

Westside Land Corporation

WLC



WESTSIDE LAND CORPORATION

CLIENT UPDATE

APRIL 2017



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LETTER TO **LANDOWNERS**

Dear Westside Landowner,

The last couple of years have been difficult for both the Calgary and Alberta economies but there are signs that things may be starting to turning around. According to the Provincial Outlook: Winter 2017, the Conference Board of Canada predicts Alberta's economy to grow by 2.8 per cent this year, the fastest amongst any Canadian province. This is a sign that the worst of the economic downturn may be behind us.

Other signs of recovery are the reduction in unemployment rates. Calgary's rate dropped from a high of 10.3% in November, 2016 to 9.4% in February, 2017. This marks the third consecutive month where the jobless rate in Calgary dropped. Overall in Alberta the unemployment rate fell by 0.5% in February to 8.3%. Although we are not out of the woods yet, these are encouraging signs of economic recovery.

Although the Tovero purchaser was unable to complete the transaction, we were able to retain and evenly distribute to our unit holders the value of the initial deposit while retaining ownership. We are still extremely enthusiastic about its development potential and the value that the land brings. Located at the north end of Okotoks and within the agreed upon annexation area, Tovero is ideally situated within the Town's main growth corridor.

After receiving endorsement from the Alberta Municipal Government Board this month, Town annexation plans has been sent to the Provincial Cabinet for final approval. Timelines for Cabinet approval is expected to be announced this spring.

To illustrate the point that Tovero is situated with the Town's future growth corridor, Okotoks has purchased a 40 acre parcel on lands 200 metres to the west for the development of a K-9 school with the possibility for a high school, community centre and public parks. These amenities will certainly make Tovero a highly desirable neighbourhood for residential purchasers.

In Airdrie, Administration has recently issued a request for proposals for planning consultants to prepare a Community Area Structure Plan (CASP) for land encompassing Eastridge Phase I and II as well as two other landholdings. We intend to meet with the City's new project manager in the coming weeks to introduce our industrial development intentions and to receive and update on project timelines. Our intent is to encourage the City to process our land use and outline plan applications concurrently with the CASP preparation in order to minimize time delays.

With the economic climate in Alberta set to rebound in 2017, the time is right to work through the planning approval process to ready the land for development and increase the value of the land.

In Rocky View County, administration has initiated the first stage of public consultation related to the review of 20 year old Springbank Area Structure Plan for lands west of Calgary. Under the current plan, Avion and the lands surrounding it are limited to agricultural and country residential uses. With growth of the Springbank Airport and with changes in economic conditions experienced since the plan's inception, we see it as an opportune time to promote our vision for the Avion Business Park and the positive benefits for diversifying the County's tax base.

We have met with County planning staff in small group sessions and at an Open House to discuss our vision for the Springbank area including Avion Business Park. To further this discussion we plan to meet with the County on one-on-one basis in the near future and again once the County drafts a new Springbank plan.

County administration is also undertaking a review of the County Plan to evaluate whether land along the Highway #8 corridor, which includes our Foxcreek landholding, should be identified as a development node. We, along with our development partners, will continue to advocate Council for additional development in this area of the County. A report with administration's findings is expected to be presented to Council in late spring.

There is no doubt that Calgary's economy has been struggling over the last couple of years as a result from the drop in oil prices. Today, with the price of oil at more stable levels, investment in oil sands development is expected to resume this summer leading to a modest growth in both the Alberta and Calgary economies. We are optimistic for 2017 and will be working with local municipalities to obtain planning approvals necessary to add value to our land and meet our overall land use objectives.

Regards,



David Brezsnyak

President



EASTRIDGE

PHASE I & II

The City of Airdrie has recently issued a request for proposals from planning consultants interested in preparing a Community Area Structure Plan (CASP) for lands located in the northeast corner of the City. This area encompassing the CASP includes Eastridge Phase I and II as well as parcels from two other landowners.

The CASP is a planning policy document that provides high level planning direction as to the appropriate use of land, density, location of community facilities and general road pattern. It also provides directions related to servicing and infrastructure needs.

This move by the City to hire a consultant comes after our discussion with Administration last summer which indicated that we were required to fund our own CASP, in cooperation with a number of adjacent landowners, before any planning applications would be processed. The rationale in support of a developer funded planning study was that the City did not have the funds or resources available to prepare the plan themselves. As well the information that a CASP is required for our land was contrary to previous discussion that indicated a CASP would not be required for our two quarter sections.

Since last summer the City has presumably reconsidered the possible implications of a developer funded CASP and have decided instead to fund the process themselves. As the City does not have the staff qualified to prepare and write the document, they have decided to request the assistance of a private planning consultant to do the leg work. In order to oversee the process with the to-be-determined consultant, the City has hired an in-house planning project manager. This position was filled in February and we intend to meet with the individual within the coming weeks once they become more comfortable in their role.

