West Springs Village Limited Partnership Unit Holders Meeting

November 14, 2012

Ernst & Young
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Agenda

- Introductions
- Background
- CBRE Sale Process
- Sources and Uses of Cash Analysis
- Sell vs. Hold Analysis
- Recommendation
- Wind Up of Limited Partnership
- Voting Parameters
- Questions
- Vote

INTRODUCTIONS

Introductions

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BACKGROUND

Background

- Ernst and Young Inc. was appointed monitor ("Monitor") of 1252064 Alberta Ltd. ("125").
  - Copies of court orders can be found on the Monitor's website at www.ey.com/ca/foundationgroup.

- 125 is the sole shareholder of West Spring Village General Partner Inc. ("WSV GP"). WSV GP is the general partner of the West Springs Village Limited Partnership ("WSV LP").

- Ron Aitkens was the sole director of WSV GP. Mr. Aitkens engaged CB Richard Ellis Limited ("CBRE") to market West Spring Village (the "Property").

Background

- The WSV GP on August 28, 2012 executed a binding sales agreement ("Sales Agreement") to sell the Property to First Capital Realty (the "Purchaser") for $29.65 million.
- The Monitor removed Ron Aitkens as director WSV GP and executed a unanimous shareholder agreement, such that 125 now governs the WSV GP.

Background

- WSV GP was able to obtain an amendment to the Sales Agreement to add a condition such that the WSV LP unit holders are able to vote on the decision of whether or not to proceed with the sale.

- Either the sale will proceed and the WSV LP unit holders will each receive their pro-rata share of the distributable consideration received or the Monitor will call a second WSV LP vote for the instalment of a new general partner to replace WSV GP to operate the WSV LP.

CBRE SALES PROCESS

WHY SELL WEST SPRINGS VILLAGE?

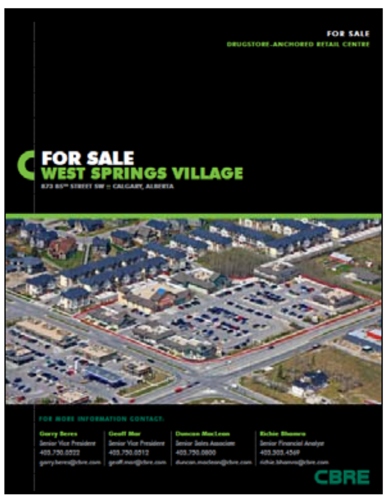
November 2012

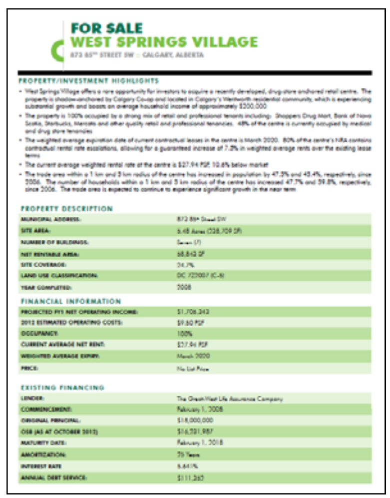
CBRE

CBRE MARKETING PROGRAM

- Marketing Brochure Forwarded to 533 Prospective Purchasers
- Eight Offers Received in Round One Bidding
- Three Offers Shortlisted for Round Two Bidding
- First Capital Selected as Winning Bidder
- Purchase and Sale Agreement Finalized and Fully Executed
- Due Diligence Completed Pending Unit Holder Approval

Marketing Brochure:





