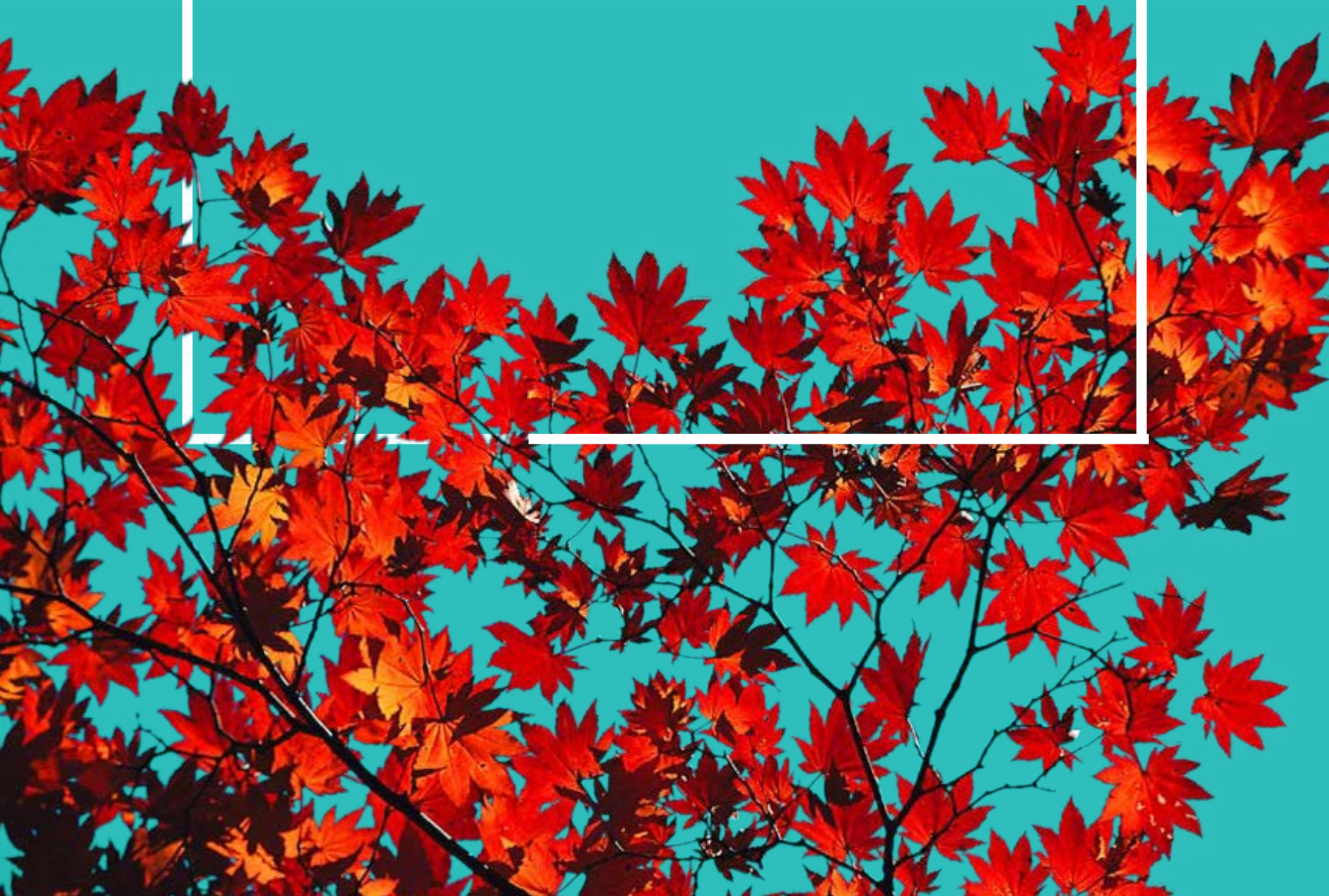




Client Update

WESTSIDE LAND CORPORATION | Fall 2017





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LETTER TO LANDOWNERS

Dear Westside Landowner,

There are signs that a turnaround in the Alberta economy is gaining momentum. According to ATB Financial, Alberta's Economic Outlook is gradually gaining momentum after a two year recession that left scars in the energy sector and across the labour market. Alberta's economy is expected to emerge with a GDP growth of around 3.2% for 2017 with a more modest growth of 2.1% anticipated for 2018. Tourism, agriculture and agri-food will continue to lead economic growth and economic diversification in the province.

According to the Province of Alberta, unemployment rates have fallen to 7.8% representing a further drop since the spring and from its high of 9.0% in November, 2016. In Calgary, the unemployment rate dropped from its high of 10.3% also in November, 2016 to 8.3% at the end of October, 2017. These are all good signs that economic recovery is starting to take shape in the Calgary region and across Alberta.

In Okotoks, the Tovero lands are moving closer to receiving Town support to proceed with the creation of an area structure plan (ASP). The lands, recently annexed into the town on July 1, 2017, are well-positioned within the initial phases of Town expansion. Although WLC have participated in regular discussions with Town Administration, there has been no official authorization to begin work on the ASP. WLC anticipates a decision to move forward on the plan in 2018.

WLC has worked with the City of Airdrie for the last 10 years. Since then we have been annexed into the city limits in 2012 and now the City is working on a community area structure plan (CASP) that includes Eastridge Phase I & II and is scheduled to be completed in March, 2018. Now that the CASP is well under way we will be listing Eastridge Phases I & II for sale in anticipation that the timing of a transaction will coincide with approval of the City planning initiatives this coming spring.

In Rocky View County, Council voted in favour of extending out the timelines associated with the update to the 20 year old Springbank Area Structure Plan (ASP) in light of the recent changes to the Municipal Government Act (MGA). These changes to the MGA require the establishment of a Regional Growth Plan to

be overseen by a Growth Management Board. This new set of requirements creates some uncertainty for the ASP review process. For that reason, the County has only progressed to a certain point until the direction of the Growth Management Board is more fully understood by County Administration.

To this point in the process the draft land use scenario map proposed by the County is encouraging as it shows our Avion lands lying within an area of future commercial and industrial development. This land use fits within our development vision and future use of the site.

With the election of a new Council in Rocky View and the introduction of changes to the MGA, we are encouraged that the Council will have to reconsider development nodes in and around the City of Calgary in order to accommodate smart growth within a regional planning setting. This is of particular interest for Foxcreek where WLC, along with our development partners, will continue to pressure the County to identify our Foxcreek landholdings as a suitable development node within the Highway #8 urban growth corridor.

Better days for the Alberta and Calgary economies are expected, albeit with a more modest rate of growth. Stabilized oil prices are expected within a range that encourages continued growth in the energy sector. As well, the Alberta economy is transitioning and diversifying with less reliance on oil and gas to ride out the peaks and valleys of the variable commodity prices. For these reasons WLC are planning ahead to take advantage of the next wave of real estate growth anticipated in the Calgary region and will continue to work with area municipalities to gain the necessary support required to meet our land use objectives.

