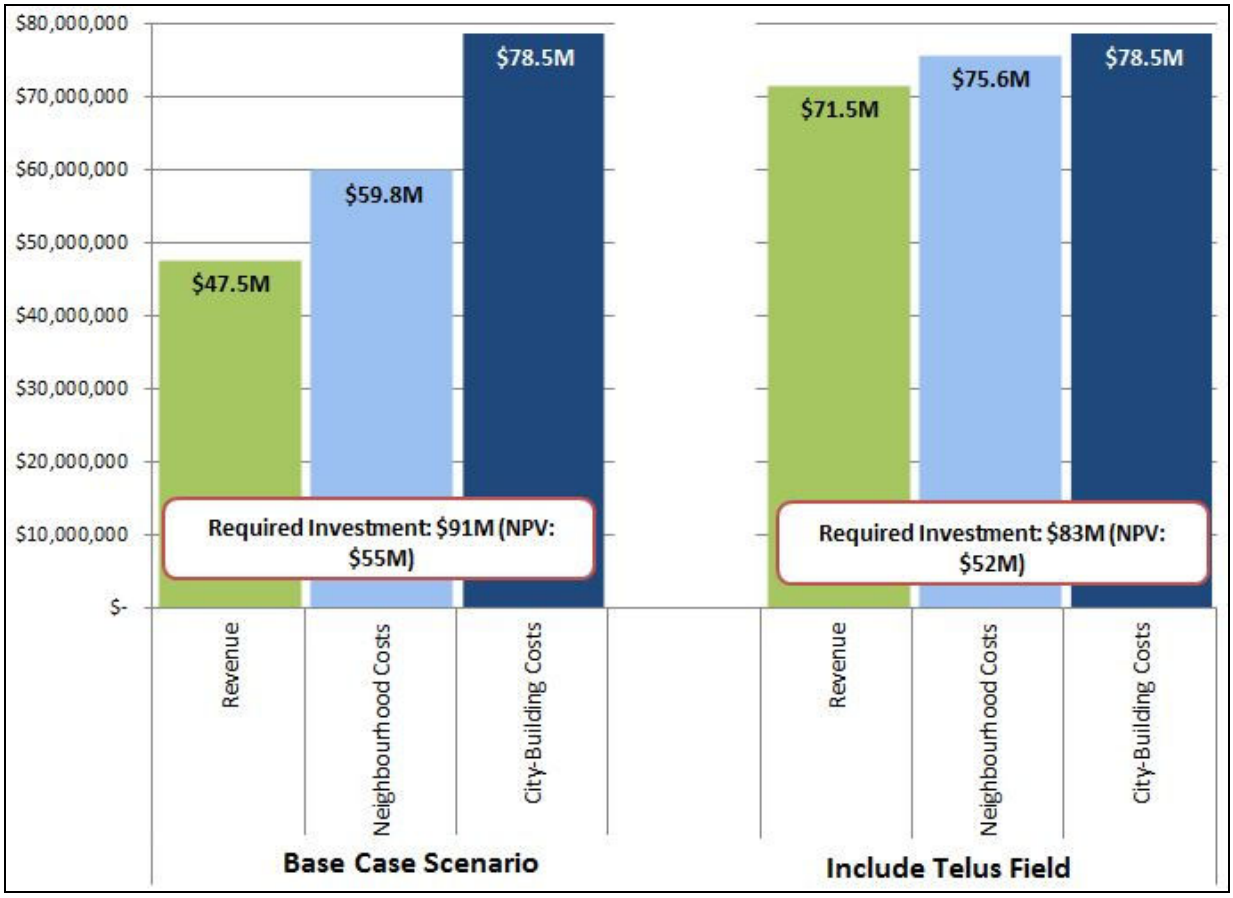
Financial Performance Scenarios

The scenarios below illustrate the financial performance of the base case (approved Urban Design Plan and Direct Control District (DC1) and how it might be influenced by including Telus Field, excluding lands west of 105 Street, purchasing/developing the remaining private lands in West Rossdale and adding a Canal. All scenarios include inflation.

