

ELADCANADA

ELAD CANADA REALTY INC.

(**"החברה"**)

לכבוד
הבורסה לניירות ערך בת"א בע"מ
www.tase.co.il

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18 בדצמבר 2019

הנדון : דיווח מיידי

בהמשך לדוח מיידי שפרסמה החברה ביום 28 בנובמבר 2019, מס' אסמכתא : 2019-01-116479, על פי¹, בין היתר, היא בוחנת אפשרות לביצוע של הנפקת מניות לציבור במחצית הראשונה של שנת 2020 וכן כי היא הזמינה הערכת שווי כלכלית לחברה, החברה מדווחת כי ביום 18 בדצמבר 2019, התקבלה אצלה הערכת שווי כלכלית לחברה מאת BDO Canada LLP, מעריך שווי חיצוני ובלתי תלוי (להלן : **"הערכת השווי"**).

בהתאם להערכת השווי, השווי הכלכלי של החברה הינו בטווח של 958 מיליון דולר קנדי ל-1.07 מיליארד דולר קנדי והכל כמפורט בהערכת השווי, המצורפת לדוח מיידי זה **כנספת א'** ומהווה חלק בלתי נפרד הימנו.

בכבוד רב,

Elad Canada Realty Inc.

נחתם על ידי מר רפאל לזר, מנכ"ל החברה ודירקטור

¹ אשר המידע על פיו מובא בדוח זה בדרך של הפניה.

Fair Market Value – הערכת שווי – נספח א'



FAIR MARKET VALUE
ELAD CANADA REALTY INC.

Estimate Valuation Report

VALUATION DATE: SEPTEMBER 30, 2019 (PRO-FORMA)
REPORT DATE: DECEMBER 17, 2019

PRIVATE & CONFIDENTIAL

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December 17, 2019

Mr. Rafael Lazer
 Chief Executive Officer
 Elad Canada Realty Inc.
 2235 Sheppard Ave E, Suite 1700
 Toronto, Ontario M2J 5B5

Dear Mr. Lazer:

RE: FAIR MARKET VALUE OF ELAD CANADA REALTY INC.

You have requested that BDO Canada LLP (“BDO”) prepare an Estimate Valuation Report (“Report”) providing our conclusion as to the fair market value (“FMV”) of Elad Canada Realty Inc. (“Elad” or “Company”) on an equity value basis as at September 30, 2019, on a pro-forma basis (“Valuation Date”).¹

We understand the conclusions contained within the Report will be used for the purpose of raising debt or equity in the capital markets (whether private or public). We understand our Report will be used as one factor among many by Elad and potential investors as part of this transaction process.

Unless otherwise specified, all values in the Report are expressed in Canadian Dollars (“CAD”).

Based upon the scope of our review and subject to the restrictions, qualifications, and assumptions noted herein, we estimate the equity value of Elad is in the range of \$0.9 billion to \$1.1 billion, with a midpoint of \$1.0 billion, as at the Valuation Date, as summarized below (see Schedule 1 for details).

¹ We adjusted the equity value of Elad for the following pro-forma adjustments, which relate to significant events that occurred subsequent to the Valuation Date and before the date of the Report: (a) Investment in an Associate (Transfer of Assets - Financial Asset, Related Party), with a net increase of \$119.9 million, and (b) Bond Issuance, Net, with a net impact of \$Nil. These pro-forma adjustments are discussed in more detail later in the Report and on Schedule 1.

CAD (thousands)	Fair Market Value		
	Low	Midpoint	High
Total Assets	2,040,000	2,095,000	2,150,000
Total Liabilities	(1,240,000)	(1,255,000)	(1,270,000)
Equity Value, before Adjustments	800,000	840,000	880,000
Pro-forma Adjustments:			
Investment in an Associate (Transfer of Assets)	119,863	119,863	119,863
Bond Issuance, Net	-	-	-
Pro-forma Equity Value, before Other Adjustments	920,000	960,000	1,000,000
Portfolio Premium	138,000	168,000	200,000
Pro-forma Equity Value, before Corporate G&A Costs	1,058,000	1,128,000	1,200,000
Capitalized Corporate G&A Costs	(100,000)	(110,000)	(130,000)
Pro-forma Equity Value (Rounded)	958,000	1,018,000	1,070,000

A summary of the methodologies leading to our conclusions is set out in the balance of the Report.

Yours truly,

BDO Canada LLP

Paul Gill, CPA, CA, CBV, ASA
 Partner, Financial Advisory Services
 National Practice Leader, Valuations
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 Chartered Professional Accountant



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Disclaimer

The Report is provided to Elad pursuant to our engagement letter dated November 7, 2019, and is subject in all respects to the terms and conditions of that engagement letter.

We further understand that our Report will be used for the purpose of a potential debt or equity raise involving Elad and it will be used as one factor among many by Elad and potential investors as part of this transaction process.

Our Report may be copied, excerpted, summarized or otherwise referenced in private, including private documents prepared for Elad's shareholders or potential investors in Elad, or filed with various securities commissions in Canada or Israel and in particular, with the Tel Aviv Securities Exchange website and the Israeli Securities Authority website. BDO consents to the foregoing, provided that we are given an opportunity to review and approve such references prior to the document being finalized. However, the Report is not to be incorporated into, attached to, and mentioned in any of Elad's financial statements as part of its annual or quarterly financial reporting process.

In forming our opinion, we have relied on sources, which appeared to us as reliable, and nothing came to our attention, which is likely to indicate the lack of reasonableness of the information we used. We did not independently examine such information and, therefore, our work does not constitute verification of the completeness, accuracy or presentation of the information.

Elad management ("Management") is responsible for the accuracy, completeness, and fairness of presentation of any of the facts, working assumptions, or other information that it has provided to BDO in the course of performing our work. We have not independently verified such information.

Prospective financial information ("PFI") is the responsibility of Management. In this regard, Management is responsible for representations

about its plans and expectations and for disclosure of significant information that might affect the ultimate realization of the PFI. It is understood and agreed that any observations provided by BDO relating to the PFI of Elad, may be affected by the underlying assumptions or estimates, which inherently may be uncertain, and, though considered reasonable by Management as of the date of its preparation, may be subject to a wide variety of business, economic, and competitive risks and uncertainties that may cause actual results to differ materially from those contained in any such PFI.

Indemnification

If, in a final, un-appealable legal proceeding, we are found liable to pay any amount to a third party in connection with the Report, Elad is to indemnify and reimburse us, unless the source of the claim is willful misconduct, gross negligence or malice in providing our services, as follows:

- (a) In case a conviction shall arise from information provided by Elad, which we explicitly relied on in preparing the Report, Elad agrees to indemnify and reimburse 100% of any amount.
- (b) The foregoing indemnity will apply regardless of the form of action, whether contract or tort (including without limitation, negligence), except that such indemnity shall not apply to any special, incidental, indirect or consequential damages, suffered by Elad or any third party, whether or not BDO has been advised of the possibility of such loss, injury, damages or third party claim, under any cause of action arising out of or relating to this engagement.
- (c) Elad is solely responsible for the payment of all fees, expenses, indemnification or other amounts due under or in connection with this engagement.

Valuation Specialist

BDO Canada

Paul Gill, CPA, CA, CBV, ASA, is a Partner in BDO's Toronto, Canada office and is the National Practice Leader of Valuations. Paul has over 17 years of professional experience providing Financial Advisory Services to senior financial executives and management. Paul specializes in fairness opinions, business valuations and modeling, advising on financing and capital structure issues, deal diligence and pricing for M&A or divestitures and employee share ownership plans. Paul has prepared valuations for board governance, business planning, corporate or shareholder transactions, litigation support, tax compliance and financial reporting.

Paul services clients in a wide range of industries, including financial services, pensions & benefit plans, asset and portfolio management, real estate, infrastructure, public private partnership (P3S), private equity, technology & life sciences, media, telecommunications, transportation, manufacturing and leasing and automotive parts.

Paul has international experience working with multi-disciplinary service teams for public and private companies in Canada, the US, Australia, Finland, France, Germany, Mexico, Netherlands, South Africa, Sweden, Switzerland and the UK.

Paul is a Member of the BDO Financial Advisory Services Board of Directors and is Past Chair and Board Member of the Canadian Institute of Chartered Business Valuators ("CICBV" or CBV Institute").

BDO Israel

As part of our valuation and internal quality control process, the Report was reviewed by BDO Israel, which was lead by by Moti Dattelkramer. A summary of Moti's background and experience is provided below.

Moti Dattelkramer, CPA, is a Partner in BDO's Tel Aviv office and is the Head of Corporate Finance of BDO Consulting. Moti has more than 8 years of experience in business consulting to companies and government ministries.

Moti manages a team of 8 economists and accountants that perform business valuations, purchase price allocations, business plans, feasibility tests, impairment tests, valuation of financial instruments and more. As part of his duties at BDO Israel, Moti is involved in the execution of a wide range of valuations, business plans, strategic planning and due diligence in various operating segments, such as: communications, defense companies, technology, traditional industry, food, real estate, medical devices and finance.

Moti holds a BSc. in Economics and Computer Sciences and an MBA from the Bar Ilan University

Purpose

The Report will be used for the purpose of a potential debt or equity raise involving Elad and it will be used as one factor among many by Elad and potential investors as part of this transaction process.

Our Report may be copied, excerpted, summarized or otherwise referenced in private, including private documents prepared for Elad's shareholders or potential investors in Elad, or filed with various securities commissions in Canada or Israel and in particular, with the Tel Aviv Securities Exchange website and the Israeli Securities Authority website. BDO consents to the foregoing, provided that we are given an opportunity to review and approve such references prior to the document being finalized.

Under no circumstances will Elad or its shareholders publicly disclose the Report or our conclusions for any purpose other than set out in this Report, unless agreed to in advance in writing by us, in each specific instance.

Report Type

The Report was prepared in accordance with the Practice Standards of the CBV Institute in Canada for Estimate Valuation Reports.

An Estimate Valuation Report is defined as a report that:

“Contains a conclusion as to the value of shares, assets or an interest in a business that is based on limited review, analysis and corroboration of relevant information, and generally set out in a less detailed valuation report.”

We were not engaged to prepare a Comprehensive Valuation Report², as defined under the Practice Standards of the CBV Institute. The scope of review was inherently limited by the nature of the valuation report being provided, and the conclusion expressed in the Report may have been different had a Comprehensive Valuation Report been prepared.

² A Comprehensive Valuation Report is defined as a report that “contains a conclusion as to the value of shares, assets or an interest in a business that is based on a comprehensive review and analysis of the business, its industry and all other relevant factors, adequately corroborated, and generally set out in a detailed valuation report.”

Statement of Independence

We confirm the valuation specialist and other professional staff involved in preparing the Report acted independently and objectively. Our fees for this engagement were based strictly on professional time expended and were in no way contingent upon the conclusions of the Report or any action or event resulting from the use of the Report.