Regards,



David Brezsnyak

President



EASTRIDGE

PHASE I & II

The City of Airdrie has launched two significant planning initiatives since the last Client update in April. The 12 Thousand Acres Plan and the East Points Community Area Structure Plan (CASP), both being developed concurrently with each other, are expected to conclude in the Spring and Summer of 2018. Both these initiatives will directly influence the timing and type of development anticipated for the Eastridge lands.

The 12 Thousand Acres Plan is intended to be a long range plan for how growth is to occur on the recently annexed lands which were attained from Rocky View County in 2012. This growth plan is to provide guidance for at least 50 years of land supply for the City. Its main objectives will be to develop a high level land use plan, establish boundaries for future Community Area Structure Plans, determine development sequencing and provide policies respecting temporary development allowances within the area.

Typically the preparation of a CASP such as the East Points Community Area Structure Plan (CASP) would be subsequent to the adoption of a plan such as the 12 Thousand Acres Plan, as this strategy would pre-determine boundaries and sequencing of development. However, the City is committed to the preparation of some CASP processes located within the annexed, future growth area of the City. The East Points CASP being one of three planning processes currently underway with Council direction.

12 Thousand Acres Plan

Airdrie annexed 12,640 acres from Rocky View County in 2012, which is expected to provide the City with a 50 year land supply.

The 12 Thousand Acres Plan will provide a long range plan for how this land will be developed.

The 12 Thousand Acres Plan will be a **non-statutory**, functional planning document approved by Council, with four major objectives:

- 1** Develop a high level **land use plan** (i.e. determining what areas will be residential, industrial, etc.)
- 2** Establish **boundaries** for future Community Area Structure Plans within the annexed land.
- 3** Determine **sequencing** of development (i.e. which CASP areas will be developed first).
- 4** Define policies for **temporary development** (i.e. where temporary development can be located and the type of development that is permitted).

www.airdrie.ca/12kAcres

East Points Community Area Structure Plan (CASP)

The East Points CASP is being created as part of the City's continued effort to ensure well-managed growth for our residents. These lands are being strategically targeted for industrial growth.

The East Points CASP will be a legally binding, **statutory document** adopted by Council bylaw and will achieve the following goals:

- 1** Provide policy direction for the **physical form of development** within the plan area, and **interface conditions** for uses next to existing rural residential areas.
- 2** Establish **infrastructure requirements** (i.e. internal road networks and municipal servicing).
- 3** Provide options for utilizing and **sequencing** the servicing capacity that is available for the plan area.
- 4** Identify **opportunities and limitations** to development, including Environmentally Significant Areas.

www.airdrie.ca/industrialCASP

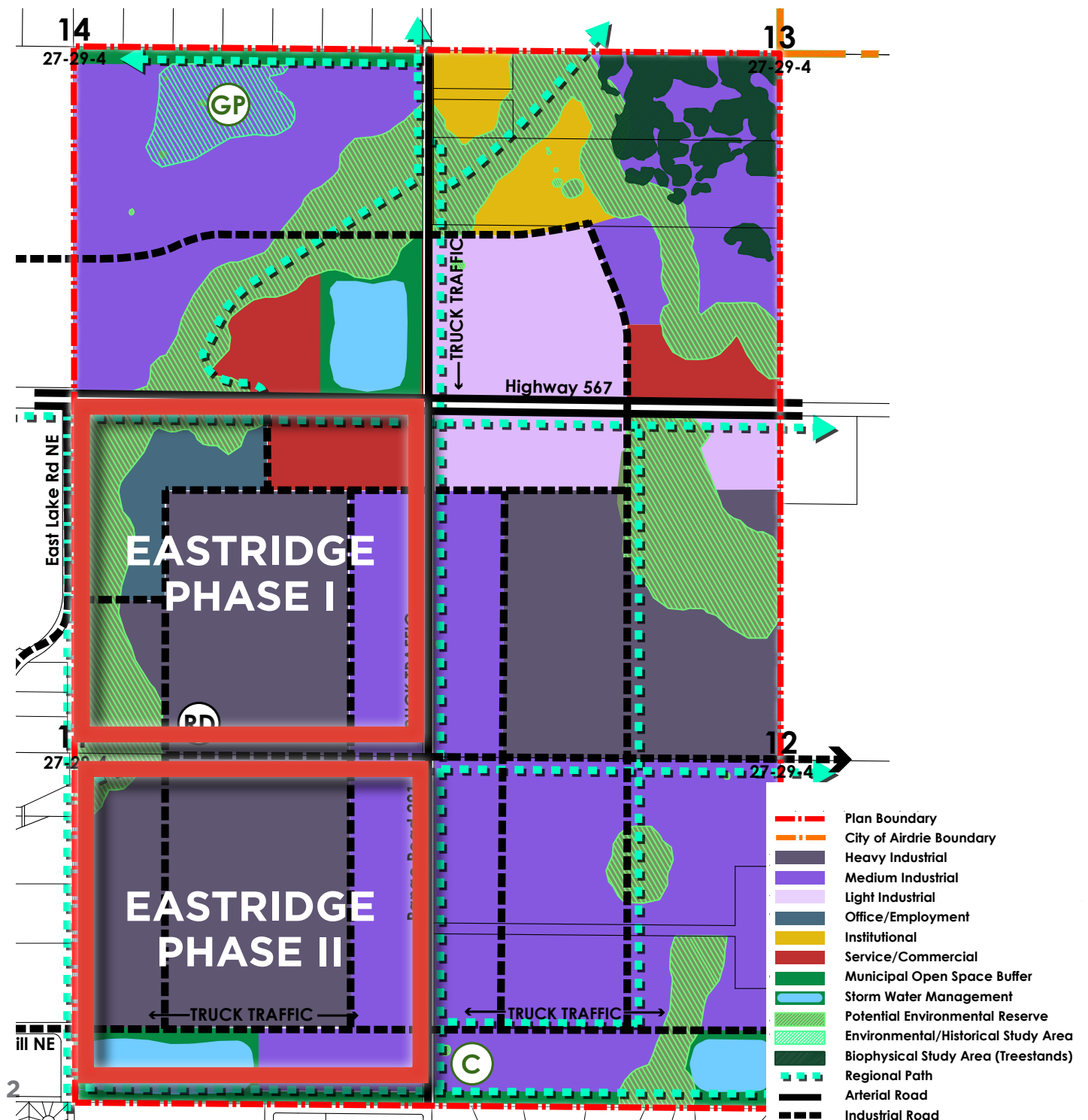


Since these plans will be developed concurrently, with some overlap and impact on one another, our project teams are working together to ensure that information is shared across both plans.