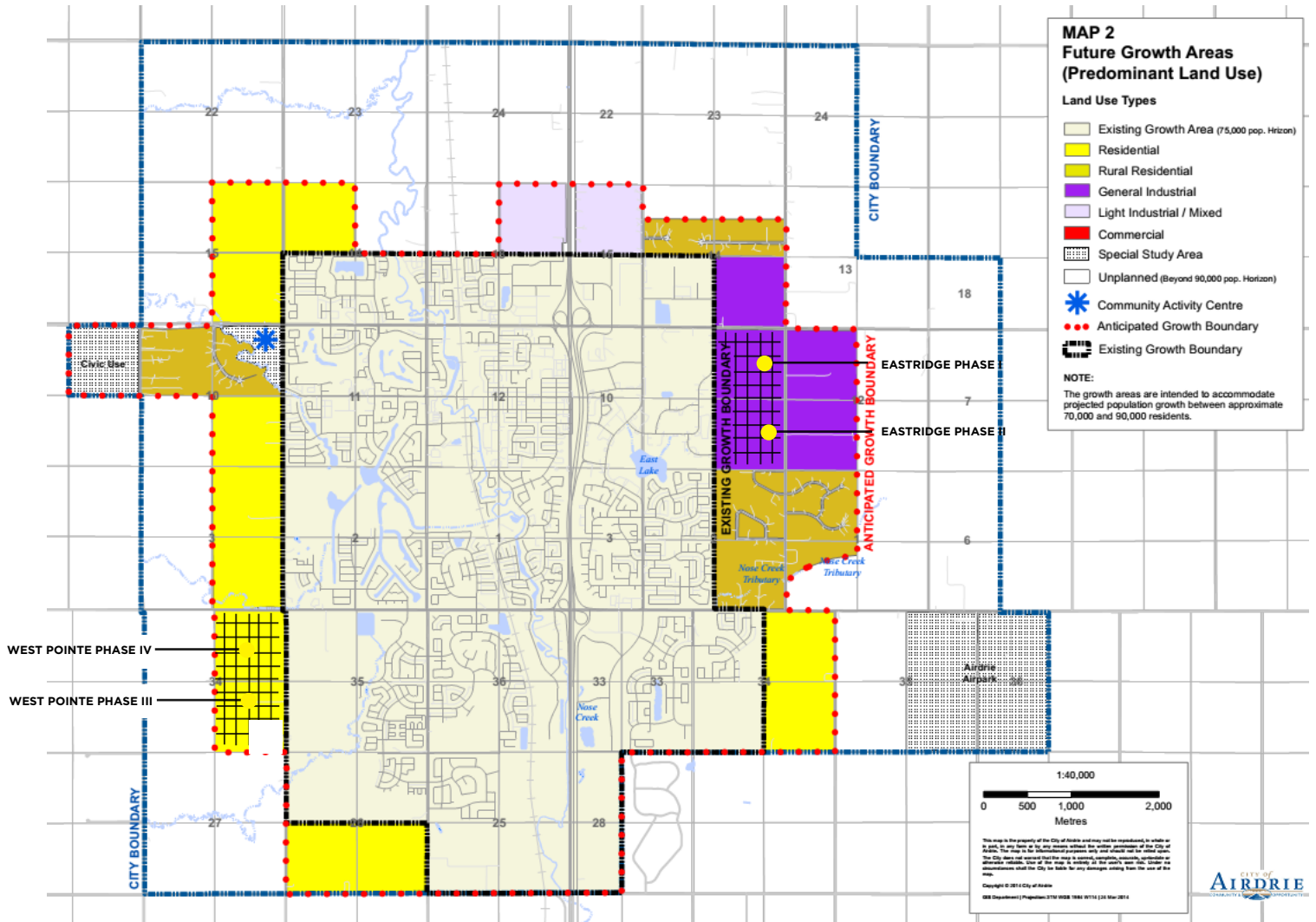
It is from these future discussions that we will learn more about the terms of reference for the CASP and the projected timelines for its approval. We will also be engaging the City to see if there is any opportunity to submit and process our own planning applications concurrent with the CASP process in order to reduce the amount of time required to gain approval.

EASTRIDGE PHASE I & II

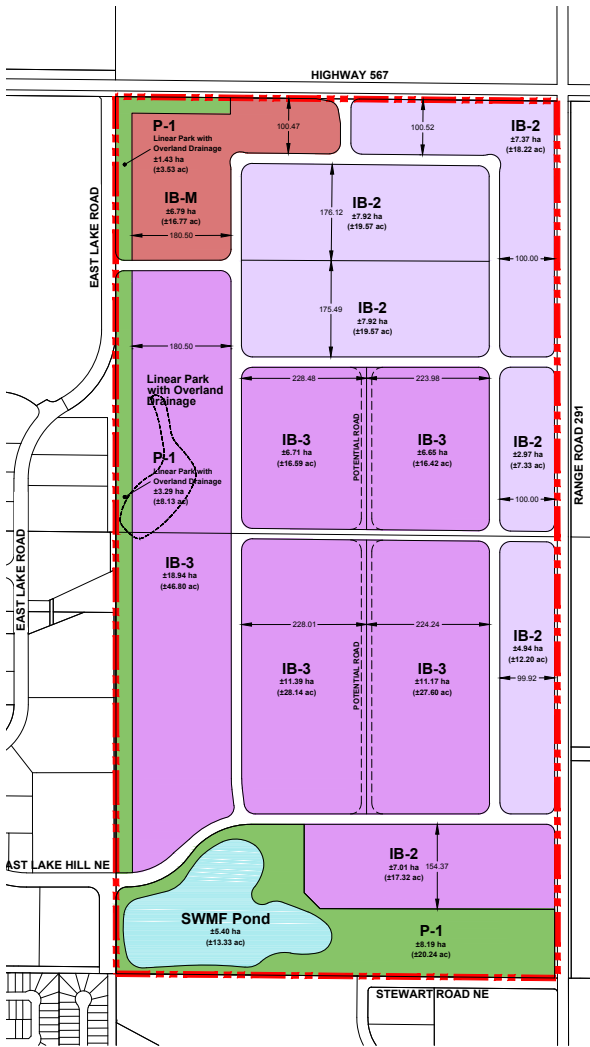
For those who are less familiar with this landholding, Eastridge Phase I and II was annexed into the City of Airdrie in 2012 and is best suited for industrial development. Development goals in the City Plan were amended to increase the non-residential land base from 15 to 25% in order to diversify their tax base and encourage more business and industrial development to off-set the growing tax burden on residential ratepayers. This policy fits well with our intended land use.