1. Base Case Scenario – The scenario on the left illustrates the financial performance of the approved plan and DC1 (1200 units) and the required investment (including inflation). Clearly the revenues are insufficient to cover either the Neighbourhood or the City scale investment.

a) Include Telus Field Scenario

This scenario has the highest positive impact on the base case revenues and requires the lowest level of City investment, but falls short to breakeven relative to either the Neighbourhood or City scale investment.



Assumptions

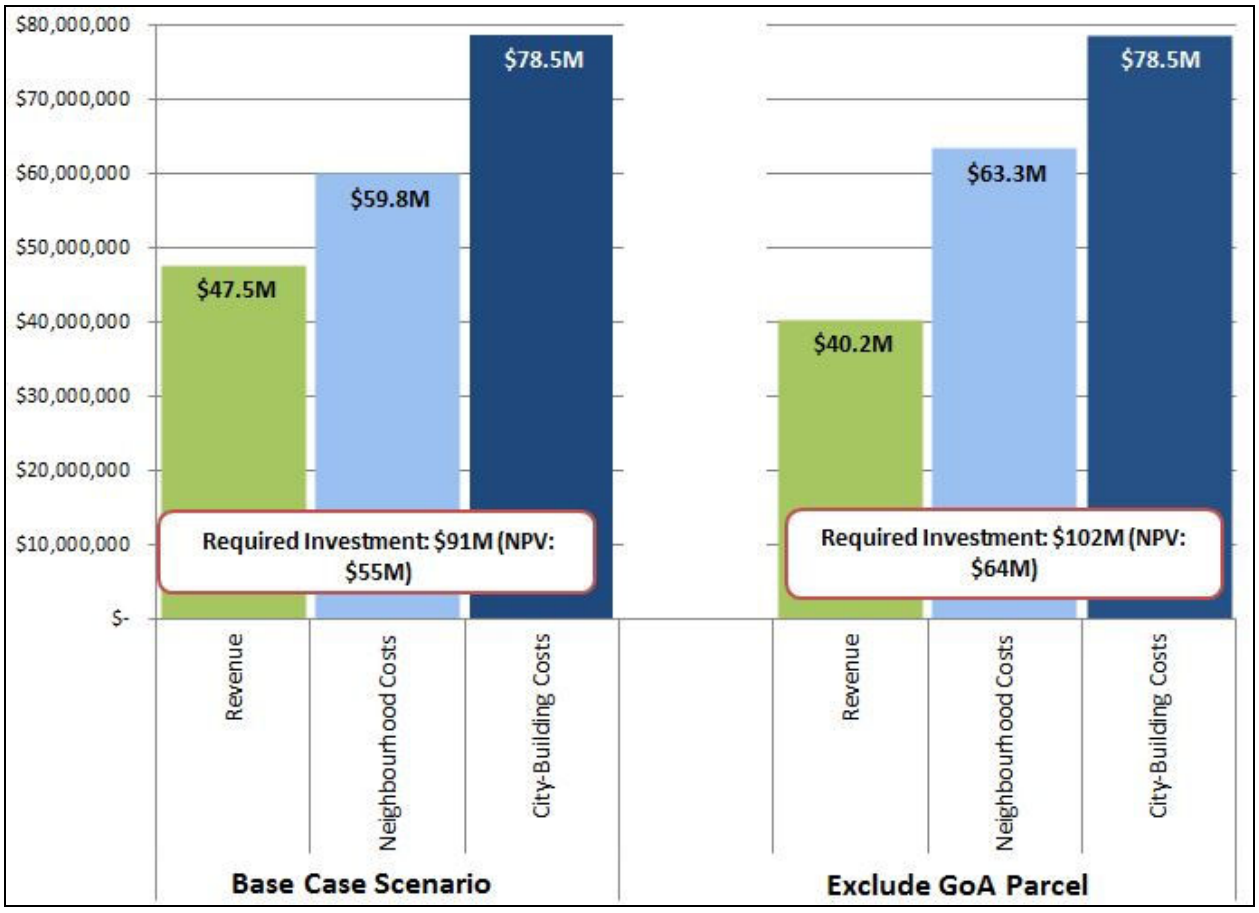
1. Telus Field could be demolished at a cost of $6.5million in year 16 to allow for residential development of the site;