EASTRIDGE PHASE I & II

The East Points Community Area Structure Plan (CASP) is being prepared as part of a continued effort to ensure well-managed growth for the residents of Airdrie. Both phases of the Eastridge lands fall within this planning area which has been strategically targeted for primarily industrial and non-residential growth. The East Points CASP contains six quarter sections comprising of approximately 390 ha (960 acres).

PROPOSED COMMUNITY AREA STRUCTURE PLAN



We are actively participating in the 12 Thousand Acres Plan and East Points Community Area Structure Plan (CASP) in developing a mutually beneficially land use concept for the lands within the context of the City's growth management strategy which promotes the highest and best use for the lands. The successful outcome of these City initiatives is a significant step in having these lands slated for development in the short term.

Some of the primary objects of the East Points CASP are:

- Provide policy direction for the physical form of development, which will be comprised primarily of commercial & industrial land uses;
- Establish infrastructure requirements, including internal road networks and municipal servicing;
- Identify opportunities and constraints to development;
- Provide policy direction for appropriate interface conditions with commercial and industrial land uses adjacent to existing rural residential land uses;
- Establish road network and community boundaries;
- Identify Environmentally Significant Areas, and;
- Provide options for utilizing and sequencing the limited servicing capacity available for the plan area.

The East Points CASP will provide the planning framework for the future subdivision and development of these lands. The timeframe for the next steps in the process is dependent on landowners and development aspirations. Notwithstanding, the availability of servicing is a major determining factor for the development of lands within the East Point planning area.

A number of things are still to be determined, such as:

- development sequence;
- industrial residential interface conditions;
- transitional uses;
- road network;
- community boundaries;

PROJECT TIMELINE 2017 - 2018

PHASE 1

July/August

SETTING GOALS AND VISIONS FOR THE PLAN

Public engagement session will guide the design of the plan by providing us with public feedback on your hopes, fears and vision for the lands.

PHASE 2

September

EXPLORING OPTIONS

There will be three design options created based on public feedback received in Phase 1. The three options will be presented to the public to help decide on the final design.

PHASE 3

November

DRAFTING THE PLAN

A draft plan will be created incorporating the final design and providing the interface conditions.

PHASE 4

March

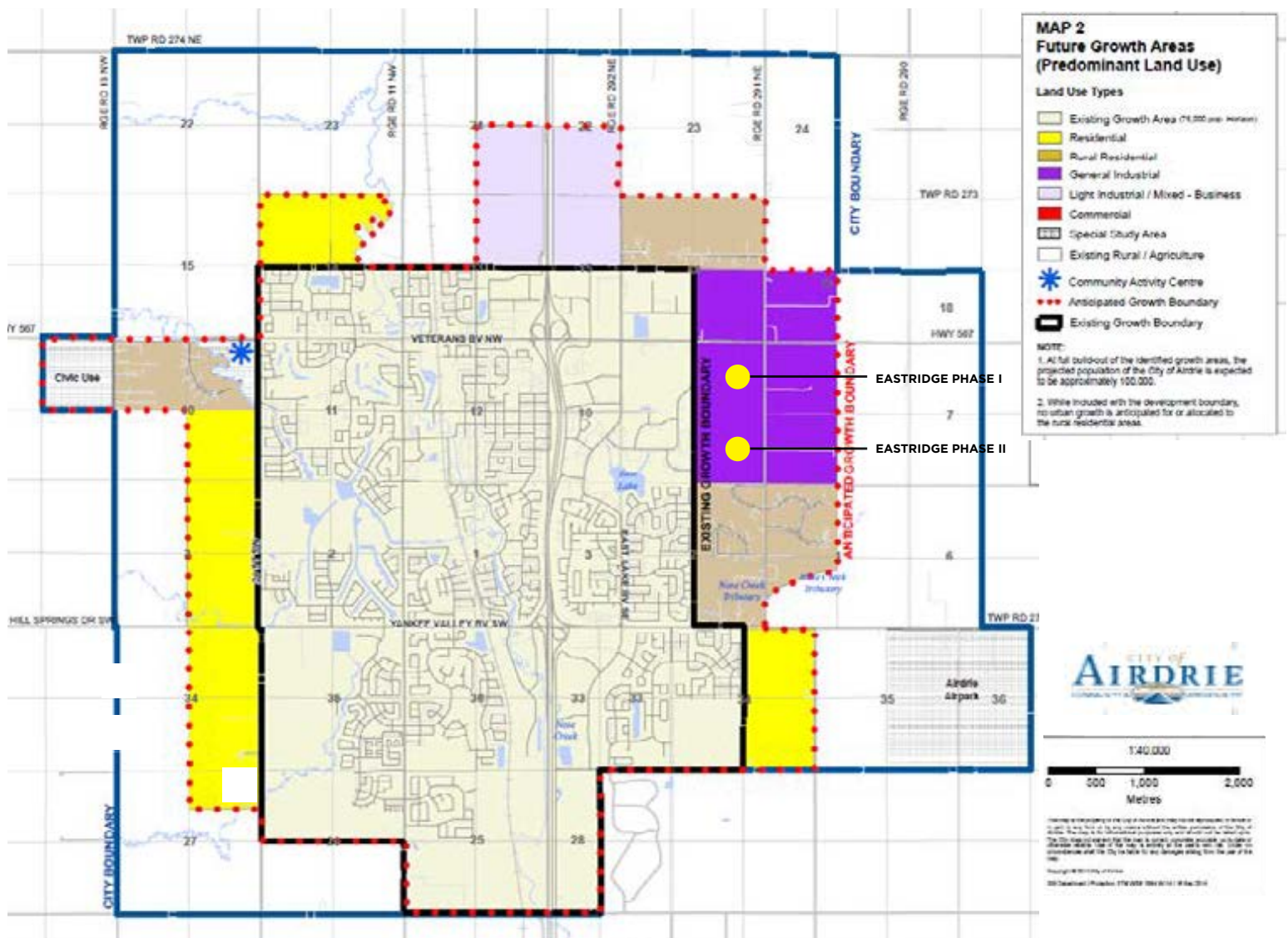
FINALIZING THE PLAN

Plan will be finalized and another public engagement session held prior to presenting to Council for adoption.

