent, are in some way connected to the energy industry. As such, it should come as no surprise Calgary has the highest rate of post-secondary attendance in Canada.

In addition, Calgary is known as a hot-spot for entrepreneurs as the city boasts the largest concentration of small businesses in the nation while also representing a youthful population with a median age of 35.7 years. Comparatively speaking, the median age in Toronto, Vancouver, Edmonton and Montreal is estimated at 37.5, 39.1, 36.4, and 39.3 years, respectively.

POPULATION TRENDS

The City of Calgary has experienced tremendous population growth over the past several years. The City of Calgary's Accommodating Growth 2007-2026 Plan forecasts the population of the City of Calgary will be approximately 1.1 million people by 2011. Moreover, the population is expected to increases by 28% to almost 1.4 million people by 2026. Over this 20 year period (2007-2026) total land absorption is anticipated to be 90 square kilometers.

The chart below outlines historical population growth statistics for the City of Calgary.

Historical Population Statistics 1983 to 2010

1983	620,692	-2,441	-0.39%
1984	619,814	-878	-0.14%
1985	625,143	5,329	0.86%
1986	640,645	15,502	2.48%
1987	647,285	6,640	1.04%
1988	657,118	9,833	1.52%
1989	671,138	14,020	2.13%
1990	692,885	21,747	3.24%
1991	708,593	15,708	2.27%
1992	717,133	8,540	1.21%
1993	727,719	10,586	1.48%
1994	738,184	10,465	1.44%
1995	749,073	10,889	1.48%
1996	767,059	17,986	2.40%
1997	790,498	23,439	3.06%
1998	819,334	28,836	3.65%
1999	842,388	23,054	2.81%
2000	860,749	18,361	2.18%
2001	876,519	15,770	1.83%
2002	904,987	28,468	3.25%
2003	922,315	17,328	1.91%
2004	933,495	11,180	1.21%
2005	956,078	22,583	2.42%
2006	991,759	35,681	3.73%
2007	1,019,942	28,183	2.84%
2008	1,042,892	22,950	2.25%
2009	1,065,455	22,563	2.16%
2010	1,071,515	6,060	0.57%

Source: City of Calgary

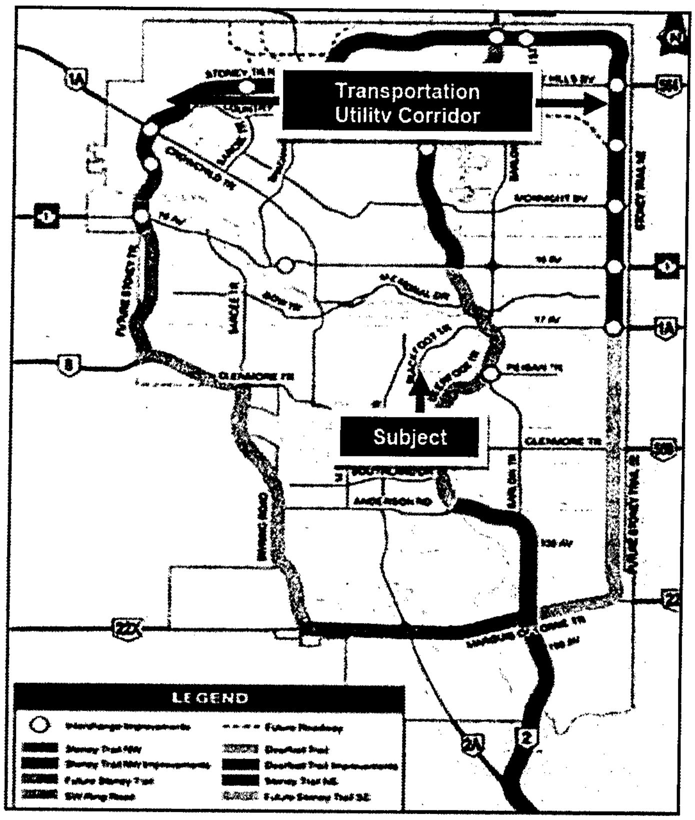
The chart below outlines pertinent economic indicators for the City of Calgary.

City of Calgary Monthly Economic Indicators	2007	2008	2009	2009			2010										
				Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
General Indicators																	
Inflation (12 month moving average)																	
Calgary Census Metropolitan Area (CMA)	5.0%	3.2%	-0.1%	0.2%	0.1%	-0.1%	-0.1%	-0.2%	-0.2%	-0.1%	0.0%	0.2%	0.4%	0.5%	0.8%	0.9%	0.9%
Canada	2.1%	2.4%	0.3%	0.6%	0.7%	0.3%	0.4%	0.4%	0.4%	0.5%	0.6%	0.7%	1.0%	1.2%	1.4%	1.5%	1.7%
Unemployment Rate																	
Calgary Economic Region (C.E.R.)	3.2%	3.3%	6.3%	6.8%	6.9%	7.1%	7.3%	7.0%	7.3%	7.0%	7.7%	7.1%	6.0%	7.0%	6.9%	6.8%	6.1%
Canada	6.0%	6.1%	8.1%	8.1%	7.7%	7.8%	8.2%	8.4%	8.2%	8.1%	8.5%	8.0%	8.0%	8.2%	8.2%	7.0%	7.3%
C.E.R. Employment (Person - 000s)	735	756	757	752	747	745	740	738	735	733	737	746	761	764	758	753	751
Employment Insurance Alberta - # of recipients (seasonally adjusted)	16,830	12,702	56,003	73,120	72,850	57,890	58,080	55,690	52,630	50,540	48,290	48,580	47,370	43,900	46,020	47,320	42,580
Year-over-year % change	-10.4%	5.7%	[illegible]	300.9%	258.9%	197.8%	130.8%	62.7%	18.5%	-4.8%	-13.0%	-22.8%	-24.0%	-20.8%	-33.1%	-35.3%	-34.0%
Employment Insurance Calgary - # of recipients (unadjusted)	4,480	4,803	12,740	18,670	18,720	19,880	20,780	20,880	19,280	17,370	15,980	14,830	15,180	13,700	12,280	11,800	11,810
Year-over-year % change	-15.6%	8.7%	[illegible]	351.9%	304.3%	211.9%	127.8%	83.9%	18.3%	-2.0%	-42.7%	-31.7%	-29.3%	-29.1%	-38.7%	-37.7%	-36.8%
City of Calgary Population Estimate (000s)*	1020*	1043*	1089*	[illegible]	[illegible]	[illegible]	1,070	1,071	1,071	1,072	1,074	1,076	1,078	1,081	1,083	1,084	1,087
West Texas Intermediate ($US/barrel)	72.28	99.64	61.78	75.82	77.99	74.46	78.40	76.45	81.31	84.58	74.12	75.40	76.38	76.60	75.56	81.97	84.14
Alberta Natural Gas (Cdn$/GJ)	6.12	7.73	3.78	4.08	3.99	5.22	5.30	4.95	3.84	3.57	3.65	3.99	3.49	3.22	3.37	3.13	3.50
Canadian real GDP y-o-y % Change - (Chained 2002 dollar)	2.8%	0.0%	-2.8%	-2.0%	-1.2%	0.7%	1.9%	1.9%	3.0%	3.3%	3.8%	3.8%	3.0%	4.1%	3.5%	3.3%	NA
Canadian real GDP m-o-m % Change - (Chained 2002 dollar)	NA	NA	NA	0.3%	0.6%	0.5%	0.6%	0.3%	0.6%	0.0%	0.1%	0.2%	-0.1%	0.3%	0.0%	0.1%	NA
Prime lending rate - Bank of Canada (%)	6.10%	4.73%	2.40%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.50%	2.75%	2.75%	3.00%	3.00%	3.00%
Consumer Indicators																	
Hourly earnings - Alberta ($) Year-over-year % change	6.8%	5.7%	4.3%	3.9%	2.9%	1.3%	1.1%	1.6%	2.3%	1.7%	1.7%	0.2%	2.0%	0.7%	0.7%	0.2%	0.3%
Hourly earnings - Calgary ($) Year-over-year % change	5.2%	5.9%	3.7%	4.7%	3.1%	1.8%	0.8%	0.5%	1.5%	1.7%	2.1%	0.7%	0.9%	0.2%	0.7%	0.3%	0.3%
Retail sales - Alberta ($ billions)	61.2	61.1	56.9	4.7	4.7	4.9	4.8	4.9	5.0	4.9	4.8	4.8	4.9	5.0	5.0	5.1	5.2
Consumer confidence - Canada	103.5	77.7	71.4	84.7	79.6	82.8	88.8	88.2	92.3	94.8	90.3	83.8	80.0	78.4	78.1	79.7	83.6
Housing starts - Calgary CMA	13,505	11,438	6,318	732	832	867	514	763	804	800	862	885	1,108	850	790	784	565
# of personal bankruptcies - Alberta	4,799	5,866	8,806	[illegible]	[illegible]	834	804	837	770	744	872	770	820	815	732	790	NA
Calgary Housing (# of units sold) MLS	32,296	23,137	24,880	2,265	1,902	1,374	1,380	1,813	2,448	2,382	2,133	1,624	1,512	1,562	1,066	1,447	1,427
Household sales/listing ratio - Calgary	81.21	41.77	61.14	87.75	72.32	83.78	48.80	47.22	45.01	43.98	41.42	38.14	44.83	45.70	41.47	46.18	57.33
Current month average house price - Calgary Metro ($000)	422.6	432.9	384.6	408.9	415.0	402.1	385.4	398.7	420.7	405.9	433.0	433.2	416.1	395.9	418.7	403.7	411.2
Year-over-year % change of Calgary City MLS average prices	21.7%	-2.0%	-4.1%	1.8%	8.8%	7.8%	5.7%	3.4%	10.8%	7.8%	8.8%	7.6%	5.7%	-0.5%	-0.4%	-1.3%	-8.8%
Business Indicators																	
Wholesale sales - Alberta - seasonally adjusted ($billions)	61.9	66.7	58.0	4.7	4.7	4.9	5.1	4.9	5.0	5.0	4.9	5.5	5.2	5.4	5.5	5.5	5.5
Manufacturing sales - Alberta - seasonally adjusted ($billions)	65.9	70.4	55.2	4.7	4.8	4.8	4.9	5.1	5.1	4.9	5.0	4.8	4.8	5.0	5.1	5.2	5.1
# of new businesses**	**	**	**	384	798	387	NA	84	72	166	218	365	238	280	376	571	353
# of business closures - Calgary**	**	**	**	165	186	204	290	275	305	165	136	229	162	211	176	141	198
# of business bankruptcies - Alberta	449	447	406	33	32	32	27	39	48	37	35	23	27	30	34	26	NA

TRANSPORTATION

EXTERIOR TRANSPORTATION SYSTEM AND MAJOR FREEWAYS

Calgary is bisected by two major highways, Highway 1 (Trans-Canada), east/west across Canada, Highway 2 (Queen Elizabeth), north/south across Alberta and into the United States. These are the major roadways that service as the primary transportation routes into Calgary. Furthermore, Calgary has completed the northern portion of the new Transportation Utility Corridor (TUC) or commonly known as Stoney Trail, a major ring road surrounding Calgary. The southerly portions are projected for future development.



As indicated, the ring road currently surrounds Calgary's northerly boundaries. This section was budgeted for 250 million dollars and includes six intersections.

The green roadway in the centre is Deerfoot Trail (Queen Elizabeth Highway), which connects centrally with Highway 1 (TransCanada Highway), and is bound to the north by Stoney Trail, and to the south by the future Stoney Trail extension at Highway 22X. The project in its entirety will take 10-15 years.

Overall, Calgary's infrastructure is expanding. This project was planned during the 1970's, and because of Calgary's rapid growth; the implementation has been fast tracked.

