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SERVICE ALBERTA

*Office of the Minister
MLA, Strathcona-Sherwood Park*

AR 42604

January 20, 2022

Ms. Patricia McLeod, QC
Chair, Board of Directors
Real Estate Council of Alberta
202, 1506 - 11 Ave SW
Calgary, AB T3C 0M9
chair@RECA.ca

Dear Ms. McLeod:

Thank you for providing me with a copy of the investigation report prepared by Bennett Jones regarding the acquisition of the Real Estate Council of Alberta's (RECA) Calgary headquarters.

The allegations that were raised by the Alberta Real Estate Association regarding misconduct and lack of governance oversight are significant, and I commend RECA for taking immediate steps to conduct an independent investigation into this matter. I see from the report that the investigation confirmed that the decision to proceed with construction and purchase of the RECA building was made in apparent good faith, after careful consideration, detailed analysis and supporting advice from experienced industry professionals. It appears from the results of the investigation that RECA has demonstrated cautious due diligence, consideration of short-term and long-term financial implications and concern for the ongoing sustainability of the organization through the oversight and actions undertaken throughout the process.

I acknowledge the unbiased nature of the investigation. I also acknowledge findings that the allegations of wrongdoing or malfeasance by the parties involved in the procurement of the Calgary RECA headquarters building are unfounded and that no further action is required.

Thank you for your ongoing commitment to facilitate transparency as part of your mandate to serve the public interest.

Sincerely,

Honourable Nate Glubish
Minister of Service Alberta



Bennett Jones

Bennett Jones LLP

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January 7, 2022

Via Email

For Public Distribution

RECA Board of Directors
Real Estate Council of Alberta
Suite 350
4954 Richard Rd SW
Calgary, AB T3E 6L1

Dear Board of Directors and Council Members:

Re: Investigation of RECA's Purchase of its Office Headquarters Located at 1506 - 11 Avenue SW, Calgary, Alberta

Overview

On April 27, 2021 RECA's Chair received a written demand from an Industry Association making serious allegations in connection with RECA's purchase of its headquarters. The letter and an associated report claimed that the former RECA Board and its Executive Director had breached their fiduciary duties, had acted illegally, and suggested possible fraud in the acquisition of RECA's headquarters. The Association demanded a forensic audit of RECA's books for eight full years, and claimed there should be immediate legal action by RECA and/or the Government of Alberta against past RECA Board members and staff to recoup alleged overpayments.

The Industry Association complaint was made by parties unfamiliar with the transaction, contained allegations which were mistaken, and involved incomplete facts. It was nonetheless provided to government officials before RECA was given the opportunity to address it. The letter was accompanied by a retrospective appraisal of the RECA building, and an approximate 80 page report from an accountant who speculated on and alleged improprieties by those involved in the decision to proceed with the purchase.

RECA's Board instructed a comprehensive investigation to be undertaken, and reported its ultimate findings to Alberta Realtors by way of a brief statement attached as **Appendix "A"** to this report on August 19, 2021.

A much more detailed and privileged report was provided to government counsel which addressed the Industry Association's demand for legal action. RECA also provided a letter of concern to the Industry

Association regarding the manner in which the allegations had been raised, and communicated to third parties without the opportunity for verification and investigation.

Since that time there have apparently been additional concerns raised about the integrity and thoroughness of the investigation, with the result that the RECA Board has directed this office to provide additional public details concerning what was done in the investigation, and what the investigation determined in an effort to dispel any continued concerns about its findings.

Investigator's Credentials

Historically, I have acted both against RECA in defence of members faced with disciplinary action, and have acted most recently on behalf of RECA with respect to its by-law review processes, its election protocols, intellectual property entitlements and litigation against RECA and its members. I understand that it has been suggested that as a result of my current work I may be beholden to the new RECA Board, and may have tailored the opinion which I provided in this case accordingly. To the contrary, had I come to a different conclusion regarding the investigation it likely would have resulted in a *substantially* larger retainer to undertake the prosecution and proposed collection procedures suggested by the Industry Association.

The writer was the primary party responsible for undertaking and coordinating the investigation, and determining its conclusions. I have 43 years of experience as a civil litigator, and was the head of our firm's Calgary Commercial Litigation Practice Group consisting of over 50 lawyers for many years. I have been external counsel to the Calgary Police Service for 41 years, and have received awards and mementos from the Service having worked with over 7 Chiefs of Police where my work has often involved the review and prosecution of police misconduct including alleged fraud.

