REAL ESTATE CONSULTING REPORT

HOMESPACE's [REDACTED] PROPERTY: IMPACT ON RESIDENTIAL REAL ESTATE VALUES

Subject Property: [REDACTED] Apartment Building, Calgary, Alberta

Effective Date: November 1, 2017

Prepared For: HomeSpace Society


Avison Young Valuation & Advisory Services Alberta, Inc. | #802, 1039 - 17th Avenue SW, Calgary, AB T2T 0B2

T: 403.228.4001 F: 403.245.3426 | avisonyoung.com
November 24, 2017

HomeSpace Society  
#920, 620 - 7th Avenue SW  
Calgary, Alberta  
T2P 0Y8

ATTENTION: Mr. Matt Vermunt, Manager, Acquisitions & Developments

Re: Real Estate Consulting Report  
HomeSpace’s Apartments: Impact on Residential Real Estate Values  
Action, Alberta

We have conducted the required investigation, gathered the necessary market data, and made certain analyses that have enabled us to form a substantiated opinion as to the impact of HomeSpace’s affordable housing property on nearby residential real estate values in Calgary’s inner city Capitol Hill community.

is a low rise residential apartment building that is operated by HomeSpace Society. It provides affordable housing to low income occupants. The three storey building comprises a reported 27 rental units that are all leased at below market rents. The property has accommodated low income occupancy since it was acquired by the Calgary Homeless Foundation (predecessor to HomeSpace) in March of 2011.

Based on our research and analysis, we are of the opinion HomeSpace’s property has had no negative impact on nearby property values. Our paired sale analysis indicates that longer term residential value changes (either up or down) for dwellings located close to are no different than value changes evident much further away.

The 22 page Real Estate Consulting Report that follows sets forth a description of the subject property and the community in which it is located, all applicable critical assumptions and limiting conditions, pertinent definitions, relevant market data, the results of our investigation and analyses, and the reasoning leading to the conclusion outlined herein.

Yours truly,

Avison Young Valuation & Advisory Services Alberta, Inc.

Robert C. Lipman, B.Sc., AACI, P.App  
(RECA licensed Alberta Real Estate Appraiser)
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### FACTUAL DATA

### 1. EXECUTIVE SUMMARY: SALIENT FACTS AND CONCLUSIONS

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<th>27 Unit Apartment Building - low income occupancy</th>
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<td>Calgary, Alberta</td>
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<th>LOCATION PROFILE</th>
<th>Capitol Hill Residential Community</th>
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<td>South Boundary</td>
<td>16\textsuperscript{th} Avenue NW (Trans Canada Highway)</td>
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<tr>
<td>West Boundary</td>
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Location Highlights:
- Established inner city community
- 2.5 km from Calgary's downtown core
- Primarily a residential neighbourhood
- Close proximity to SAIT and North Hill Mall
- Active residential redevelopment underway

Housing Mix:
- Single family (38%), duplex (24%), apartment (18%), townhouse (2%) and converted (18%)

Demographics:
- High percentage of renters
- Middle income as compared to Calgary average
- Increasing number of higher income residents
- New upscale residential development occurring

EFFECTIVE REPORT DATE: November 1, 2017

### MAJOR FINDINGS AND CONCLUSIONS

**Paired Sale (close and far proximity to subject) Analysis - Pre 2011 and Post 2011**

- Single Family Home Sales - 2007 to 2013: No empirical evidence of negative value impact
- Single Family Home Sales - 2007 to 2015: No empirical evidence of negative value impact
- Apartment Condo Sales - 2007 to 2013: No empirical evidence of negative value impact

**Conclusion**

- No negative impact on home values for residential properties located close to
2. **DEFINITION OF THE CONSULTING ASSIGNMENT**

2a. **SUBJECT OF THE ASSIGNMENT**

The inner city Capitol Hill community is located in Calgary’s northwest quadrant. Established in the 1940's, the area was originally built out as a low density residential neighbourhood. Upscale residential redevelopment and densification has occurred in recent years. The property that is the subject of this report is a low rise walk-up apartment building. It has been continually operated as a low income rental building for the past six and a half years.