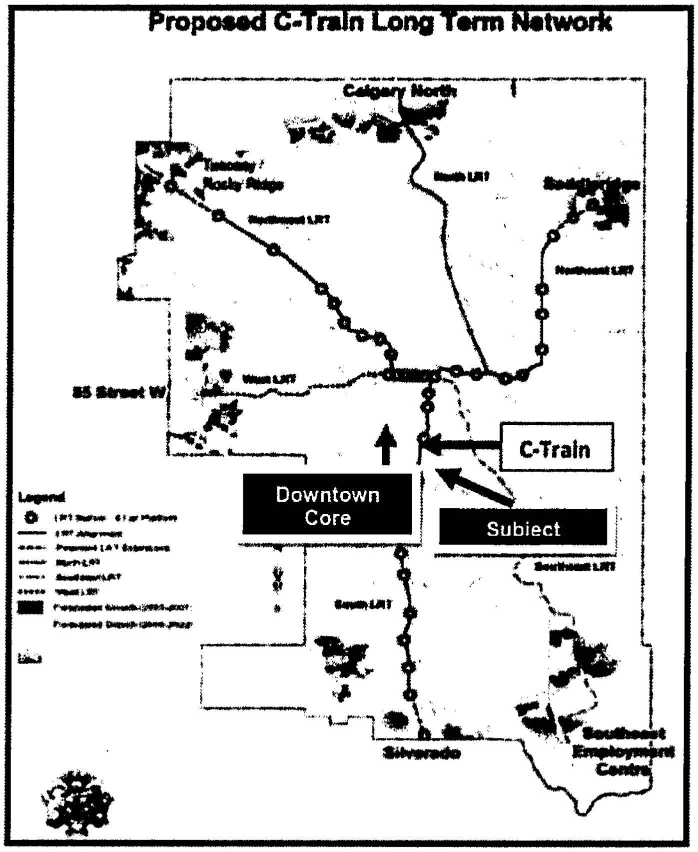
Air Transportation

The Calgary International Airport is the access to and from Calgary by air.

Railway

The Canadian Pacific Railway (CPR) system runs through Calgary, moreover Alberta, providing heavy rail transport through North America. CPR is the largest network of railway transport in North America.

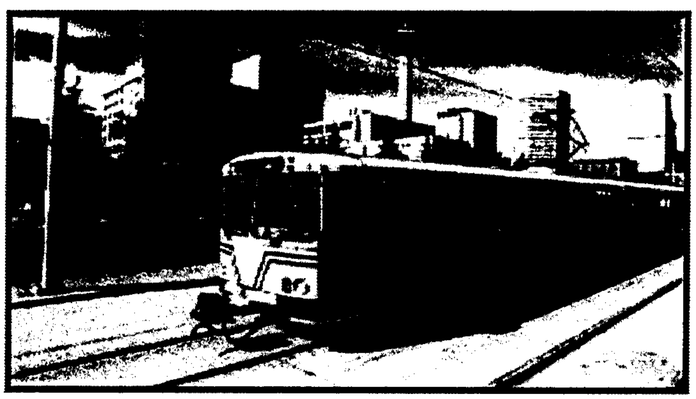
INTERIOR TRANSPORTATION SYSTEM



Calgary's interior transportation system is via bus, and the C-Train, an electric powered system, running throughout Calgary. As seen on the map, it runs through each segment of the city. Currently, the C-Train has about 50 to 60 kms of railway, 36 stations and 116 C-Train cars. It carries about 220,000 passengers each day. It is free to ride the C-train within the downtown core.

The development of new railway expansion is underway, including the northwest and west extensions and the northeast and southeast extensions.

According to the data, there has been a 45% increase in the amount of C-Train passenger from 1995 to 2005. The increase in passengers was actually larger than that population increase during that time.

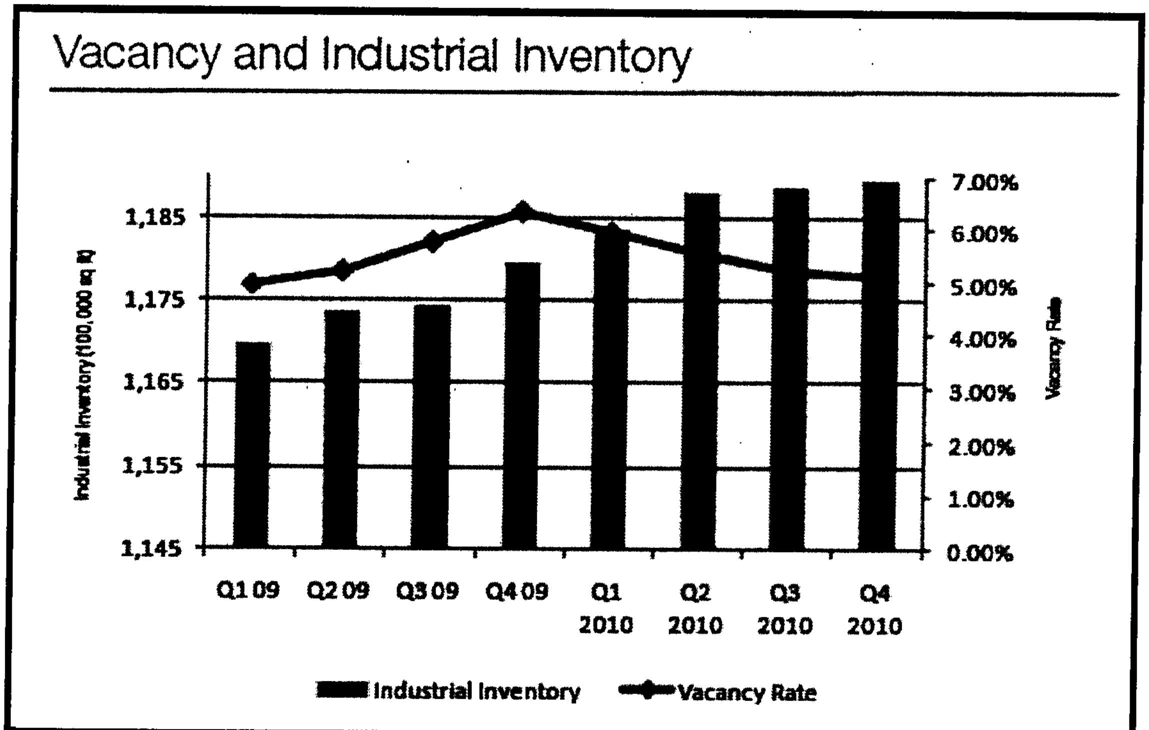


With the recent population growth, within the last 3 years, 2005 to 2008, passenger volumes have gone up another 20%. Overall, the new extensions will accommodate the expanding Calgary population. Furthermore, the City of Calgary is purchasing 40 new C-Train cars for the new network.

In summary, Calgary's interior and exterior transportation network is expanding. Furthermore and as mentioned above, C-Train expansion is occurring throughout downtown and into all quadrants of the city. This creates more appeal for suburban living and work in areas that were traditionally not planned to have this type of urban transportation.

4.4 Industrial Market Overview

The Calgary industrial market saw positive absorption last year which in turn caused the vacancy rate to decrease from approximately 6.3% at the beginning of 2010 to roughly 5.1% by year end. The graph below shows vacancy rates rising slightly in 2009 followed by a comparable decline in 2010.



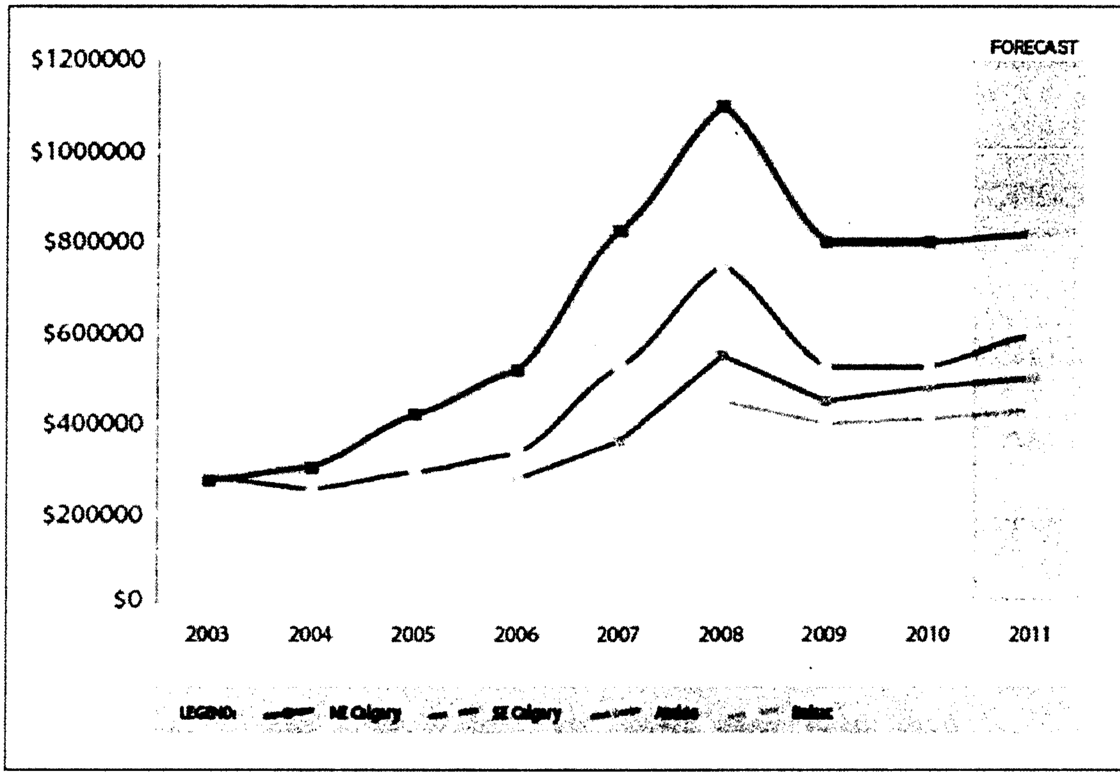
Source: DTZ Barnicke

According to Avison Young, new industrial condominium construction has remained strong over the past five years with approximately 2.4 million square feet of inventory being added to the market. The current inventory of industrial condominium space in Calgary and the surrounding area is estimated at 5.7 million square feet. Looking forward, there are no projects currently under construction although there are a number of proposed projects which will likely proceed in the near future as a result of diminishing inventory and continued expansion of the overall economy.

Industrial Land Values

The chart below outlines the value of serviced industrial lands. As indicated, the highest prices are in the north segment of the city, because of the shortfall of serviced industrial land over the last few years. The southeast sector pricing is due to the abundance of newly released site by the City of Calgary..