2. No facility would be built to replace Telus Field. The need for a replacement facility would depend on the City's analysis of the future of the facility and of the future of baseball in Edmonton; and

3. No additional servicing/development costs will be required for Telus Field. Servicing and road development costs may increase depending on the nature of the eventual development on this site.

b) Exclude Government of Alberta Requested Land Scenario

This scenario has the highest negative impact on the base case revenues and requires the highest level of City investment.



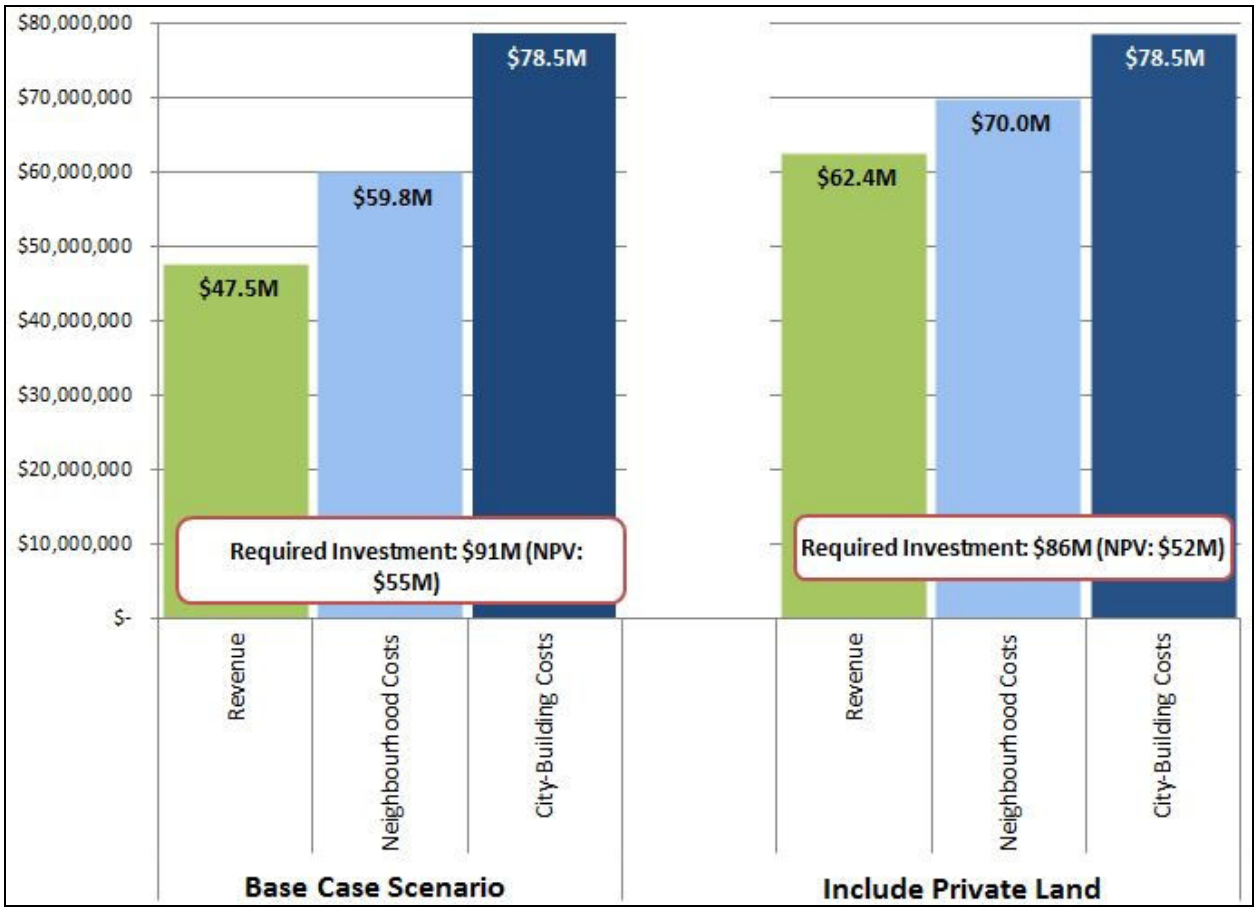
Assumptions

1. The Province of Alberta would acquire the lands West of 105 Street between 95 and 96 Avenues in a land swap transaction that reflects current market value; and