This report has been prepared to ascertain whether HomeSpace’s apartment building has negatively impacted nearby residential property values. Proposed low income housing developments often experience community resistance relating to an assumption by local residents that nearby homes will become devalued. Relating to the subject property which began operating as a low income rental housing project in 2011, the analysis presented herein has been considered to quantify if property values close to the have in fact been impacted.

2b. **PURPOSE AND INTENDED USE OF THE REPORT**

The purpose of the report is to quantify whether operation of as a low income apartment building has impacted nearby residential real estate values. It is our understanding the report will be relied upon by HomeSpace Society for general information purposes.

2c. **SCOPE OF THE ASSIGNMENT**

The scope of the assignment pertains to the collection, confirmation and reporting of market data, and the analysis of same. The report has been prepared in compliance with Canadian Standard of Professional Appraisal Standards (CUSPAP) as required by the Appraisal Institute of Canada.

The process involved in completing this Consulting Report is summarized as follows:

- **The Capitol Hill community in general, and the exterior of the subject building, were inspected by the appraiser on several occasions during the months of October and November 2017. The location description as well as subject property and building description detailed in this report are based on these inspections.**

- **Statistical and factual data about the Capitol Hill community and the City of Calgary itself is based on information provided by Statistics Canada (Federal census), the City of Calgary (Civic census), and Sitewise. Data supplied by the City of Calgary’s Building & Planning and Community & Neighbourhood Services Departments has included the Capitol Hill Community Profile publication and Calgary’s 2017 Civic Census.**

- **Definitions of relevant real estate terms described in this consulting report are from The Appraisal Institute of Canada’s Canadian Standards of Professional Appraisal Practice (2012), The Dictionary of Real Estate Appraisal (3rd Edition) as published by The Appraisal Institute, 1993, and The Appraisal of Real Estate (Canadian Edition), which is also published by The Appraisal Institute, 1992.**
Consulting Cont’d.

- Research relating to residential property sales in Calgary’s Capitol Hill community is based on MLS sales data obtained from the Calgary Real Estate Board (CREB). Our analysis has included an evaluation of residential sales dating back to 2007 and extending to 2015. These sales have been relied upon to study relevant residential value trends over time. As well, evaluation of “paired sales” has been completed to determine whether HomeSpace’s rental apartment building has adversely impacted nearby residential real estate values.

- Analysis and valuation techniques applied and relied upon in this consulting report are deemed relevant to the purpose and intended use of this study. Following completion of the research and analysis of all pertinent market data, final conclusions have been made with respect to the impact of

2d. REAL ESTATE DEFINITIONS

Relevant definitions relating to the valuation of residential properties are described below.

(i) Market Value

Market Value is defined as:

“The most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeable, and assuming the price is not affected by undue stimulus.”

Implicit in this definition are the consummation of a sale as of the 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 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;
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.

Residential value estimates detailed in this report comply with the above definition.

(ii) Exposure Time

Real estate Exposure Time is defined as:

“The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort.”
With respect to a reasonable time frame for exposure and sale of the residential homes considered in study, exposure time is subject to variance based on residential real estate market supply and demand characteristics evident at a particular point in time.

Value trends analysed herein extend over a prolonged period from 2007 to 2015. This time frame has included boom and bust cycles where “Days on Market” to achieve sale have fluctuated dramatically. Where applicable, consideration has been given to exposure time statistics.

(ii) Property Rights

The Fee Simple Estate ownership interest 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."

Residential ownership rights considered herein encompass typical Fee Simple Estate tenure.