The City of Airdrie has existing servicing capacity to accommodate two quarter sections of annexed land without having to wait for new water and sewer mains to be extended to Airdrie from the City of Calgary. The concern with the preparation of the CASP is how this capacity will be allocated amongst various landowners.

APPROVED FUTURE GROWTH AREAS



CONCEPT PLAN - OPTION 1



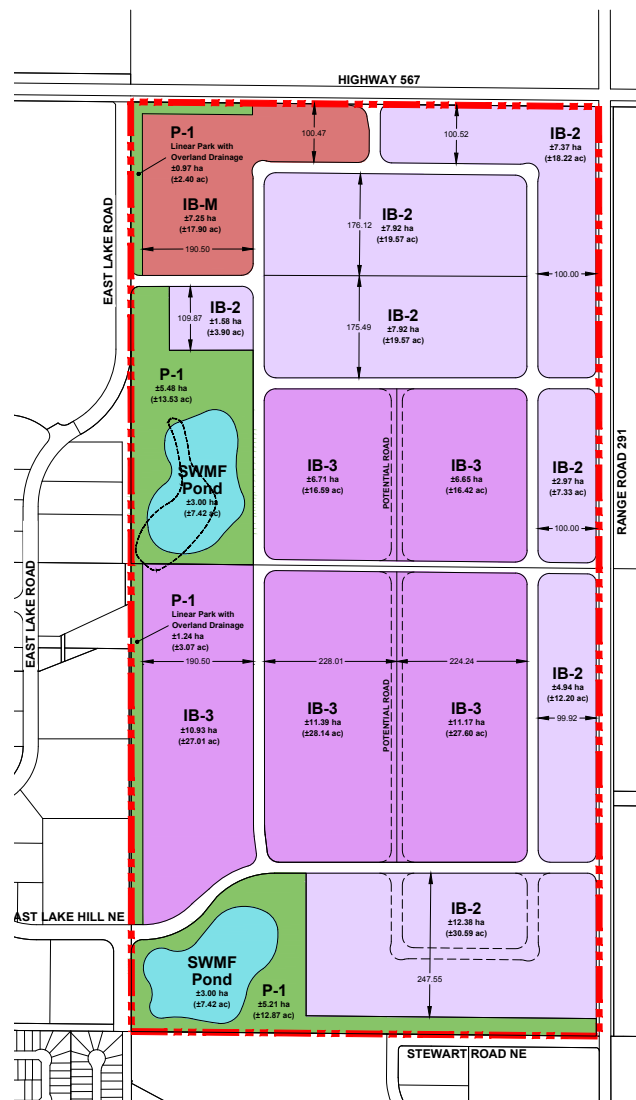
Legend
 Subject Lands

With the economic climate in Alberta set to rebound in 2017, the time is right to work through the planning approval process to ready the land for development and increase the value of the land.

Industrial land within Airdrie is at a premium and it is in the City's best interest to allow a more industrial land to diversify their tax base and lessen the tax burden on their residents. Long term growth expectations of the City of Airdrie and demand for industrial land remain high making the desire to rezone Eastridge Phase I and II land for industrial purposes all the more worthwhile.

Since our land is adjacent to and is a logical extension to an existing built-out industrial park, which will efficiently tap into servicing infrastructure, encourages consolidated development and helps the City achieve the goal of diversifying their tax base, we feel that our land should be allocated to the existing servicing capacity.

CONCEPT PLAN - OPTION 2



Legend
 Subject Lands



TOVERO

Since our last update, we wanted to advise you that even though the purchaser was unable to complete the transaction of the Tovero project, WLC was able to retain the initial deposit of the purchase offer to the direct benefit of Tovero Unit holders valued at \$500,000. All Tovero Ridge Unit holders did receive their full share of the applicable deposit proceeds.

Despite not closing on the recent purchase offer, we are very excited about the development potential and value of the Tovero lands. Tovero is ideally situated within the annexation boundary and a significant growth area for the Town of Okotoks, one of Canada's fastest growing communities located just south of Calgary. Okotoks is awaiting final approval from the Province for annexation that will bring an additional 1,877 hectares (4,640 acres) of land into the town boundary, which includes the Tovero lands.

In August 2016 the Town of Okotoks, with support from the M.D. of Foothills, submitted an annexation report to the Alberta Municipal Government Board (MGB) to endorse Okotoks' annexation. On October 12, 2016 the MGB conducted a mandatory public hearing associated with the annexation application.

In early March, 2017 we learnt that the Municipal Government Board has completed their review process of the annexation report and have given their endorsement. The next step is to send the agreement to Cabinet for approval. Timelines for Cabinet approval is expected to be released this spring. The annexation area requested to the Province is outlined on the following page.