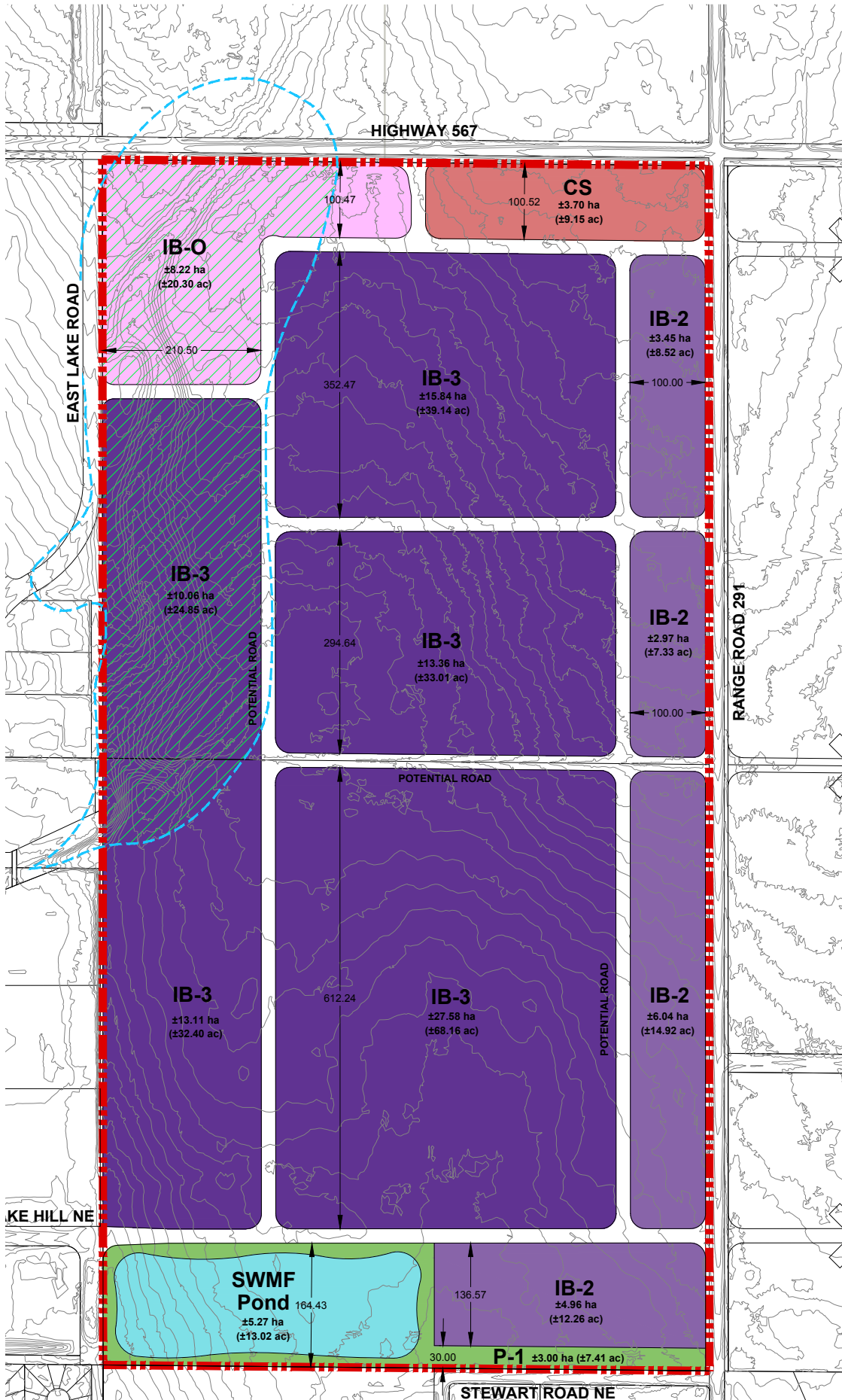
The City of Airdrie and their consultants hosted landowner visioning sessions in August 2017 and subsequent Open Houses in October, where various land use options were presented. These land use concepts were open to direct public feedback and through an online survey. It is expected that through the winter months the draft East Points CASP plan will be prepared based on a preferred final design with further public engagement in the Spring of 2018.

We will be listing Eastridge Phases I & II for sale in anticipation that the timing of the transaction will coincide with approval of the City planning initiatives this coming spring. We will continue to work with the City of Airdrie in positioning these lands for shorter term development based on logical development sequencing and extension of existing industrial to the east which remains a priority for the City.

APPROVED FUTURE GROWTH AREAS



PROPOSED CONCEPT PLAN - DRAFT



Legend
 Subject Lands





TOVERO

The Tovero lands in Okotoks are moving closer to receiving Town support to proceed with the creation of an area structure plan (ASP). The Town of Okotoks achieved a major milestone on July 1, 2017 with the official government board order transferring an additional 1,877 hectares (4,640 acres) of land to the Town from the M.D. of Foothills (see Figure 1). The annexation process took years to complete and it brings an exciting opportunity to move forward with development on the Tovero lands.

The Town and the Province continue to invest near the Tovero lands, with on-going construction of the K-9 school to the west of Tovero across 32nd Street. The school is anticipated to open in September 2019. The new school adds to the existing inventory of educational and institutional lands uses in this north part of Okotoks, which will provide attractive amenities for future residents and businesses on the Tovero lands.

Westside Land Corporation (WLC), assisted by B&A Planning Group (B&A), has been in regular discussions with Town planning staff regarding moving ahead with an Area Structure Plan (ASP). Discussions have been generally positive, although there is yet no official authorization to begin work on the ASP. At the request of the Town, WLC and B&A prepared initial conceptual designs for the Tovero lands (see Figure 2). The preferred concept design shown in Figure 2 creates a neighbourhood rich with amenities, including estate lots along the south border with Crystal Ridge Golf Course; Tovero Village – a mixed-use area of multi-unit, seniors housing and local commercial; quiet single-family areas with mountain views; and central multi-unit housing.