2e. DATE OF CONSULTING REPORT

| Research & Analysis Date       | October & November 2017 |
| Effective Date of Report       | November 1, 2017         |
| Report Completed by            | Robert C. Lipman, BSc., AACI, P. App |

2f. STATEMENT OF CRITICAL ASSUMPTIONS

a. Information as to occupancy profile, details as to the property’s ownership and management, and Calgary Alpha House Society’s partner agency support services provided in the operation of the apartment building to accommodate affordable housing for low income individuals is as indicated by HomeSpace Society. It is assumed this information is accurate.

b. Residential sales data as obtained from the Calgary Real Estate Board (CREB), including individual property sales and statistical data, is assumed to be accurate. This information includes data relating to sale price, days on market, property descriptive information, as well as overall average prices, total number of sales etc. over time for the Capitol Hill community.
3a. **CAPITOL HILL RESIDENTIAL COMMUNITY**

The subject property is located in the Capitol Hill residential neighbourhood of northwest Calgary. Community boundaries include 16th Avenue NW (Trans Canada Highway) to the south, 10th Street NW to the east, 18th Street NW to the west, and 22nd to 27th Avenues NW to the north.

Capitol Hill is an inner city neighbourhood located only 2.5 kilometres from Calgary’s downtown core district. The community is mature and established, but is currently experiencing residential redevelopment and densification. It is primarily low density residential in nature, but includes an intensely commercially developed component extending along busy 16th Avenue NW.
Capitol Hill was established in 1948, but contains a few buildings as old as 1910. Most of the community was built out in the 1950’s. Original homes consisted mainly of modest single family dwellings. Redevelopment has occurred in the past decade in particular, whereby older single family homes have been razed to accommodate upscale single family and duplex home development. This trend commenced approximately ten years ago and has intensified over time.

As the community is essentially built - out, the population has remained relatively stable for some time. Calgary’s Civic Census reported a 2017 population of 4,459. This is up 7.1% from 4,164 residents reported in 2013. While some fluctuations have occurred in the past five years, the community’s population has consistently ranged from +/- 4,400 to 4,500 dating back to 2014.

The inventory of housing stock has also remained stable. A residential dwelling count of 2,336 is reported as per the 2017 Civic Census, increasing only marginally by 1.5% from a 2013 inventory of 2,301 dwelling units. The 2017 breakdown of dwelling types includes 38% single family, 24% duplex, 18% apartment, 2% townhouse, and 18% converted. Owners occupy 40.1% of homes in Capitol Hill, which is much lower than Calgary’s City side average of 68.8%. The proportion of renter occupied dwellings in Capitol Hill, at 59.9%, is much higher than 31.2% for all of Calgary.
Capitol Hill is generally characterized as being a middle income community. While the median household income of $66,889 (Stats Can 2011) is 17.7% lower than Calgary’s median of $81,256, the low income household ratio of 11% is in fact lower than Calgary’s overall ratio of 15%. The higher percentage of renter occupants, many of whom are students at nearby SAIT, contributes to the community’s lower median household income indication. Income levels of new residents to Capitol Hill, moving into new high end duplex and single family homes, are substantially higher. These homes are priced as high as $1.0 to $1.5 million. This trend is expected to continue in the foreseeable future. As the area transitions to higher end homes, household incomes will increase.

The community offers amenities conducive to inner city residential living. Retail services are available along 16th Avenue NW / Trans Canada Highway #1. North Hill Shopping Centre, located 14th Street NW and 16th Avenue NW, is anchored by major tenants including Safeway, Shoppers Drug Mart, Winners, World Health, TD Bank and Moore’s, as well as other national retail and food establishments, medical tenants and various service providers. There are schools in the district, and green space amenities including Confederation Park along the north side of Capitol Hill. The Southern Alberta Institute of Technology (SAIT) is situated immediately south of the community on 16th Avenue NW. This post secondary educational institute is Alberta’s third largest. Calgary’s downtown core is located nearby, as is the trendy Kensington street front retail district.