Definition of Value

Fair Market Value (FMV)

For the purpose of the Report, we have defined value as fair market value (FMV). FMV is defined as:

“The highest price expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.”³

Various factors such as relative bargaining abilities of the vendor and the purchaser, and their perception of the future progress of the business will serve to influence the proceeds realized on an actual sale.

While we have performed a review of market data related to the value of Elad, we have not exposed Elad to the marketplace to determine whether there are any potential purchasers with special interests that might pay a price other than the notional value determined by us, as discussed in further detail below.

Price vs. Value

There are as many prices for any business or asset as there are purchasers and that each purchaser for a particular “pool of assets”, be it represented by overlying shares or the assets themselves, can likely pay a price unique to it because of its ability to use the assets in a manner peculiar to it. In any open market transaction, a purchaser will review a potential acquisition in relation to what economies of scale (e.g., reduced or eliminated competition, ensured source of material supply or sales, cost savings arising on business combinations following acquisitions, and so on) or “synergies” that may result from such an acquisition. Theoretically, each purchaser can be presumed to be able to enjoy economies of scale in differing degrees and

³ CBV Institute and the International Glossary of Business Valuation Terms, 2001

therefore each purchaser could pay a different price for a particular pool of assets than can each other purchaser.

In situations where no specific third party purchaser has been clearly identified, it is extremely difficult, if not impossible, to comment on the price that will be paid in an open market transaction with any degree of certainty. Where a specific arm's length third party purchaser has not been clearly identified, we generally base our conclusion as to the fair market value of a pool of business assets on the earnings and underlying asset value of the business viewed in isolation. Our principal reason for adopting this approach is that unless a pool of businesses or assets is exposed for sale, it is often speculative as to whether or not purchasers do exist whom:

- Can take advantage of economies of scale, or synergies; and
- Even if they can realize economies of scale, can be negotiated into a position to pay for them.

It is important that the reader clearly understand that an arm's length third party purchaser may have been, or may be willing to pay, a price for Elad other than as noted herein.

We understand that, at the Valuation Date, an offer had not been received from an arm's length purchaser to acquire Elad.

Corporate Background

Elad, through its parent companies and their subsidiaries, began operations in 1997, focusing on acquiring income producing properties and development sites in Canada and the United States.

By 2008, Elad had a portfolio of approximately 5.9 million square feet in commercial space, and 17,000 apartments and senior housing units.

Elad's income producing properties are located mainly in the United States and include some properties in Canada as well. These include its 100% ownership interest in Agellan Commercial Real Estate Investment Trust ("Agellan"), which holds a portfolio of business parks including industrial areas, logistics, office space throughout the United States and one office property in Canada.

In recent years, Elad has increased its focus on development sites, including mid and high-rise condominiums and master-planned communities. This includes the following development projects:

- Emerald City – a master planned community in Toronto, Ontario;
- Galleria – a master planned community in Toronto, Ontario;
- Lansing Square – a premier office complex in North York, Ontario; and
- Cite Nature – a condominium development next to the Olympic Village pyramids in Montreal.

Below, we discuss and summarize key aspects of Elad's business operations.

Senior Management Team

Elad's senior management team includes the following key individuals:

- Rafael Lazer – Chief Executive Officer;
- Netanel Ben Or – Executive VP, Development;
- Elaine Crossland – General Counsel & Corporate Secretary;
- Amit Almog – Chief Financial Officer;
- Vadim Granovski – VP Finance; and
- Dror Duchovny – VP, Marketing and Asset Management.

Key Strengths



Elad (Canada), which is part of the Elad Group, is a reputable leading real estate company with over 20 years of experience in the real estate market in North America



Elad has a keen focus in development of residential projects in major Canadian markets, alongside the investment in income producing properties with operation or development value-add opportunities across Canada and the US.



An experienced executive team with a proven ability to uncover investment opportunities and add value to maximize return on assets.



A proven track record in managing large-scale income producing portfolios and developing thousands of residential units successfully.



The company holds in-depth working knowledge of local regulation and planning institutions, including authorities and municipalities, which facilitate re-zoning and building permit application processes to expedite development projects.



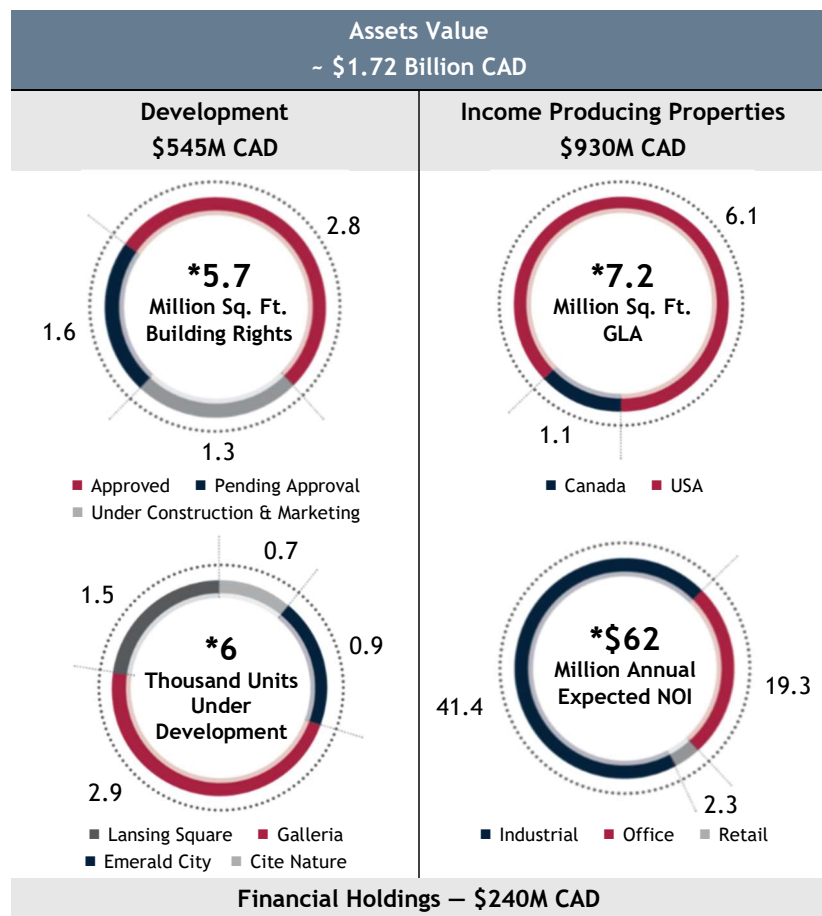
Accessibility to sources of financing and financial strength due to long-term relationships with leading financial institutions worldwide.

Portfolio - Geographical Locations⁴

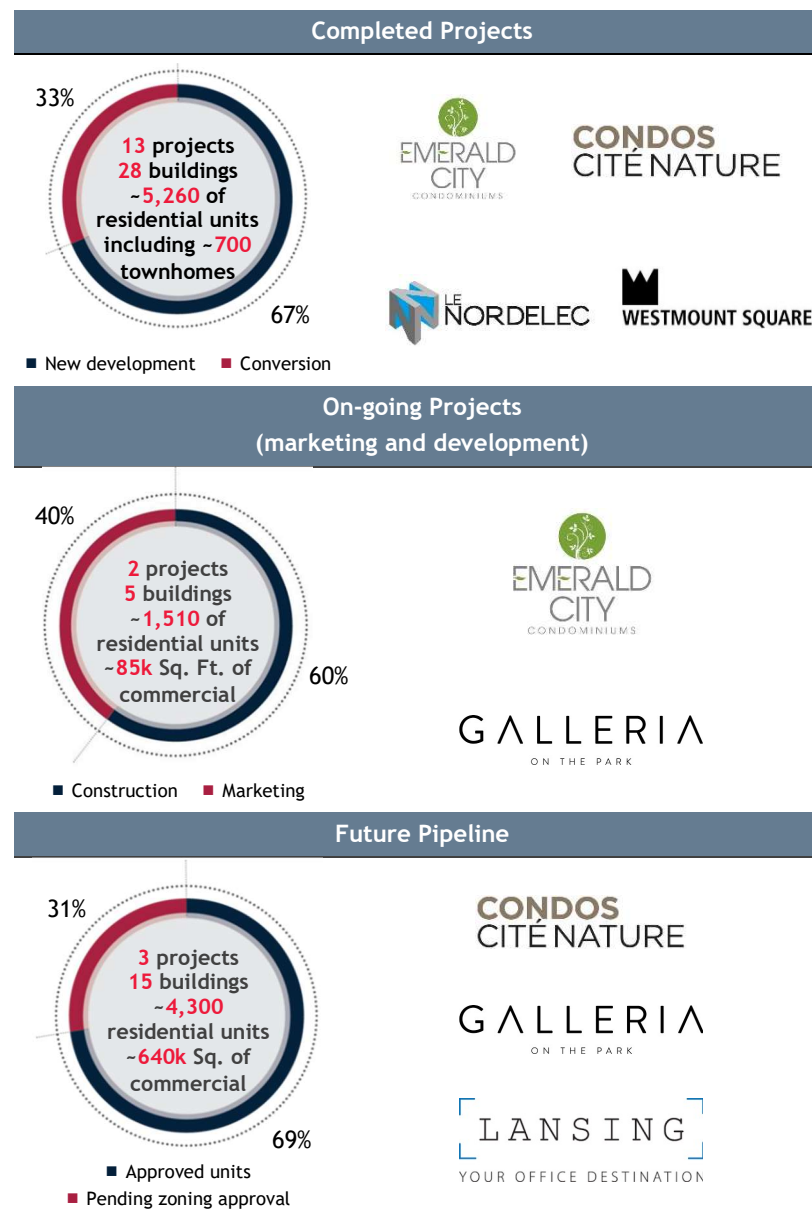


⁴ In addition, Elad also owns an interest in El-Ad Properties USA LP, which includes, among others, investments in Southern Florida.

Portfolio - Key Statistics



Portfolio - Mixed-Use Development



(*) This is forward-looking information.

(**) Based on Elad's financial statements as of September 30, 2019, and includes the material event related to Elad's controlling shareholder's net equity contribution of \$119.9 million CAD on November 27, 2019, as described in the subsequent event note in Elad's financial statements.

(***) Inventory projects are reported at their book value as of September 30, 2019 and not at FMV.