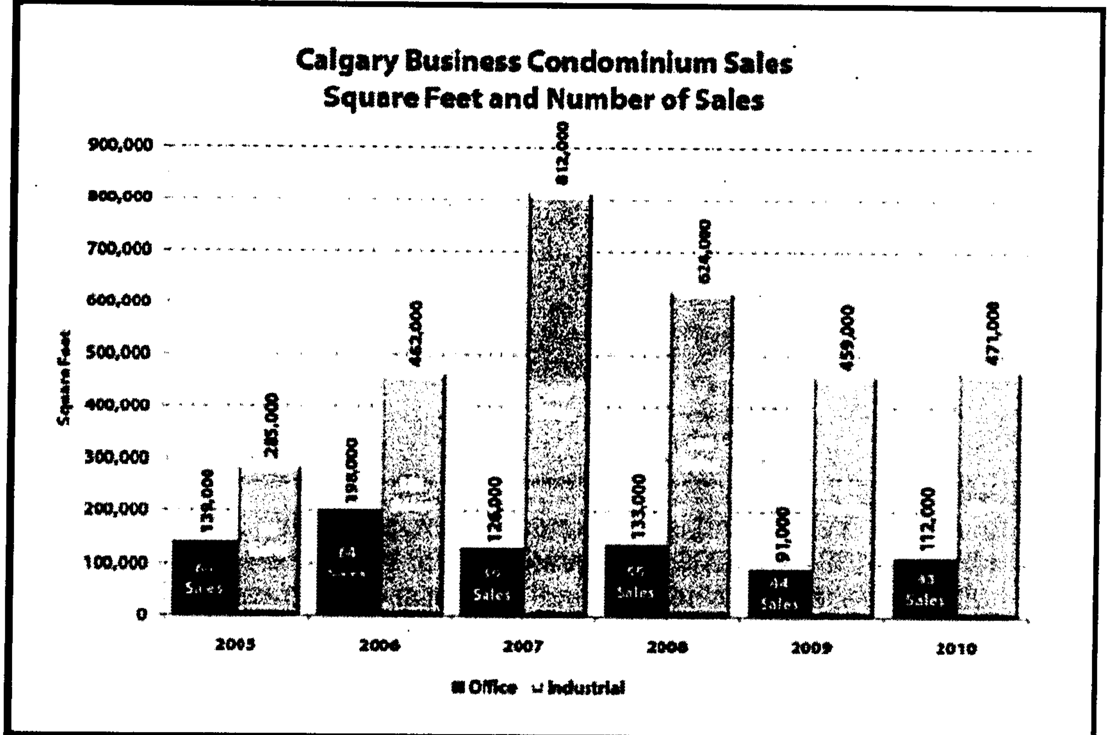
FULLY SERVICED LAND VALUES



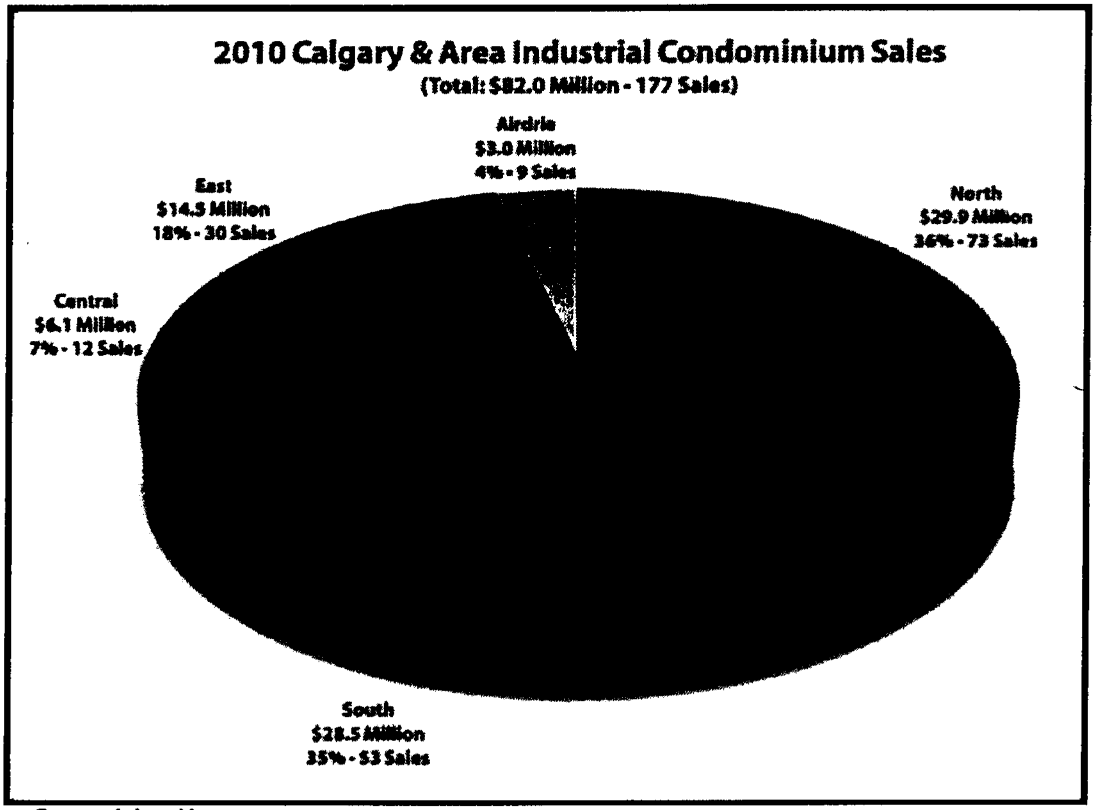
The above chart outlines historical and forecasted land values through the Calgary regional area.

Condominium Market

With respect to sales activity in the industrial condominium market, the dollar volume of sales in Calgary and the surrounding area was up 4% in 2010 compared to the volume in 2009. The charts on the following page illustrate the trend in industrial condominium sales over the past several years while also providing an overview of sales activity in each of the sub areas throughout the region in 2010. During this period, the typical floor area of an industrial condominium was 2,200sf in the northeast compared to 2,700 for Calgary and area as a whole.



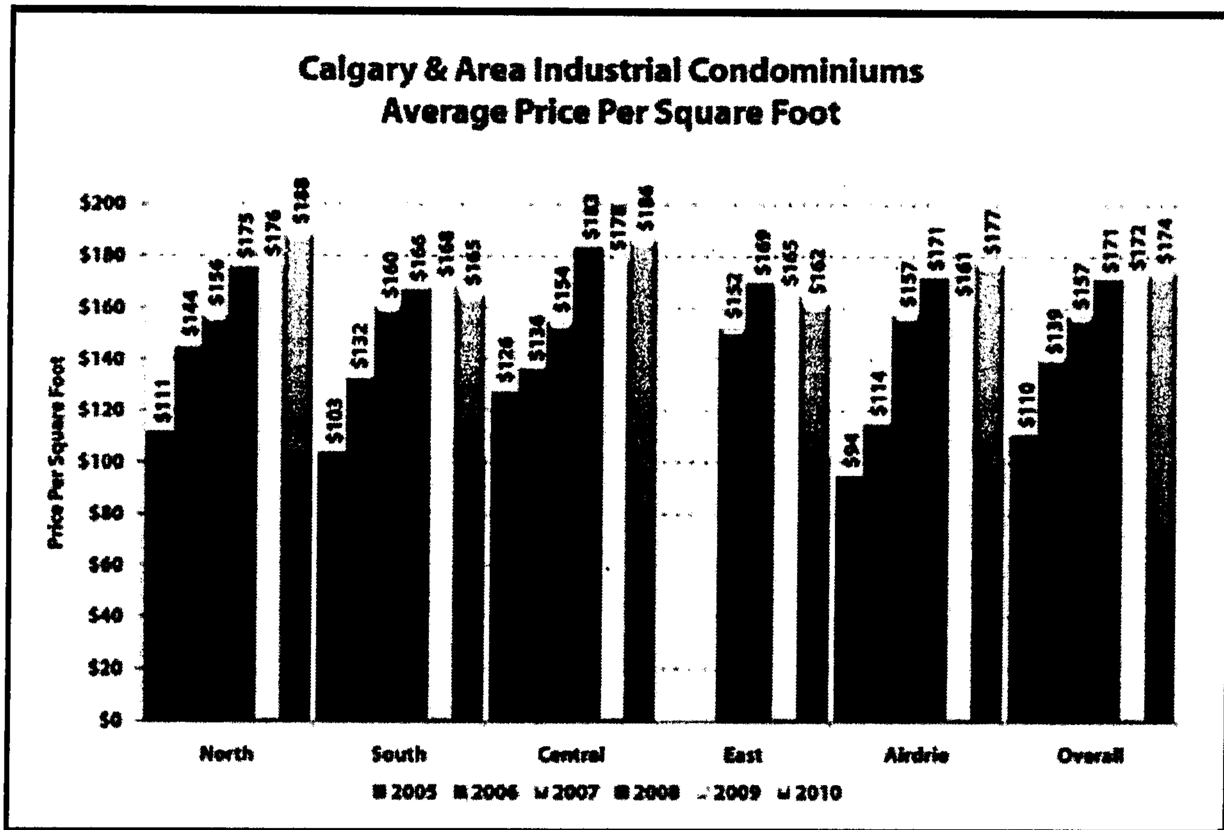
Source: AvisonYoung



Source: Avison Young

According to Avison Young, industrial condominium prices in Calgary are currently averaging between $160 and $205 per square foot for typical new construction bays of less than 4,000square feet. When looking at similar bays located outside the city, average prices range between $135 and $180 per square foot. Secondary sales, meaning sales representing used product, are currently averaging between $150 and $180 per square foot in the City of Calgary.

The chart below illustrates how price movements in recent years have varied depending on the specific sub area. Generally speaking, over the last year an abundance of supply in the south has led to price reductions while elevated demand has pushed prices upwards in the north.

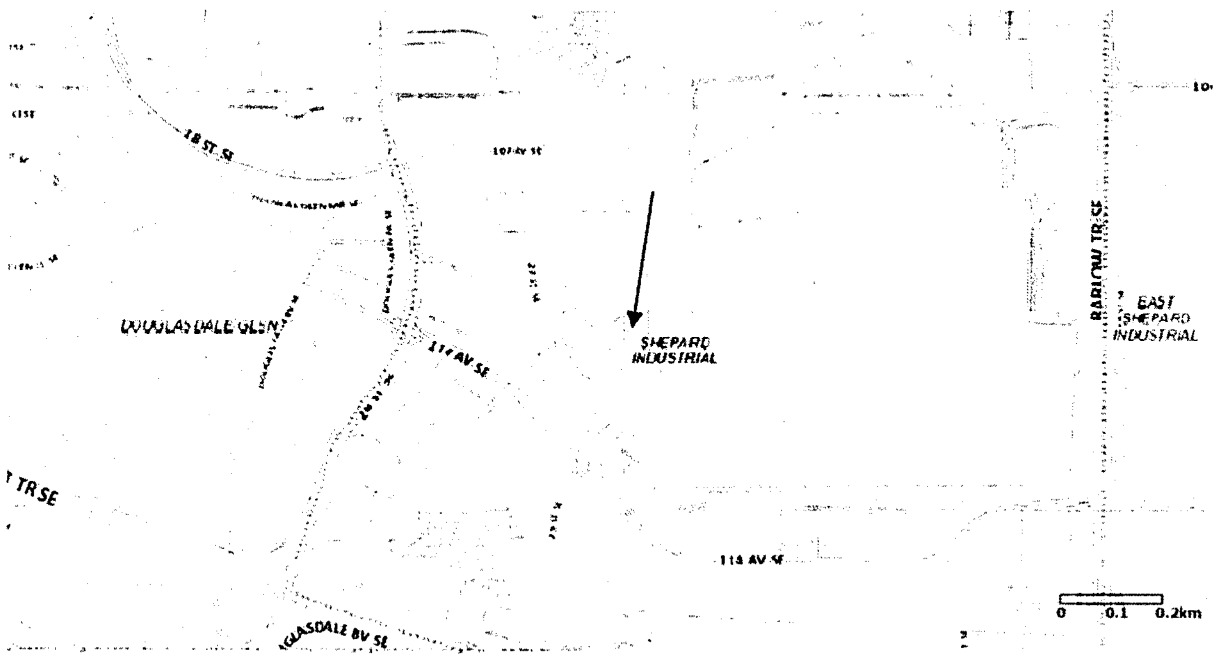


Source: Avison Young

4.5 Shepard Industrial Area

The subject property is located in the Shepard Industrial area of southeast Calgary. Shepard Industrial area is bound to the west by 24 Street SE, to the east by Barlow Trail SE to the south by 114 Avenue SE and to the north by Glenmore Trail SE.

The subject property is identified on the below map.