Access in and out of Capitol Hill is very good. Trans Canada Highway #1 (16th Avenue NW) traverses the community along its south boundary. This route provides direct nearby access to Crowchild Trail NW to the west and Deerfoot Trail NE to the east. Access to the downtown core to the south is convenient via 10th Street NW. The closest Light Rail Transit (LRT) Station servicing the Capitol Hill neighbourhood is the Lions Park Station adjacent to North Hill Shopping Centre.
In summary, Capitol Hill is a mature residential community with very good location attributes in terms of access, amenities, and proximity to the downtown core. The neighbourhood’s demographic profile is middle income, but with an increasing percentage of high income earners opting to reside in new infill dwellings being constructed in the community. A diverse mix of housing product is available including older affordable homes and high end upscale new dwellings. Capitol Hill’s close proximity to SAIT has resulted in a high student rental population.

Reference is made to the maps and aerial photos included herein.
3b. SUBJECT PROPERTY DESCRIPTION

The property consists of a 3½ storey, 27 unit residential apartment building constructed in 1978. As indicated by the client / owner, the suite mix includes 19 bachelor apartments and 8 x 1 bedroom units. The building is of wood frame construction and is walk-up as it lacks an elevator. It is situated at the west end of the site, with on-site paved surface parking east of the structure.

The site on which the building is located comprises a reported area of 13,491 sf in a rectangular configuration. The land is fully utilized as improved. M-C2, Multi Residential - Contextual Medium Profile District land use guidelines apply, allowing for 3 to 5 storey apartment land uses. The existing land use, as improved with apparent legal and conforming.
VIEW OF THE SUBJECT PROPERTY LOOKING TO THE SOUTH

VIEW OF THE SUBJECT PROPERTY LOOKING TO THE NORTHWEST
Property south of the subject

As improved, the subject property is compatible with surrounding land uses. While Capitol Hill is primarily improved with low density single family and duplex housing,
4. **HOMESPACE SOCIETY**

4a. **ORGANIZATION OVERVIEW**

HomeSpace Society is a not for profit organization that was created to fill a need for affordable housing in the Calgary market place. The organization’s mandate is to advance community based planning and deliver affordable housing options to those in need. HomeSpace works with various social agencies who provide support to those in need. It acquires and builds affordable, specialized, permanent housing in order to continually add to its housing inventory.

HomeSpace exists to increase access to safe, appropriate and affordable housing for vulnerable Calgarians. The organization is a charitable real estate developer, rental housing owner and property manager. It owns a portfolio of 447 units of housing in 28 properties throughout Calgary. There are currently 642 residents living in properties owned and operated by HomeSpace. Bachelor unit rents average $550/month, and one bedroom unit rents average $595/month.

4b. **OCCUPANCY, OPERATION & RENTAL QUALIFICATIONS**

HomeSpace Society owns, manages and operates the apartment building. A partner agency, Calgary Alpha House Society, provides resident support and on site management and oversight. The property is staffed by two Alpha Society employees 24 hours a day, 7 days a week.
SECTION III
ANALYSES AND CONCLUSIONS

5. PAIRED SALE ANALYSIS METHODOLOGY

Specific procedures are applied when estimating real estate value or evaluating value trends. The three traditional methods of value determination and analysis include the Income, Cost and Direct Comparison Approaches. Depending upon the property type, one or more approaches may apply.

The subject property, and all of the comparable paired sales outlined in this report, are residential in nature. Dwelling types include single family and apartment style multi family units. Neither the Income nor Cost Approaches are relevant. These valuation techniques will not be considered.

Residential homes are typically valued and compared on the basis of the Direct Comparison Approach. Sales of residential properties will be researched, analysed and compared herein in order to evaluate specific value trends as they relate to the mandate of this consulting assignment.

Considering the type of property in question, and the purpose and intended use of this report in terms of identifying and quantifying whether HomeSpace’s apartment building negatively impacted nearby residential home values, the Direct Comparison Approach will apply. This technique is easily applied given the availability of comparable sales.

In all cases, sales presented herein have been obtained from the Calgary Real Estate Board (CBEB), consisting of MLS residential sale transactions extending over a prolonged period from 2007 to 2017. This time frame has been considered as it covers an appropriate period of time BEFORE and AFTER HomeSpace’s apartment building began operating as an affordable housing property in March of 2011.