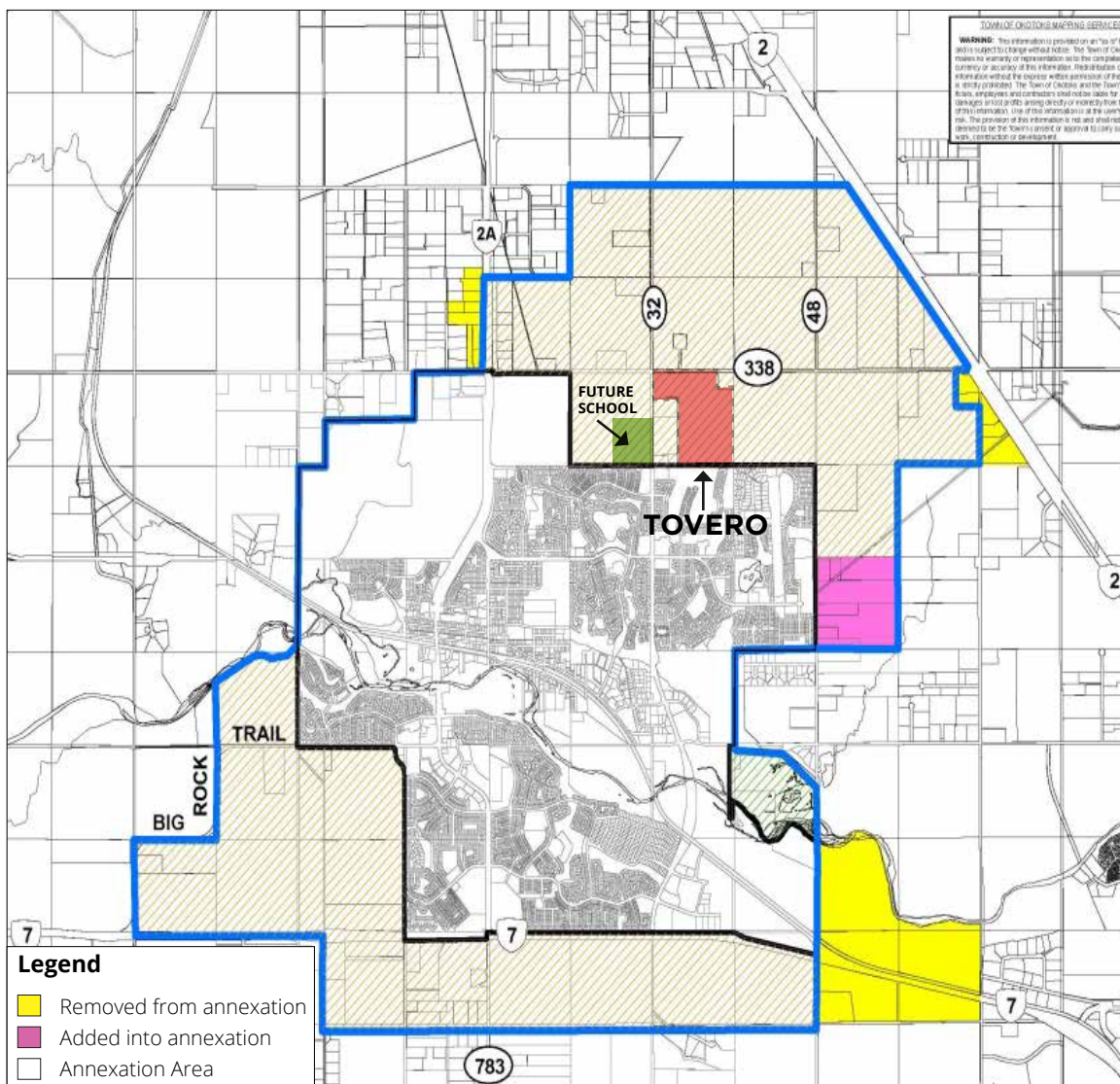
TOVERO

In anticipation of its approval, the Town has invested in the north annexation area, with a recent purchase of a 40 acre joint school site on the west side of 32nd Street, less than 200m west of Tovero. The recently purchased Town property is intended for a new K-9 public school with the possibility for a high school, community centre and public park. On June 30, 2016 the Town transferred an initial five (5) acres of land to Foothills School Division to enable engineering and construction to begin on the K-9 school. Site servicing has now begun and the K-9 school site is expected to open by September, 2018.

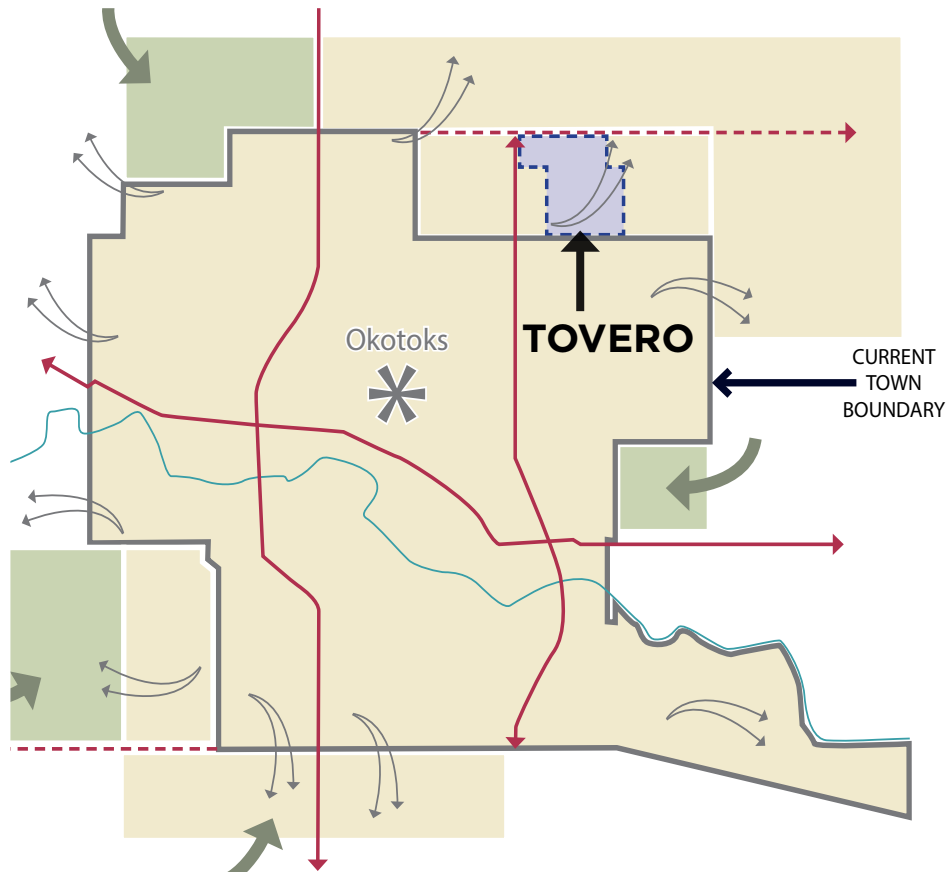
Given the anticipated timeline for the annexation and school construction, Tovero has an excellent opportunity to be part of building a truly complete and emerging community – one with schools, parks and community amenities within close proximity. The investment in community facilities will make Tovero very desirable as a residential neighbourhood.