Income Producing Properties

 <p>6 Million Sq. Ft. \$54.9 Million NOI</p> <hr/> <p>Industrial and office portfolio across the USA and office building in Canada</p> 	 <p>438K Sq. Ft. \$5.5 Million NOI</p> <hr/> <p>4 office buildings located in Toronto</p> 	<p>CITÉ QUATRE SAISONS <small>QUEBEC CITY, QC</small></p> <p>155K Sq. Ft. \$1.7 Million NOI</p> <hr/> <p>3 office buildings located in Quebec City</p> 
<p>BEDFORD PLACE MALL <small>HALIFAX, NS</small></p> <p>270K Sq. Ft. \$ 1.2 Million NOI</p> <hr/> <p>Shopping mall located in Halifax, Nova Scotia</p> 	 <p>80K Sq. Ft. \$1.1 Million NOI</p> <hr/> <p>Shopping center with anchor tenants to be integrated into future development project located in Toronto</p> 	 <p>~ 22% financial holding in A1 and 100% holding in A2 units of Multifamily portfolio</p> <hr/> <p>Portfolio comprises of more than 15k units and hotel across the USA</p> 

(*) This is forward-looking information.

FMV of Elad

Selected Approach & Methodology

When determining the value of a particular business, the primary approach adopted should be the approach yielding the greatest net contribution to the equity owners.

Where a business is economically viable on a prospective basis, a going concern based approach normally yields the highest value. A number of methodologies are available to determine the FMV of a business on a going concern basis.

In our view, Elad's historical and projected results, which provided an expectation for positive cash flow, supported the selection of a valuation method that reflected Elad's ability to continue as a going concern.

Adjusted Book Value

To value the shares of a real-estate investment company such as Elad, it is generally understood that the greatest net contribution to the equity owners is achieved upon sale of the underlying net assets. Under these circumstances, the adjusted net asset approach is most appropriate.

The adjusted book value ("ABV") approach focuses on individual asset and liability values from a company's balance sheet, which are adjusted to FMV. To value the individual assets and liabilities, one or a combination of the three primary valuation approaches would be used. These approaches are:

- Market approach, which was based on multiples or prices from market transactions involving the sale of comparable assets;
- Cost approach, which was based on the reproduction or replacement cost and adjusted for depreciation and obsolescence; and
- Income approach, which was based on the present value of earnings attributable to the asset or costs avoided as a result of owning the asset.

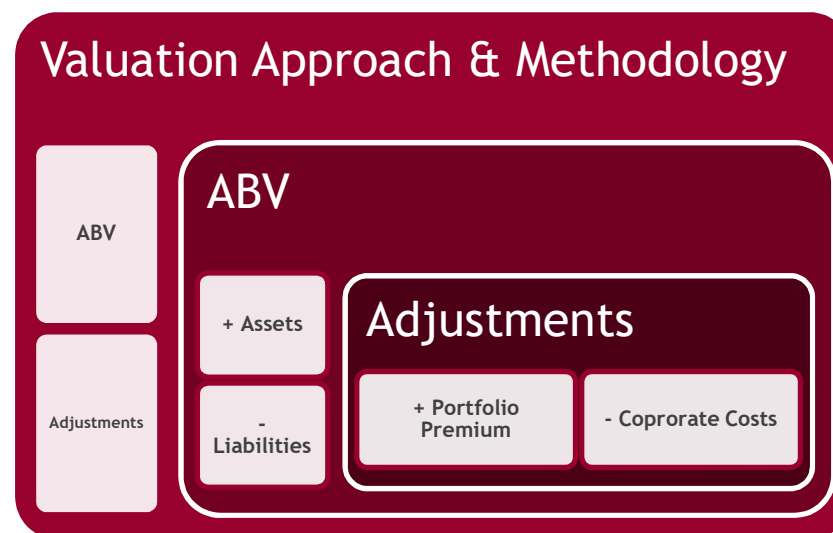
Detailed descriptions of the primary business valuation approaches are provided in the attached Appendix D.

Adjustments

Given that the portfolio of real estate assets held by Elad include a number of large, high quality assets in major jurisdictions in Canada and the United States ("US"), we applied a portfolio premium to its equity value under the ABV approach, as at the Valuation Date. Refer to the "Portfolio Premium" section later in the Report for further details.

We then deducted capitalized corporate general and administrative ("G&A") costs in order to reflect the ongoing need for these costs at the corporate level. Refer to the "Capitalized Corporate G&A Costs" later in this Report for further details.

See below for a summary of the selected valuation approach and methodology and the related adjustments:



ABV – Valuation Calculations

As at the Valuation Date, Elad's main assets and liabilities, prior to any adjustments included:

- Restricted cash;
- Cash & cash equivalents;
- Investment in income producing properties;
- Financial asset, related party (i.e., Investment in an Associate);
- Inventory - real estate under development;
- Receivables on condominiums delivered;
- Accounts payable and accrued liabilities;
- Borrowings;
- Bonds payable; and
- Deferred income tax liabilities.

In order to determine the FMV of Elad's equity value as at the Valuation Date, it was necessary to adjust the book values of the assets and liabilities to their respective FMV's, as set out in Schedule 2.

Based on Management's representations, we have assumed that the FMV of all assets and liabilities were not materially different from their book values as at the Valuation Date, unless otherwise noted herein.

Below, we discuss the valuation of the assets and liabilities of Elad.

Investment in Income Producing Properties

As at the Valuation Date, Elad estimated the FMV of its investment in income producing properties to be \$930.4 million, based on the related fair value of these properties under International Financial Reporting Standards ("IFRS"), which is indicative of FMV. More specifically, the FMV of these properties was derived from real estate valuations prepared by various external appraisers (CBRE and JLL). We reviewed these appraisals, including the key

underlying assumptions, and found it to be reasonable, as at the Valuation Date.

No deferred taxes were estimated for these properties on a FMV basis, given that Elad plans to hold these assets on a long-term basis, which we also found to be reasonable.

Financial Asset, Related Party (Investment in an Associate)

As at the Valuation Date, Elad held a financial asset with a FMV of \$120.6 million related to an ownership interest in the units of a related party, El-Ad Properties USA LP.

Subsequent to the Valuation Date, Elad's controlling shareholder's entered into a series of agreements with Elad that resulted in a net equity contribution on November 27, 2019 of \$119.9 million related to this financial asset, without consideration, for which we adjusted the equity value of Elad as at the Valuation Date, on a pro-forma basis.

The FMV of this financial asset is based on a valuation report issued by Cognum URI Cohen & Co., dated September 2019. We reviewed this valuation report, including the key underlying assumptions, and found it to be reasonable, as at the Valuation Date.

Goodwill

We have reduced the book value of goodwill to \$Nil, on a FMV basis, as it relates to the acquisition of Agellan Commercial REIT (“Agellan”)⁵, the value of which has either been captured in the FMV of the income producing properties or through the portfolio premium, both of which were discussed earlier.

Receivables on Condominiums Delivered

The book value of the receivables on condominiums delivered approximates FMV, as any discounting to this receivable is immaterial, given the low risk nature of this asset and given the short amount of time between the Valuation Date and the collection of the related cash, which occurred a few months subsequent to the Valuation Date.

Borrowings

As at the Valuation Date, Elad had \$885.1 million of borrowings, comprised of \$207.2 million in current borrowings and \$677.9 million in long-term borrowings.

We have not adjusted these borrowings, given that these are generally short-term in nature (i.e., 5 years or less) and predominantly at variable interest rates.

We also compared Elad's borrowings to publicly-traded debt of a pool of somewhat comparable companies and determined that the interest rate spreads at the inception of Elad's borrowings is not materially different from their associated interest rate spreads, at the Valuation Date.

Bonds Payable

As at the Valuation Date, Elad had an outstanding publically-traded bond on the Tel-Aviv Stock Exchange. We have adjusted this bond to its FMV based

on pricing information obtained from Bloomberg and the Tel-Aviv Stock Exchange, as shown on Schedule 2.

Deferred Income Tax Liabilities

As at the valuation Date, Elad's deferred income tax liability had a net book value of \$114.9 million, comprised of the following:

- \$57.0 million related to the net assets of Agellan;
- \$57.2 million related to development projects; and
- \$0.7 million related to other assets.

We have estimated the FMV of deferred taxes related to Agellan to be \$Nil, on the basis that these assets are either going to be held by Elad on a long-term basis or the taxes on sale could be avoided through tax structuring or tax efficient/neutral re-deployment of capital under US tax rules.

With respect to the FMV of the deferred taxes related to the development projects, we have discounted the liability from the anticipated completion dates of the underlying development projects, to the Valuation Date, using the discount rate associated with each related project (discussed later in the Report). As such, we have adjusted this deferred tax liability to a FMV of \$140.7 million to \$166.6 million, as summarized on Schedule 2.

Inventory – Real Estate under Development

Real estate under development consists of four development projects, which were at various levels of completion and differing risk profiles, as at the Valuation Date. These development projects consist of the following:

- Emerald City;
- Galleria;
- Lansing Square; and
- Cite Nature.

⁵ Agellan is a REIT headquartered in Toronto, Ontario and invests in income producing properties in the US and Canada in the industrial, office (no retail) classes. Elad's acquisition of Agellan closed in February 2019.

The FMV of any given development project is determined by discounting the development project's discretionary projected cash flows with an appropriate discount rate, approximated by a weighted-average cost of capital ("WACC") specific to the project. A WACC is an expression of the rate of return required by notional purchasers to compensate them for the time value of their money, as well as the risk inherent in the particular investment.

Our estimate of the FMV of each development project began with a cash flow projection provided by Management, followed by a determination of the related WACC.

Project Cash Flows

Management provided us with financial projections for each block or phase of each development project, at the Valuation date. These are shown on Schedules 4-20.

Through discussions with Management, we obtained a general understanding of the key assumptions underlying Management's projections, as summarized below:

- Revenues relate primarily to condominium sales in a given period, with the majority of revenue occurring in the last period of each respective project as a lump sale, as well as deposits received at earlier stages of development. These revenue figures correspond with timing of condominium sales at expected prices based on historical sales; and
- Costs related to construction, municipal costs, marketing, design fees, legal costs, and contingency were also built into the cash flow projections. These costs figures were developed by cost consultants Finnegan Marshall & Altus.

We note that the projected revenues and costs for the development projects do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

While we found the projections to be reasonable, given the limited scope of our engagement, we did not corroborate or otherwise verify the underlying inputs and relied on them for purposes of our valuation.

Weighted-Average Cost of Capital ("WACC") – Elad

The appropriate discount rate applied to each development project's pre-tax cash flow in each year of the projections, was one derived from the project's WACC. The project's WACC is the expected rate of return an investor would require in order to invest in a particular development project or asset. The potential investment would be available in the forms of debt and equity and ultimately, a project's overall cost of capital would be a blend of the individual costs for each of these components.

We have applied a project specific WACC to each phase or block of each development project. Each WACC started with a base cost of equity and cost of debt applicable to ELAD, as discussed below, adjusted for differences relating to debt-to-capital structure, inflation and a project risk premium, in arriving at the project WACC, as discussed in further detail later in this Report.

We note that we have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as discussed earlier.