I have been the Chairman of the Board of a large public company, and served on its audit committee. I currently sit on the Board of several private and non-profit corporations, and have until recently been the acting Chair of the Calgary Police Foundation audit committee.

I have prosecuted and defended *many* lawsuits involving alleged fraud, and I am currently counsel in two active cases involving the prosecution or defence of alleged fraud. One of the cases involves alleged fraud for \$100 MM. In another of those claims the Alberta government is the ultimate beneficiary of any recovery of fraudulent receipts. In short, I am experienced in forensic investigations of this sort.

Investigation Protocol

Immediately upon receipt of the allegations contained in the April 27 complaint, RECA's Board convened a meeting to determine what must be done to address that complaint and the allegations it contained. None of the current Board or Council, (or for that matter any current RECA staff) had any involvement in or knowledge whatsoever regarding the decision to purchase RECA's building, with the result that the Board made arrangements for an independent investigation, under the Board's full control and direction. The mandate directed by the Board was to review the entire history of the transaction with emphasis on the alleged wrongdoing and how the previous Council and staff had



arrived at the decisions which were made regarding the acquisition of the building, including the due diligence which had been undertaken in relation to its purchase.

Bennett Jones recommended that the investigation be undertaken on a "legally privileged" basis due to the fact that there was a possibility the allegations could prove to be grounded, and litigation or prosecutions could result.

Our recommendation also suggested that the initial investigation could be conducted by RECA's internal accounting and administration teams because they had not been involved in the transaction and could undertake the initial review subject to review by RECA's internal or external counsel. After consideration, however, the Board determined that it would be more appropriate for this office and the writer to superintend the entire investigation to ensure full independence. We were directed to provide periodic updates to the Board during its progress.

The scope of the investigation was determined to include:

- A review of all of the RECA Board minutes associated with the decision to purchase the building;
- A review of the financial records of RECA to determine what was paid to whom, and when payments were made to parties associated with the transaction, including a review of any payments to staff;
- Confirmation of the commissions paid with respect to the transaction;
- A review of the various lease and build options which were considered by the RECA Board at the recommendations of its consultants;
- A review of the input and diligence of the then RECA Board members and staff in connection with the transaction;
- A review of the building contract and superintendence of construction undertaken by RECA through its consultants;
- A review of the extensive appraisal of the building conducted prior to the exercise of the option to purchase the building by RECA;
- A review of the mortgage financing provided in light of that appraisal;
- A review of the accuracy of the allegations by the Industry Association including an analysis of the lack of information available to it and its consultants when making the speculative allegations contained in the letter and accounting review;
- A direction to RECA staff to provide any and all requested records and the associated obligation to respond in detail to requests by the investigator for relevant information;
- A direction to provide periodic reports to the Chair and the RECA Board through the course of the investigation to confirm the adequacy of the review and to consider changes in scope.



In order to maintain initial confidentiality of the investigation, and to preclude potentially defensive commentary from involved past Council members and RECA staff, the decision was undertaken to defer any communication with those parties unless or until it was determined that their version of events would be required in order to conclude the investigation and make a fulsome report to the RECA Board and the Alberta government. In the writer's opinion, and as will be seen, the written records provided during the course of the investigation was extensive and sufficient documents were available that further inquiry of past staff or Board members was unnecessary to conclude there was no wrongdoing as alleged or at all.

A decision was also taken to involve RECA's prime transaction consultants in the investigative review as it was expected those consultants would have records of their deliberations and historical and records advice not necessarily available in the RECA database.

Due to the long term nature of the review which required looking back for almost 10 years, the investigation took several months. An interim series of oral reports were made to the current RECA Board as the investigation progressed. The Board suggested several additional lines of inquiry during those reviews.

The final written report to the RECA Board was discussed in a lengthy privileged meeting. After that review it was determined that the detailed report should be provided to the Alberta government on a legally privileged basis for review by the government's internal legal staff to assess whether additional work was required, or whether the legal proceedings suggested by the Industry Association should be conducted. After consultation with involved government solicitors, it was determined that no further investigative work or inquiries were necessary or should be undertaken.

Our office has maintained a copy of the records which were considered and inspected during the course of the investigation, and those records were also offered up to the government for consideration should it have further inquiries.