As witnessed by the purchase of the 40 acre community and school site, the Town is clearly investing in growing Okotoks to the north. Residential neighbourhoods already exist along Tovero’s southern limits and with the Town planning for future schools and amenities to the west, Tovero is well-positioned as a high-priority area for near term urban development.

AMENDED ANNEXATION AREA



GROWTH SCENARIO



A continued requirement for Town growth is the need to secure a safe and reliable source of water to help supply the growing needs of the town. To this end the Town of Okotoks has made arrangements with the City of Calgary to provide water via a regional water line. The Town is now working to secure final funding arrangements with the Province.

As previously mentioned, Tovero is ideally situated along the Town's current northern border, adjacent to key transportation routes. As such, the land will benefit from the additional development density and urban services afforded to it by being annexed by Okotoks. As a residential neighbourhood already exists along Tovero's southern limits, further urban development onto WLC land is a logical extension as the Town continues to growth north towards the City of Calgary.

We are extremely excited about the development potential for Tovero and will begin discussions with the Town shortly to initiate Area Structure Plan proceedings, the initial step towards development.



AVION

Rocky View County has initiated proceedings to update the Area Structure Plan (ASP) that guides land use and development for the area surrounding our Avion land holdings just west of Calgary. The proceedings involve the review and consolidation of three Springbank area ASPs into one. As a result, the North Springbank Area Structure Plan (NSASP), the plan area in which Avion is located, will be combined together with two other plans to become the new “Springbank Plan”.

Under the current plan, the Avion land is identified for only agricultural and country residential uses. Although this may have been appropriate 20 years ago when the plan was first written, the economic conditions of the area have since changed. With this change we feel that country residential use is no longer an economically viable option for our land.

With the review and rewrite of the Springbank Plan we are hopeful that the County sees merit for encouraging a wider range of development opportunities in close proximity to existing development nodes such as the Springbank Airport, adjacent to our Avion land holdings.

Calgary and the surrounding area have experienced steady growth over the last 20 years and we feel that the current ASP document does not reflect a comprehensive approach that responds to today’s development demand. As a receiver of general aviation support to the Calgary International Airport, the Springbank Airport will continue to support light aircraft operations, flight training, charter operations and aircraft maintenance. Continued growth in small aircraft movements is only expected to increase over the coming years as the Calgary International Airport concentrates on larger aircraft movements.

With this vision of growth, the Springbank Airport will find it more difficult to operate should country residential development occur in close proximity of their facility as it has the potential for increased noise complaints from residents. That is why our vision for the Avion business park is a use that would provide an appropriate development buffer between the airport and existing residents while providing business opportunities associated with airport growth and business tax revenue for the County.

Combined with its close proximity to the Trans-Canada Highway and the recent opening of the first phase of Harmony, a future urban community of 10,000 residents northwest of the airport, we feel that the highest investment return and best use of our land would be for a business park.

AVION

On February 8th, the County held their first in a series of “coffee chat” sessions to gain input from area residents on how they envision future development in the Springbank area to occur. We were present at this meeting and were able to provide our ideas of where additional development should be located.

This meeting was followed-up with an open house meeting on February 16th where once again we were able to promote the future use of our land for a business park.