Estimating the WACC

The WACC is estimated by weighting the required returns on interest-bearing debt and equity capital in proportion to their estimated percentages in an expected capital structure.

The general formula for calculating the WACC is as follows:

$$WACC = (K_{debt} \times Debt\%) + (K_{equity} \times Equity\%)$$

Components of this formula are:

$K_{\text{debt}} = \text{After-tax rate of return on debt capital}$

$\text{Debt \%} = \text{Debt as a percentage of the total invested capital}$

$K_{\text{equity}} = \text{Rate of return on common equity capital}$

$\text{Equity \%} = \text{Equity as a percentage of the total invested capital}$

Cost of Equity

To determine the appropriate cost of equity for Elad, we used the capital asset pricing model (“CAPM”), whereby the cost of equity is calculated as follows:

$$K_{\text{equity}} = R_f + (\beta \times R_p) + R_c + R_s + R_a$$

Components of this formula are:

$R_f = \text{Risk free rate}$

$\beta = \text{Levered equity beta}$

$R_p = \text{Equity risk premium}$

$R_c = \text{Country risk premium}$

$R_s = \text{Size premium}$

$R_a = \text{Company specific risk premium}$

A risk free rate of approximately 1.94% was selected based on a twenty-year benchmark bond yield as reported by the US Department of the Treasury.

In order to estimate the appropriate beta for use in our analysis, we researched companies in a similar business as Elad. The equity beta for each company in our sample was researched and an unlevered equity beta of 0.33 was selected based on the median of these results. We have re-levered the beta using selected market debt-to-equity ratio, resulting in a levered equity beta of 0.47.

An equity risk premium of 5.00% was selected based on BDO’s review of recently published articles, academic studies, and surveys that attempt to quantify the expected equity risk premium for US common stocks, as well as

the range of equity risk premiums used by other major accounting or valuation firms in the marketplace.

A country risk premium of 0.00% was selected for Canada and the US based on the 2019 Duff and Phelps International Valuation Handbook.

A size premium of 1.80% was selected based on the 2019 Duff and Phelps International Valuation Handbook related to premiums for companies of similar size to Elad.

A company specific risk premium of 3.0% to 5.0% was selected to reflect the risks inherent in achieving Elad’s projected operating results and the development nature of a large portion of its real estate portfolio. Specifically, we considered the following factors:

- Experienced management team;
- History of successful operations and proven track record with management and development projects;
- Diversified portfolio, in major geographical markets;
- Scarcity of land in major markets creates pricing pressures; and
- Base development risk inherent in development projects.

We calculated Elad’s cost of equity to be approximately 9.11% to 11.11% as at the Valuation Date.

Cost of Debt

To calculate Elad’s cost of debt, we considered yields to maturity on investment grade, corporate debt as well as Elad’s actual cost of debt. In doing so, we selected a pre-tax cost of debt for Elad to be 4.70%. To calculate Elad’s after-tax cost of debt, we applied a tax rate of 26.5%, the substantively enacted, combined federal and provincial corporate income tax rates as at the Valuation Date.

Optimal Capital Structure

When estimating WACC, a determination of the subject company's optimal capital structure is required. In our calculation, we assumed an optimal capital structure of 50.0% on a debt-to-capital basis, which was based on its actual corporate-level capital structure, as at the Valuation Date.

Selected WACC at the Valuation Date

Once we applied our determination of an optimal capital structure to our determination of Elad's cost of equity and cost of debt, we estimated Elad's WACC to be in the range of 6.30% and 7.30%, with a midpoint of 6.80%. This is the WACC of Elad on an overall basis. Next, we discuss our estimate of the WACC for Elad's development projects.

WACC – Development Projects

As discussed earlier, to estimate the appropriate WACC attributable to Elad's development projects, we started with Elad's base cost of equity and cost of debt. To these estimates, we made the following adjustments in arriving at the project specific WACC for each development project:

- Optimal capital structure;
- Inflation; and
- Project specific risk premium.

Each of these factors is discussed in further detail below.

Optimal Capital Structure

To reflect the actual amount of debt financing typically available for Elad's development projects, we assumed an optimal capital structure of 85% on a debt-to-capital basis.

Inflation

As discussed earlier, given that the projected revenues and costs for the development projects do not include price escalation or inflation, and as such, are presented on a real basis, we have used a real discount rate to discount the project cash flows.

In arriving at a real discount rate (WACC) for each development project, we deducted inflationary growth rate of 2.00% from each project's nominal WACC. We note that this inflation estimate is the midpoint of the Bank of Canada long-term inflation target range of 1.00% to 3.00%.

Project Specific Risk Premium

A project specific risk premium was assessed on a project-by-project basis, and is discussed in further detail later in this Report, within each development project valuation section.

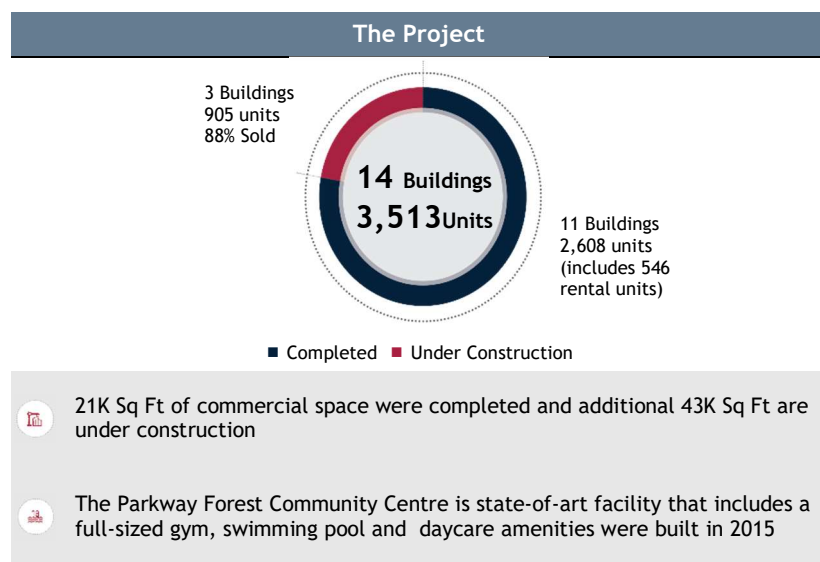
Present Value of Cash Flows

To determine the FMV for each property under development, we discounted the respective cash flows to their present values using the real WACC as the discount rate, as discussed earlier.

Below is a description of our valuation of each project under development, as at the Valuation Date.

Emerald City

Background Information



Project Cash Flows

Based on Emerald City’s projected completion, Management has provided cash flow projections to the first quarter of 2022. Condominium sales and construction costs are projected throughout the cash flow period.

Project Specific Risk Premium

The project specific factors we have considered in relation to Emerald City - C1 to C3 are as follows:

POSITIVE FACTORS (REDUCING RISK)	NEGATIVE FACTORS (INCREASING RISK)
<ul style="list-style-type: none"> ↓ Zoning and permits are in place ↓ The project is mature with successful track record of sales (3 buildings remaining out of 14) ↓ Project is ~92% sold, with 96% hard costs secured (low forecast risk) 	<ul style="list-style-type: none"> ↑ The development is in North York (northern edge of Toronto), which may suggest slightly higher risk versus projects closer to the core

Given the above factors, we have selected a project specific risk premium for Emerald City of 0.00%.

WACC

Based on our assessment of project specific factors, we estimated the WACC for Emerald City - C1 to be 4.30% to 4.60%.

After deducting inflationary growth of 2.00%, the real WACC attributable to Emerald City - C1 to C3 is estimated to be 2.30% to 2.60%.

Present Value of Cash Flows

We then discounted the project cash flows to their present value using the estimated WACC for each remaining block of Emerald City. The resulting calculation yielded the following FMV:

- \$58.1 million to \$58.6 million for C1;
- \$62.6 million to \$63.2 million for C2; and
- \$78.2 million to \$78.8 million for C3.









Deferred Taxes

We have calculated the following deferred taxes related to the Emerald City developments, given a book cost of \$32.6 million for C1, \$38.3 million for C2, and \$51.0 million for C3:

- \$6.6 million to \$6.7 million for C1;
- \$6.3 million to \$6.4 million for C2; and
- \$7.0 million to \$7.2 million for C3.

Galleria

Background Information

	2.6 Million SF of Approved Zoning
	2,896 Units, 8 Buildings
	300 K SF of Retail and 20 K SF of Office
	95k SF of an innovative community center with indoor pool, kindergarten and sports ground
	8 acres (32 dunams) of renovated park adjacent to the project
	Located northwest of Downtown Toronto, close to major transport arteries such as the subway, streetcars, buses, etc. allowing quick access to downtown
	The area is experiencing development boost and an increase in demand for residential apartments
	Attractive condo prices relative to the downtown core. The development of the project is expected to enhance the value of real estate in the area.

Project Cash Flows

Based on Galleria's projected completion, Management has provided cash flow projections to the second quarter of 2024 for Block 5, the first quarter of 2025 for Block 2, the fourth quarter of 2027 for Block 1, the first quarter of 2031 for Block 3, and the first quarter of 2032 for Block 4. Condominium sales and construction costs are projected throughout the cash flow period.

Project Specific Risk Premium

The project specific factors we have considered in relation to Galleria - Block 1 to 5 are as follows:

POSITIVE FACTORS (REDUCING RISK)	NEGATIVE FACTORS (INCREASING RISK)
<p>↓ Zoning is in place with permits in process</p> <p>↓ Premium location approx. 3km from Downtown Toronto, adjacent to a large park and within a block from the subway system</p> <p>↓ Project is ~68% sold for Block 5, and 80% sold for first tower</p>	<p>↑ Hard costs have not been secured</p> <p>↑ Preliminary demolition stage with construction pending</p> <p>↑ “Up and coming” neighbourhood</p> <p>↑ Obligation to deliver a community centre to the city through a land swap</p>

Given the above factors, we selected a project specific risk premium for Galleria as follows:

- 0.00% to 2.00%, or 1.00% at the midpoint for Block 5;
- 1.00% to 3.00%, or 2.00% at the midpoint for Block 2; and
- 2.00% to 3.00%, or 2.5% at the midpoints for Blocks 1, 3, and 4.

WACC

Based on our assessment of project specific factors, we estimated the WACC for Galleria to be as follows:

- 4.30% to 6.60% for Block 5;
- 5.30% to 7.60% for Block 2; and
- 6.30% to 7.60% for Blocks 1, 3, and 4.

After deducting inflationary growth of 2.00%, we estimated the real WACC for Galleria to be as follows:

- 2.30% to 4.60% for Block 5;
- 3.30% to 5.60% for Block 2; and
- 4.30% to 5.60% for Blocks 1, 3, and 4.