The basic premise of the “Paired Sale Analysis” applied herein is summarized as follows:

- Establish the long term residential value trend in the subject community to gain a basic understanding of the longer term residential value cycle prior to and after the subject property began operations.

- Identify same property sales of residential homes in very close proximity to the subject property. Sale and re sale dates of the same residential property must occur PRIOR TO and AFTER HomeSpace’s ownership of the subject property.

- Identify same property sales of residential homes located within the same community as the subject property, but situated some distance away. Same property sale and re sale dates must coincide with the sale and re sale dates of properties located in very close proximity to the subject property.

- Compare value changes over time of the paired sales close to the HomeSpace property to same property type paired sales located some distance away. The sales evidence will reveal whether homes located close to the subject property have appreciated at a lower rate. This would imply that affordable housing negatively impacts property values.
Prior to an evaluation of paired sales within the Capitol Hill community, a brief discussion of the residential property value trend in the district is warranted. This information is important to consider as Calgary’s real estate market has experienced some volatility over the past decade. This is attributable to recessions experienced from 2008 to 2011 and again from 2015 to 2016.

Graph 1 below details the average and median single family residential sale price trend from 2006 to 2017. The single family market has specifically been considered as this dwelling type dominates in the Capitol Hill community. Given the lack of apartment style and other residential dwelling types, and the resulting dearth of sales over time, analysis of the single family value trend is most meaningful to understand residential market dynamics over the past 10+ years.

Following a “boom” period extending from 2005 to 2007, values declined modestly in 2008 due to global recession, and remained stable thereafter through to 2011. Commencing in 2012 strong economic conditions, relating to high oil prices, resulted in substantial value appreciation through to 2014 inclusive. As a result of a significant drop in oil prices commencing in the latter half of 2014, values declined and then stabilized though 2015 and 2016. Some recovery is evident year to date in 2017 as a result of economic improvement and a modest bounce back in oil prices.

In the paired sale analysis to follow, an understanding of recent value trends is important. Depending upon the specific period in which a same property sale and re sale occurred, a value gain or loss over time may be evident. As stated earlier, property sales will be selected to occur prior to Q1 2011 (opening), with re sale occurring some time after this same date.
was acquired by the Calgary Homeless Foundation on March 31, 2011. The Certificate of Title confirming this acquisition date is included in the Exhibits and Addenda section of this report. Operation of the property to accommodate affordable rental units commenced shortly thereafter. While the property has continually operated as a low rent apartment building, ownership was transferred to Home Space Society on October 20, 2016.

A Q1 2011 effective date applies in terms of the date at which [redacted] was converted from a conventional market based apartment building to a building occupied at below market rents. A same property paired sale analysis is required on the basis of evaluating sales that occurred PRIOR TO conversion, and re sales that occurred AFTER conversion to affordable housing.

The first step in our analysis necessitates the identification of pre 2011 residential sales in close proximity [redacted] that sold again post 2011 after the subject property began operations as a low rent apartment complex. Following identification and verification of these sales, same property re sale analysis from the same community, but further from the subject, is required.

Based on our research, same property residential re sales in close proximity to the subject, within the pre and post 2011 time frame parameters outlined above, are identified as follows:

**2007 to 2013 Re Sale**

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<tr>
<td>PS2</td>
<td>From subject</td>
<td>Single Family</td>
<td>SP $399K (2007) to $452K (2013)</td>
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Both sales are small, older (ca 1940's) vintage single family homes. Prices primarily reflect land value as older homes in the area are being acquired for redevelopment to upscale duplex dwellings compliant with R - C2 zoning. The properties are located north and northwest of the subject.

**2007 to 2015 Re Sale**


Larger single family home (ca 1989) located one block north of the subject. The dwelling is of superior quality. It was acquired for owner occupancy. It is not a land redevelopment purchase.