2. There would be no savings in servicing/development costs related to the resulting decrease in density along 105 Street.

c) Include Private Land Purchase

This scenario has the second highest positive impact on revenue and requires marginally more investment when compared to the inclusion of Telus Field.

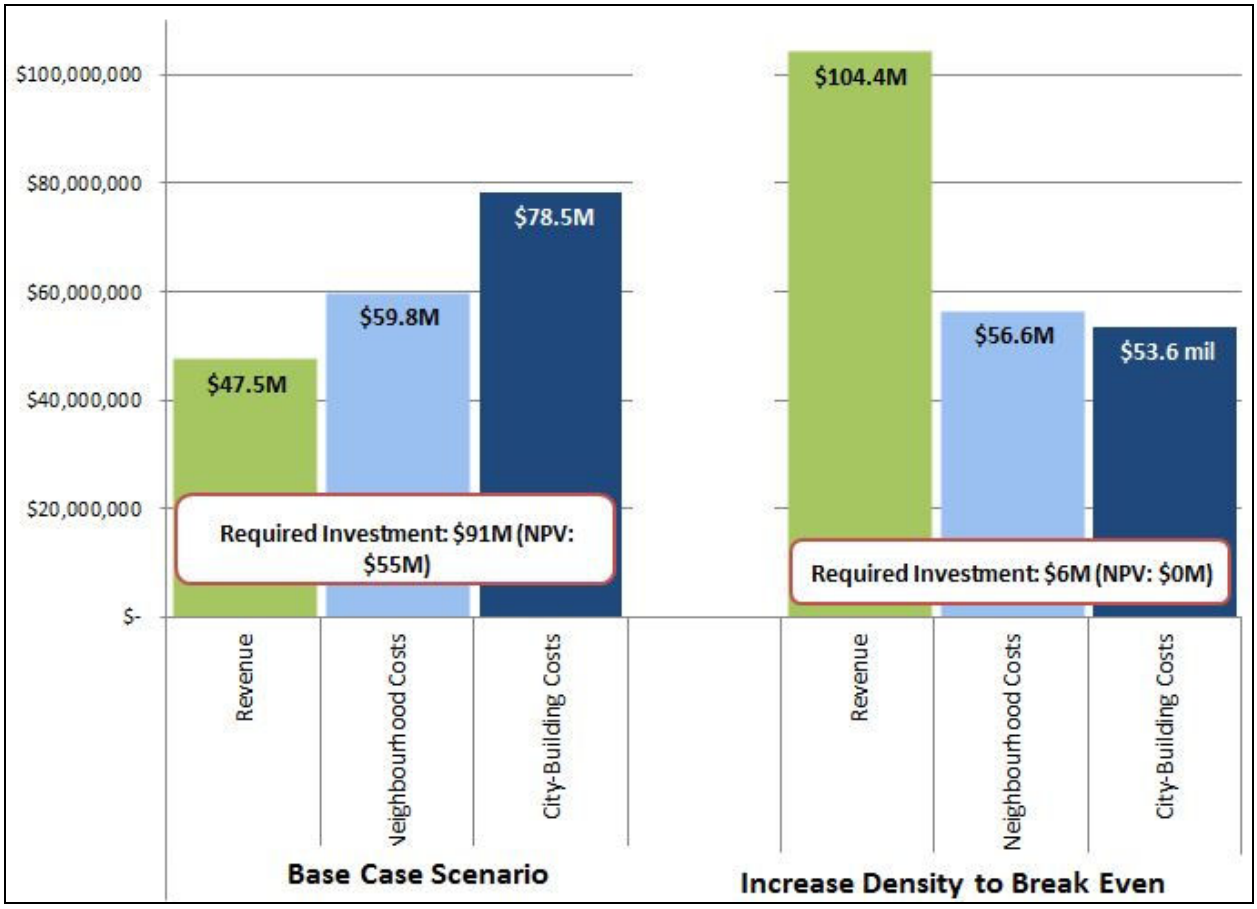


Assumptions

1. The private lands will be acquired at their assessed value of approximately $7,693,000 plus a 10% contingency for acquisition costs. Acquisition costs will vary depending on the method of acquisition used by the City; and

2. The private lands would be sold by the City post-redevelopment.

2. Breakeven Case Scenario – this scenario adjusts the dwelling unit yield upwards from the approved 1206 to 2650 to generate sufficient revenues to cover City investment at both the Neighbourhood and City scale.



The overall costs for this breakeven scenario are less due to less interest and higher revenues.

A fairly modest increase to the number of developable units in West Rossdale of 16% could offset investment at the Neighbourhood scale.

A significant increase to the number of developable units of 119% would be required to offset City scale investments. An increase of this scale is anticipated to have a dramatic impact on the nature of future built forms. The impact of this increase in density has not been determined with respect to demands on infrastructure capacity. This would have to be analysed as part of the business case.

Discounting or Net Present Value (NPV) is used to reduce the future value of cash flows by a certain discount percentage to arrive at the value of capital in net present terms. $6 million dollars in positive or negative cash flow spread over 21 years, when discounted by 4% will equal zero dollars in current value.

3. Canal Case Scenario – This scenario illustrates the impact of the Canal proposal on the base case. While it increases revenues, it also increases required investment that nets a negative impact on financial performance when compared to the base case. The analysis to formulate this scenario is based on the information obtained from the Rossdale Canal Group with some corrections to the assumptions such as holding the developable area and density to that in the current UDP – see the assumptions for clarification.

Assumptions

1. The canal would be constructed during the first two years of the West Rossdale redevelopment at a cost of $36 million. This assumption is based on Rossdale Canal Project report.