Development in Shepard Industrial area include a mix of newer and new industrial condominium complexes. This area has good access to major arterials; including Deerfoot Trail (QEII), Barlow Trail and 114 Avenue SE. 114 Avenue SE will eventually connect to the East Freeway; which is part of Calgary's ring road.

4.6 The Property

4.6.1 Municipal Address
Units 14 and 18, 11410 – 27 Street SE, Calgary, Alberta

4.6.2 Legal Description

Registration Date	Legal Description	Title Number
July 16, 2007	Plan 071 2941, Unit 9	071 352805
July 16, 2007	Plan 071 2941, Unit 10	071 352805+1

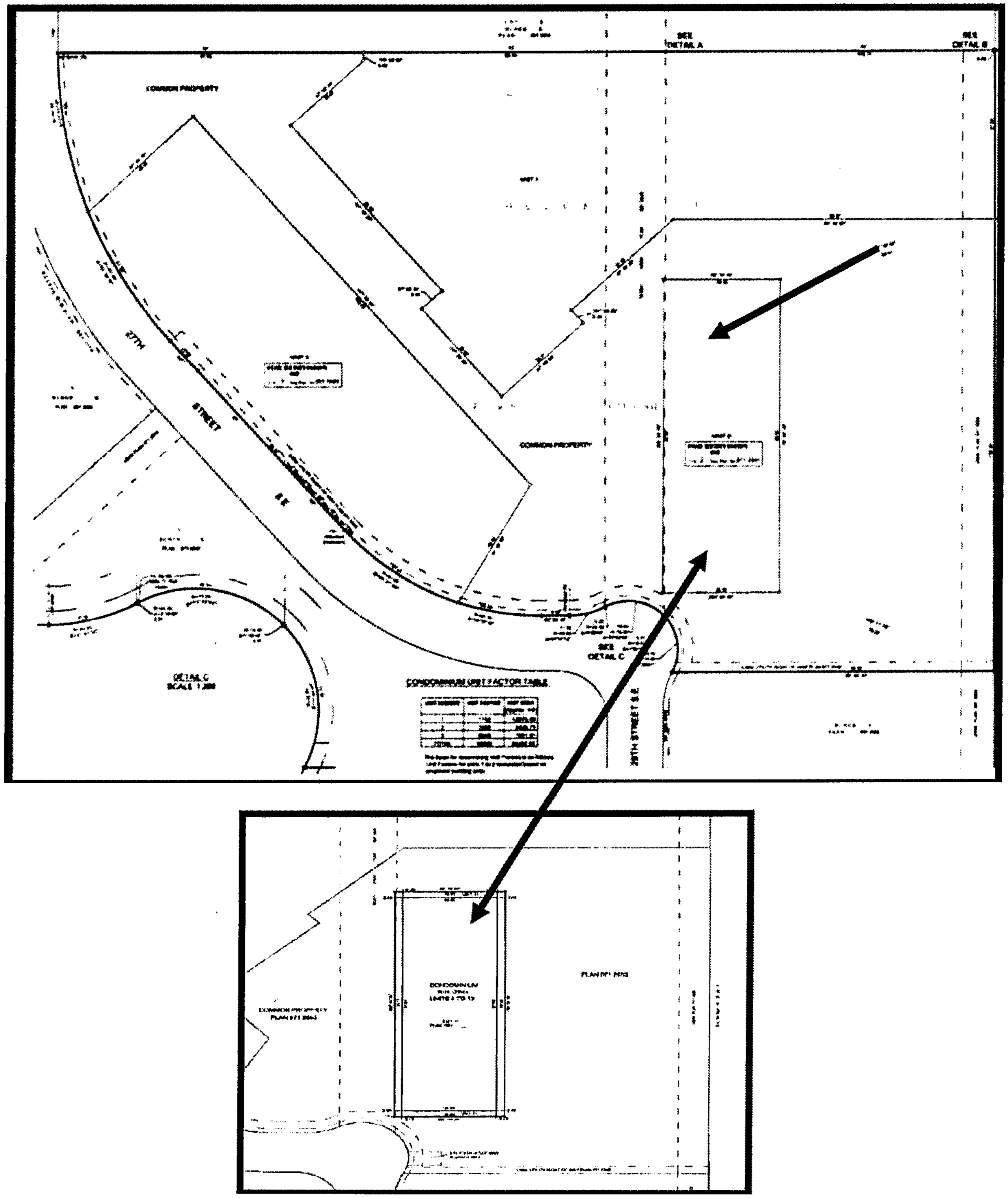
Condominium Plan 071 2941 is the result of re-division of Unit 2 and 1909 undivided one ten thousand shares in the common property of Bare Land Condominium Plan 071 2653. The subject units comprise 380 undivided 1/190 interest in the common property of Bare Land Condominium Plan 071 2653. The Bare Land Condominium Plan 071 2941 comprises 10 Units.

4.6.3 Ownership
1252064 Alberta Ltd.

4.6.4 Encumbrances, Liens and Interests
Each Title Document contains 13 encumbrances. Reference is made to the Certificates of Title in the Addenda. They do not appear to affect the marketability of the subject property. However, an opinion is not rendered. For greater certainty legal council is recommended.

4.6.5 Site Description

The subject site is a re-division of Condominium Plan 071 2653, Unit 2 as shown below. Unit 2 comprises 36,874 square feet or 0.85 acres according to the condominium plan.



Dimensions, Shape & Total Area
The subject site is irregular in shape and according to the survey plan registered at Alberta Land Titles has a land area consists of 36,874 square feet, or ±0.85 acres.

Soil Characteristics, Topography and Drainage
The site is relatively level and at the same elevation as adjacent lands. There were no visible signs of drainage problems at the time of inspection.

The reader is reminded commenting on potential site contamination issues is beyond the scope of this report. It is recommended to retain the services of an expert in the field environmental assessments should the reader require additional information.

Utility Services
The subject site is serviced to typical municipal standards including municipal water, sanitary sewer, storm water drainage, natural gas, electricity and telephone/cable.

Surrounding Uses
Surrounding uses are all general industrial.

Site Improvements
The site is improved with a 30,151 square feet multi-bay office/warehouse building which is surrounded by asphalt pavement including common area parking to the west and a shipping/receiving area to the east. A concrete walkway runs along the front of the building providing access to individual condominium units.

Street Improvements
27th Street SE is an asphalt paved roadway containing two traffic lanes traversing a north/south direction. Combined concrete curbs, curb cuts and gutters flank the street in addition to street lights and overhead electricity cables.

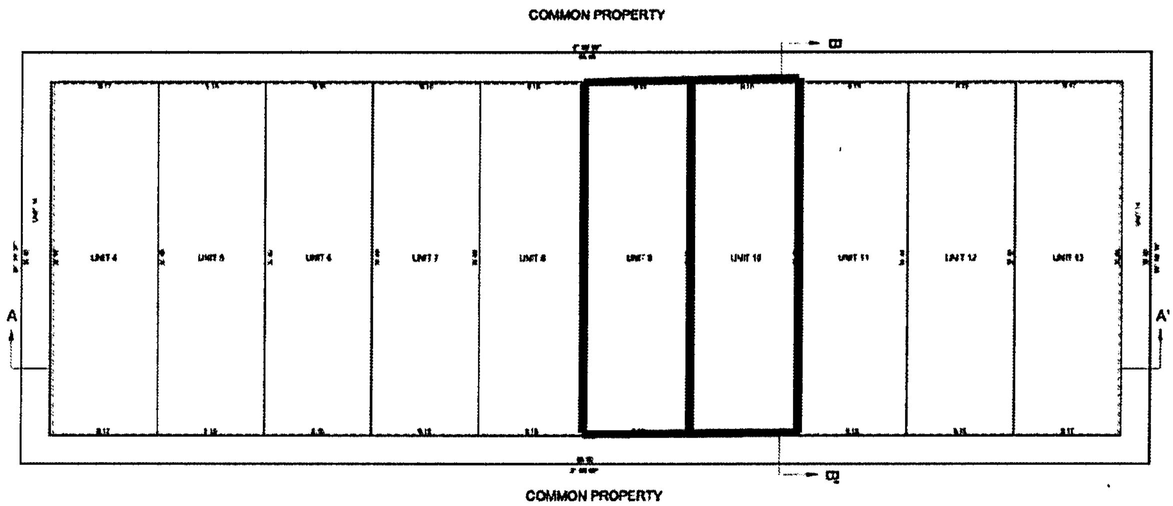
Site Accessibility and Exposure
The subject is an interior site fronting 27th Street SE.

Encumbrances

The certificates of title comprising the subject property each contain 13 encumbrances. Reference is made to the Certificates of Title in the Addenda. They do not appear to affect the marketability of the subject property. However, commenting on legal matters is beyond the scope of our expertise and retaining the services of an expert in the field is suggested should the reader require additional information.

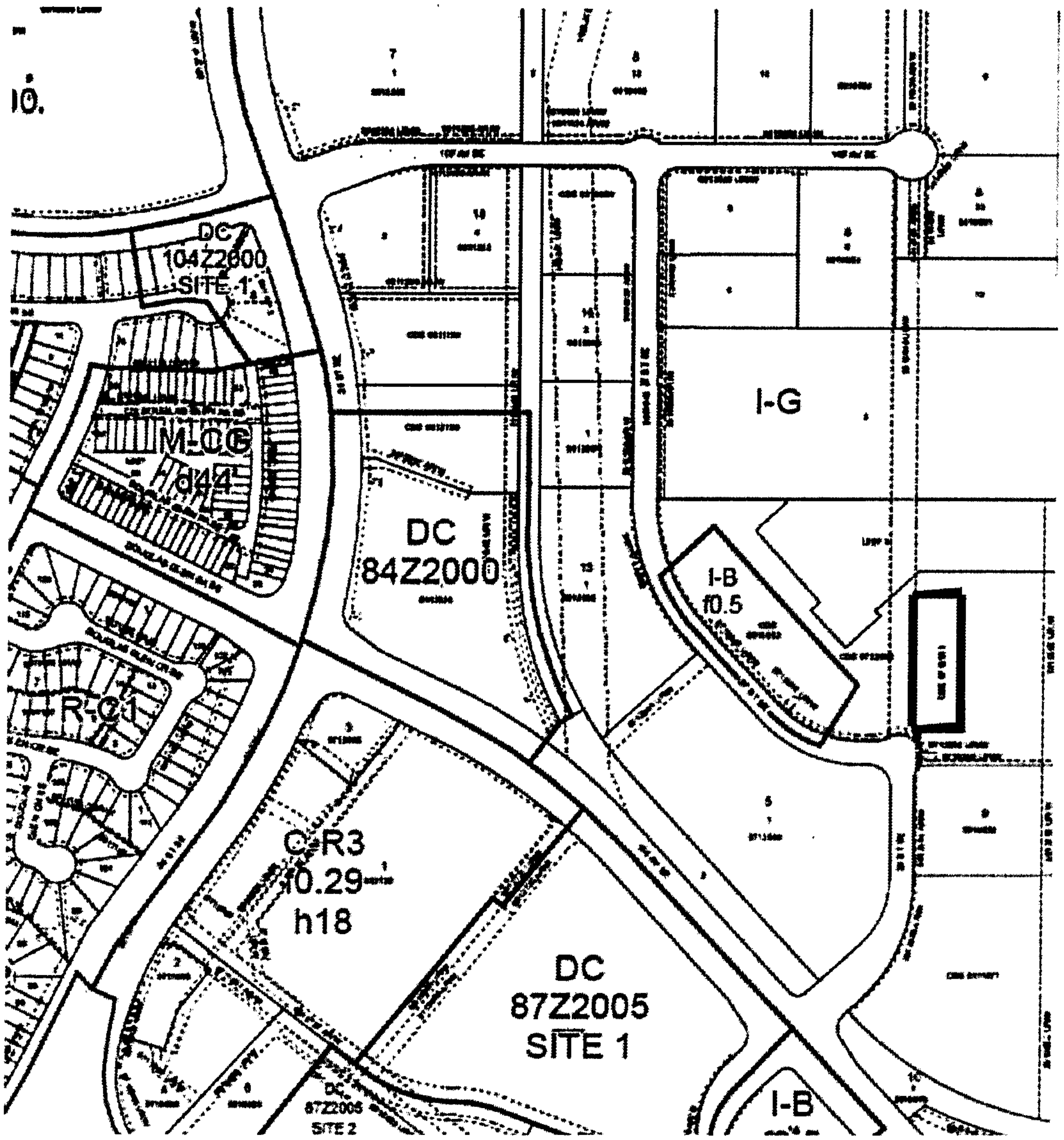
Site Plan

The map below illustrates the survey plan currently registered at Alberta Land Titles. The subject property consists of two condominium units, both of which have been highlighted in red.