THE PURCHASER

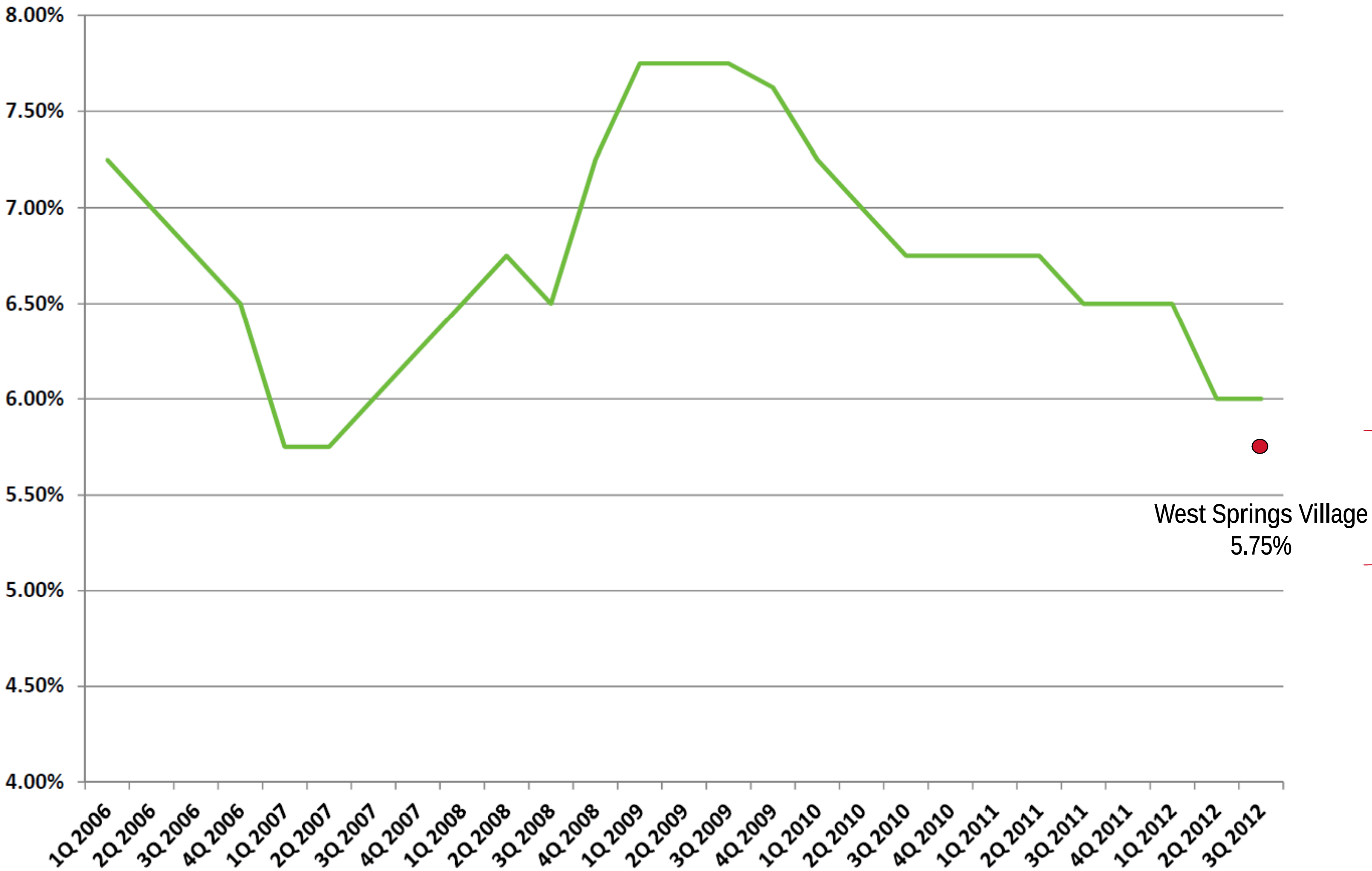
- First Capital Realty (www.firstcapitalrealty.ca)
- Largest Owner of Grocery and Drug Store Anchored Centres in Canada
- Portfolio of 172 Properties with Over 24 Million Square Feet of Rentable Area
- Total Enterprise Value of $7.3 Billion
- Investment Grade Rating is BBB by DBRS

Representative Calgary Properties:

APPRAISED VALUE VS. CONTRACT PRICE

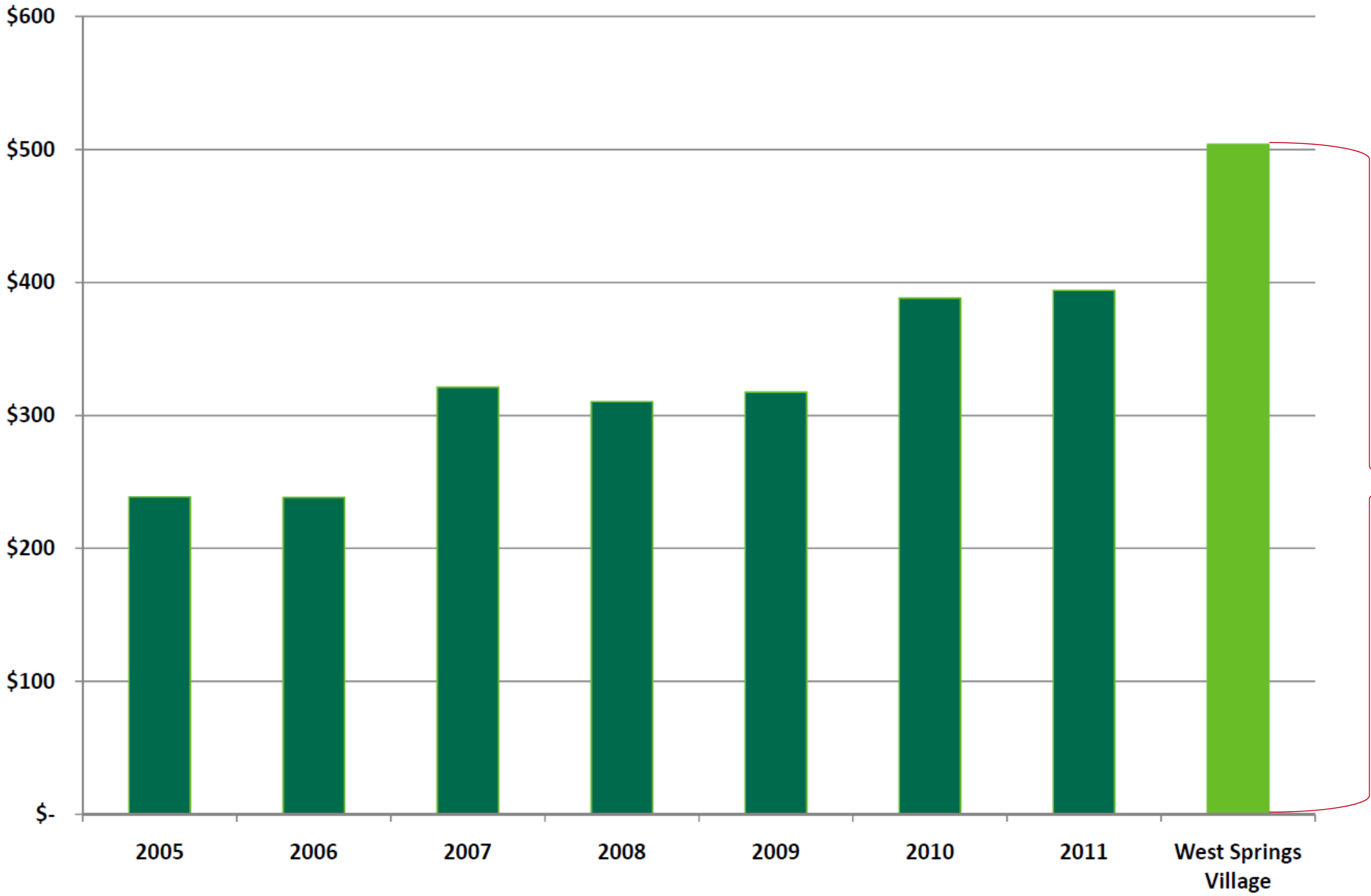
Appraised Value		Vs.	Contract Price	
$28.00 MILLION			$29.65 MILLION	
$PSF:	$476 PSF		$PSF:	$504 PSF
Cap Rate:	6.09%		Cap Rate:	5.75%
IRR:	7.71%		IRR:	6.93%
Cash on Cash:	Assumed Clear Title		Cash on Cash:	2.26%

HISTORICAL NEIGHBOURHOOD RETAIL CENTRE CAP RATES



West Springs Village Pricing Represents a Record Low Cap Rate

NEIGHBOURHOOD RETAIL CENTRE PRICE PER SF TREND



West Springs Village Represents a Record High Price of $504 per SF

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COMPARABLE RETAIL CENTRE SALE TRANSACTIONS

Dickson Trail Crossing, Airdrie

Sale Price:	$22.68 Million	**Price per SF:**	**$432**
Leasable Area:	52,437 SF	**Cap Rate:**	**6.31%**
Deal Date:	July 2012		

Tenants

Rexall Drugs, Starbucks, Snap Fitness and Brewsters

804 Main Street, Airdrie

Sale Price:	$7.15 Million	**Price per SF:**	**$371**
Leasable Area:	19,268 SF	**Cap Rate:**	**6.28%**
Deal Date:	May 2012		