**2007 to 2013 Re Sale**

| PS1     | From subject | Apt Condo     | SP $267.4K (2007) to $224K (2013) |

Condominium apartment unit (ca 1980) located east of the subject in the same city block.
Further to identifying the preceding paired sales in very close proximity to the subject property, we have researched the Capitol Hill community and surroundings neighbourhoods for same property resale sales within the 2007 - 2013 and 2007 - 2015 time frames for single family homes and redevelopment sites, and 2007 - 2013 period for apartment style condominium units.
Reference is made to Addenda Charts A, B and C for details as to these re sales as they compare to the close proximity re sales noted in the previous aerial photos. Graphs A, B and C to follow indicate rates of appreciation and / or depreciation over the indicated time frames for re sales located close (green) to the subject and re sales located further away (yellow).
Graphs A and B pertain to single family re sales occurring from 2007 to 2015. Appreciation is indicated in all cases over this time frame. Property values increased in the order of +/- 2.0% to 2.5% per annum in close proximity to the subject, and at distances much further away.

Graph C relates to apartment condominium style unit re sales from 2007 to 2013. Depreciation is indicated during this six year period. As opposed to single family product which appreciated in the time between the “2005 to 2017” residential boom and 2013, condominium product did not fare as well. This product type experienced value loss throughout Calgary extending to 2013.
8. **Analysis of Same Property Paired Sales**

Results of our research as to the paired sales detailed in Graphs A, B and C on pages 18 and 19 will be analysed and considered as they relate to proximity to

There will always be some variability to individual property resale appreciation or depreciation rates over time as each residential property in any given community is unique in its own right in terms of specific location in a particular community, home type, size, condition, quality, curb appeal etc. All of these factors have been considered in our paired resale analysis.

**Chart A: Single Family Paired Sales 2007 to 2013**

Close proximity paired sales to the subject property display a value appreciation range of 2.17% to 2.27% per annum from 2007 to 2013. The properties are located in very close proximity to the subject to the north. They are situated 60 to 100 metres from

PS1 is an older home that offers prime redevelopment potential to an upscale duplex end use. In many cases properties of this type are being purchased for eventual redevelopment, but with interim potential to either be owner occupied or rented on a short term basis.

PS2 is also an older home offering redevelopment potential. Prior to redevelopment the property offers interim potential to either be owner occupied or rented on a short term basis.

The same property paired sales located further from the subject show similar rates of appreciation over time. PS3, PS4 and PS5 display an annualized value increase range of 1.92% to 2.27% from 2007 to 2013. This range coincides closely to the annual increase range displayed by PS1 and PS2. The sales are located 240 to 600 metres from PS3 and PS5 are similarly older homes that could be redeveloped. PS4 is a higher quality home of newer 1990 vintage.

Considering the market evidence as it relates to these paired sales, there is no obvious quantitative evidence to suggest that HomeSpace’s ownership of the subject property has adversely impacted nearby residential real estate values.

**Chart B: Single Family Paired Sales 2007 to 2015**

PS1 is a close proximity paired sale that indicates a value appreciation of 2.66% per annum from 2007 to 2015. The property is located 76 metres north of the subject. The property is improved with larger single family home built in 1989. This is not a redevelopment site. The existing residential dwelling is of good quality. It contributes substantially to underlying land.

Same property paired sales PS2 and PS3 are located 805 to 1,405 metres from PS3 and PS5 are similarly older homes that could be redeveloped. PS4 is a higher quality home of newer 1990 vintage.

An annualized value appreciation range of 1.90% to 2.52% is displayed from 2007 to 2015. This range coincides reasonably closely to the 2.66% annual value increase indicated by PS1. PS2 similarly consists of a larger and newer home built in 2004. This is not a redevelopment site. PS3 is an older dwelling that could be razed and redeveloped to a higher use of the underlying land.
The paired sales indicate there is no obvious quantitative evidence to suggest that HomeSpace's ownership of the subject property has adversely impacted nearby residential real estate values. Close and far paired sale value appreciation rates are comparable.