Present Value of Cash Flows

We then discounted the project cash flows to their present value using the estimated real WACC for each remaining block of Galleria. The resulting calculation yielded the following FMVs for the development projects of Galleria:

- \$94.4 million to \$110.9 million for Block 5;
- \$87.2 million to \$101.7 million for Block 2;
- \$99.6 million to \$114.1 million for Block 1;
- \$93.2 million to \$110.7 million for Block 3; and
- \$82.2 million to \$99.1 million for Block 4.

Deferred Taxes

We have calculated \$97.1 million to \$115.6 million in deferred taxes related to the Galleria development, given a book cost of \$76.8 million.

Lansing Square

Background Information

Current	Future Potential
437 K SF of Office	1,877 K SF of GFA
4 Office Buildings	1,500 Residential Units + 3 Office Buildings
Existing secondary plan for mixed use development of residential and retail along the main streets (Victoria Park and Sheppard)	1,201 K SF of Residential
The company has submitted rezoning application for additional building rights for land development of residential buildings and retail, which is mostly in line with the secondary plan	638 K SF of Office
	38 K SF of Retail

Project Cash Flows

Based on Lansing's projected completion, Management has provided cash flow projections to the second quarter of 2025 for Block 1, the fourth quarter of 2023 for 4, the second quarter of 2026 for Block 2, and the third quarter of 2026 for Block 3. Condominium, office, and retail sales and construction costs are projected throughout the cash flow period.

Project Specific Risk Premium

The project specific factors we have considered in relation to Lansing Square are as follows:

POSITIVE FACTORS (REDUCING RISK)	NEGATIVE FACTORS (INCREASING RISK)
<p>↓ Zoning is in progress with high likelihood of approval given compliance with city plan</p>	<p>↑ Located on the North East edge of Toronto, bordering Scarborough</p>
<p>↓ Located close to major highways, amenities, and public transit</p>	<p>↑ The project has yet to be launched</p>
	<p>↑ No sales history</p>

Given the above factors, we selected a project specific risk premium for Lansing of 4.00% to 5.00%, or 4.50% at the midpoint.

WACC

Based on our assessment of project specific risk, we estimated the WACC for Lansing to be 8.30% to 9.60%.

After deducting inflationary growth of 2.00%, we estimated the real WACC for Lansing to be 6.30% to 7.60%

Present Value of Cash Flows

We then discounted the project cash flows to their present value using the estimated real WACC for each remaining block of Lansing. The resulting calculation yielded the following FMVs for the development projects of Lansing:

- \$98.2 million to \$108.3 million for Block 1;
- (\$18.2 million) to (\$17.4 million) for Block 4;

- \$88.3 million to \$98.2 million for Block 2; and
- \$3.1 million to \$3.4 million for Block 3.

Deferred Taxes

We have calculated \$19.3 million to \$24.3 million in deferred taxes related to the Lansing Square development, given a book cost of \$93.8 million.

Cite Nature

Background Information

Completed Stages		Additional Zoning — Future Development	
Completed Buildings	3	Number of Buildings	5
Number of Units	469	Number of Units	700
Inventory	7	Total Floor Area	740 K SF

Project Cash Flows

Based on Cite Nature's projected completion, Management has provided cash flow projections to the second quarter of 2023 for Block B Phase 4, the third quarter of 2023 for Block B Phase 5, the first quarter of 2025 for Block A Phase 6, the first quarter of 2026 for Block A Phase 7, and the first quarter of 2027 for Block A Phase 8. Condominium sales and construction costs are projected throughout the cash flow period.

Project Specific Risk Premium

The project specific factors we have considered in relation to Cite Nature are as follows:

POSITIVE FACTORS (REDUCING RISK)	NEGATIVE FACTORS (INCREASING RISK)
<p>↓ Zoning is in place with permits in progress</p> <p>↓ Continuation of an existing project. The first 3 phases were sold and delivered</p>	<p>↑ Located in a suburb of Montreal, with an older population</p>

Given the above factors, we have selected a project specific risk premium for Cite Nature of 2.00% to 4.00%, or 3.00% at the midpoint.

WACC

Based on our assessment of project specific factors, we estimated the WACC for Cite Nature to be 6.30% to 8.60%.

After deducting inflationary growth of 2.00%, we estimated the real WACC for Cite Nature to be 4.30% to 6.60%.

Present Value of Cash Flows

We then discounted the project cash flows to their present value using the estimated real WACC for each remaining block of Cite Nature. The resulting calculation yielded the following FMVs for the development projects of Cite Nature:

- \$7.7 million to \$9.2 million for Block B Phase 4;
- \$12.4 million to \$14.2 million for Block B Phase 5;
- \$7.8 million to \$9.7 million for Block A Phase 6;
- \$8.3 million to \$10.3 million for Block A Phase 7; and
- \$4.0 million to \$5.3 million for Block A Phase 8.

Deferred Taxes

We have calculated \$3.7 million to \$5.7 million in deferred taxes related to the Cite Nature development, given a book cost of \$25.6 million

Equity Value before Adjustments

Based on the valuation of the assets and liabilities of Elad, as discussed earlier, we arrived at the equity value of Elad before adjustments, as follows:

CAD (thousands)	Fair Market Value		
	Low	Midpoint	High
Total Assets	2,040,000	2,095,000	2,150,000
Total Liabilities	(1,240,000)	(1,255,000)	(1,270,000)
Equity Value, before Adjustments	800,000	840,000	880,000

Next, we discuss pro-forma adjustments that were made to the equity value of Elad.

Pro-forma Adjustments

We adjusted the equity value of Elad for the following pro-forma adjustments, which relate to significant events that occurred subsequent to the Valuation Date and before the date of the Report (see Schedule 1 for details):

- **Increase in Investment in Associate (Transfer of Assets)** - On November 27, 2019, Elad's controlling shareholder entered into a series of agreements with Elad, which resulted in an increase in this financial asset (Investment in Associate) by \$119.9 million at FMV, without consideration. The FMV of these financial assets was based on a valuation prepared by Cognum Uri Cohen & Co., dated November 2019; and
- **Bond Issuance, Net** - On October 2, 2019, the Company issued bonds (series B) in aggregate amount of 517,179 thousand New Israeli Shekels ("NIS") par value (approximately \$193.2 million) bearing interest of 3.45% (effective interest rate of 3.56%). The net impact of this bond issuance on the equity value is \$Nil, as an equivalent amount of cash was received to offset the bond liability.

Next, we discuss adjustments to the equity value of Elad for a portfolio premium and capitalized G&A costs.

Portfolio Premium

General Principles

The equity value of real estate assets typically represents the value expressed in cash equivalent that a company would have received if it sold its assets individually or separately. However, for the purpose of our estimate of the FMV of Elad, a portfolio premium should be considered. Based on discussions with Management and our research, review and analysis of third-party industry and market data, we found that the FMV of a real estate portfolio could be higher than the FMV of its net tangible assets.

More specifically, the FMV of a real estate portfolio can incorporate a portfolio premium in addition to its net asset value ("NAV") based on the consideration of the following key factors (among others):

- Ownership of a large, scalable or critical amount of homogenous real estate assets in specific market, region or jurisdictions;
- Scarcity of the real estate assets, due to their location and quality (i.e., short supply versus high demand); and
- Costs reduction opportunities from an acquirer's perspective through the acquisition of an existing portfolio, rather than acquiring each asset individually.

Conceptually, a real estate portfolio premium is comprised of the following:

- Assembly value; and
- Operational efficiency.

These are described in further detail below.

Assembly Value

Assembly value represents the value of the time and additional costs required by potential acquirers to build a similar portfolio through individual acquisitions. In relatively closed markets where few companies of a considerable size own quality assets, potential acquirers who desire to penetrate a specific market must pay a premium due to the costs and risk necessary to create a similar portfolio. As such, assembly value can include, but is not limited to, the following key components:

- **Opportunity costs** – the scarcity of available quality real estate assets implies that a long period would be necessary to recreate a similar portfolio. This results in an opportunity costs due to the loss of revenues over the assembly period to recreate the portfolio; and
- **Goodwill related to existing assets** – all other components allowing the business to realize greater returns on the investment. For example, the ownership of a portfolio of real estate assets results in lower risk for an investor as compared to individual real estate assets due to the benefits of size, scale, breadth and diversification. Accordingly, the rate of return required to acquire a portfolio is lower than capitalization rates used by certified appraisers to value real estate assets individually.

Operational Efficiency

Operational efficiency represents value resulting from the management team's capacity to increase the cash flow generation of the underlying real estate assets through more efficient management. Certified appraisers value real estate assets based on ratios of property management fees, which are observed in market data. Generally, management fees for real estate are benchmarked as a ratio or percentage of the properties' revenue. A more efficient management than this ratio will generate superior cash flows than appraisers' estimates. This cost saving justifies value related to the active management of the portfolio of real estate assets.

Identification of a Portfolio Premium

Over the past 20 years, Elad has developed its real estate portfolio to a critical mass, offering timesaving opportunities for potential investors, and lower risks due to size, scale, breadth and diversification of assets.

Acquiring a portfolio of similar to Elad would be difficult and would require the purchase of individual real estate assets over an extended period of time and at a significant cost due to the commitment of capital, and the opportunity cost of lost returns over the assembly period. Alternatively, a buyer could purchase an existing portfolio at a significant premium over the appraisal values.

Below, we discuss Elad's income producing properties and development projects in this context:

- **Income producing properties** – if someone was to acquire the income producing properties of Elad, they will likely need to purchase them as a portfolio and at a higher value than their value under IFRS (i.e., typically, such a portfolio would exchange at a substantial premium to its NAV). One can also consider acquiring these properties to avoid the portfolio premium on a “one-by-one” basis, but such a process could span over a number of years and would require significant time and effort, including opportunity costs related to income and capital returns.
- For example, when Elad acquired Agellan in 2019, it acquired both real estate properties and Agellan's management function, including its internal know-how, processes and systems (i.e., Agellan had internalized the management of its portfolio leading up to the transaction with Elad). Similar to Elad's existing management function, Agellan's has value over-and-above the value of its income-producing portfolio on an asset-by-asset basis.

- **Development projects** – the development projects of Elad, including the related sites, are very rare and if these were acquired by a third-party, the sale price would likely be based on the following key components: (a) the market value of the sites; plus (b) the cost associated with obtaining the zoning rights to the extent these not already included in the land value; plus (c) the cost already invested in the projects or in the amenities that were constructed in previous phases; plus (d) the value of the brand name and goodwill associated with the development projects, such as “Galleria”, “Lansing”, “Emerald City” and “Cite Nature”.
- For example, we would expect that a development project such as Galleria would attract a premium to its valuation due to better-than-expected sales and the size of project. Cite Nature would also receive a premium due to the recent surge in the Montreal real estate market, while Emerald City, as an established project with an excellent reputation and successful deliveries of prior phases, is likely worth more than its land value.