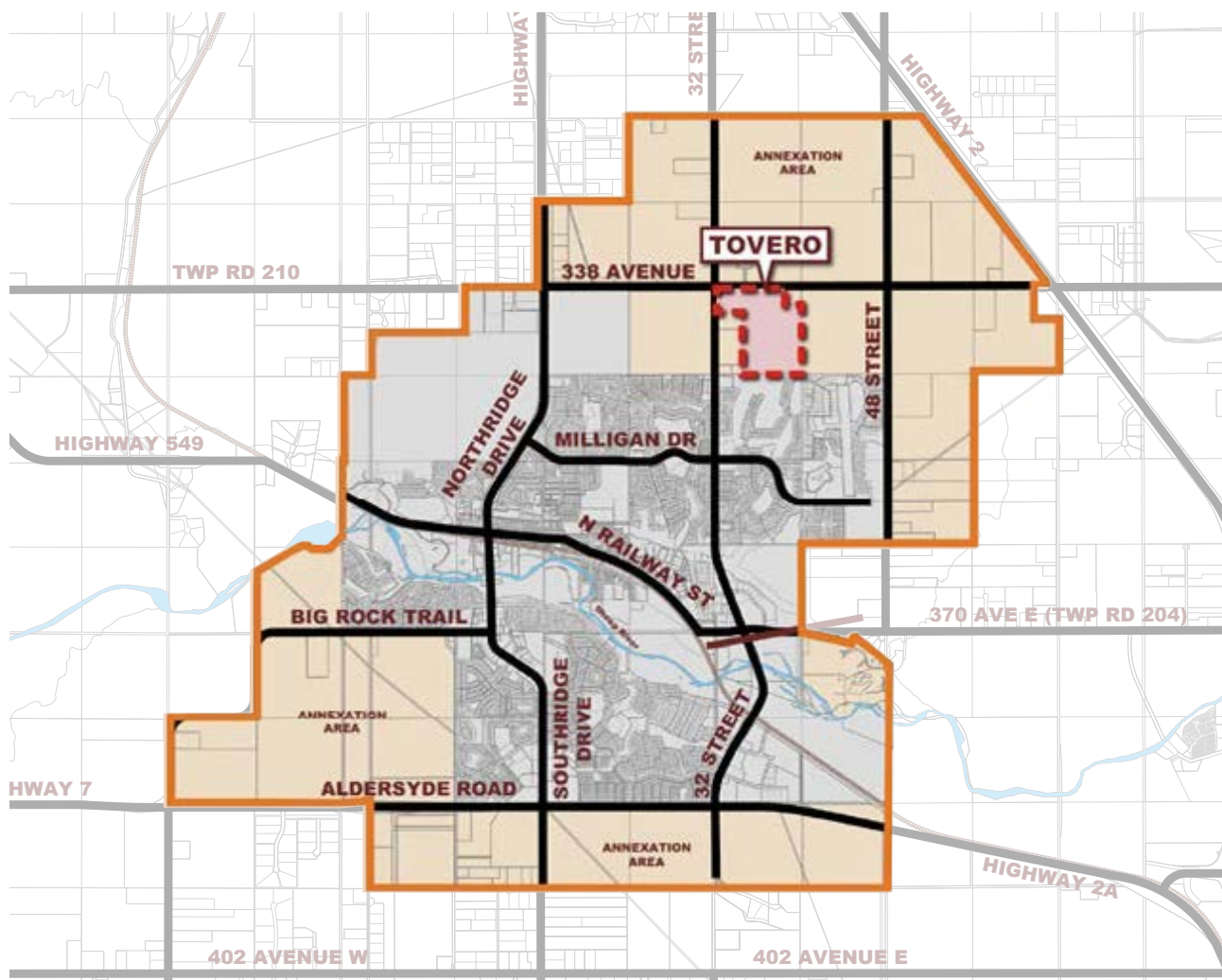
WLC and B&A have also met with the Town's new economic development officer (EDO). The new EDO was excited to hear about the potential for a mix of non-residential and residential development on the Tovero lands. The Town is aiming to increase its non-residential tax assessment from 13% to 22% and the Tovero lands could assist the Town in this effort while still providing a great residential community.



TOVERO

The Town's existing Growth Study identifies the Tovero lands as a top priority for expansion as it is located adjacent to existing development to the south and west. However, due to the recent annexation, the Town is updating its Growth Study and does not wish to pursue any new area structure plans prior to completion of the Growth Study update. Nonetheless, WLC is continuing to push for clear direction from the Town on proceeding with initial ASP work concurrent with the Growth Study update. WLC strongly believes that given the location of Tovero, the Growth Study update will continue to position Tovero as a high priority for development. WLC has also met with business owners who may be interested in non-residential lands within Tovero and there appears to be strong demand for ready-to-develop commercial land.

FIGURE 1






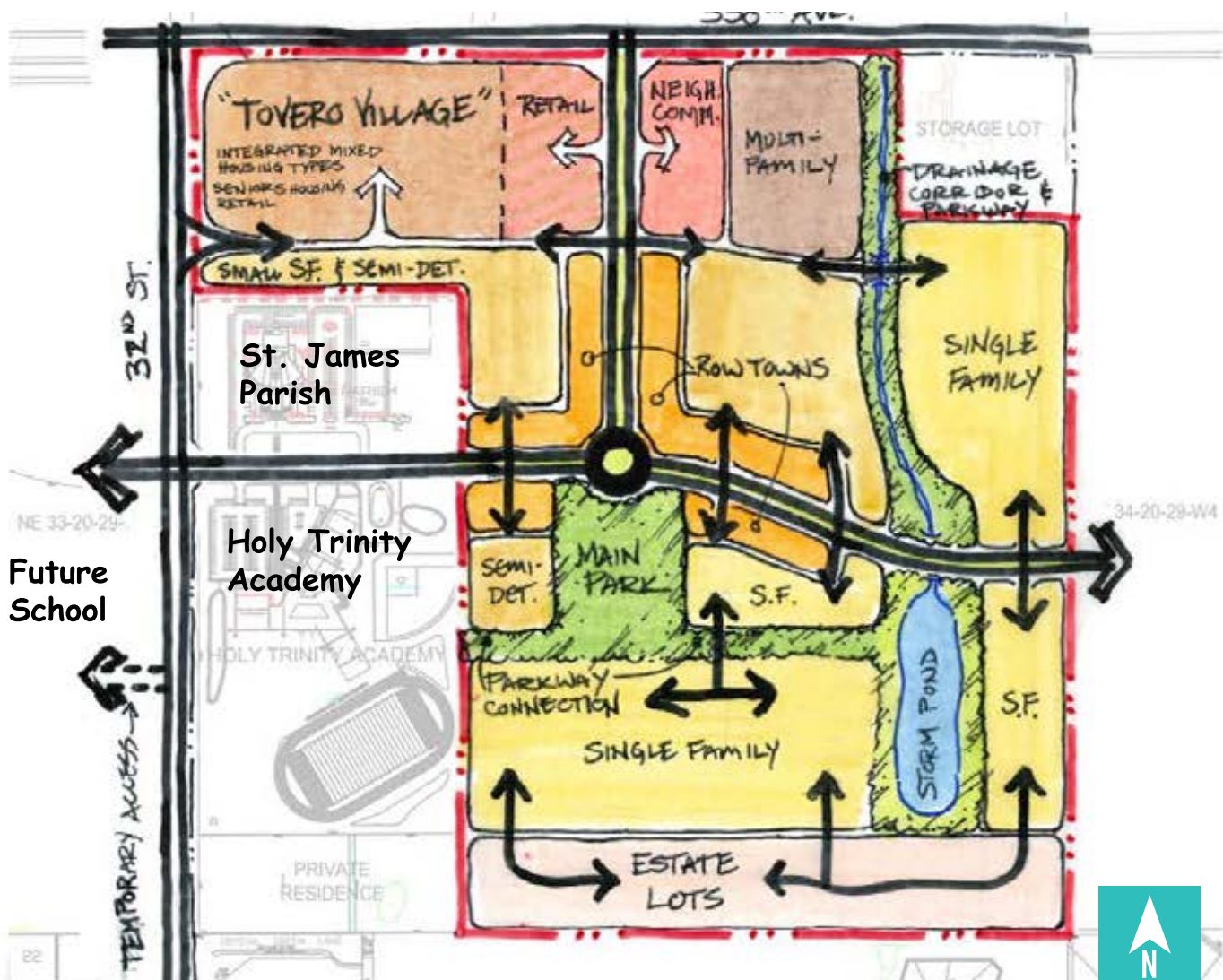
-  Okotoks Municipal Boundary (effective July 1, 2017)
-  Tovero
-  K-8 Public School (under construction)



FIGURE 2



WLC kept a close eye on the October 2017 municipal election and will be meeting with members of Council in the coming weeks to discuss the importance of the Tovero lands to Okotoks' long-term viability. There is only one new Councilor in Okotoks with the rest of Mayor and Council remaining the same. This stability at the Council level will assist the continued sustainable growth of Okotoks.