4.6.6 Land Use Classification

The subject property is zoned Industrial General District (I-G) under Calgary's Land Use Bylaw 1P2007 which was approved by City Council and became effective June 1, 2008. The land use map below highlights the location of the subject property.



The I-G District is intended to be characterized by a wide variety of light and medium general industrial uses along with a limited number of support commercial uses. Excerpts from Land Use Bylaw 1P2007; particularly those which identify the rules and regulations pertaining to I-G zoning are included as Schedule B in the addenda of this report.

4.6.7 Assessments and Taxes

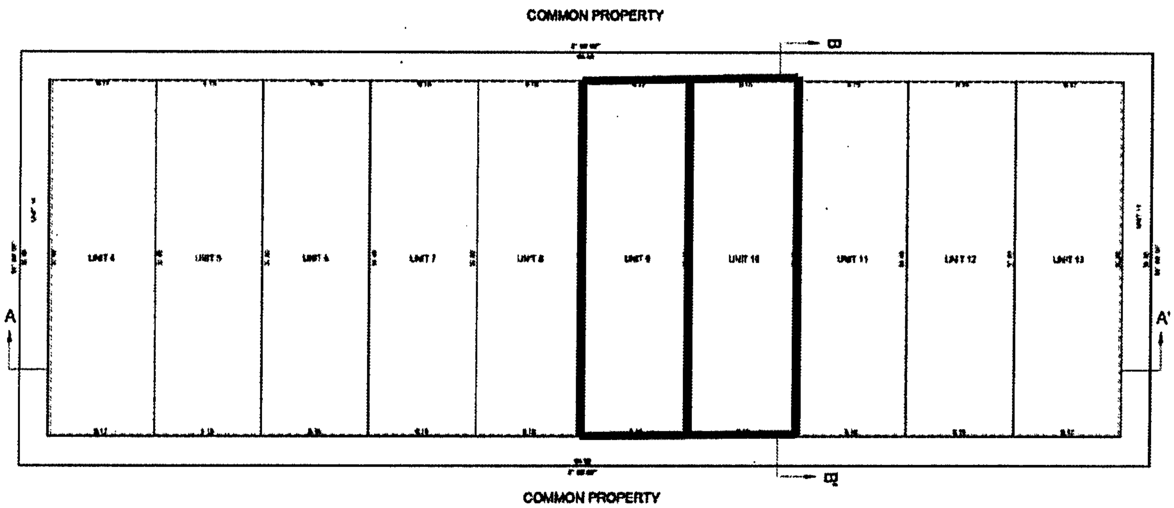
The following was obtained from The City of Calgary Assessment Department.

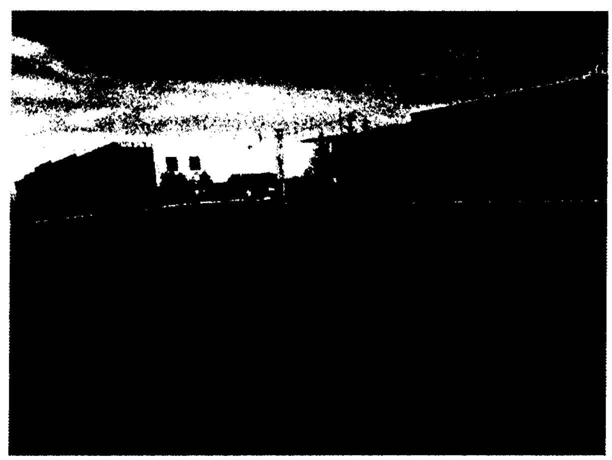
Address	Assessment	Property Taxes
14, 11410 – 27 Street SE	$555,500	$8,671
18, 11410 – 27 Street SE	$555,500	$8,671
Totals	**$1,111,000**	**$17,342**

The above estimates of property taxes are based on the 2010 non residential mill rate of 0.0156088.

4.6.8 Improvement Description

The subject property consists of two separately titled industrial condominium bays. These bays are located in a 30,151 square feet multi-bay office/warehouse building which contains 10 condominium units.





Based on client's instructions, I have not viewed the interior of the subject units and the following description of the improvements is based on information provided by the client and other sources.

Size (according to condo plan)	:	Unit 9	3,014 square feet
		Unit 10	3,014 square feet
		Total	6,028 square feet
Mezzanine (office)	:		2,400 square feet
Foundation	:	Concrete slab on grade	

Structural Framing	: Steel frame and concrete block
Exterior Walls	: Concrete block
Interior Walls	: Assumed painted drywall
Ceiling Finish	: Assumed suspended T-bar system
Flooring	: Assumed a mix of carpet, tile and vinyl flooring.
Roofing	: Built-up composition tar and gravel
Electrical	: Assumed adequate or light industrial and office uses
Lighting	: Assumed fluorescent tube lighting throughout.
Heating	: Assumed rooftop HVAC unit(s)
Plumbing	: Assumed typical plumbing fixtures and development, including a two piece bathroom and hot water tank in each unit.
Windows	: Double glazed glass in metal casement

Condition and Quality
The interior of the subject units are reported to have good quality interior finishes in good condition, superior to typical office/warehouse condominium units.

Effective Age
According to the City of Calgary Assessment Department, the subject property was constructed in 2007, thereby resulting in a chronological age of four years. The chronological or actual age of a property is defined as the number of years since the building was fully constructed. Conversely, the effective age of a property is defined as the age indicated by the overall condition and utility of the property. The effective age of a property can be less than, greater than, or equal to its chronological age depending on several factors. The appraiser estimates the effective age by taking recent renovations and repairs, maintenance history and the overall utility of the property into account and them comparing these factors to similar properties in the market place.

In the case of the subject property, the overall condition and utility provided by the existing improvement is considered commensurate with competitive properties in the area. As there are no major defects or improvements which would suggest otherwise, the effective age of the building is considered to be four years.

Remaining Economic Life

The economic life of a property is defined as the period of time from when the property was constructed that it contributes value to the underlying site. It is important to distinguish the difference between the economic life and the physical life of a property. Unlike the physical life of a property which is based on how long the improvement can be expected to exist physically, the economic life is dependent on factors over and above the physical existence of the improvement and includes functional and external considerations.

Functional considerations can include the building design and layout, energy efficiency and construction materials while external considerations often include the life cycle of the area, state of the overall economy and the supply and demand conditions affecting the property. A property owner has several options at the end of a building's economic life including; renovation, rehabilitation, remodelling and demolition and replacement with a suitable new structure.

Remaining economic life is simply the economic life (as defined above) minus the effective age of the subject property. As such, it is obvious the remaining economic life of an improvement will always be less than or equal to the improvements economic life. Reference has been made to a generally accepted cost manual (Marshal and Swift) in order to ascertain the typical physical life expectancy for properties similar to the subject. According to Marshall and Swift, the average physical life expectancy of industrial building similar to the subject is 40 years.

As mentioned earlier, the physical and economic life expectancy of a property is not necessarily the same. Based on the economic life cycle of Airways Industrial District and discussions with builders/developers in the area, the economic life expectancy of the subject property is estimated to be 40 years.

In short, the total economic life of the subject property has been estimated to be 40 years. As the effective age of the property has been estimated at four years, the remaining economic life of the improvement is calculated as 36 years (40 years – 4 years = 36 years).

5.1 Highest and Best Use

Theory and Principle of Highest and Best Use

The concept of highest and best use is vital to the valuation process as it highlights the fundamental factors which need to be analyzed in order to justify the most likely use of a property. A competitive market, such as that for real estate, requires market participants act in a way that maximizes their utility, or benefit. In doing so, market participants place value on certain characteristics of properties as these features determine the utility attainable from the asset. This most productive or utility maximizing use is called the highest and best use and according to *The Appraisal of Real Estate (Second Canadian Edition)* is defined as:

> "The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. Implicitly stated within this definition is that highest and best use must be:
>
> - Legally permissible
> - Physically possible
> - Financially feasible
> - Maximally productive"

Each of these four criteria are discussed further below:

Legally Permissible → In addition to the land use designation applicable to the site, private restrictions recorded on the title to the property can also limit the potential uses to which the site can be put. In cases where both public and private restrictions affect a property, the most restrictive guidelines typically prevail.

Physically Possible → The physical characteristics of a site are fundamental in determining the potential uses to which the site can be put. For instance, the size, shape, topography, soil conditions, and panoramic views of a site greatly impact the type of improvement which can be constructed

Financially Feasible → Once the previous two tests of physical and legal permissibility have been satisfied, the range of uses are narrowed to include only those which produce a positive financial return. In other words, only those uses which result in value exceeding costs are considered financially feasible.

Maximally Productive→ The maximally productive use of a site is the physically possible, legally permissible, and financially feasible use which results in the greatest net return to the subject site.

In addition to the aforementioned criteria, the Highest and Best Use of a property is influenced by several fundamental principles. Of these related principles, the economic concept of supply and demand is considered the most important as a market is essentially the interaction between buyers (demanders) and sellers (suppliers). Although not directly proportional, an increase in supply or a decrease in demand tends to reduce the equilibrium price while a decrease in supply or increase in demand does the opposite. Knowing the current and expected state of the market with respect to supply and demand conditions is vital in assessing the highest and best use of a property.

It is important to note a distinction is made between the highest and best use of the land as vacant and the highest and best use of the land as improved. The highest and best use of the land as improved addresses the issue of whether or not the current improvement is maximizing the value of the property. The current improvement may add value to the property as a result of its remaining economic life; however, an improvement with no remaining economic life may actually detract value from the property due to costs associated with demolition or environmental damage. That being said, *The Appraisal of Real Estate (Second Canadian Edition)* states:

> "The highest and best use of a property as improved may be continuation of the existing use, renovation or rehabilitation, expansion, adaptation or conversion to another use, partial or total demolition, or some combination of these alternatives."

In accordance with the Canadian Uniform Standards of Professional Appraisal Practice (CUPAP), the following analysis will include both the highest and best use of the land as if vacant as well as the highest and best use as improved.

5.1.1 Highest and Best Use As If Vacant

Highest and Best Use "As Vacant" is defined as:

"Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."

Source: AI, p.171

The subject site is 0.85 acre in size and is Industrial General (I-G) District. This zoning permits a wide variety of light and medium general industrial uses along with a limited number of support commercial uses. However, the subject properties comprise two units in a 10-unit condominium complex. Moreover, the subject unit is allocated 360 undivided 1/1909 shares in the common property, which includes the site area of Bare Land Condominium Plan 0712653. The subject's undivided share precludes independent decision on the use of the site. Additionally, if the site was not strata titled, the subject unit would not exist.

Therefore, the analysis of the Highest and Best Use "As If Vacant" does not apply to a condominium unit.

Highest and Best Use As If Vacant Conclusion
Notwithstanding the above, if the site of 0.85 acres was vacant, it is our opinion that the highest and best use is any use in accordance with the I-G District Bylaw, when financially feasible.