**Chart C: Apartment Condominium Paired Sales 2007 to 2013**

PS1 is a close proximity paired sale of an apartment condominium unit that indicates an annualized value depreciation rate of -2.82% from 2007 to 2013. The property is located 30 metres east of the subject. It consists of a small one bedroom unit in a low rise complex built in 1980.

Value declines for apartment units were the norm between 2007 and 2013. Condominium prices were driven up substantially through to 2007 by high investor and speculative demand. Over supply and recession lead to a noted drop in values through 2008 to 2011 in particular. Gradual appreciation occurred thereafter, but to 2013 values that remained lower than 2007 peak values.

Same property paired sales PS2 and PS3 are located 950 metres from the subject property. The sales are of slightly larger two bedroom condominium units in an older low rise building completed in 1955. Annualized value reduction rates of -2.44% to 2.58% are displayed from 2007 to 2013. This range is slightly lower that the -2.82% annualized value loss indicated by PS1. Statistically speaking, the differential between the far versus close proximity paired sale is nominal.

The paired sales indicate there is no obvious quantitative evidence to suggest that HomeSpace's ownership has adversely impacted nearby apartment condominium values. Close and far paired sale value change rates are generally similar.

**Conclusion**

Based on our research and analysis, we are of the opinion HomeSpace's apartment building has had no impact on nearby residential property values. The property has been in operation in the Capitol Hill community since 2011. Our paired sale analysis indicates that residential value changes (either up or down) for properties located close to are no different than changes evident elsewhere in the community located some distance away.
Re: Consulting Report, I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this consulting report are true and correct.

- the reported analyses, opinions, and conclusions outlined herein are limited only by the reported assumptions and contingent and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

- I have no present or prospective interest in the property that is the subject of this consulting report, and I have no personal interest or bias with respect to the parties involved.

- my compensation is not contingent upon the reporting of predetermined values or directions in value that favour the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event.

- my analyses, opinions, and conclusions were developed, and this consulting report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice as mandated by the Appraisal Institute of Canada.

- the exterior of the subject property has been inspected, as well as exterior inspections of all paired residential property sales outlined in this report.

- no one provided significant professional assistance to the person signing this report.

- the undersigned consultant signing this letter has fulfilled the Continuing Professional Development (CPD) program requirements for members of the Appraisal Institute of Canada.

- the appraiser is registered in the Professional Liability Insurance Program of the AIC.

- the undersigned appraiser is licensed in the Province of Alberta as a member of the Real Estate Council of Alberta (RECA).

Based on our research and analysis, we are of the opinion HomeSpace's [redacted] property has had no impact on nearby property values since it began operations in 2011. Our paired sale analysis indicates that longer term residential value changes (either up or down) for dwellings located close to [redacted] are no different than value changes evident much further away.

**APPRAISER:**

Signature: [Signature]

Name: Robert C. Lipman, B.Sc.

Inspected Property: X Yes _ No

Date of Inspection: Oct. & Nov. 2017

Date Signed: November 24, 2017

Designation: AACI, P. App No. 3454
CONTINGENT AND LIMITING CONDITIONS

The certification that appears in the consulting report is subject to the following conditions:

1. Because market conditions, including economic, social and political factors can change rapidly and on occasion, without warning, the findings and opinions expressed as of the date of this report cannot be relied upon as of any other date except with further advice from the appraiser.

2. No responsibility is assumed for matters of a legal nature that may affect either the property in question, or titles associated with same. Properties must comply with government regulations, including zoning, building code and health regulations and, if they don’t comply, non-compliance may affect value. Further investigation may be necessary in some cases.

3. This consulting report has been completed on the basis that testimony or appearance in court or for any legal proceeding will not be required. Use of the report for litigation purposes is prohibited.

4. The appraiser is not an environmental expert. This consulting report has been completed on the basis of an assumption that the subject and all sales are free of environmental contamination.

5. Estimates and opinions that have been expressed in this consulting report are based on data and information obtained from sources considered to be reliable and knowledgeable. No responsibility is assumed for the accuracy of such items that were furnished by these sources.