In addition, the quality of Elad’s portfolio enables it to benefit significantly from a lower consolidated market cost of debt.

As a result, we would expect a portfolio premium on Elad’s income producing properties and development projects.

Market Analysis

To determine an appropriate portfolio premium, we reviewed the following:

- Premiums on NAV of recent market transactions;
- Altus Group Survey on real estate portfolio premiums;
- Premiums on NAV of somewhat comparable public companies; and
- Market yield of Elad’s publicly-listed bonds.

Precedent Transactions

We analyzed recent comparable transactions of real estate companies in North America and derived implied portfolio premiums based on the transaction price as compared to NAV, as summarized in the table below:

Purchaser	Target	Close Date	Enterprise Value	Price per Share	NAV	Premium vs. NAV
Greystar Investment Group, LLC; Greystar Student Housing Growth and Income Fund, LP	Education Realty Trust, Inc.	20-Sep-18	5,832	41.50	40.49	2.5%
Prologis, Inc.	DCT Industrial Trust Inc.	22-Aug-18	10,903	67.91	55.59	22.2%
The Blackstone Group International Partners LLP	Hispania Activos Inmobiliarios SOCIMI, S.A.	16-Jul-18	4,350	18.25	16.83	8.5%
Blackstone Real Estate Advisors; Ivanhoé Cambridge, Inc.; Blackstone Property Partners	Pure Industrial Real Estate Trust	24-May-18	3,677	8.10	6.57	23.4%
Choice Properties Real Estate Investment Trust	Canadian Real Estate Investment Trust	4-May-18	5,804	53.61	49.22	8.9%
Average						13.1%
Median						8.9%

As of the Valuation Date, the selected recent transactions had portfolio premiums to NAV in the range of 2.5% to 23.4%, with an average and median of 13.1% and 8.9%, respectively.

Altus Group Survey

We obtained the Altus Group Survey⁶ on portfolio premiums paid for homogenous real estate portfolios. More specifically, Altus Group surveyed market participants in the Canadian real estate industry and concluded that, on average, market participants expect portfolio premiums to NAV in the range of -5.0% to 10.0% for industrial properties and -4.0% to 15.0% for multi-residential properties.

Somewhat Comparable Public Companies

We also researched and selected somewhat comparable public companies in reviewing portfolio premiums. Based on their respective NAV, we calculated the portfolio premiums implied by their market capitalization. The table to the right summarizes our findings.

Somewhat Comparable Public Companies

Company Name	Closing Share price	NAV	Premium vs. NAV
First Capital Realty Inc.	22.1	23.3	-5.2%
Preferred Apartment Communities, Inc.	19.1	17.0	12.3%
Whitestone REIT	18.2	14.0	30.4%
Highwoods Properties, Inc.	59.5	50.6	17.7%
Cousins Properties Incorporated	49.8	41.4	20.2%
American Finance Trust, Inc.	18.5	15.4	20.2%
RioCan Real Estate Investment Trust	26.4	27.7	-4.7%
Crombie Real Estate Investment Trust	15.8	16.2	-2.7%
BTB Real Estate Investment Trust	4.8	4.5	6.0%
Simon Property Group, Inc.	206.1	189.5	8.7%
Dream Office Real Estate Investment Trust	29.6	27.1	9.3%
Allied Properties Real Estate Investment Trust	53.6	45.4	17.9%
Brookfield Property Partners L.P.	26.9	27.8	-3.2%
Boston Properties, Inc.	171.6	149.7	14.6%
Alexandria Real Estate Equities, Inc.	203.9	151.7	34.4%
Duke Realty Corporation	45.0	32.5	38.5%
Douglas Emmett, Inc.	56.7	45.9	23.5%
Kilroy Realty Corporation	103.1	85.3	20.8%
Liberty Property Trust	68.0	52.6	29.1%
Highwoods Properties, Inc.	59.5	50.6	17.6%
Average			15.3%
Median			17.7%

As of the Valuation Date, the selected somewhat comparable public companies traded at portfolio premiums to NAV in the range of -5.2% to 38.5%, with an average and median of 15.3% to 17.7%, respectively.

⁶ Source: Investment Trends Survey - Homogenous Portfolio Effect, Q2 2019, prepared by Altus Group

Market Yield of Elad's Publicly-Listed Bonds

The quality of Elad's portfolio also enables it to benefit significantly from a lower consolidated market cost of debt, which can be observed by reviewing the market yield of its publicly listed bonds on the Tel-Aviv Stock Exchange, as follows:⁷

- ELCD.B1 - these bonds were issued in August 2018 at a yield-to-maturity ("YTM") of 5.85% and are currently trading at a YTM of 2.35%, as of December 17, 2019; and
- ELCD.B2 - these bonds were issued in October 2019 at a YTM of approximately 3.45% and are currently trading at a YTM of 2.58%, as of December 17, 2019.

We note that since the issuance of these bonds up to December 17, 2019, their respective market yields have improved significantly from a pricing or risk perspective.

Selected Portfolio Premium Range

We selected a portfolio premium of 15.0% to 20.0% to be applied to Elad's equity value, as estimated based on the ABV approach, as at the Valuation Date. In summary, this range was selected in consideration of the following key factors, as discussed in more detail earlier:

- Ownership of a large, scalable or critical amount of homogenous real estate assets in specific market, region or jurisdictions;
- Scarcity of the real estate assets, due to their location and quality (i.e., short supply versus high demand);
- Elad's large real estate portfolio offers timesaving opportunities for potential investors, and lower risks due to size, scale, breadth and diversification of assets;

- An acquirer of Elad's income producing properties would likely purchase them as a portfolio and at a higher value than their value under IFRS, as the acquisition of these properties on a "one-by-one" basis would take a significant amount of time, effort and costs;
- Elad's development projects are rare assets that have various characteristics that would contribute to a portfolio premium. These include the time and costs already invested in the projects, brand name and goodwill associated with the projects (e.g., "Galleria", "Lansing", "Emerald City" and "Cite Nature"), better-than-expected sales, size of projects, continued increases in the real estate markets in which the projects are located and an excellent reputation and successful deliveries of prior phases;
- Costs reduction opportunities from an acquirer's perspective through the acquisition of an existing portfolio such as Elad's, rather than acquiring each asset individually;
- Recent transactions had portfolio premiums to NAV in the range of 2.5% to 23.4%, with an average and median of 13.1% and 8.9%, respectively;
- The Altus Group Survey on portfolio premiums paid for homogenous real estate portfolios of market participants in the Canadian real estate industry had average portfolio premiums to NAV in the range of -5.0% to 15.0%;
- Somewhat comparable public companies traded at portfolio premiums with an average and median of 15.3% to 17.7%, respectively; and
- Steadily decreasing market yields and increasing prices of its publicly listed bonds enables Elad to benefit significantly from a lower consolidated market cost of debt.

⁷ Sources: (a) www.tase.co.il; and (b) <https://www.bizportal.co.il/bonds/quote/generalview/1152453>; and (c) Tel Aviv Stock Exchange.

Based on the above, we selected a portfolio premium at the higher end of the range of average and median portfolio premiums we observed in the marketplace, as discussed earlier.

We note that our selected range of portfolio premiums of 15% to 20% is also consistent with Management's view in terms of the premiums they would expect to pay for similar assets or receive for the sale of Elad, as at the Valuation Date.

Capitalized Corporate G&A Costs

Management estimated the normalized level of G&A costs required at the corporate level to operate Elad on an ongoing basis to be approximately \$12.5 million. We have capitalized these costs on an after-tax basis into perpetuity based on Elad's cost of equity and in an inflation rate of 2.0% and deducted the resulting value from Elad's equity value, in order to reflect the ongoing need for these costs at the corporate level. See Schedule 1 for details.

Conclusion – Equity Value

Based upon the scope of our review and subject to the restrictions, qualifications, and assumptions noted herein, we estimate the equity value of Elad is in the range of \$0.9 billion to \$1.1 billion, with a midpoint of \$1.0 billion, as at the Valuation Date, as summarized below (see Schedule 1 for details).⁸

CAD (thousands)	Fair Market Value		
	Low	Midpoint	High
Total Assets	2,040,000	2,095,000	2,150,000
Total Liabilities	(1,240,000)	(1,255,000)	(1,270,000)
Equity Value, before Adjustments	800,000	840,000	880,000
Pro-forma Adjustments:			
Investment in an Associate (Transfer of Assets)	119,863	119,863	119,863
Bond Issuance, Net	-	-	-
Pro-forma Equity Value, before Other Adjustments	920,000	960,000	1,000,000
Portfolio Premium	138,000	168,000	200,000
Pro-forma Equity Value, before Corporate G&A Costs	1,058,000	1,128,000	1,200,000
Capitalized Corporate G&A Costs	(100,000)	(110,000)	(130,000)
Pro-forma Equity Value (Rounded)	958,000	1,018,000	1,070,000

⁸ We adjusted the equity value of Elad for the following pro-forma adjustments, which relate to significant events that occurred subsequent to the Valuation Date and before the date of the Report: (a) Investment in an Associate (Transfer of Assets - Financial Asset, Related Party), with a net increase of \$119.9 million; and (b) Bond Issuance, Net, with a net impact of \$Nil. These pro-forma adjustments are discussed in more detail earlier in the Report and on Schedule 1.

Appendix A - Scope of Review

In arriving at our conclusions, we have reviewed and relied on the following information:

- Audited financial statements of Elad Canada Realty Inc. for the third quarter ended September 30, 2019, as audited by E&Y;
- Audited financial statements of Elad Canada Realty Inc. for the year ended December 31, 2016 to 2018, as audited by E&Y;
- Development cash flows for each inventory item under development (Emerald City, Galleria, Lansing Square and Cite Nature);
- Schedule of short and long-term borrowings, as prepared and provided by Management;
- Schedule of unsold units in inventory (in Montreal and Emerald City);
- Valuation report of El-Ad Properties USA, dated September 2019 and November 2019, as prepared by Cognum Uri Cohen & Co.;
- Pricing information for Elad's public debt, as sourced from:
 - www.tase.co.il;
 - <https://www.bizportal.co.il/bonds/quote/generalview/1152453>; and
 - Tel-Aviv Stock Exchange.
- Schedule of deferred income tax liabilities; as prepared and provided by Management;
- Schedule of cost bases for each development, as prepared and provided by Management;
- Discussions and correspondence with the following individuals, regarding the historical, current, and future operations and net assets of Elad:
 - Rafael Lazer, Chief Executive Officer;

- Amit Almog, Chief Financial Officer;
- Vadim Granovski, VP Finance; and
- Olga Shapira, Senior Analyst.