5.1.2 Highest and Best Use As Improved

Definition

Highest and Best Use "As Improved" is defined as:

"The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total Market Value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one."

Source: AI, p.171

Highest and Best Use

As stated above, the subject comprises 2 units of a 10-unit condominium complex. A unit in a condominium complex cannot be demolished because it does not contribute to the total market value of the unit/property. Thus, the Highest and Best Use "As Improved" does not apply when appraising a condominium unit.

Notwithstanding the above, I have considered the following factors. The subject property consists of two separately titled industrial condominium bays located in a multi-bay office/warehouse building which comprises a total of 10 condominium units. The existence of the building complex indicates the test of physical possibility has been satisfied. In addition, the existing improvement conforms to the I-G zoning designation, thus the test of legal permissibility is satisfied. Lastly, the fact the subject and other units appear occupied indicates the existing use is financially feasible.

Highest and Best Use As Improved Conclusion
The existing improvement continues to add value to the underlying land and falls within the parameters outlined in the conclusion to the highest and best use of the site as if vacant. As the current improvement contributes value to the land, it is reasonable to assume no rational purchaser would raze the existing building and redevelop the site with a similar structure. Consequently, it is evident the highest and best use as improved is the continuation of the existing use.

5.2 Appraisal Process

In arriving at an indication of the Market Value of the subject property, each of the following three generally accepted methods of valuation have been considered:

The Cost Approach
This approach to an estimate of value assumes that a prudent purchaser will not pay more for a property than the cost to re-create it in its present condition, provided there are no costly delays or economic factors which might influence value. The Cost Approach is most applicable in estimating value where the improvements are new or special purpose and represent the highest and best use of the land. A reliable estimate of land value and depreciation attributable to the existing improvement are necessary when utilizing this approach.

As the subject property represents two condominium units, the cost approach is not a valid method of valuation given the units also encompasses a proportional share in common property including parking and landscaped areas. All things considered, the cost approach will not be utilized in forming an opinion of market value for the subject property.

The Income Approach
The estimate of value by the Income Approach is a method of estimating value on income producing properties. The annual net operating income or probable net income (before provision for debt service or income taxes) is capitalized at an overall rate consistent with the current market. A discounted cash flow analysis (DCF) may also be applicable if the property is relatively large and has a multi-tenant commercial/industrial base with escalating leases. Applying DCF analysis can also be used as a check on the Direct Capitalization Method.

The subject property represents two office/warehouse condominium units which are typically acquired and occupied by an owner/user as opposed to an investor. As such, the subject condominium units are not considered an investment property. All things considered, the income approach will not be used in forming an opinion of market value for the subject property

The Direct Comparison Approach
This approach to an estimate of value is justified on the principle of substitution which affirms a prudent purchaser will not pay more for a property than the price of an equally desirable substitute property available under similar conditions. This approach is capable of providing a reliable indication of market value when an adequate number of sales involving properties considered similar to the subject exist.

The direct comparison approach will be utilized to estimate the market value of the subject property given the availability of comparable sales coupled with the fact this approach best reflects the thinking of market participants.

5.3 The Direct Comparison Approach

A major premise of the direct comparison approach indicates the market value of a property is correlated to the prices of comparable, competitive properties. As such, an estimate of market value is derived by comparing properties similar to the subject property in terms of legal, physical, location, and economic characteristics. Similar properties which have recently sold represent the comparable data used in this approach. As no two parcels of real estate are physically identically, comparative analysis of properties focuses on similarities and difference that affect value. A systematic procedure whereby the appraiser attempts to derive an estimate of market value includes the following steps:

1. Research the market for information on sales transactions, listings, and offers to purchase properties similar to the subject property

2. Verify the information as accurate and representative of arm's-length transactions

3. Select relevant units of comparison (ex. Price per unit) and develop a comparative analysis for each unit

4. Identify differences between comparable sale properties and the subject property using elements of comparison and make adjustments accordingly. If comparable properties are too dissimilar in comparison to the subject property, the must be removed from further analysis

5. Reconcile the various value indications produced from the analysis of comparable properties into a single value indication or a range of values

Identification of Comparables
A comprehensive investigation was conducted in efforts to find comparable indices considered most similar to the subject in terms of location, date of sale, size and zoning. As such, the search included the following sources: local realtors, MLS listings/sales, RealNet Canada Inc., Alberta Data Search, vendors and purchasers, appraisers, local property assessment office, and offerings posted on internet websites.

Unit(s) of Comparison
In order to estimate the value of the subject property, it is necessary to develop a unit of comparison. Developing a unit of comparison not only facilitates comparison between comparable properties, but it also reflects the way market participants compare properties. Furthermore, developing an appropriate unit of comparison can reduce the need to make size adjustments. In the case of the subject property, the unit of comparison selected is price per square foot of building area. The reader is reminded for the purpose of this analysis, building area does not include mezzanine space.

Elements of Comparison

The dynamic nature of real estate requires several elements of comparison be analyzed prior to reaching an indication of market value. Consequently, the following variables have been considered:

- Property Rights Appraised
- Financing Terms
- Conditions of Sale
- Expenditures made immediately after purchase
- Market Conditions (Time)
- Location
- Physical characteristics
- Economic Conditions
- Use (zoning)
- Non-realty components of value

Quantitative adjustments can be applied to comparable sales prices as either percentage or dollar amounts. The preferred technique in quantitative analysis is to use paired sales analysis. Paired sales analysis is based on the premise a single difference between properties can be measured when both properties are similar in all other respects. Although a theoretically sound method, sometimes the difference measured does not represent the actual difference attributable to the characteristic being analyzed. For this reason, primary pairings are preferred over secondary pairings as the former deals with identical properties (sale and resale of the same property) as opposed to properties with only *similar* attributes. The lack of comparable sales in the market precludes the ability to apply paired sales analysis.

While quantitative analysis is based on applying market evidence to provide objective, mathematical adjustments to narrow unadjusted sales prices of comparables, it is important to note purchasers do not actually consider each element of comparison individually when determining a purchase price; rather, they look at all of the elements collectively in arriving at the eventual sale price. Furthermore, the fact that there are too few recent sales transactions to accurately quantify certain elements of comparison, we will turn to a commonly used comparative analysis technique – qualitative analysis.

Qualitative analysis recognizes the inefficiencies of real estate markets and the difficulty in expressing adjustment with mathematical precision. In completing a qualitative analysis for each of the comparable indices, we have conducted personal interviews with professionals in the marketplace while also undertaking a relative comparison analysis. Each comparable index has been evaluated in relation to the subject property with a final estimate of market value concluding the direct comparison approach to value.

The following pages contain analyses of the comparable indices considered relevant in estimating the market value of the subject property.

Shepard Industrial - Condominium Sales Analysis Chart

No.	Address Legal Description Plan	Sale Date Sale Price	Land Use			Unit Size	Sale Price Per Sq. Ft.	Vendor Purchaser Transfer Doc. No.	Comments
1	131, 11198 - 42 Street SE 081 1289 - 7	1/29/2010 $442,500	I-G	157.2	1,691	2,400	$184.38	Marby Holdings Inc. Joanna Kopacz 101 029969	End unit. Furthest away from 42 Street SE
2	138A, 10615 - 48 Street SE 081 0143 - 9	1/6/2010 $470,000	I-G	311.5	3,352	3,353	$140.17	1099814 Alberta Ltd. Clarke Lamont Management Ltd. 101 005461	Mid-block unit. Has parking in front
3	3, 4750 - 106 Avenue SE 101 2524 - 3	7/8/2010 $435,000	I-G	200.7	2,160	2,160	$201.39	Bestwood Interiors Ltd. Jelapeco Holdings Corp. 101 203491	Mid-block unit
4	141, 10555 - 48 Street SE 071 6061 - 10	8/11/2010 $529,775	I-G	311.5	3,352	3,353	$158.00	Sterling Property Solutions Inc. 1502899 Alberta Inc. 101 236823	Mid-block unit
5	6, 4750 - 106 Avenue SE 101 2524 - 6	9/27/2010 $345,340	I-G	211.3	2,274	1,559	$221.51	Bestwood Interiors Ltd. Contract Flooring Systems Inc. 101 286550	End unit
6	112, 5050 - 106 Avenue SE 101 3280 - 3	9/14/2010 $416,250	I-G	204.5	2,200	2,201	$189.12	Telsec Property Corp. Blubandit Interiors Ltd. 101 273943	Mid-block unit
7	124, 5050 - 106 Avenue SE 101 3280 - 6	9/20/2010 $425,200	I-G	213.4	2,296	2,297	$185.11	Telsec Property Corporation T. Prieur & B. Prieur Professional Corp. 101 278884	Mid-block unit; all units have good exposure onto 106 Avenue SE
8	104, 5050 - 106 Avenue SE 101 3280 - 1&2	10/27/2010 $850,500	I-G	404	4,347	4,348	$195.81	Telsec Property Corp. 319648 Alberta Ltd. 101 316935	End unit
9	2011, 4385 - 104 Avenue SE 081 2580 - 9&10	11/1/2010 $920,000	I-G	466.8	5,023	5,024	$183.12	4 Seasons bobcat & Trucking Ltd. A Plus Quality Repairs Ltd. 101 320541	Two units in separate building located at the back of the property.
10	136, 5050 - 106 Avenue SE 101 3280 - 9	1/25/2011 $430,495	I-G	212.1	2,282	2,283	$188.57	Telsec Property Corporation J.D.B. Investments Ltd. 111 020548	Mid-block unit
11	132, 5050 - 106 Avenue SE 101 3280 - 8	1/31/2011 $411,995	I-G	206.9	2,226	2,227	$185.00	Telsec Property Corporation Infinity Investment Corp. 111 025404	Mid-block unit
12	120, 5050 - 106 Avenue SE 101 3280 - 5	3/3/2011 $420,320	I-G	211.1	2,271	2,272	$185.00	Telsec Property Corporation 870489 Alberta Ltd. 111 051826	Mid-block unit
13	1010, 4385 - 104 Avenue SE 081 2580 - 8	4/15/2011 $500,000	I-G	256	2,755	2,756	$181.42	1372994 Alberta Ltd. 1590864 Alberta Ltd. 111 091531	End unit - good exposure onto fronting street
14	16A, 12110 - 40 Avenue SE 041 4285 - 3	4/18/2011 $370,000	I-G	195.7	2,106	2,107	$175.61	Titan Enterproses Inc. 1204040 Alberta Ltd. 111 093880	Mid-block unit
15	140, 5050 - 106 Avenue SE 101 3280 - 10	5/10/2011 $448,230	I-G	222.1	2,390	2,391	$187.47	Telsec Property Corporation JMZ Company Inc. 111 115187	mid-block unit
16	103, 11055 - 50 Street SE 111 1590 - 1&2	8/10/2011 760254	I-G	384	4,132	4,138	$183.72	MBM Property Development Corp. 1448440 alberta Ltd. 111 201298	End units with street exposure
		Minimum				1,559	$140.17		
		Maximum				5,024	$221.51		
		Mean				2,804	$182.22		
		Median.				2,344	$185.00		
Subject	14 & 18, 11410 - 27 Avenue SE 071 2941 - 9&10			560	6,026	6,000			Mid-block - Plus 2,400 square feet of office mezzanine space

Sixteen sale of industrial condominium units located in the general area (Shepard Industrial) of the subject unit are presented. These sales occurred between January 2010 and August 2011. The complexes wherein the comparable units are located were built between 2004 and 2010. The subject complex was built in 2007. At the sale dates, the complexes were about new to seven years old. The subject complex is about four years old.

The comparable sales range in unit size from 1,559 square feet to 5,024 square feet. The mean and median size of the comparable units is 2,804 and 2,344 square feet, respectively. The subject units are 3,000 square feet each, or a total of 6,000 square feet. Noted is that the size of the comparable and subject units are based on condominium plans registered at Land Titles Office.