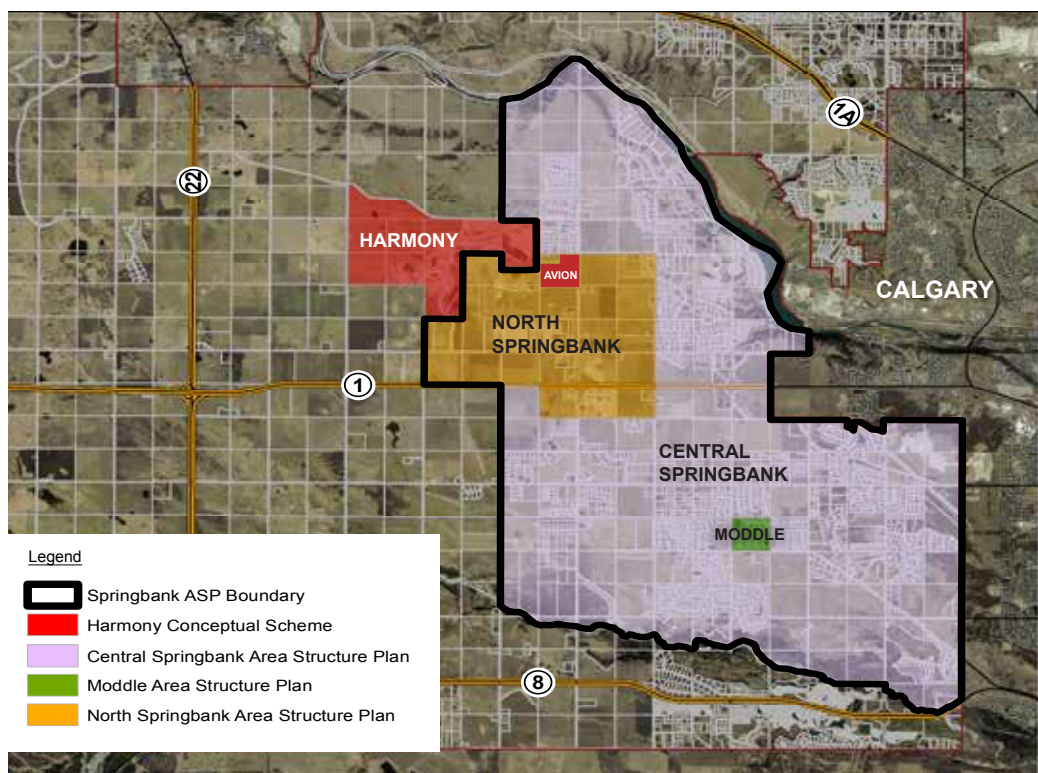
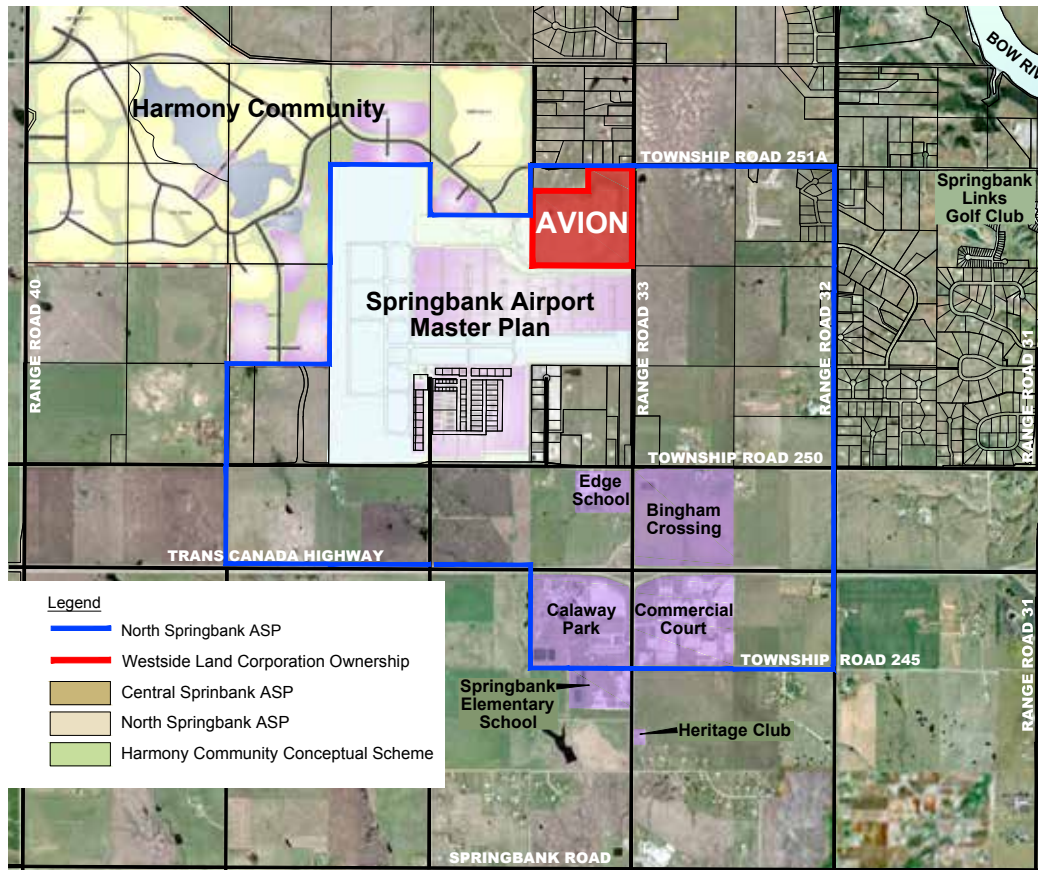
County administration will use the input from these sessions to draft up development policies and a new ASP land use concept map. This phase of the ASP review is expected to continue until September 2017. During this phase County planners will prepare draft plans for public input by scheduling future “coffee chat” and open house sessions.