Summary of Fact Determined by the Investigation

The investigation revealed the following:

- In 2013 RECA operated from its leased premises at Westmount Corporate Campus with a lease set to expire on May 31, 2017. The leasehold space at issue was not regarded as sufficient to accommodate RECA's expected longer-term needs by staff and Council at the time. Colliers International prepared a report to Council addressing RECA's assumed future needs of 25,000 useable square feet and 50 parking stalls. The report reviewed market office lease and rental rates including properties in the Beltline and confirmed lease rates of between a low of \$25 per square foot (Class B), and \$36 per square foot per year for longer-term Class A leases. As noted later, this is in the range of the lease rate ultimately agreed with Enright for a lease in RECA's custom designed building.
- In July 2013 Council formed an experienced Facilities Committee with a mandate to review risks and opportunities for leasing or owning options so as to best reduce long term costs while addressing RECA's space needs. The Committee was directed to review and approve any proposed agreements, and to report to Council and make recommendations to Council on next steps.



- Colliers International proposed several options for consideration including a lease renewal, purchasing the existing building in the Westmount Corporate Campus, or proceeding with a build to suit.
- In April 2014 RECA prepared a full RFP seeking expert representation and advice for RECA for the purpose of addressing its ongoing space requirements. The RFP had a response deadline of May 23, 2014. The request for proposals was comprehensive, and stated RECA's objectives to reduce its long term occupancy costs, enhance its operations, and evaluate all possible options including leases, redevelopment, build to suit, sole ownership or a real estate joint venture.
- Avison Young ("AY") (amongst others) submitted a detailed written proposal followed by an oral presentation from the top RFP candidates to the RECA Board. Council selected AY. Its team was to be led by Mr. St. Pierre who was and is an experienced commercial property specialist who has received numerous industry awards, and had acted as the Director of the Canadian Commercial Council.
- AY worked with RECA to develop a detailed service agreement which ultimately required the *Landlord* of any leased premises to pay a leasing fee equal to \$1.00 per square foot per year of the net rentable area of a lease of any new or renewed premises for the first five years, and \$.050 per square foot for the balance of the initial lease term.
- In the event that RECA proposed to purchase a building the service agreement specified a sales commission of 3% of the purchase price to be paid by the owner/Landlord. This is and was a commercially reasonable commission structure at the lower end of the then commission scale.
- RECA entered into a detailed communication protocol with AY outlining the proposed involvement of its staff and the Facilities Committee to assess all its options, confirming that AY's primary staff contact would be, the RECA Director of Corporate Services, who was a Chartered Accountant. It was determined the Director would report to the Facilities Committee which would in turn report to RECA Council for final decisions. RECA's ultimate service agreement with AY was executed in early 2014.
- After consideration, downtown Calgary was eliminated by RECA as a possible relocation option because of high parking costs which would be charged to attending Council members, involved realtors and staff, the lack of signage opportunity rights for space of RECA's size and high operating costs which were then approximately \$5.00 per square foot p/a more than in the Beltline.
- In late October 2014, RECA approved a Request for Information (RFI) which was distributed by AY to all appropriate commercial landlords, developers, brokerages, and licensees in Calgary to determine which of those might be prepared to participate in a leasing or development arrangement with RECA.
- AY also approached RECA's current Landlord of the Westmount Campus in November 2014 to determine whether a lease renewal and expansion could be accommodated. The Landlord, GWL, could not meet RECA's future longer term space requirements unless AREA (also a tenant in the building) waived its renewal rights in the same location. When approached, AREA refused to do



so, and also refused to indicate its future plans. GWL also rebuffed a suggestion that RECA might purchase the building to solve its future space requirements.