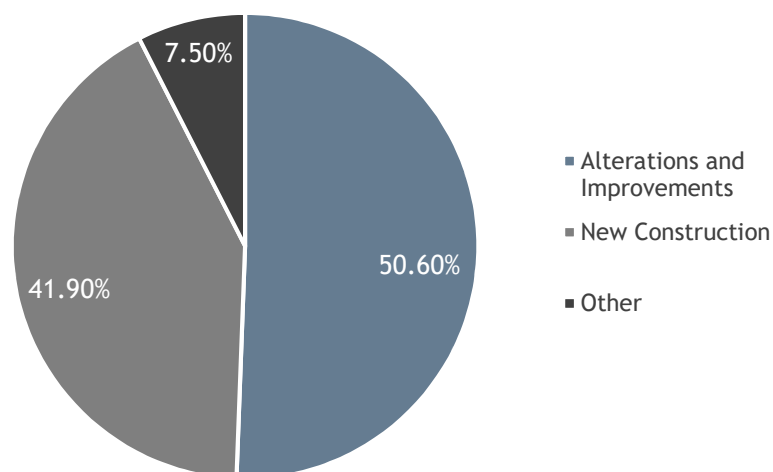
In addition, we relied upon a letter of representation, dated December 17, 2019, obtained from Rafael Lazer (Chief Executive Officer) and Amit Almog (Chief Financial Officer), on behalf of Elad, wherein they confirmed certain representations and warranties made to us, including a general representation that they had no information or knowledge of any facts or material information not specifically noted in the Report, which, in their view, would reasonably be expected to affect the valuation conclusions set out herein.

Without independent verification, we relied upon this data as accurately reflecting the results of Elad's operations and financial positions. We have not audited this data and express no opinion or other form of assurance regarding its accuracy or fairness of presentation.

Appendix B - Industry Overview⁹

The commercial building construction industry in Canada constructs office, retail, hotel and entertainment buildings. Players in this industry are responsible for new constructions, additions, alterations, maintenance and repairs. The majority of participants are general contractors or project managers. The industry focuses on three main segments, with Alterations and Improvements, composing the largest share of revenue, at 50.6%. Overall, in 2019, the industry is set to earn \$30.4 billion in revenue.

Products and Services Segmentation



The industry is particularly susceptible to economic contractions. This is because demand for its services relies on a robust business environment. Specifically, when consumers are spending more and corporations are

profitable, businesses will invest more in new commercial space, supporting industry expansion. Over the five years to 2019, the industry has struggled as the collapse in commodity prices, such as the world price of oil, hampered Canada's commodity-reliant economy. Overall, industry revenue peaked at \$32.5 billion in 2014 as the backlog of commercial construction projects somewhat insulated industry operators from volatility. Since that peak, however, industry revenue has steadily declined at an annualized 1.3% to \$30.4 billion over the five years to 2019, with a projected 0.5% decline in 2019 alone.

CANADIAN COMMERCIAL BUILDING CONSTRUCTION INDUSTRY REVENUE

(C\$ billions)

	2015A	2016A	2017A	2018A	2019E
Revenue	30.78	29.52	29.41	30.59	30.43
% Growth	(5.3%)	(4.2%)	(0.4%)	4.0%	(0.5%)

Over the five years to 2024, the Commercial Building Construction industry in Canada is expected to rebound from its struggles in recent years. Growing interest in green building projects is anticipated to drive demand for new buildings and renovations, and despite higher interest rates discouraging some new investment in capital projects, a healthily expanding economy is anticipated to provide a solid foundation for industry expansion. Consequently, IBISWorld forecasts industry revenue to increase at an annualized rate of 2.4% to \$34.3 billion over the five years to 2024.

CANADIAN COMMERCIAL BUILDING CONSTRUCTION INDUSTRY REVENUE FORECAST

(C\$ billions)

	2020F	2021F	2022F	2023F	2024F
Revenue	31.20	32.00	32.78	33.53	34.34
% Growth	2.5%	2.6%	2.4%	2.3%	2.4%

⁹ IBISWorld Industry Report 23622aCA, Commercial Building construction in Canada, June 2019.

Macroeconomic Factors

Based on our research, we observed that there are three main macroeconomic indicators that primarily determine industry success:

- Consumer spending;
- Corporate profit; and
- Value of non-residential construction.

Consumer Spending¹⁰

While the effects of falling oil prices constrained consumer spending in 2015 and 2016, the effect was negligible in the backdrop of the ongoing economic recovery. In 2017, consumer spending expanded faster than it had since 2010, with the increase appearing to stem from per capita disposable income growth rather than a decline in the household savings rate. However, this jump normalized in 2018 as the housing market cooled and aggregate household debt loomed large. While household debt growth has slowed in the aftermath of the new 2018 mortgage regulations, household indebtedness had spurred consumer spending during much of the current period. On aggregate, consumer spending in Canada saw compound growth of 2.2% in the past five years.

CANADIAN CONSUMER SPENDING

(C\$ billions)

	2015A	2016A	2017A	2018A	2019E
Revenue	1,103.05	1,127.78	1,167.31	1,191.30	1,210.62
% Growth	2.3%	2.2%	3.5%	2.1%	1.6%

Moving forward, consumer spending will likely fail to reach the growth rates of the past five-year period. Consumption growth was stimulated by a massive buildup in consumer debt. In fact, debt-to-income levels continue to pose a potential threat to consumers. Over the next five years, IBISWorld

expects consumer spending to cool off as consumers work to pay off existing debts amid more conventional monetary policy and slower economic growth.

CANADIAN CONSUMER SPENDING FORECAST

(C\$ billions)

	2020F	2021F	2022F	2023F	2024F
Revenue	1,229.99	1,249.67	1,269.66	1,289.97	1,310.61
% Growth	1.6%	1.6%	1.6%	1.6%	1.6%

Corporate Profit¹¹

Corporate profit earned across all industries in Canada is estimated as corporation profit before taxes. Economic growth was moderate over 2014, but real GDP contracted during the first two quarters of 2015, leading to low real GDP growth of 1.2% over the year. A decline in commodity prices also hurt Canada's businesses as commodity-based industries such as oil and gas exploration, extraction and mining suffered substantial losses due to declining prices and weak export demand. Consequently, corporate profit fell 36.4% in 2015. In 2016, corporate profit began to rebound and grew 7.0% with an additional rapid increase in 2017 of 30.9%. In 2018, corporate profit contracted in part due to poorer profit performance from financial corporations as interest rates declined, squeezing interest margins. This trend has persisted and worsened into 2019.

CANADIAN CORPORATE PROFIT

(C\$ billions)

	2015A	2016A	2017A	2018A	2019E
Revenue	112.56	120.43	157.68	156.22	148.27
% Growth	(36.4%)	7.0%	30.9%	(0.9%)	(5.1%)

Improving profit figures for the manufacturing and service sectors are anticipated to outweigh the decline in profitability for the oil and gas sector. According to Scotiabank, the manufacturing and service sectors account for more than two-thirds of non-financial corporate profit. As a result,

¹⁰ IBISWorld Business Environment Profile, Consumer Spending - Canada, October 2019

¹¹ IBISWorld Business Environment Profile, Corporate Profit - Canada, October 2019

corporate profit is expected to rebound, though this is projected to occur in 2020 and 2021 in line with the anticipated rise in oil prices. Moreover, recovering interest rates should aid profit growth of financial corporations. Moving forward, stability in the economy is expected to enable steady profit growth.

CANADIAN CORPORATE PROFIT FORECAST

(C\$ billions)

	2020F	2021F	2022F	2023F	2024F
Revenue	153.52	160.06	166.06	171.99	177.88
% Growth	3.5%	4.3%	3.8%	3.5%	3.4%

Value of non-residential construction¹²

The value of non-residential construction includes expenditure on office buildings, hospitals, factories, power plants, mining shafts, communication lines, farms, railroads, schools, brokers' commissions and net purchases of used structures. The value of non-residential construction declined significantly in both 2015 and 2016, as plummeting crude oil prices discouraged capital expenditures in extraction and refining-related industries, in addition to the many peripheral industries in the Canadian economy that rely on crude oil exports. In 2017, a slight uptick in the world price of crude oil, despite Canadian supply chain issues, in conjunction with growth in the Canadian economy, spurred the value of non-residential construction to increase a modest 3.1%. Despite rebounding significantly during the first three quarters of 2018, the final quarter of the year wreaked havoc on the Canadian economy. Heightened volatility and mounting fears of a global slowdown weighed on investment growth. As a result, the driver ended the year marginally higher from the prior year. This deterioration of conditions has extended into 2019, with the value of non-residential construction projected to decline an additional 1.8%.

VALUE OF NON-RESIDENTIAL CONSTRUCTION

(C\$ billions)

	2015A	2016A	2017A	2018A	2019E
Value	173.26	156.33	161.13	161.34	158.41
% Growth	(9.5%)	(9.8%)	3.1%	0.1%	(1.8%)

Non-residential construction will likely grow at a moderate pace over the next five years, as growth in the broader economy will likely stimulate construction investments. However, depressed oil prices and its continued volatility holds the potential to reduce energy sector drilling and capital investment, as supply chain constraints associated with transporting crude oil have weighed on businesses. Regardless, the absence of shocks similar to the commodity price collapse serves to support investment growth. Overall, the value of non-residential construction is forecast to increase at an annualized rate of 1.2% over the next five years.

VALUE OF NON-RESIDENTIAL CONSTRUCTION FORECAST

(C\$ billions)

	2020F	2021F	2022F	2023F	2024F
Value	162.15	164.82	166.90	168.64	170.30
% Growth	2.4%	1.6%	1.3%	1.0%	1.0%

¹² IBISWorld Business Environment Profile, Value of Non-residential Construction - Canada, October 2019.

Appendix C - Economic Overview

Canada¹³

The following summary highlights general Canadian economic conditions as at the Valuation Date, as indicated by Economist Intelligence Unit Limited (“EIU”):

- The federal budget is expected to remain in deficit over the 2019 to 2023 forecast period. This will be driven by additional infrastructure and other spending offsetting higher receipts from the carbon tax and legislation of cannabis.
- The renegotiation of the North American Free-Trade Agreement (“NAFTA”) has eased trade uncertainty compared with 2018, but the ratification of the US-Mexico-Canada Agreement (“USMCA”) is likely to drag into 2020.
- Canada’s relations with the US, its main export market, will remain strained under the US president, Donald Trump, owing to large trade and foreign policy differences.
- The Bank of Canada raised its policy rate three times in 2018, to 1.75%. The central bank is expected to keep rates on hold in 2019, but forecast that it will sanction a 25 basis-point cut in January 2020 as global economic growth continues to slow.

The following table illustrates the Canadian forecasted key economic indicators.