As part of being a good neighbour, WLC has met with the adjacent land owners to determine their interests and opinions on future development in the area. Adjacent landowners have been very appreciative of these conversations and have been supportive of the opportunities that new growth can bring to the north area of Okotoks. In particular, WLC has met multiple times with a representative of the adjacent Holy Trinity Academy High School (Christ the Redeemer Catholic Schools), who stated that developing the Tovero lands could benefit the high school, as the lands would provide an alternative road access to the school (and St. James Parish) and alleviate traffic problems. A mutual solution to road access off 32nd Street was discussed and there is strong interest to continue working together to create benefit for both parties.

The Town is continuing to seek provincial approval for a new water line, which would secure water allocation for development beyond the Town's current capacity of a population of 30,000 and thus open up the annexation lands to development. Town staff indicated the option of a water line from Calgary is being reviewed by Alberta Environment and approvals are still pending. Alternatively, the Town indicated that developers may provide their own water licenses to expedite development approvals, but 40% of the water license would go to the Town, with 60% being allocated to the developer.

WLC is continuing to push the Town of Okotoks to move forward with an ASP for the Tovero lands and adjacent lands. The Tovero lands are advantageously located within the first phase of development within the north annexation area and provide a key opportunity to complete development around the educational institutions of the new K-9 school and the existing Holy Trinity Catholic High School and church. WLC anticipates moving forward with an area structure plan in 2018.



AVION

In the fall of 2016, Rocky View County initiated work to update the Area Structure Plan (ASP) that guides land use and development for the area surrounding our Avion site. The work involves reviewing the land use strategy and consolidation of three Springbank area ASPs into one. The new consolidated plan is to be known as the new “Springbank Plan”.

Since beginning the process, Rocky View County has held two stakeholder “Coffee Chats”. One was held in February 2017, which sought development input from area landowners, followed by a second Coffee Chat at the end of June. It is during this later meeting where the County unveiled their draft Land Use Strategy Discussion Map which identified areas for continued country residential development as well as future areas for commercial and industrial development.

Based on the draft map produced by the County, our Avion land holdings are identified within a zone envisioned for future commercial and industrial uses which are in keeping with our vision for the land (see attached Land Use Strategy Discussion Map). This is good news as the current Area Structure Plan Land Use Concept map identifies our land appropriate only for agricultural and country residential uses and limits other development potential. Due to economic conditions and lack of demand for country residential acreages in the immediate area, we feel that country residential use is not the highest and best use of the land and is no longer an economically viable development option.

This good news from the County to identify our land within the commercial/industrial development zone was offset by the news that the County has revised their timelines for the ASP review. The revised timelines is in response to Provincial regulations introduced at the end of October. The regulations now require the creation of a Calgary Regional Growth Plan to be governed by a new Growth Management Board (GMB) made up of officials from the City of Calgary and neighbouring municipalities.

This new step in the plan approval process introduces a degree of uncertainty with the final approval of the Springbank Area Structure Plan. For that reason, the Country has limited the progress of the ASP review

AVION

until direction of the Growth Management Board is more fully understood. Once this occurs, more extensive work on the draft ASP will resume in its full capacity. The County is concerned about spending time and effort rewriting the Springbank ASP that may not fully comply with the vision of the Regional Growth Plan. In the meanwhile, the County will continue work, albeit slowly, to draft a vision, objectives and potential land use scenarios over the coming year while more information is learned about the Regional Growth Plan.

What this means to WLC is that the current ASP, which identifies the Avion lands appropriate only for agricultural and country residential uses, will continue to be in effect and will prevent us from rezoning the property for commercial/light industrial uses.

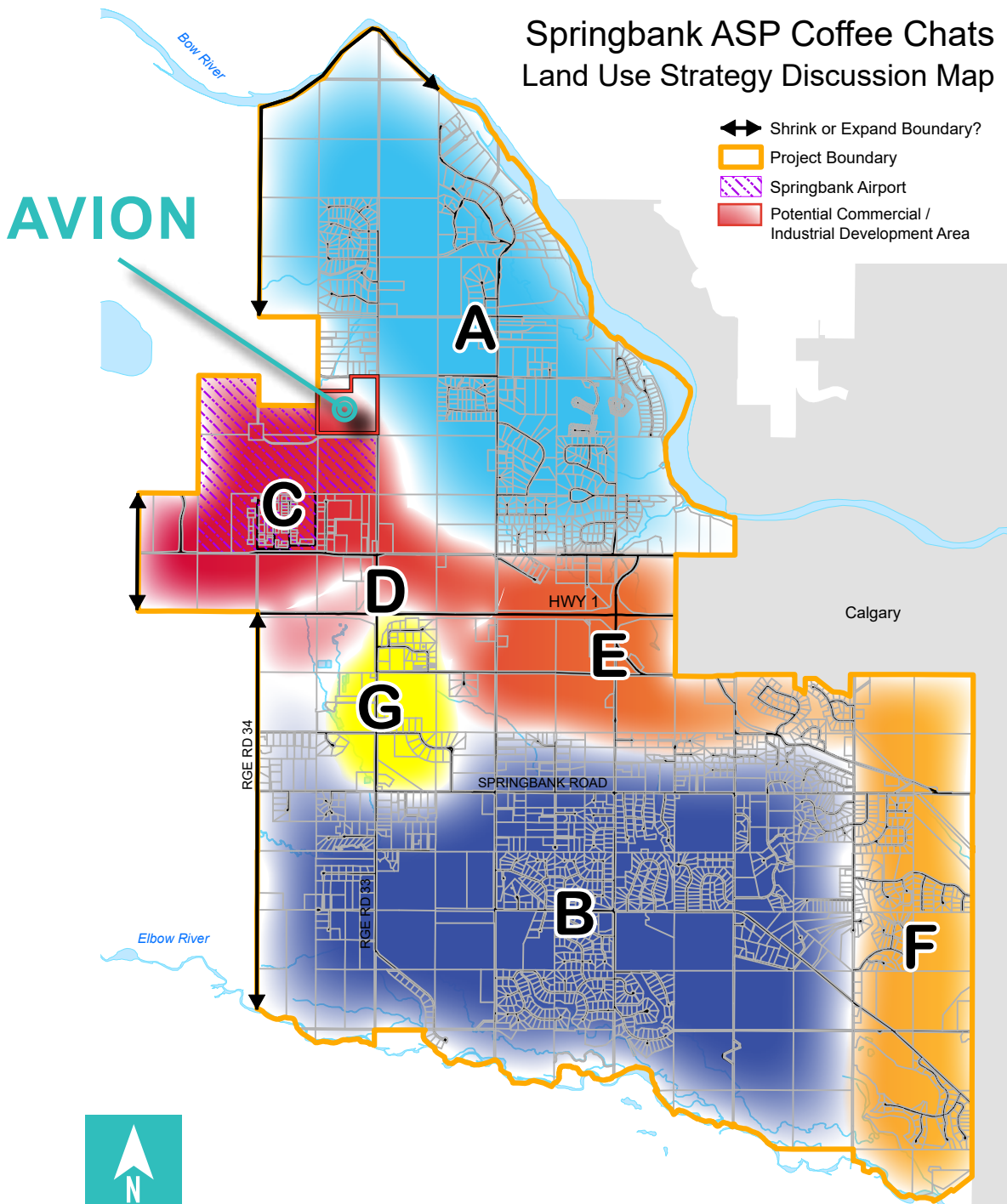
WLC have had discussions with County planners and have forwarded to them a copy of our development concept and supporting document that provides rationale to our vision. We are hopeful that our development vision matches those of the Regional Growth Plan and draft Springbank Area Structure Plan.