- In November 2014 AY completed a detailed lease versus ownership analysis for RECA explaining hurdle rates and opportunity costs for both scenarios, and confirmed that in the short term – one to seven years – leasing was *likely* preferable, while over a longer term of 10-25 years for stable organizations there should be substantial economic advantages to owning the building.
- Over a 10-15 year term AY estimated \$8.8 MM in cost advantages to RECA to own its building. RECA was also recommended to obtain an external legal analysis and an accounting analysis to address the report. It did so.
- In December 2014 AY solicited and received various proposals from GWL, Opus, and Enright Capital for various lease or build/ownership opportunities at various locations in Calgary. AY presented those opportunities to the RECA Facilities Committee on December 10, 2014.
- Significantly, one of the Opus presentations included a lease versus own analysis which was very similar to the AY analysis demonstrating the likely financial benefits of ownership of its premises by RECA over a longer term.
- In January 2015 Opus presented an opportunity on Macleod Trail consisting of a joint venture build. Despite the fact it would involve a large commission payable to AY, AY advised the Facilities Committee that the project was high risk due to the fact that it contemplated 56,000 square feet of development with associated vacancy risks. Opus was asked to go back and redo its proposal with a reduced square footage.
- In January 2015 AY presented to the full RECA Council outlining its work to date, and confirmed that Enright was prepared to make a proposal for a building on 14th Street. A detailed analysis was undertaken, and the lease versus own analysis was again discussed. Independent counsel also presented RECA a tax opinion and structuring alternatives for a possible ownership and purchase.
- AY was authorized by Council to pursue both Opus and Enright regarding their competing proposals. After consideration RECA Council also voted to proceed with ownership as distinct from leasing due to the expected long term costs savings ownership would entail, subject to certain conditions being met in the associated construction process. AY recommended attempting to negotiate a one year extension for RECA's current lease in order to permit a possible build development to be finalized.
- Between January 23 and February 24, 2015 AY negotiated an extension of RECA's current lease with GWL through to May 31, 2018. This transaction entitled AY to a lease commission (see later). RECA also received various other proposals including a new build proposal from Centron.
- On February 25, 2015 AY presented details of competing proposals from Centron, Enright, and Opus to RECA.
- On March 16, 2015 the Facilities Committee undertook a comprehensive analysis of all of the proposals, and recommended proceeding with a design build with Centron.



- Unfortunately, at the last minute, it was learned that Centron proposal could not be built because Centron had made the mistake of overlooking geotechnical issues, which would not permit the construction of its proposed building. Centron itself cancelled the proposed transaction. Accordingly the Facilities Committee only then recommended proceeding with Enright ultimately seeking 100% ownership of the building subject to proper planning, construction and associated due diligence. Any allegation of fraud, or collusion, or overpayment in connection with the Enright proposal must take into account the fact that the proposal was Council's *second* choice. Given the short lapse of time involved between the cancellation of the prospective Centron transaction and the acceptance of the Enright proposal it would have been virtually impossible to proceed inappropriately, or to make fraudulent arrangements.
- On March 18, 2015 RECA notified Opus and Centron that it was pursuing development with Enright based on Enright's proposal.
- On April 15-16, 2015 Council approved proceeding with negotiating an initial 10 year lease of the building to be constructed by Enright with an associated option to purchase in RECA's favor. Council also directed administration to remove conditions and exercise the option to purchase, subject to the satisfactory completion of construction involving legal, design, and space planning due diligence.
- Any such purchase by RECA was directed to be subject to ultimate and approved financing. Council also engaged Jerilyn Write and Associates to monitor and manage the project to ensure compliance with building construction and RECA's design criteria.
- AY assisted RECA in the negotiation of the lease and option to purchase with Enright. The lease agreement provided for a rentable area of 27,458 square feet, for the term of April 1, 2018 to March 31, 2028. It also permitted early occupancy November 1, 2017 to March 31, 2018. Rent for years one to three was \$30 per square foot; years four to six was \$31 per square foot; years seven to 10 was \$32 per square foot with three options to renew for five years each at prevailing market rent. The contract also provided that RECA was entitled to have input into the building design and specifications.
- The lease/option to purchase arrangement for a *custom* building provided for rents at less than expected by Collier's for "class A" space in 2013.
- On July 15, 2015 AY presented a market update and RECA administration presented a building update to Council. Economic analysis again indicated that having regard to the long term lease at the agreed rents RECA was expected to be in a financially superior position by buying and owning rather than renting the building, thus ultimately reducing its anticipated long term occupancy costs.
- Acting on Council's prior direction, on October 27, 2016 administration waived the conditions on the option to purchase subject only to financing.
- Significantly, the option to purchase the building required that from April 1, 2018 to March 31, 2023 Enright would guarantee the lease of 8,800 of the 10,000 square feet of retail space in the building at \$35 per square foot plus operating costs, and \$275 per stall per month for all retail parking stalls. This covenant mitigated substantial market risk to RECA from possible vacancies.



Enright also indemnified RECA for any and all commissions associated with the sale including any claims for AY commissions.