6. The content of this consulting report is considered confidential and will not be disclosed by the author to any party except as provided for in the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) of the Appraisal Institute of Canada (AIC).

7. Other than permitted users and uses of this report outlined under the heading Purpose and Intended Use of the Report, written consent from the author must be obtained before all (or any part) of the report can be used for any purposes by anyone except the client specified herein.

8. All factors known to the appraiser that may have an impact on the conclusions outlined herein have been taken into consideration to the extent felt necessary in rendering the stated conclusions. No significant information has been knowingly withheld and it is believed, to the best of our knowledge, that all statements and information in the report are true and correct.

9. No authorization has been given to anyone to amendment or alter the report in any way. Therefore; if an unauthorized change is made, no responsibility for such change is assumed.

10. The appraiser has no liability, obligation, or responsibility to any other person, corporation or governing body other than the parties to whom the consulting report is addressed.
Robert Lipman is a principal at Avison Young Valuation & Advisory Services Alberta, Inc. (April 2016 - Present). Previously Robert was a principal and partner at Linnell Taylor Lipman & Associates Ltd. from July 1990 to March 2016. With more than twenty five years of commercial real estate appraisal and consulting experience, Mr. Lipman has extensive expertise in various Alberta real estate markets, as well as British Columbia, Saskatchewan and the Northwest Territories.

Property types appraised by Robert include warehouse and industrial building, hotels and mountain resorts, automobile dealerships, restaurants, strip, neighbourhood and regional shopping centres, office buildings, condominiums, rental apartment and townhouse projects. Experience includes vacant and serviced land appraisals for expropriation and cash in lieu assignments. Mr. Lipman has extensive expertise in the downtown Calgary office and land markets including appraisal assignments, general consulting, legal support and arbitration matters.

Assignment types include appraising and consulting for financing and general information purposes, court presentation and arbitration involving real estate matters, expropriation, feasibility and market studies, and general consulting. Mr. Lipman has provided expert witness testimony in numerous Arbitration Hearings as well as the Land Compensation Board (LCB), Assessment Review Board (ARB), and the Court of Queen’s Bench of Alberta. Mr. Lipman is also experienced in providing due diligence expertise with respect to real estate purchases and sales.

Mr. Lipman has provided valuation and consultancy services to a broad array of clients including The Government of Canada, Provincial of Alberta, City of Calgary, other institutions such as the Calgary Board of Education, pension funds, asset managers, public companies including REITs, institutional investors, real estate developers, financial institutions, private investors and lawyers.

Robert’s academic background includes a Bachelor of Science degree from the University of Guelph (Honours 1987). All educational and experience requirements were met in 1996 to be granted the AACI, P. App (#3454) designation from the Appraisal Institute of Canada (AIC). Robert is licensed as a practicing Real Estate Appraiser by the Real Estate Council of Alberta (RECA).

Professional Affiliations: Appraisal Institute of Canada & Alberta Expropriation Association (AEA)

Notable Appraisal and Consulting Assignments recently completed by Mr. Lipman:

Bankers Hall Appraisal (2011) - Calgary’s premier AAA office complex - 1.845 million sf in two 47 storeys and mall
The Bow (2017) - Calgary’s newest Class AAA office tower - 2.05 million sf in a 59 storey tower
Eighth Avenue Place Appraisal (2017) - Calgary’s newest AAA office complex - 2.006 million sf in a towers
TD Square, Canada Trust Tower & CORE Retail Mall Appraisal (2015) - Class AA office and redeveloped mall complex
Alberta Land Compensation Board Order 471 (2010) - Expropriation representation on behalf of The City of Calgary
Calgary Assessment Review Board (2014) - Expert witness representation on behalf of The City of Calgary
Court of Queen’s Bench of Alberta (2015) - Expert witness representation on behalf of Starke Capital Corp.
West District Major Activity Centre (MAC) Land Feasibility Study (2014) – Completed for Truman Development Corp.