



December 18, 2020

Cole Harris  
President  
Centron Group of Companies  
Suite 104, 8826 Blackfoot Trail SE  
Calgary, AB

Re: Market Study for the proposed development known as Clearwater Park, Chestermere, AB prepared by Newmark Knight Frank Canada Ltd. (herein "Firm" or "NKF")

Based on review of other comparable neighbourhoods and city metrics we have analyzed the amount of industrial and retail lands that are proposed within the Clearwater Park development. This analysis is based on typical metrics for determining a suitable allocation of land uses within a community or city setting. The following discussion and tables outline our initial findings.

The industrial lands in Stage 2 of Clearwater Park are approximately 72 gross acres. The lands are located directly on the corner of the TransCanada Highway and Secondary 791. This location is ideal with respect to exposure and access to the site. The site is located adjacent to the Alberta electrical high voltage transmission line, as well as the Fibre Optic main distribution corridor. The lands will be fully serviced with water, sewer, storm and natural gas, which is generally unavailable for industrial lands in the immediate region and throughout Rocky View County. The geometry of the lands allows various site sizes and hence many options to meet the needs of users requiring 2 acres to 50-acre industrial parcels. Currently there are no industrial lands serviced and available for immediate development in the City of Chestermere.

This situation offers both an opportunity and a challenge. The Clearwater Lands will capture this pent-up demand from owner/user light industrial business owners living in and in close proximity to the community. The lands will also be extremely attractive to larger users (distribution, ecommerce and logistics) needing critical and quick access to the TransCanada highway, plus access to skilled labour available in the growing City of Chestermere. It should be noted that based on our experience and observations of the industrial market that it is not clear that there will be equal demand for large tracts of industrial secondary market lands that has been experienced in markets as Balzac, Conrich and Airdrie. The reason being is there is no critical mass or established industrial base in the City of Chestermere to equal the marketing draw of those aforementioned markets.

Taking all that in consideration we have analyzed the typical metrics for industrial lands in the the City of Calgary as a benchmark in the table below.

<b>Industrial Land Comparison</b>			
<b>Description</b>	<b>City of Calgary</b>	<b>City of Chestermere</b>	<b>City of Chestermere (2040)</b>
Population	1,336,000	25,000	50,000
Land Area in City Boundaries (Acres)	204,000	7,900	7,900
Industrial Land Area (Acres)	27,922	842	842
No. People Per Industrial Acre	48	30	59
Percentage of Industrial Land	13.7%	10.7%	10.7%

*Compiled by NKF (various sources)*

The table above illustrates the point that the overall industrial land based at current and full build out is well below the average for the City of Calgary at 13.7%. This percentage is typical and considered balanced for most municipalities. Our estimates for the City of Chestermere are based on publicly available planning documents which report the amount of commercial and industrial land available for future development. In order to make a fair comparison we have taken out lands that are considered more retail/office in use to arrive at our overall numbers.

Additionally, we have compared the number of people per industrial acres of land. The metrics for Chestermere are based on lands that are potentially is available for industrial development, currently there are no industrial lands available or in service. If we used actual numbers which are extremely low (industrial land) the number of people per industrial land would be much higher than in the City of Calgary and suggest that Chestermere is grossly underserved for industrial lands. Based on the foregoing commentary and analysis the proposed allocation of industrial lands within Clearwater Park are considered reasonable and will be well received by market participants.

The Eastern Town Center (ETC zoning) in Lot 3, Stage 1 is 3.59 acres and the Stage 2 retail/commercial parcel of 4.01 acres. The total retail/commercial for Clearwater Park will be 7.6 acres. At full build of 3,000 housing units and applying 3.4 people per household (current rates for the City of Chestermere) equals 10,200 people. This retail/commercial node is being proposed to provided services mainly to the to the residences of Clearwater Park and will be limited to primarily convenience retail/services which will enhance the existing retail/commercial that exists in the City of Chestermere today. Based on the analysis of other communities in the City of Calgary region the is amount of retail land is not considered reasonable. The following table provides metrics for comparable locations:

<b>Retail Land Comparison</b>			
<b>Description</b>	<b>Royal Oak/Rocky Ridge</b>	<b>Tuscany</b>	<b>Clearwater Park</b>
Population	17,693	19,307	10,200
Retail Acres	55.0	10.0	7.6
No. People Per Retail Acre	322	1,931	1,342

*Compiled by NKF (various sources)*

The communities of Royal Oak and Tuscany were selected due to their similarities to Clearwater Park. The biggest similarity is their respective peripheral locations on the edge of the city and having a major highway acting as a buffer to adjacent communities. Combining both Royal Oak/Rocky Ridge and Tuscany arrives at a number of people per retail acre of only 569 which is well below what is proposed in Clearwater and is considered underserved. It should be noted that Tuscany has a higher rate at 1,931 people per retail acre, however the build out of the retail lands over 20 years ago is now considered very low and grossly underserves the residents by current standards. This underservice is further evident in the high sales per square foot exhibited in Tuscany Market which has a very captive resident base. For the above stated reasons the proposed retail land acreage for Clearwater Park is considered reasonable and will prove a welcome service to the residents that call Clearwater Park home.

Yours sincerely,



Chris Chornohos AACI, MRICS  
Vice President  
[chris.chornohos@ngkf.com](mailto:chris.chornohos@ngkf.com)  
403.808-2224