- RECA, through its consultants, continued to observe and monitor the construction of the building to ensure that it was built to specifications for RECA's needs.
- On November 1, 2017 RECA Council held a special meeting. RECA's Director of Corporate Services provided background information on the purchase option, and confirmed that on April 16, 2015 Council had authorized Administration to exercise the option to purchase the new RECA building on or before October 31, 2017.
- During that meeting it was also reported that RECA had engaged Mr. Jack McDiarmid, a mortgage broker with Montrose Calgary to canvas financing proposals from a variety of lenders. The Bank of Montreal was identified as the best match to RECA's financing alternatives. Council authorized the Executive Director and RECA's Chair to sign the BMO discussion paper for a demand loan not to exceed \$17,200,000 for a 25 year term, with a rate of interest not exceeding 4% with administration to complete the final negotiation of terms and conditions and associated work.
- In November 2017, RECA also retained CBRE (Coldwell Banker Richard Ellis) Limited Valuation and Advisory Services to perform an appraisal of the market value of the 100% leased fee interest of the building based on an effective date of November 1, 2017 to assist in obtaining financing and confirm validation for RECA's decision. The appraisal was undertaken by Ms. Chris Marlyn AACI, MRICS, who was the Senior Managing Director of Valuation and Advisory Services, with the assistance of Ms. Rachael Rothery, BCOMM, AACI, PAPP.
- **Significantly**, the appraisal confirmed that the market value of the property without furniture or fixtures as at November 1, 2017 to be \$21,500,000. The appraisal is 60 pages long. A copy of the cover page and page 61 are attached as **Appendix "B"**.
- On January 24, 2018 at a regular meeting of Council, RECA approved the referenced documents and arrangements to close the financing for the purchase of the building as executed by the ED was ratified.
- RECA reviewed and received confirmation that the building was constructed according to its specifications. RECA then proceeded with the Transaction, and commenced occupancy.
- RECA's actual closing costs included the \$21,383,000 purchase price plus GST, tenancy improvements for demising walls, fees for design, legal and professional fees, art and furniture resulting in an overall capitalization value of \$23,281,530. The capitalization of those soft costs was undertaken on the advice of RECA's Director of Corporate Services. Those costs are also set out in the financial statements which were reviewed by RECA's external auditors MNP who have raised no concerns with respect to the capitalization of those amounts.
- AY's commissions were paid by Enright in accordance with the agreement, and AY also forgave RECA any obligation to pay commissions for the lease extension of its existing premises during the construction phase.



- RECA's records demonstrate that no building-related payments were made to the Executive Director, the Director of Corporate Services, Mr. Mark St-Pierre (including his holding company), or AY.

Conclusions

Based upon the above referenced, the investigation concluded that the various involved Board and Council members and staff had exercised and expended considerable time and effort and undertook careful analysis in making the decision that they did. There was no evidence of any lack of due diligence, breach of fiduciary duty, improper payment of commissions, or other wrongdoing associated with the transaction. The current market value of the building is considered to be irrelevant because 2021 market values were not and could not be known at the time.

The decision to proceed with construction and purchase of the building was made in apparent good faith, after careful consideration and detailed analysis and supporting advice from experienced industry professionals with then available information.

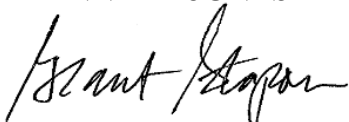
The then price of the transaction was also validated by a detailed appraisal prepared by a respected and experienced appraisals firm. Furthermore, a large Canadian Chartered Bank accepted the appraisal for a significant financing.

As noted above, both the complaint and the more detailed privileged review of the transaction was provided to Alberta government legal counsel for consideration of the allegations of possible wrongdoing. No impropriety was found and the matter was regarded as concluded until recent concerns of alleged inadequacy of the investigation have necessitated this more detailed and fulsome outline of the scope and findings of the investigation undertaken by this office.

In short, the investigation has been very thorough and has concluded that there is no merit to the speculative allegations made by the Industry Association and its involved professionals regarding possible or otherwise actionable wrongdoing by the past RECA staff and Board members involved in the transaction.

Yours truly,

BENNETT JONES LLP



Grant N. Stapon, Q.C.

GNS:kjm



Appendix "A"

Notice to RECA Licensees and the Public

RECA's current Board of Directors has received reports from a stakeholder alleging fraud and other improprieties associated with the purchase of RECA's office building at 1506 – 11th Avenue SW in Calgary in 2018 (Transaction). These complaints and allegations have been taken extremely seriously by the Board.