Tenants

Shoppers Drug Mart

CBRE

COMPARABLE RETAIL CENTRE SALE TRANSACTIONS

Willow Brook Centre, Airdrie

Sale Price:	$14.50 Million	Price per SF:	$416
Leasable Area:	34,822SF	Cap Rate:	6.70%
Deal Date:	April 2012		

Tenants

Shoppers Drug Mart, Life Mark Physiotherapy, EFW Radiology and Associate Medical Clinic

Ranch Market, Strathmore

Sale Price:	$27.10 Million	Price per SF:	$272
Leasable Area:	99,661 SF	Cap Rate:	6.57%
Deal Date:	December 2011		

Tenants

Shoppers Drug Mart, ATB Financial, Dollarama, Reitman’s, Lammle’s Western Wear and Original Joe’s

COMPARABLE RETAIL CENTRE SALE TRANSACTIONS

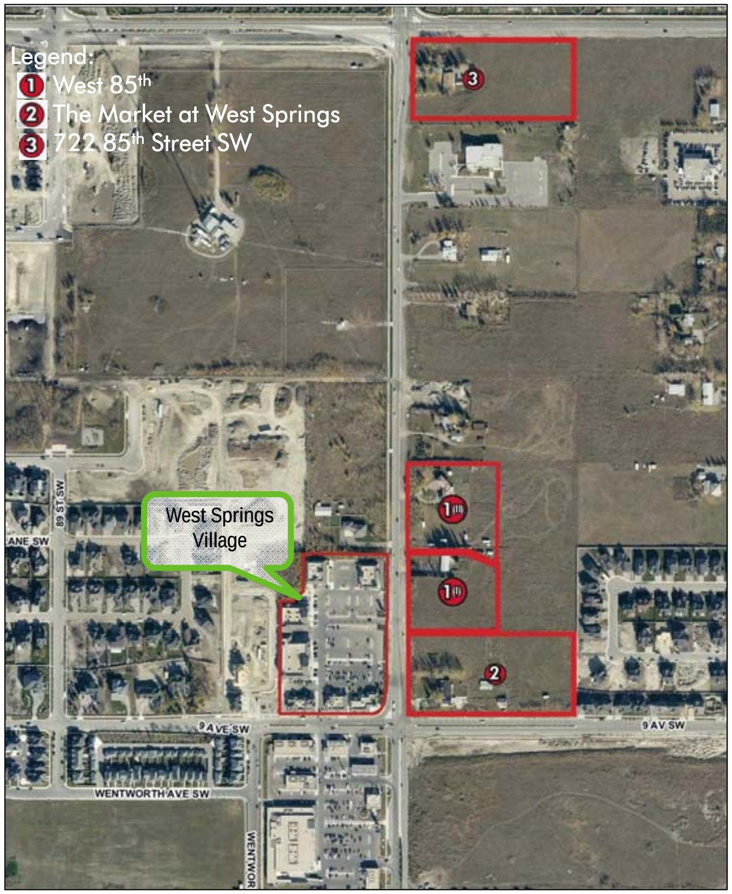
Strathcona Square, Calgary

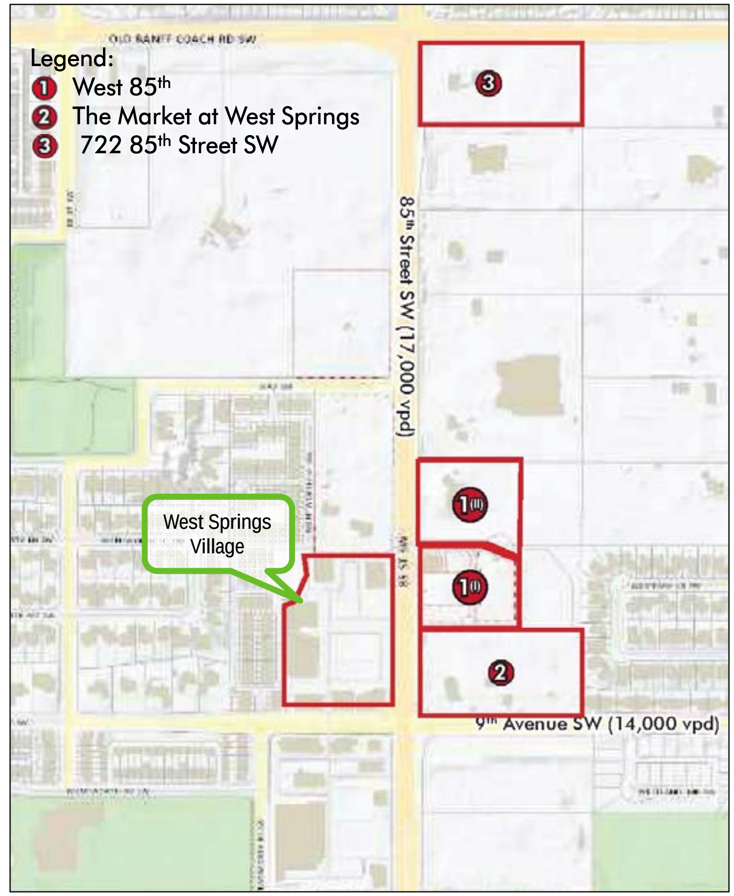
Sale Price:	$29.00 Million	Price per SF:	$395
Leasable Area:	73,484 SF	Cap Rate:	6.70%
Deal Date:	October 2011		