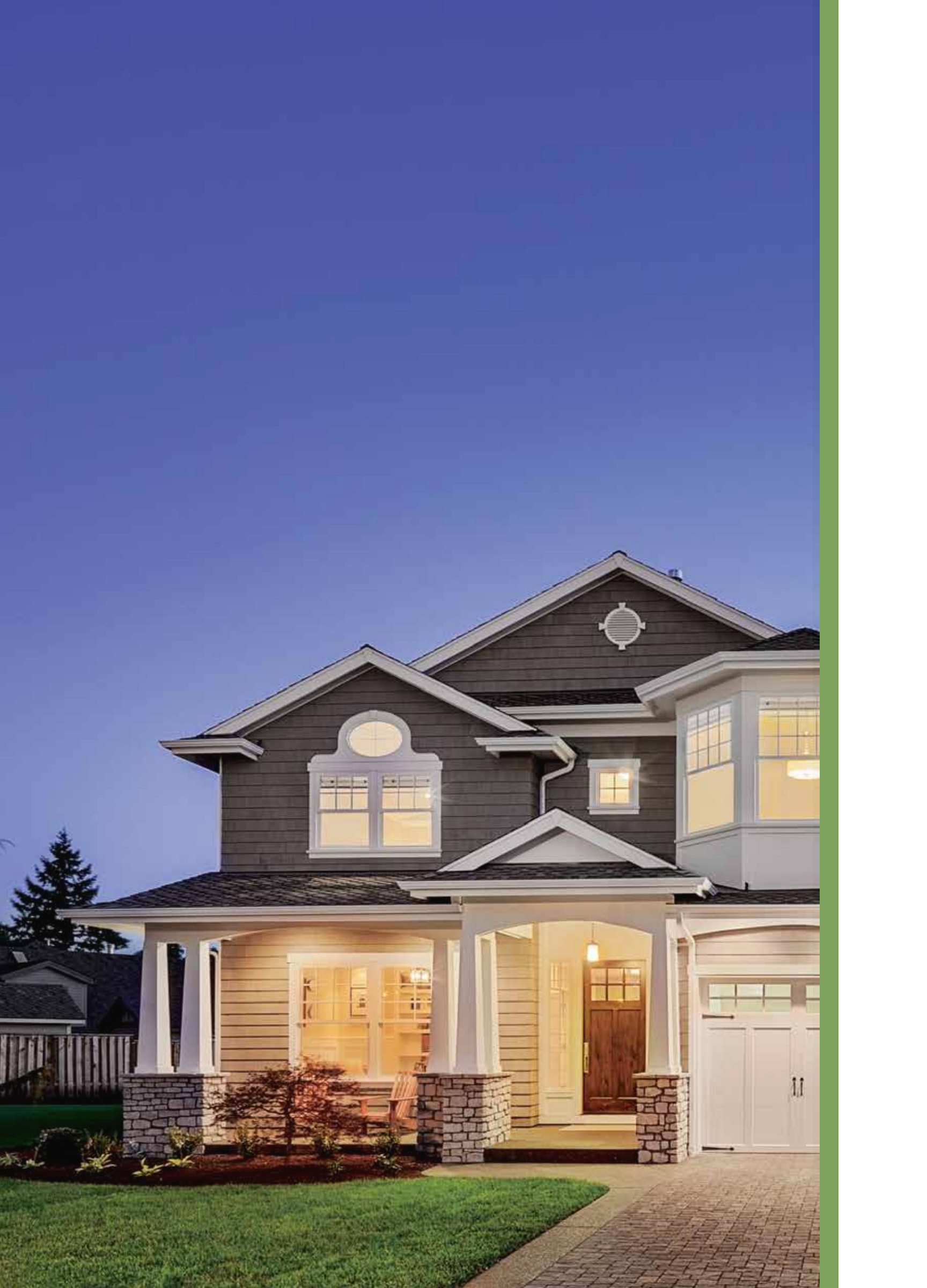
WLC has had one-on-one discussions with County planners and have forwarded to them a copy of our development concept and supporting information document that provides rationale to our vision. We feel this is the opportune time to introduce commercial/light industrial mixed development to our land and influence the future land use allowed in the future ASP. We will continue to push for the recognition that development of various uses should be concentrated around the Springbank Airport and are optimistic that the County will see the value of our vision.

THE AVION PROPERTY CONCEPT DESIGN



THE AVION PROPERTY REGIONAL CONTEXT





FOXCREEK

Our Foxcreek landholding is located within Rocky View County, west of Calgary and just south of Highway #8. Situated in close proximity of a very successful upscale residential subdivision, we feel that demand for residential lots in this area of the County makes our land the logical progression for future development. With the start of construction of the southwest leg of the Calgary ring road and partial twinning of Highway #8, improved accessibility will lead to increased demand for residential parcels in this area providing more development pressure on the County.

Rocky View County Plan identifies that development is to occur in areas covered by Area Structure Plans (ASP) or in areas identified as development nodes. Unfortunately neither of these criteria applies to our Foxcreek landholding. In order for development to occur in this area, Council would have to recognize the Highway #8 corridor as a development node and amend their County Plan. This designation would set the policy direction leading to the creation of a new area structure plan.

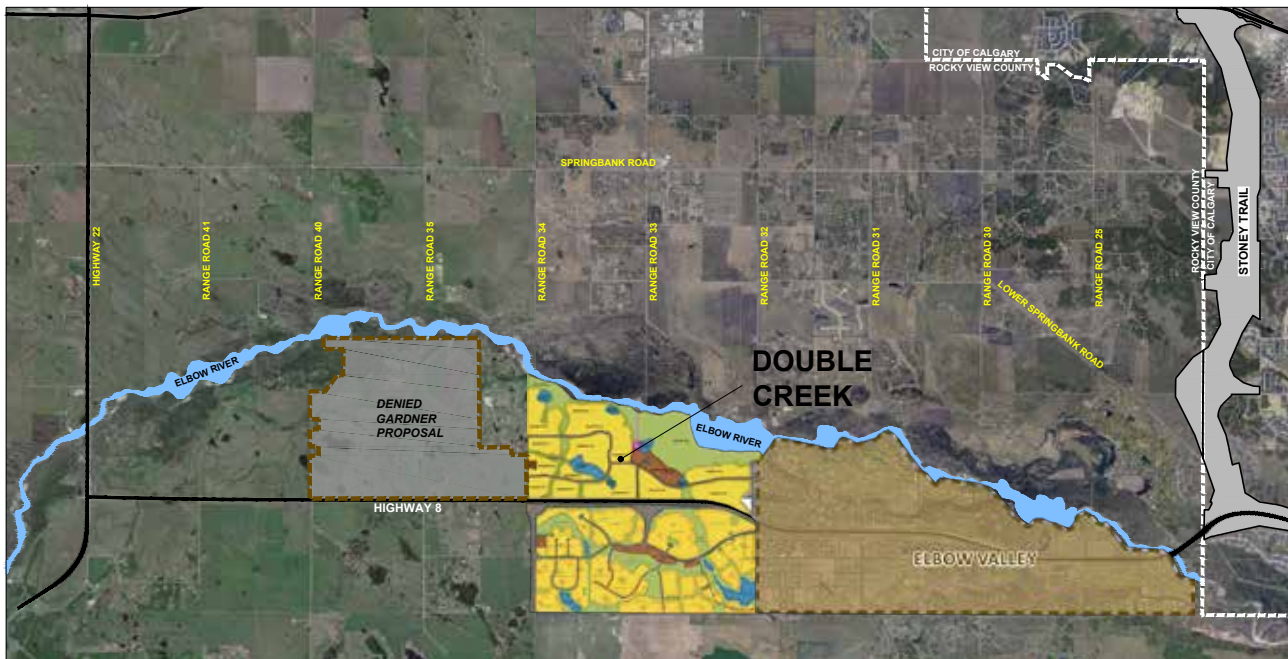
As we are not alone in our opinion of residential demand, we have joined efforts with like-minded adjacent landowners Qualico Communities and Legacy Communities, to form a partnership to create plans and lobby Council on the merits of additional development in the area. The partnership has created a plan known as “Double Creek” encompassing all three landholdings in order to visually illustrate to Council the comprehensive approach to development and merits of our combined vision.