The comparable sales range in sale price per square foot from $140.17 to $221.51 with a mean and median price of $182.22 and $185.00.

Thus, in my opinion, these sales are good indicators for estimating the market value of the subject units.

Indices 3, 5, 6, 7, 8, 10, 11 and 12 represent sales of new units. The comparables indicate prices ranging from $185.00 per square foot to $221.51 per square foot with a mean value of $193.06 per square foot. The less than new units indicated a mean value of $174.00 per square foot. The subject units are considered to fall within the value of $174.00 and $193.06 per square foot value, or say, $190.00 per square foot.

I have little or no information on the interior development of the comparable sale units. Thus, adjustment for the quantity and quality of interior finish is speculative at best. Nonetheless, it is reasonable to assume that the quantity and quality of the subject's office development is superior to the comparable sales. Typical office/industrial condo units having about 5% to 20% finished office space, the subject comprises all office space. A 20% adjustment to reflect the additional office space is considered reasonable. Additionally, the subject is believed to have a fully finished office mezzanine of 2,400 square feet, or 40% of the ground floor space. Typically, in office/warehouse condominium units, the mezzanine is developed over the ground floor office space. A 10% adjustment to reflect the additional mezzanine development is reasonable in my opinion.

In summary, the above analysis of the comparable sales indicates a value of $190.00 per square foot. However, I have applied a 30% adjustment to reflect the quantity and quality of interior development (including the mezzanine), yield an adjusted value of $247.00 per square foot, or say $250.00

Considering the preceding analysis it appears reasonable to conclude the subject property would command a price per square foot of $250.00.

Therefore, the market value of the subject property under the direct comparison approach is estimated as follows:

Market Value = $250 x 6,028 square feet.
Market Value = $1,503,500

One Million Five Hundred Thousand Dollars ($1,500,000)

Based on the above value of $1,500,000 and a gross building area, including the mezzanine space (6,014 + 2,400) totalling 8,414 square feet, indicated is a rate of $178 per square foot.

5.4 Reasonable Exposure Time

As outlined in CUSPAP, exposure time is the estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is always presumed to have preceded the effective date of the appraisal and is based upon the analysis of past events assuming a competitive and open market.

Exposure time is different for various types of real property and under various market conditions. Upon researching recent investment activity and discussions with industry professionals, sellers and buyers in the market place, we are of the opinion it would take approximately 3 to 6 months for the subject property to be exposed in the market place prior to the consummation of a sale transaction.

5.5 Forced Sale Value

In addition to the above, our client requested a value of the subject property based on a forced sale basis. Forced sale value is not market value. In a forced sale situation, market reaction is to discount the value of a property as a reasonably quick sale is required. Generally, because of the parameters of a forced sale, i.e. generally court ordered, it puts a degree of duress on the vendor, and the sale price usually occurs at a value lower than market.

The primary aspects of a forced sale discount are:

- In a court ordered sale action, a reasonably quick sale is required; therefore the property has limited exposure time on the market to consummate a market value sale.
- There is impairment of the vendor's ability to offer the normal representations and warranties associated with open market transactions, i.e. a forced sale relates to the lack of any condition attached to the purchase offer, the property is sold "as is, where is." This increases the risk to a potential purchaser of the properties in due diligence matters; hence a buyer would command a discount.

A forced sale discount rate can range from 10% to 25% in our experiences. In our opinion, given the above forced sale parameters and the uncertain economic conditions, a discount of 15% of market value appears reasonable.

Therefore:	Market Value	$1,500,000
	Forced Sale Discount	15%
	Estimated Discount Value	$225,000
	Estimated Forced Sale for Cash Value	**$1,275,000**

Based on an inspection of the property and the research and analyses undertaken, we have formed the opinion that as at August 5, 2011, subject to the Assumptions and Limiting Conditions contained herein, the Forced Sale Value of the subject property is:

One Million Two Hundred Seventy Five Thousand Dollars ($1,275,000)

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

1. The statements of fact contained in this report are true and correct and have been verified where possible; the Appraiser does not authorize the out of context quoting from or partial reprinting of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the Appraiser signing this appraisal report.
2. The reported analyses, opinions and conclusions are limited by the Assumptions and the Limiting Conditions, all of which are identified within this report, such have been imposed by the terms of the assignment or by the undersigned;
3. I have no past, present or contemplated future interest in the property appraised; and neither the employment to prepare the appraisal nor the compensation for it, is contingent upon the appraised value of the property;
4. I have no personal interest or bias with respect to the parties involved;
5. This appraisal has been prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice and subject to the requirements of the Codes of Ethics and Rules of Professional Conduct and Standards of Professional Practice of the Appraisal organizations of which the Appraiser is a member;
6. The Appraisal Institute of Canada has a Mandatory Re-certification Program for designated members. As of the date of this report, I have fulfilled the requirements of the program. As of the date of this report, I are licensed Appraisers under the Real Estate Act of Alberta.

Based on the research and analyses undertaken and subject to the Ordinary and Extraordinary Assumptions and Limiting Conditions contained herein, as at October 11, 2011, my opinion of the market value of the subject property is:

One Million Five Hundred Thousand ($1,500,000) Dollars

Based on an inspection of the property and the research and analyses undertaken, we have formed the opinion that as at October 11, 2011, based on the Ordinary and Extraordinary Assumptions and Limiting Conditions contained herein, that the Forced Sale value of the subject property is:

One Million Two Hundred Seventy Five Thousand Dollars ($1,275,000)

Respectfully Submitted,

WERNICK OMURA LIMITED

Tony Omura, AACI, P.App.
RECA Licensed Candidate Appraiser
Inspection Date: October 11, 2011 of the exterior only

TONY (T) OMURA, AACI, P.APP

WERNICK OMURA LTD.
#901 CENTRE STREET NE • CALGARY, ALBERTA • T2E-2P6
PHONE :(403) 291-4115 • FAX: (403-291-5528) E-MAIL: TONY@OMURA.AB.CA

EDUCATION

Academic	AACI	Member Appraisal Institute of Canada Accredited Appraiser Canadian Institute (AACI) since 1986
	CRP	Member Real Estate Institute of Canada Certified Reserve Planner Douglas College Diploma, Business Administration

APPRAISAL EXPERIENCE

1982-1985 **Chyz appraisal Ltd** Saskatoon, Sask.
I C & I appraiser completing assignments throughout

the province of Saskatchewan.

1985-1990 **Cumberland Realty Group Limited**
Cumberland Consulting Corp., Vancouver, BC
Senior appraiser, completing diverse range of assignments including appraisal and market and feasibility studies of development lands, hobby farms, subdivisions, industrial buildings, office buildings and shopping centres.

1990-1993 **Grand Pacific Property Consultants Inc** Vancouver, BC
Appraisal Manager of a new integrated real estate company.

1993-1994 **Omura Consultants** Vancouver, BC
Owner operator of real estate appraisal and consulting business; included contract appraisal and tax assessment appeal work for Colliers International.

1994-1997 **Wernick & Company (1988) Ltd.,** Calgary, AB
Senior appraiser; involved in all facets of real estate appraising.

1997 – Present Omura Consulting Inc. Calgary, AB.

1977-1982 – Related IAC/Continental Bank of Canada,

8.1 Certificates of Title

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0032 446 156	0712941;10	071 352 805 +1

LEGAL DESCRIPTION
CONDOMINIUM PLAN 0712941
UNIT 10
AND 190 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE
ATS REFERENCE: 4;29;23;16;SW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 071 271 157 +6

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
071 352 805	16/07/2007	TRANSFER OF LAND		SEE INSTRUMENT

OWNERS

1252064 ALBERTA LTD..
OF 4, 4002-9 AVE N
LETHBRIDGE
ALBERTA T1H 6T8

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
981 401 728	22/12/1998	UTILITY RIGHT OF WAY GRANTEE - THE CITY OF CALGARY. AS TO PORTION OR PLAN:9813649
981 401 729	22/12/1998	RESTRICTIVE COVENANT

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
071 352 805 +1

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
981 401 730	22/12/1998	CAVEAT RE : RESTRICTIVE COVENANT
991 039 532	10/02/1999	CAVEAT RE : SEE CAVEAT CAVEATOR - DOUGLASDALE ESTATES INC.. C/O ROGERS & CO 400,1010-8 AVE SW CALGARY ALBERTA T2P1J2 AGENT - B SHAUN PARTRIDGE
991 099 581	15/04/1999	CAVEAT RE : EASEMENT
011 043 045	14/02/2001	UTILITY RIGHT OF WAY GRANTEE - THE CITY OF CALGARY. AS TO PORTION OR PLAN:0110505
071 033 203	22/01/2007	UTILITY RIGHT OF WAY GRANTEE - ENMAX POWER CORPORATION. AS TO PORTION OR PLAN:0710346
071 102 705	02/03/2007	UTILITY RIGHT OF WAY GRANTEE - ATCO GAS AND PIPELINES LTD..
071 244 394	18/05/2007	UTILITY RIGHT OF WAY GRANTEE - THE CITY OF CALGARY. AS TO PORTION OR PLAN:0712652
071 271 156	01/06/2007	RESTRICTIVE COVENANT
071 271 158	01/06/2007	PARTY WALL AGREEMENT SEE INSTRUMENT
101 078 082	17/03/2010	MORTGAGE MORTGAGEE - IMOR CAPITAL CORP.. 220,1040 WEST GEORGIA STREET VANCOUVER BRITISH COLUMBIA V6E4H1 ORIGINAL PRINCIPAL AMOUNT: $5,000,000
101 078 083	17/03/2010	CAVEAT RE : ASSIGNMENT OF RENTS AND LEASES CAVEATOR - IMOR CAPITAL CORP.. 1200,1015 4TH ST S.W.

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 3

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS	# 071 352 805 +1
		CALGARY ALBERTA T2T1J4 AGENT - NIKOLAUS DEMIANTSCHUK	
101 272 038	13/09/2010	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 101078082 "ENDORSED BY 101273392 ON 20100914"	

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

TOTAL INSTRUMENTS: 014

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE
REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED
HEREIN THIS 11 DAY OF OCTOBER, 2011 AT 02:41 P.M.

ORDER NUMBER:19881129

CUSTOMER FILE NUMBER: 2011058

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

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LINC	SHORT LEGAL	TITLE NUMBER
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UNIT 9
AND 190 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE COMMON PROPERTY
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(CONTINUED)

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                        ENCUMBRANCES, LIENS & INTERESTS
                                                                 PAGE   2
REGISTRATION                                                     # 071 352 805
 NUMBER     DATE (D/M/Y)         PARTICULARS
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981 401 730    22/12/1998 CAVEAT
                          RE : RESTRICTIVE COVENANT

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                          RE : SEE CAVEAT
                          CAVEATOR - DOUGLASDALE ESTATES INC..
                          C/O ROGERS & CO
                          400,1010-8 AVE SW
                          CALGARY
                          ALBERTA T2P1J2
                          AGENT - B SHAUN PARTRIDGE

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                          AS TO PORTION OR PLAN:0110505

071 033 203    22/01/2007 UTILITY RIGHT OF WAY
                          GRANTEE - ENMAX POWER CORPORATION.
                          AS TO PORTION OR PLAN:0710346

071 102 705    02/03/2007 UTILITY RIGHT OF WAY
                          GRANTEE - ATCO GAS AND PIPELINES LTD..