Tenants

Sobey's, Rexall Drugs and Royal Bank

135,000 SF OF COMPETITIVE DEVELOPMENT IN THE VICINITY OF THE PROPERTY





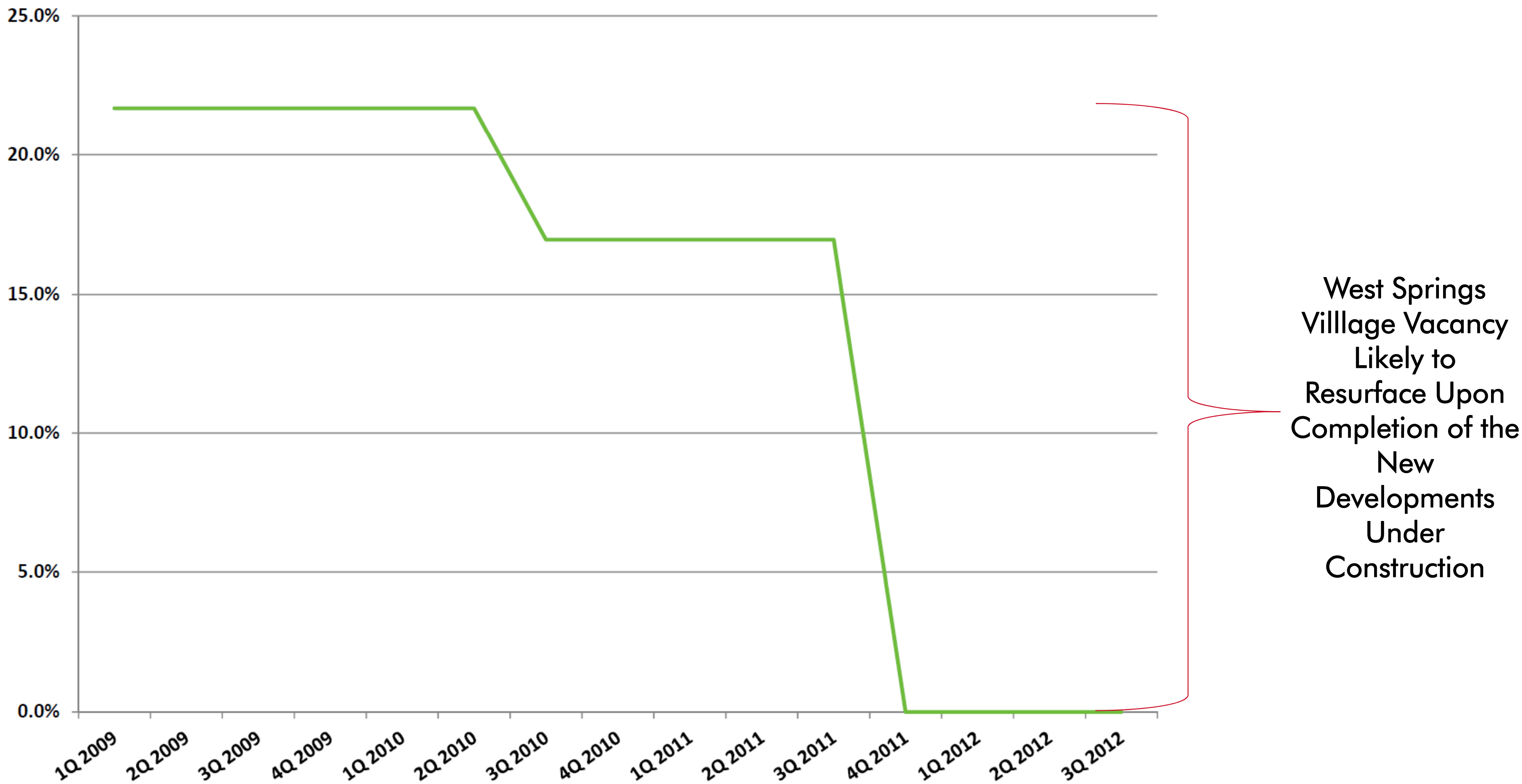
No.	Property	Property Description	Size	Completion Date	Developer
1	West 85th	Office, retail and medical development	Phase I - 32,600 SF Phase II - 40,000 SF	2013 2014	Bri-Mor Developments
2	The Market at West Springs	Grocery anchored, mixed-use development	33,000 SF	2013	Royop Corporation
3	722 85th Street SW	Retail development	30,000 SF	2013	Private
		TOTAL COMPETITIVE DEVELOPMENT	**135,600 SF**		