THE AVION PROPERTY CONCEPT DESIGN



We are also optimistic about the new faces on Council. Municipal election results from the end of October have resulted in eight of nine Councillor seats now being occupied by new faces. Considered positive for Springbank residents and development interests alike, Kim McKylor defeated incumbent Jerry Arshinoff. Kim wants to see a new ASP for her community that secures and enhances Springbank's distinct identity but also enables more opportunities for local services and amenities. This view is a refreshing and represents a view point we can work with.

We will continue to work with County Administration and the new Councillor so that work on updating the ASP may resume and reflect the future land use envisioned for our Avion lands.





FOXCREEK

Located in Rocky View County, our Foxcreek landholding is part of a larger comprehensive plan designed with our neighbouring development partners, Qualico Communities and Legacy Communities. The joint plan, known as “Double Creek”, is a culmination of work by all three landowners to show the merits for what we feel has high demand and is best suited for a residential community. Due to its close proximity and easy highway access to the City of Calgary, our collective land holdings represent a logical extension to the community of Elbow Valley which is nearing full build-out. The continued construction of the southwest leg of the Calgary ring road and partial twinning of Highway #8 leading towards Double Creek will only improve accessibility and increase demand for residential parcels in the area. Construction of the highway improvements are expected to be completed by 2021.

The Rocky View County Plan directs development to occur in areas covered by Area Structure Plans (ASP) or in areas identified as development nodes. Currently neither of these criteria applies to our 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 or expanded Elbow Valley ASP. In order to lessen the burden on the County, the Double Creek partners are even willing to fund the new or expanded ASP so that planning policy supporting future development of the area can be prepared.

County administration is 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.

A report studying residential lot inventories was presented to Council during the summer however conclusions are somewhat dubious as they seem to suggest that the County as a whole has a surplus of residential capacity. We question whether this surplus capacity is located in areas of the County where consumer demand is low and not where we would like to develop.

At the same time the report does confirm that the Elbow Valley Area Structure Plan, which encompasses lands adjacent to our partnership landholdings, has approached maximum build-out. WLC and Double Creek partners believe that this is a sign that a new Area Structure Plan or expansion of the existing ASP is warranted in this area due to lack of parcel supply and high demand by consumers.

To illustrate to the County the benefit of Double Creek, WLC and our partners are in the process of finalizing a fiscal impact analysis which we believe will show a net benefit to the County from a financial perspective.

Despite the findings of the residential lot inventory report there are two signs of encouragement for WLC. They include the results of the October municipal election and changes to provincial legislation.

October’s municipal election saw the voting in of a new area councilor, Kim McKylor, who ran her campaign