071 244 394    18/05/2007 UTILITY RIGHT OF WAY
                          GRANTEE - THE CITY OF CALGARY.
                          AS TO PORTION OR PLAN:0712652

071 271 156    01/06/2007 RESTRICTIVE COVENANT

071 271 158    01/06/2007 PARTY WALL AGREEMENT
                          SEE INSTRUMENT

101 078 082    17/03/2010 MORTGAGE
                          MORTGAGEE - IMOR CAPITAL CORP..
                          220,1040 WEST GEORGIA STREET
                          VANCOUVER
                          BRITISH COLUMBIA V6E4H1
                          ORIGINAL PRINCIPAL AMOUNT: $5,000,000

101 078 083    17/03/2010 CAVEAT
                          RE : ASSIGNMENT OF RENTS AND LEASES
                          CAVEATOR - IMOR CAPITAL CORP..
                          1200,1015 4TH ST S.W.

                              ( CONTINUED )
```

ENCUMBRANCES, LIENS & INTERESTS

PAGE 3
071 352 805

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		CALGARY ALBERTA T2T1J4 AGENT - NIKOLAUS DEMIANTSCHUK
101 272 038	13/09/2010	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 101078082

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

TOTAL INSTRUMENTS: 014

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 11 DAY OF OCTOBER, 2011 AT 02:41 P.M.

ORDER NUMBER:19881129

CUSTOMER FILE NUMBER: 2011058

REGISTRAR OF LAND TITLES

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).

8.2 Land Use Bylaw

PART 8: INDUSTRIAL DISTRICTS

Division 1: General Rules for Industrial Land Use Districts

Projections Into Setback Areas

897 (1) Unless otherwise referenced in subsections (2), (3) and (4), *buildings* must not be located in any *setback area*.

(2) Eaves of a *building* may project into any *setback area* a maximum of 0.6 metres.

(3) Portions of a *building* below the surface of the ground may extend into any *setback area* only when those portions are used as a parking structure.

(4) *Signs* may be located in any *setback area*, and where so located must be in accordance with Part 3, Division 5.

General Landscaped Area Rules

898 (1) *Landscaped areas* must be provided in accordance with a landscape plan approved by a *Development Authority*.

(2) A landscape plan for the entire *development* must be submitted as part of each *development permit* application, where changes are proposed to the *building* or *parcel*, and must show at least the following:

(a) the existing and proposed topography;

(b) the existing vegetation and indicate whether it is to be retained or removed;

(c) the layout of berms, open space systems, pedestrian circulation, *retaining walls*, *screening*, slope of the land, *soft surfaced landscaped areas* and *hard surfaced landscaped areas*;

(d) the species, sizes and numbers of plant material and the types of *landscaped areas*; and

(e) details of the irrigation system.

(3) The *landscaped areas* shown on the landscape plan approved by the *Development Authority* must be maintained on the *parcel* for so long as the *development* exists.

(4) All *soft surfaced landscaped areas* must be irrigated by an underground irrigation system, unless otherwise provided by a *low water irrigation system*.

(5) For the purpose of determining the minimum number of trees and shrubs in a *setback area*, portions of *setback areas* that are paved for sidewalks and vehicle access, utility rights of way or any other purpose allowed by the *Development Authority*, must be included in the calculation of the required area, even though trees and shrubs are not capable of growing in that area.

(6) If the minimum *setback area* is not capable of growing trees and shrubs, additional area on the *parcel* adjoining the *setback area* must be provided for the trees and shrubs.

Planting Requirements

899 (1) All plant materials must be of a species capable of healthy growth in Calgary and must conform to the standards of the Canadian Nursery Landscape Association.

(2) A minimum of 25.0 per cent of all trees required must be coniferous.

(3) Deciduous trees must have a minimum *calliper* of 50 millimetres and at least 50.0 per cent of the provided deciduous trees must have a minimum *calliper* of 75 millimetres at the time of planting.

(4) Coniferous trees must have a minimum height of 2.0 metres and at least 50.0 per cent of the provided coniferous trees must be a minimum of 3.0 metres in height at the time of planting.

(5) Shrubs must be a minimum height or spread of 0.6 metres at the time of planting.

Low Water Irrigation System

900 (1) When a *low water irrigation system* is provided, only trees and shrubs must be irrigated and the extent of water delivery must be confined to the tree and shrub area.

(2) When a *low water irrigation system* is provided, trees and shrubs that have similar water consumption requirements must be grouped together.

Visibility Setback

901 Within a *corner visibility triangle*, *buildings*, *fences*, finished *grade* of a *parcel*, and vegetation must not be located more than 0.75 metres above the lowest elevation of the *street*.

Mechanical Screening

902 Unless otherwise referenced in a District, mechanical equipment or systems that are located outside of a *building* must be *screened*.

Garbage

903 (1) Unless otherwise referenced in a District, garbage containers and waste material must be stored either:

(a) inside a *building*; or

(b) in a garbage container enclosure approved by the *Development Authority*.

(2) Garbage container enclosures must not be located in any *setback area*.

Fences

904 (1) When a *parcel* shares a *property line* with a *lane* that separates the *parcel* from a *parcel* designated as a *residential district*, an *LRT corridor*, or a *commercial*, *residential* or *special purpose districts*, a *fence* with a minimum height of 2.0 metres must be provided for *screening* along the *property line*.

(2) There is no restriction to the height of a *fence* at any point along a *property line* shared with another *industrial district*.

Solar Collectors 68P2008

904.1 (1) A *solar collector* may only be located on the wall or roof of a *building*.

(2) A *solar collector* mounted on a roof with a pitch of less than 4:12 may project a maximum of 2.0 metres from the surface of the roof.

(3) A *solar collector* mounted on a roof with a pitch of 4:12 or greater pitch:

(a) may project a maximum of 1.3 metres from the surface of the roof; and

(b) must not extend beyond the outermost edge of the roof.

(4) A *solar collector* that is mounted on a wall:

(a) must be located a minimum of 2.4 metres above *grade*; and

(b) may project a maximum of 0.6 metres from the surface of that wall.

Display and Sales Area 32P2009

904.2 (1) Unless otherwise referenced in subsection (3), a *use* that is not defined in Part 4 as having a sales or rental function may accommodate a display and sales area provided the products displayed or sold are associated with the *use*.

(2) The maximum floor area of a display and sales area located in a *building* is the greater of:

(i) 38.0 square metres; or

(ii) 20.0 per cent of the *gross floor area* of the *use* to a maximum of 465.0 square metres

(3) A display and sales area must not be permitted if doing so would result in the *use* operating exclusively as a Retail Store.

32P2009

Outdoor Product Display Area

904.3 A *use* may accommodate an outdoor product display area provided:

(a) the products displayed are associated with the *use*;

(b) it is not located within a required *setback area*;

(c) it is separate and distinct from areas of the *parcel* used for the storage of materials, goods or equipment; and

(d) it is shown on a plan approved as part of a *development permit*.

Parcel Access

905 All *developments* must comply with the *Controlled Streets 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;

(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 Sales;**

(n) **Office;**

(o) **Outdoor Café;**

(p) **Pet Care Service;**

(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;

(bb) Special Function Tent – Commercial;

(cc) Special Function Tent – Recreational;

(dd) Take Out Food Service;

(ee) Vehicle Sales – Minor; and

(ff) Veterinary Clinic.

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

THIS IS EXHIBIT "V"
referred to in the Affidavit of
Ronald Aitkens
Sworn before me this 5
Day of June A.D. 2012

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

May 29, 2012

Ernst & Young Inc.
1000, 440 – 2nd Avenue SW
Calgary, Alberta
T2P 5E9

Attention: Neil Narfason, CA•CIRP, CBV

Dear Sir:

Re: **Proceedings under the Companies' Creditors Arrangement Act ("CCAA") Responsibilities/Obligations and Disclosure with Respect to Cash Flow Projections**

In connection with the application by 1252064 Alberta Ltd. ("125"), 1330075 Alberta Ltd. ("133") and Harvest Capital Management Inc. ("HCMI") for the commencement of proceedings under the CCAA, the management of 125, 133 and HCMI ("Management") has prepared the attached Cash-Flow Statement and the assumptions on which the Cash-Flow Statement is based.

125, 133 and HCMI confirm that:

1. The Cash Flow Statement and the underlying assumptions are the responsibility of 125, 133 and HCMI;
2. All material information relevant to the Cash Flow Statement and to the underlying assumptions has been made available to Ernst & Young Inc., in its capacity as proposed Monitor; and
3. Management has taken all actions that it considers necessary to ensure:
    a. That the individual assumptions underlying the Cash Flow Statement are appropriate in the circumstances; and
    b. That the individual assumptions underlying the Cash Flow Statement, taken as a whole, are appropriate in the circumstances.

Yours truly,

Ron Aitkens
Director of 125, 133 and HCMI

1252064 Alberta Ltd. ("125"), 1330075 Alberta Ltd. ("133") and Harvest Capital Management Inc. ("HCMI")
Cash Flow Forecast
June 1, 2012 - June 30, 2012

	Notes	125	133	HCMI
RECEIPTS				
Net Rental Revenue	1	15,000	-	-
Total receipts		15,000	-	-
DISBURSEMENTS				
IMOR Payment (Secured Creditor)	1	15,000	-	-
Operating Expenses	2	8,500	-	30,600
Suppliers Charge offset	3	(8,500)	-	(30,600)
CCAA professional fees	4	75,000	75,000	75,000
Administrative Charge offset	5	(75,000)	(75,000)	(75,000)
Total disbursements		$ 15,000	$ -	$ -
NET CASH FLOWS		$ -	$ -	$ -
OPENING CASH		$ -	$ -	$ -
NET CHANGE IN CASH FLOWS		-	-	-
ENDING CASH		$ -	$ -	$ -

Notes and Assumptions
1 Net rental revenue from the Global lands in Lethbridge have been assigned to IMOR
2 Estimated operating expenses for the period based on prior month
3 Suppliers Charge will be required to offset operating expenses
4 Estimated professional fees for the period
5 Administrative Charge will be required to offset professional fees

Ron Aitkens
Director of 125, 133 and HCMI

May 29/12
Date

Exhibit " W ": Critical Suppliers

Recipient Corporation	Critical Supplier	Monthly Charges	Nature of Good / Service Provided
1252064 Alberta Ltd.	Abell Pest Control	$161.40	Building maintenance contract
	BFI Canada Inc.	$165	Garbage collection.
	City of Lethbridge	$300	Water & Sewer
	Enercon Water Treatment Ltd.	$126.64	Boiler Maintenance contract
	Enmax	$5,000	Electricity & Gas
	Type Three Management	$1,000	Building Property Management
Harvest Capital Management Inc.	Braemore Management Ltd.	$160.47	Building Condo fees
	BFI Canada Inc.	$83.00	Garbage collection.
	City of Lethbridge	$350.00	Electricity, Water & Sewer
	Direct Energy Regulated Services	$100	Natural Gas
	Telus	$650	Telephone Service
	Telus Mobility	$1,200	Cell Phone Service

THIS IS EXHIBIT "W"
referred to in the Affidavit of
Ronald Aitkens
Sworn before me this 5
Day of June A.D. 20 12
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

COURT FILE NUMBER	1201-
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36

AND IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9

AND IN THE MATTER OF 1252064 ALBERTA LTD., 1330075 ALBERTA LTD. and HARVEST CAPITAL MANAGEMENT INC.

DOCUMENT	**CONSENT TO ACT AS MONITOR**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Norton Rose Canada LLP 400 3rd Avenue SW, Suite 3700 Calgary, Alberta T2P 4H2 CANADA

THIS IS EXHIBIT "X"
referred to in the Affidavit of
Ronald Aitkens
Sworn before me this 5
Day of June A.D. 20 12

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Phone: +1 403.267.8196
Fax: +1 403.264.5973

Attention: Randal S. Van de Mosselaer
File No. 284324

Ernst & Young Inc. does hereby consent to act as Monitor in these proceedings if so appointed by this Honourable Court.

DATED at the City of Calgary, in the Province of Alberta, this 25th day of May, 2012.

Ernst & Young Inc.

Per: ______________________
Neil Narfason

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