CBRE

COMPETITIVE TENANCY IMPACT

New Developments - Tenancy	West Springs Village - Impacted Tenants
BMO	Scotia Bank
Vin Room Restaurant	Mercato, Fergus & Bix
Shaggy to Chic	Divine Doggies Spa & Boutique
Aydin's Nail & Spa	Urban Venus Nail Bar
Great Clips Haircuts	Beaners Fun Cuts for Kids
Grocery Anchor	Shoppers Drug Mart
Pharmacy Tenant	Shoppers Drug Mart
25,000 Square Foot Office/Medical Building	Dr. Wakeford, Dr. Mark Plotnikoff

HISTORICAL VACANCY



CBRE

SOURCES AND USES OF CASH ANALYSIS

Sources and Uses of Cash

Cash Inflows	
Funds borrowed to make initial purchase	*5,665,269.80*
Gross investment from Bondholders	*13,440,000.00*
Loans from related parties	*345,000.00*
GST collected from Rancho - not yet remitted to CRA	*166,560.94*
Total Cash Inflows	19,616,830.74
Cash Outflows	
Investment in Land	*5,592,279.40*
Repayment of funds borrowed for purchase of land	*5,665,269.80*
Payments to related parties	*3,621,345.14*
Distributions to Limited Partners	*600,922.89*
Operating and administrative costs	*4,007,257.36*
Total Cash Outflows	19,487,074.59
ENDING CASH BALANCE	**129,756.15**
Liabilities outstanding	
FM2	*275,000.00*
Unremitted GST	*166,500.00*
Total	***441,500.00***

Sources and Uses of Cash

WSV GP Entitled to use	
Marketing services costs	2,025,000.00
Initial service costs	3,148,200.00
Management fees	112,500.00
Front end lift on capital assigned to purchase assets	856,654.60
Bank charges	1,125.80
To Rancho from the GP	15,000.00
Property appraisal	10,500.00
Total entitled to be used	6,168,980.40
WSV GP Used	
Marketing services costs	1,318,000.00
Initial service costs	2,661,634.18
Loan to 1252064 Alberta Ltd.	1,877,866.00
Loan to 133 to purchase Mullen Lands	1,343,748.94
Financing fee paid on behalf of 133 (re. Mullen Lands)	400,000.00
Scott Dental - Rental settlement	11,000.00
Totoal used	7,612,249.12
Over usage of funds	(1,443,268.72)
WSV GP Transaction fee (4%) - set off	1,186,000.00
Management fees outstanding - set off	112,500.00
Over usage of funds	(144,768.72)
Offset amount due from LP to 133 (re. Mullen Lands)	59,000.00
Net over usage of funds	**(85,768.72)**

SELL VS. HOLD ANALYSIS

Sell vs. Hold Analysis

VOTE IN FAVOR OF SALE

		$ CAD	Notes
Effective Price	$	31,765,145	
Marked to Market Adjustment	$	(2,115,145)	2
Cash Purchase Price	$	29,650,000	1
Mortgage held by GWL	$	(16,400,000)	3
Commission	$	(444,750)	5
Unremitted GST	$	(166,561)	5
Repayment of related party loans	$	(275,000)	5
Professional fees / contingency		(100,000)	
Value of notes	**$**	**12,263,689**	
# of notes issued		1,350	9
Value per note	$	9,084	10
Initial investment	$	10,000	11
Percentage of initial investment		**91%**	12,13