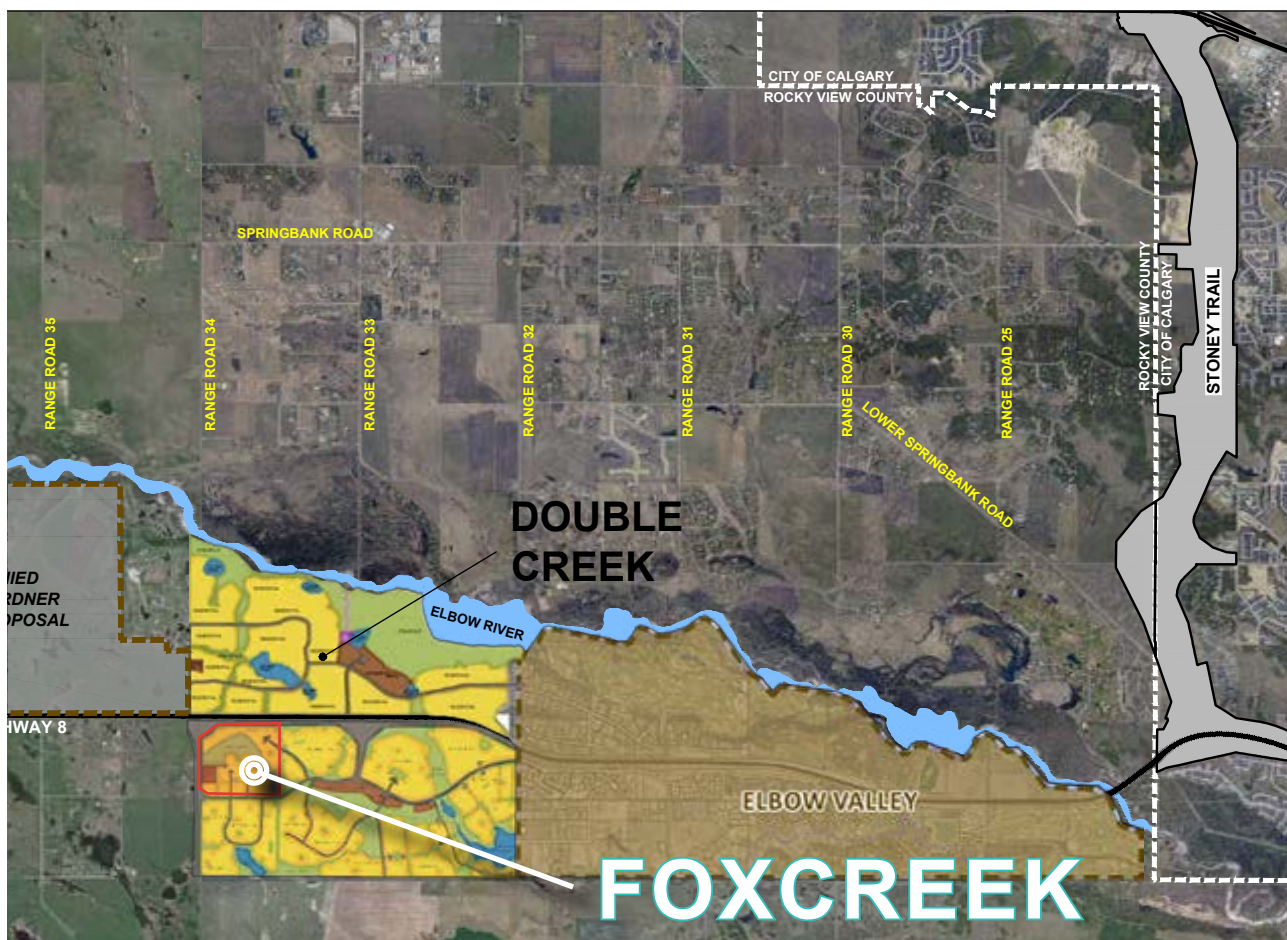
FOXCREEK

on her desire to bring back a positive outlook on the future of the Springbank Community. Her main priorities are to facilitate opportunities for a broader range of housing within the community. She wants to see a new ASP for her community that secures and enhances Springbank's distinct identity but also to enable more opportunities for local services and amenities. We are optimistic that Councillor McKylor's vision includes Double Creek as part of the enhanced Springbank identity.

The end of October also brought changes to the provincial Municipal Government Act. One of the amendments includes the requirement for municipalities to create a Calgary Metropolitan Growth Plan to evaluate and make development growth decisions on a regional scale. This regional plan will be overseen by a Growth Management Board made up of representatives from the City of Calgary and all surrounding municipalities.

Another change to the Act requires the introduction of an inter-municipal collaboration framework for the provision of municipal services such as transportation, water, storm and sewer infrastructure as well as emergency services. It is hoped that both of these changes to provincial

LOCAL CONTEXT

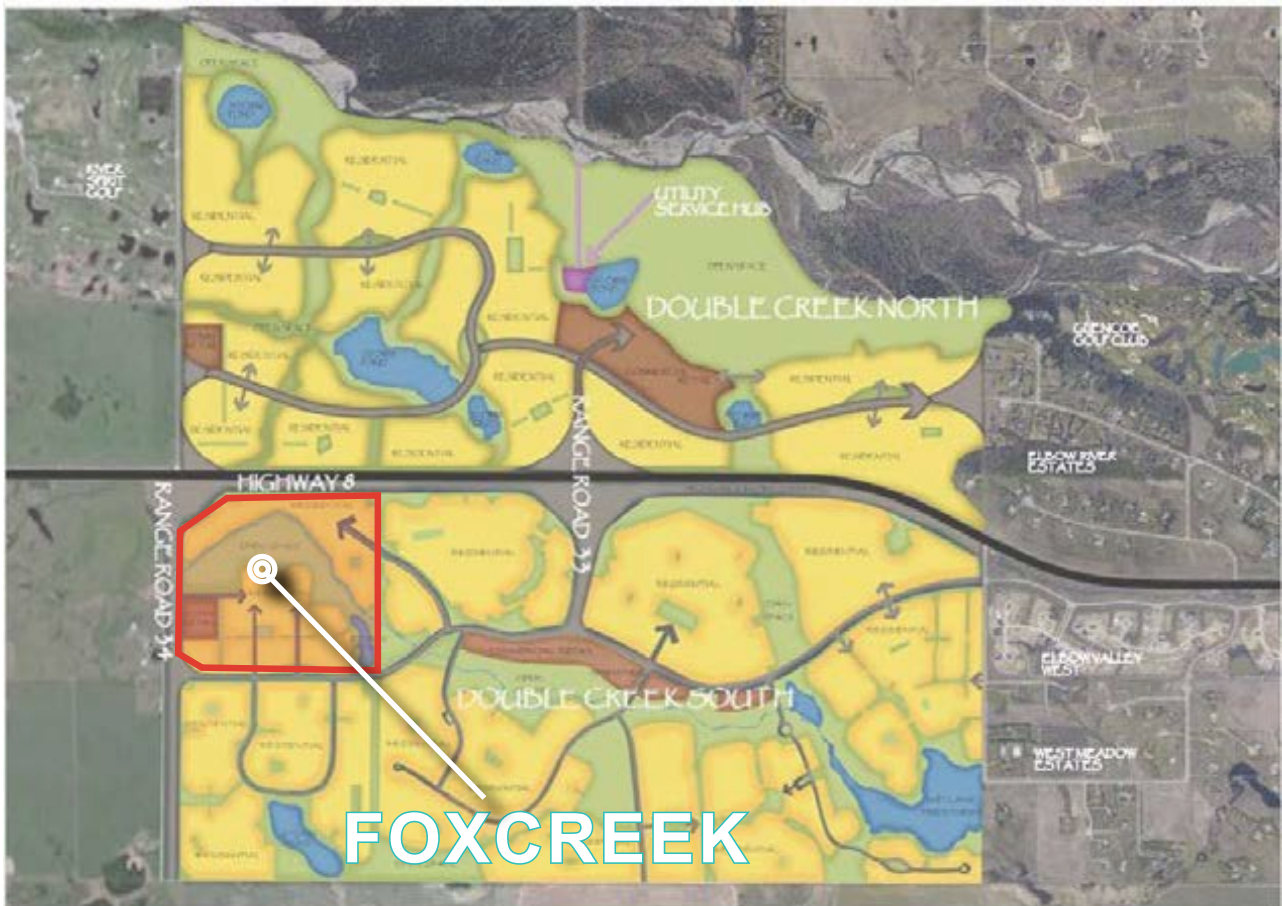


legislation will encourage the City of Calgary and Rocky View County to work better together to identify opportunities for development nodes where they make the most sense and where urban services can be readily extended.

As County servicing of Double Creek has been a concern to the City of Calgary due to its perceived downstream impact on the city, the changes to the Act will require collaborative agreements and solutions to issues on a regional scale. A possible outcome may be an agreement with the City of Calgary to extend their water and sewer lines into the County to better manage development growth pressures particularly in the Double Creek growth node area.

As the legislative changes are still new, there are many details that have to be studied in order to understand the implications on planning requirements for all municipalities. WLC and the Double Creek partnership will work with their planning consultant, B&A Planning Group, to properly understand the implications of such legislation changes and to explore opportunities that may assist in progressing along our Double Creek development intensions.

UPDATED DOUBLE CREEK CONCEPT PLAN INCLUDING FOXCREEK



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B&A 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

Atlas Group Limited

ENVIRONMENT SITE ASSESSMENTS

Base Property Consultants Ltd.

BIOPHYSICAL IMPACT ASSESSMENT

Hab-Tech Environmental

FINANCIAL ASSESSMENT

Applications Management Consulting Ltd.

STORMWATER MANAGEMENT

PLAN, SITE DRAINAGE

Aqua Consulting Inc.

BANKERS

CIBC

CIBC Wood Gundy

Canadian Western Trust

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