As none of the current Board members or senior Administration of RECA were involved with the Transaction, RECA's Board commissioned a legally privileged review (Investigation) of the matters noted in the reports.

The Investigation into the history of the Transaction found:

- In late 2013, RECA began to review its options for its operational space requirements as its lease at the Westmount Corporate Campus was set to expire in May 2017. Negotiations with the landlord and other tenants were unsuccessful in meeting RECA's needs, resulting in RECA being required to move;
- RECA Council formed a special Facilities Committee (Committee) to assess its anticipated space needs and address its future requirements. This Committee, headed and staffed with experienced Council members, determined that RECA should enter into a public request for proposals (RFP) process. RECA sent out an RFP to obtain the best advice from experienced commercial realty firms on the economic and space issues facing the organization;
- After reviewing the proposals, RECA engaged an experienced commercial broker and its personnel to advise Council and assist in the research and decision-making process regarding RECA's space requirements, including advice as to whether RECA should lease or buy property given current and anticipated market conditions. This analysis estimated that over a 10 year term anticipated cost savings from a purchased premises would likely be very significant. This conclusion was confirmed by a competing experienced commercial brokerage;
- RECA, with the assistance of its consultants, solicited and received numerous proposals for lease or build ownership opportunities at various locations in Calgary from several established developers. Each of the proposals was carefully considered by the Committee in late 2014 and early 2015;
- Following a series of negotiations with several parties, and with careful consideration of the initiatives by the Committee and Council, in April 2015 Council approved the negotiation of a design build contract. The agreement contained a lease provision with an option to purchase the constructed premises.

- Council then directed RECA Administration to remove conditions and exercise the option to purchase, subject to due diligence associated with the satisfactory completion of the construction of the building in accordance with RECA's specifications;
- Acting on Council's direction, on October 27, 2016 RECA waived the conditions and exercised the option to purchase, subject only to financing;
- Prior to waiving the finance condition, RECA retained an expert Alberta appraisal service to appraise the premises. The detailed appraisal confirmed the market value of the property and supported the purchase option;
- The appraisal was fully accepted by a Canadian Chartered Bank for the purpose of financing the Transaction;
- RECA Council was fully advised on the appraisal and the nature of the financing, and subsequently approved the Transaction;
- Commissions for the purchase of the building were paid for by the developer and were consistent with the lower end of the industry standard;
- No RECA staff or Council member received any payment from the Transaction; and
- RECA's internal records demonstrate that substantial due diligence by experienced personnel and consultants resulted in the decision to proceed with the Transaction, based on the information available to the involved personnel at the time.

The Board's investigation has determined that there was no impropriety or lack of due diligence in undertaking the decision to proceed with the Transaction. The involved Council members, external consultants, and RECA Administration proceeded in good faith, using their best business judgment as to anticipated future market conditions and RECA's ongoing operational space requirements. The Board has concluded its investigation and the matter is now closed.

Appendix "B"

APPRAISAL REPORT

CBRE File No. :: 17-APPRCAL-0067

RECA Building

1506-11th Avenue SW

Calgary, Alberta

Effective Date: November 1, 2017

Prepared for:

Dale Cawsey

Director of Corporate Services

Real Estate Council Alberta

Suite 350, 4954 Richard Road SW

Calgary, Alberta, T3E 6L1

CBRE

RECONCILIATION OF VALUE

The Income Approach is the primary method of valuation used by investors for income producing properties. In this case, the Direct Capitalization Method using an OCR of 5.75% was considered to be appropriate indicating a market value of \$21,500,000.

Although the Direct Comparison Approach is somewhat crude, it provides additional support for a unit value in the \$550 PSF for the subject property.

As noted previously, the Cost Approach is not considered to be an appropriate indicator of value for income producing properties of this nature and is rarely used by market participants. Accordingly, it has not been used as part of this appraisal.

Our valuation for the subject property is as follows:

Market Value Summary

Market Value Conclusion	\$21,500,000
Value PSF	\$607
 Overall Capitalization Rate	 5.75%

Based on the information contained within this appraisal, it is our professional opinion that the market value of the 100% leased fee interest in the subject property, subject to the extraordinary assumptions and limiting conditions noted on page 6, as at November 1, 2017 is:

Twenty One Million Five Hundred Thousand Dollars

\$21,500,000