VOTE AGAINST SALE

		$ CAD	Notes
Estimated sales proceeds	$	29,650,000	1
Balance of mortgage balance	$	(14,046,451)	4
Commission	$	(444,750)	5
Future value of notes	$	15,158,799	6
Present value of notes	$	11,311,729	7
Unremitted GST	$	(166,561)	5
Repayment of related party loans	$	(275,000)	5
Present value of future distributions	$	919,900	8
Total present value of notes	**$**	**11,790,069**	6
# of notes issued		1,350	9
Value per note	$	8,733	10
Initial investment	$	10,000	11
Percentage of initial investment		**87%**	12,13

Notes and assumptions:

1 *Based on the purchase price offered by First Capital in the Agreement of Purchase and Sale.*
2 *Adjustment to reflect over market debt and replacement of a financial covenant according to the Mortgage documents, excluded from distributions.*
3 *Assumption of balance of mortgage at transaction date as recalculated by the Monitor.*
4 *Balance of mortgage in 2018 when the notes mature as recalculated by the Monitor.*
5 *Commissions of 1.5% paid on the sale of the property, remittance of GST collected, and repayment of loans from related parties.*
6 *Aggregate value based upon the assumptions underlying Notes 1, 5, 7, 8 and the calculation in Note 4.*
7 *Residual value discounted at a rate of 5% to reflect the time value of money. A rate of 5% reflects the risk inherent in the investment.*
8 *Present value cash on hand assumes an average of $200,000 in annual distributions (this includes annual increases in a capital maintenance reserve and professional fees). The cash flows are discounted at 5% to reflect the time value of money (5% is in line with observed market capitalization rates and reflects the underlying risk of the investment).*
9 *Number of notes sold during the inital offering.*
10 *Residual value per unit. No tax implications have been assessed in this analysis.*
11 *Initial investment (in real dollars).*
12 *Percentage of initial investment returned.*
13 *The 85K receivable from 133 is assumed to be nil for the purposes of this analysis.*

Sell vs. Hold Analysis

- The offer results in a capitalization rate of 5.75% and a price per square foot (PSF) of $504. This capitalization rate represents the lowest rate observed in the past six years and the PSF represents a record high when compared to recent years.

- A low capitalization rate implies a low rate of return from operating the Property as a rental, relative to the current fair market value of the Property, this combined with a high PSF offered, may make investors want to consider whether or not they want to take advantage of the high PSF offered, exit the investment and invest in something else that will provide for a more favourable return.

RECOMMENDATION

Recommendation

- The Monitor is of the opinion that the percent of initial investment to be recouped under the Amended Sales Agreement is 91%, as opposed to the percent of the initial investment of 84% if the property is held until 2018.

- Based on the aforementioned estimated returns as well as empirical evidence provided by CBRE the Monitor would recommend the sale of the Property.

WIND UP OF LIMITED PARTNERSHIP

Wind Up of Limited Partnership

- If Sales Agreement closes, the Monitor will apply to Court for authorization to:
  - Implement a process for creditors to make claims against the Partnership.
  - Return capital to unit holders in the Partnership after payments to creditors in accordance with the Claims Process.

Wind Up of Limited Partnership

- Claims Process Order:
  - Monitor will give creditors notice of sale of WSV and of intent to return capital to Partnership unit holders.
  - Creditors will have a determined period of time (likely 45 – 60 days) to submit claims against the Partnership to the Monitor, failing which claims will be barred.

- Any claims made against the Partnership will be determined in accordance with the Claims Process Order.

Wind Up of Limited Partnership

- Excluding first mortgage of GWL (being assumed through Sales Agreement), the Monitor has currently identified $441,500 in creditor claims against the Partnership, comprised primarily of:
  - Intercompany advances; and
  - Unremitted GST.

- Upon the conclusion of the Claims Process, the Monitor will the file a certificate dissolving the Partnership in accordance with section 69 of the Partnership Act (Alberta).

VOTING PARAMETERS

Voting Parameters

- Quorum:
  - Per the LP agreement, to vote on a sale of the assets a Quorum of sixty percent of the units must be present in person or by proxy.
  - 1350 units x 60% = 810 units.
- Ordinary resolution:
  - Fifty one percent of the number of units voted.
    - Each limited partner receives one vote for each unit they hold.
    - The threshold will be based on the total number of units supporting the resolution (dollar value).

QUESTIONS

VOTE