2. Property values will increase by an average of 50% within West Rossdale as a result of the canal development. This assumption is based on Rossdale Canal Project report.
3. Dwelling units are as per the approved Urban Design Plan and Direct Control District (DC1).
4. Developable area is as per the Urban Design Plan and Direct Control District (DC1) – proposed and existing parks, school sites, and traffic islands are not included.
5. No operating and maintenance costs have been factored for the Canal.

General Assumptions

This presentation should be viewed together with the Kingston Ross Pasnak LLP Report, dated December 19, 2014, and subsequent reports issued by the same consultants.

- land development cost estimates and allowances will be as per those in the DIALOG report;
- a market value for residential land post-redevelopment of $31 per buildable square foot;
- a market value for commercial land post-redevelopment of $20 per buildable square foot;
- development management fees of $500,000 per year to allow for staff and overhead requirements for managing the project;
- interest costs of 4% per annum
    - (Interest costs were calculated on the assumption that neighborhood development and city-building activities would be financed as separate projects in order to isolate the interest costs attributable to each project);
- a discount rate of 4% per annum;
- revenue inflation of 3% per annum;
- cost inflation of 6% per annum for the first two years of development and 3% thereafter;
- lands within the development will be sold at a pace of approximately 100 units per year;
- marketing costs equal to 2.5% of land sales;
- no private land acquisition is required to implement the Urban Design Plan for the area;
- sufficient municipal reserve lands exist in the area of the redevelopment. As such, all parks development costs contribute to city-building;
- 83% of roadworks costs relate to arterial roadways and 40% of those costs relate to the construction of roadway infrastructure that is in excess of what is required to service the needs of the development. As such, these costs contribute to city-building;
- 68% of urban design and public realm costs relate to areas bordering arterial roadways. As such, these costs contribute to city-building; and
- the costs of city building would be equal under all scenarios except for the Increase Developable Units scenario for which interest costs will be lower due to improved cash flows resulting from the increase in developable units.