FOXCREEK

The partnership has hired a public engagement consultant to connect with area Councillors to open the lines of communication and to gain insight of what items lie before us. The Double Creek partnership has also sanctioned engineering studies that address the servicing concerns raised by County administration and Councillors alike. Key to the engineering studies has been finding new ways to address sanitary and stormwater problems that do not negatively impact either the County or the City of Calgary.

From these efforts, County administration is presently undertaking a review of the County Plan to evaluate key growth management considerations such as residential lot inventories, available land supply, utility servicing availability and market demand.

LOCAL CONTEXT



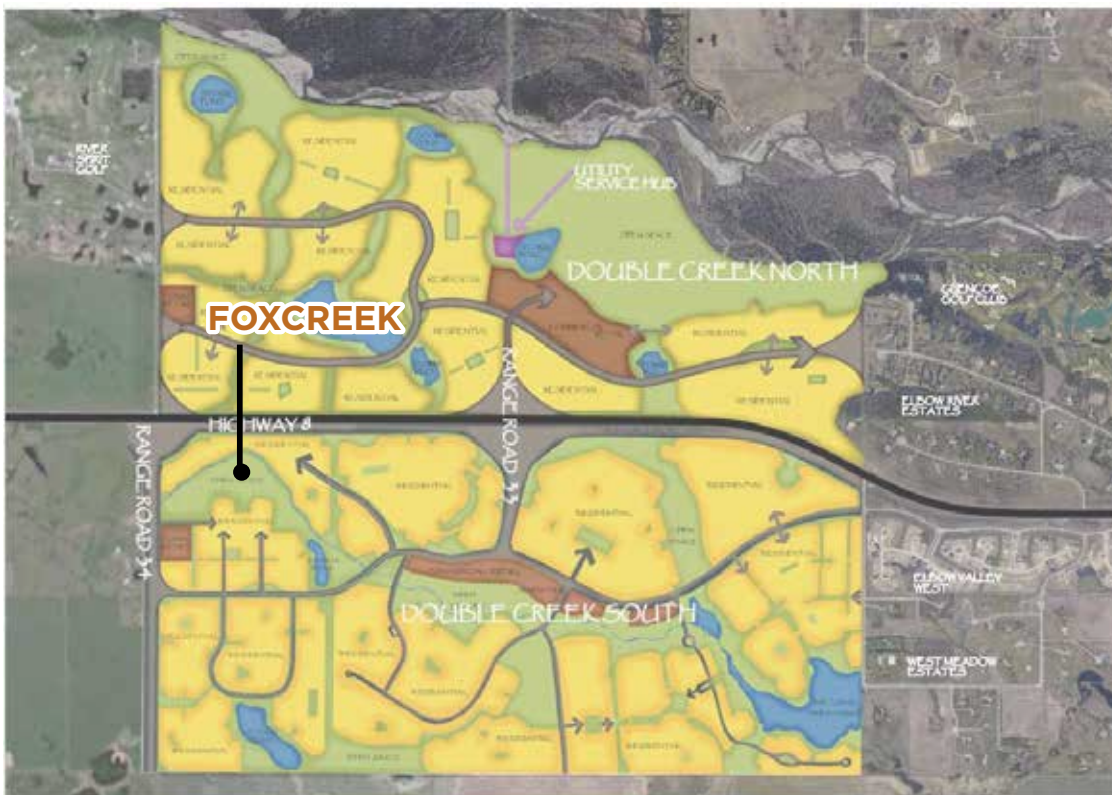
A report with these findings is expected to be presented to Council sometime in May, 2017. It is our hope that the report identifies that this region of the County is in high demand for residential properties but lacks the necessary supply of parcels.

The Double Creek partnership will be advocating for Council to amend the County Plan to allow the Highway #8 corridor to be recognized as a designated “growth node”. We are hopeful these discussions will lead to Council support for a County Plan amendment.

Should our efforts prove successful, as an incentive to the County, the group is prepared to request that a “developer-funded” Area Structure Plan be prepared in order to minimize the financial and resource impact on the County.

Our land is ideally situated for residential development with views to the Rocky Mountains and close proximity to the Elbow River. We, along with our Double Creek partners, will continue to advocate for the inclusion of these lands as a development node within the County Plan by providing a plans that encourages responsible smart growth to this beautiful area of the County.

UPDATED DOUBLE CREEK CONCEPT PLAN INCLUDING FOXCREEK



WLC SUPPORT TEAM

COMMUNITY PLANNERS

Brown & Associates Planning Group

ENGINEERS

BSEI Municipal Consulting Engineers

J.K. Engineering Ltd.

Jubilee Engineering

TRAFFIC IMPACT ASSESSMENT

Bunt & Associates Engineering Ltd.

GEOTECHNICAL AND GROUNDWATER INVESTIGATION, SOIL PERCOLATION AND PERCABILITY

Almor Engineering Associates Ltd.

LAND APPRAISERS

Atlus Group Limited

ENVIRONMENT SITE ASSESSMENTS

Base Property Consultants Ltd.

BIOPHYSICAL IMPACT ASSESSMENT

Hab-Tech Environmental

STORMWATER MANAGEMENT PLAN, SITE DRAINAGE

Aqua Consulting Inc.

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CIBC

CIBC Wood Gundy

Canadian Western Trust

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