Indicator	Economic Indicators for Canada					
	2018A	2019F	2020F	2021F	2022F	2023F
Population (millions) ¹⁴	37.1	37.5	37.9	38.3	38.7	39.1
Population growth	1.6	1.1	1.1	1.1	1.0	1.0
Net migration (thousands) ¹⁵	293.1	296.3	299.4	302.6	305.7	308.9
Nominal GDP (C\$ billions)	2,219	2,301	2,403	n/a	n/a	n/a
Real GDP growth	1.9	1.6	1.7	2.3	2.4	2.3
Public debt (% of GDP)	93.6	93.1	92.9	n/a	n/a	n/a
Consumer price inflation	2.3	2.0	1.7	1.9	2.0	2.2
Unemployment rate	5.8	6.1	6.2	5.9	5.9	5.8
Money market rate	1.8	2.6	2.1	1.9	2.1	2.3
Exchange rate C\$:US\$	1.30	1.32	1.33	1.30	1.29	1.28

Ontario

The province of Ontario is located in Central Canada, and is the primary location for business in Canada. As of December 21, 2018, Ontario has an estimated population of 14 million, representing approximately 40% of Canada’s total population. The major cities in the province include Toronto, the provincial capital, as well as Ottawa, the national capital. Ontario enjoys a net positive immigration of 85,000 to 100,000 people annually.

Quebec

The province of Quebec is located directly east of Ontario, and covers an area of 1.54 million square kilometers; the largest province in Canada by territory. Quebec is home to 8.4 million Canadians, making it the second largest province in Canada by population. The major cities in the province include Montreal and Quebec City. Quebec enjoys net positive immigration of over 35,000 people annually.

¹³ Canada Country Report, published by The Economic Intelligence Unit, September 2019

¹⁴ Statistics Canada, Population Projections for Canada (2018 to 2068)

¹⁵ Statistics Canada, Population Projections for Canada (2018 to 2068)

Canadian Real Estate¹⁶

Canada's real estate market has experienced great momentum recently. Record occupancy levels, investment activity and new construction have served as the main catalysts for a remarkable run in the industry. As such, the demand for commercial property has never been higher, and is expected to stay strong. As of Q4 2018, office vacancy rates in downtown Toronto and Vancouver sit at 2.7% and 3.8%, respectively. Moreover, in the apartment market, five of Canada's ten largest cities (Vancouver, Toronto, Ottawa, Montreal, and Halifax) have vacancy rates below 2.0%.

Below is a table that illustrates national statistics related to the office real estate market in Canada.

National Office Real Estate Statistics			
Year	2017	2018	2019F
Vacancy Rate	13.0%	11.9%	11.4%
Class A Net Asking Rent (per sq. ft.)	\$19.38	\$19.42	\$20.03
Net absorption (million sq. ft.)	6.38	7.08	5.59
New supply (million sq. ft.)	5.99	4.28	3.77
Under construction (million sq. ft.)	11.17	14.63	16.72

Landlords are gaining control over the market, and currently have an unprecedented negotiating position. 10-year lease terms with premium pricing is now a standard. Landlords in Toronto and Vancouver are increasing rental premiums at some of the fastest rates in the world, and some landlords are beginning to push for 15-year lease terms. As a result, tenants are now more likely to consider longer-term leases.

Below is a table that illustrates national statistics related to the retail real estate market in Canada.

National Retail Real Estate Statistics			
Year	2017	2018	2019F
Total retail sales per capita	\$16,063	\$16,307	\$16,628
Total retail sales growth	7.1%	2.8%	3.1%
Mall sales productivity (per sq. ft.)	\$770	\$794	\$806
New supply (million sq. ft.)	4.57	4.28	4.77

Below is a table that illustrates statistics related to the real estate market in the GTA.

Real Estate Market in the GTA			
Year	2016	2017	2018
Active projects	369	276	309
Total apartments	108,012	78,014	87,981
Condominiums sold	27,217	34,697	20,028
Average price per square foot	\$579	\$723	\$796
Projects under construction	197	201	237
Total apartments under construction	52,328	57,477	68,709

US¹⁷

The US is considered to be a rich, well-developed Western country, similar to Canada.

The following summary highlights general economic conditions in the US as at the Valuation Date, as indicated by Economist Intelligence Unit Limited:

- The Economist Intelligence Unit forecasts that real GDP growth will fall back to a more sustainable level of 2.2% in 2019, after having jumped to 2.9% in 2018. Growth is expected to slow to 1.7% in 2020, in part, as trade protectionism weighs on business investment.

¹⁶ CBRE Research, Canadian Real Estate Market Outlook 2019

¹⁷ US Country Report, published by The Economic Intelligence Unit, September 2019

- In July, the Federal Reserve cut rates for the first time in a decade. We expect the Federal Reserve to make three more rate cuts, in September and December.
- The fiscal position will deteriorate significantly in 2021 to 2033, but the fiscal deficit will remain wide compared with previous years, owing to lower revenue growth.
- After sinking in early 2019, the US dollar has appreciated against the euro since mid-June. The dollar is likely to remain firm in the rest of 2019 as the euro zone economic outlook deteriorates. In 2020, the dollar will soften as US GDP growth slows noticeably.

Below are tables that illustrate the US' forecasted key economic indicators.

Economic Indicators for the US						
Indicator	2018A	2019F	2020F	2021F	2022F	2023F
Population (millions) ¹⁸	327.9	330.3	332.6	335.0	337.3	339.7
Population growth	0.7	0.7	0.7	0.7	0.7	0.7
Net migration (thousands) ¹⁹	1,002	1,006	1,010	1,014	1,017	1,021
Nominal GDP (US\$ billions)	20,580	21,494	22,217	n/a	n/a	n/a
Real GDP growth	2.9	2.2	1.7	1.9	2.0	1.8
Net public debt (% of GDP)	77.6	79.4	82.1	n/a	n/a	n/a
Consumer price inflation	2.4	2.0	1.4	1.9	2.1	1.8
Unemployment rate	3.9	4.0	4.6	4.4	4.3	4.8
Money market rate	2.0	2.1	1.5	1.5	1.8	2.2
Exchange rate US\$:€	1.18	1.12	1.15	1.19	1.23	1.24

¹⁸ US Census Bureau, 2017 National Population Projection Tables (Table 1. Projected population size and births, deaths, and migration)

The table below illustrates a historical macro-economic overview of select US states where Elad does business or own assets.

Economic Indicators of Select US States									
Year	Population (Millions)			Unemployment rate (%)			GDP (USD Millions)		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Texas	28.80	29.37	28.70	4.3	3.9	3.7	1.50	1.65	1.76
Illinois	12.84	12.80	12.74	5.4	4.9	4.2	0.69	0.82	0.86
Georgia	10.31	10.43	10.52	4.7	3.8	3.5	0.46	0.56	0.59
Florida	20.76	20.98	21.30	4.9	4.2	3.3	0.95	0.98	1.03
Michigan	9.93	9.96	10.0	5.0	4.6	3.9	0.50	0.51	0.53
Indiana	6.63	6.67	6.69	4.4	3.5	3.6	0.35	0.35	0.37
Ohio	11.62	11.66	11.69	5.0	5.0	4.6	0.63	0.65	0.67

¹⁹ US Census Bureau, 2017 National Population Projection Tables (Table 1. Projected population size and births, deaths, and migration)

Commercial Real Estate in the US^{20,21}

The Commercial Real Estate industry is an integral part of the US economy, encompassing a diverse set of companies that build, manage, lease, buy and sell properties across the retail, institutional, multifamily residential, healthcare and industrial markets. Fiscal stimulus helped drive expansion in the US commercial real estate market in 2018. Business investment and consumer spending is expected to increase in 2019, leading to solid economic growth that will benefit commercial real estate in the US. The industry is estimated to grow at an annualized rate of 3.0% over the five years to 2019.

REVENUE FROM COMMERCIAL REAL ESTATE IN THE US

(\$US Billions)

	2015A	2016A	2017A	2018A	2019E
Revenue	1,010.8	1,071.7	1,090.0	1,115.3	1,139.8
% Growth	7.4%	6.0%	1.7%	2.3%	2.2%

The Commercial Real Estate industry is expected to continue expanding over the five years to 2024, however, at a more-subdued rate than the current period. As the unemployment rate remains low, office space is expected to remain in demand, keeping vacancy rates low in existing buildings. As this trend continues, real estate values are expected to increase and the need for industry services such as development consulting, commercial leasing, brokerage and property management will expand.

Relatively high employment is expected to support consumer spending as disposable incomes increases. Improved consumer spending is expected to boost demand for retail space, commercial centers and distribution centers, paving the way for investment in the construction of shopping malls, department stores, food retail outlets, entertainment facilities and warehouses. Overall, over the five years to 2024, industry revenue is expected to increase at an annualized rate of 0.7% to reach at \$1.2 trillion.

²⁰ CBRE Research, US Real Estate Market Outlook 2019

²¹ IBISWorld Industry Report NN007, Commercial Real Estate in the US, August 2019

FORECAST REVENUE FROM COMMERCIAL REAL ESTATE IN THE UNITED STATES

(\$US Billions)

	2020F	2021F	2022F	2023F	2024F
Revenue	1,152.9	1,157.3	1,161.5	1,170.0	1,180.7
% Growth	1.1%	0.4%	0.4%	0.7%	0.9%

Macroeconomic Factors

Through conducting our research, we note that there are 3 main macroeconomic indicators that primarily determine industry success:

- Value of private non-residential construction;
- Consumer spending; and
- Office rental vacancy.

Value of Private Non-residential Construction²²

The value of non-residential construction directly influences the commissions received by real estate agents and brokers, affecting the performance of other real estate services included in the industry. As the value of construction rises, property transactions and agents' fees increase, contributing to industry revenue. The value of private non-residential construction is estimated to have increased slowly, at an annualized rate of 0.2% over the past 5 years. This can be attributed to lower investment from the energy sector due to turmoil associated with the collapse of commodity prices, as well as business wariness of potential changes to monetary policy.

VALUE OF PRIVATE NON-RESIDENTIAL CONSTRUCTION

(\$US Billions)

	2015A	2016A	2017A	2018A	2019E
Value	522.40	496.35	519.50	540.90	527.19
% Growth	(3.1%)	(5.0%)	4.7%	4.1%	(2.5%)

²² IBISWorld Business Environment Report, Value of Private Non-residential Construction - US, September 2019

Private investment is expected to continue expanding over the coming years to foster growth in private non-residential construction. The translation of increased corporate profit to new spending typically has a lag. Over the next few years, significant spending growth is expected to materialize as non-residential structures are produced to match shifting manufacturing activity. The value of private non-residential construction is forecast to grow at an annualized rate of 4.0% over the next 5 years.

FORECAST VALUE OF PRIVATE NON-RESIDENTIAL CONSTRUCTION

(\$US Billions)

	2020F	2021F	2022F	2023F	2024F
Value	524.16	543.04	565.45	588.87	612.34
% Growth	(0.6%)	3.6%	4.1%	4.1%	4.0%

Consumer Spending²³

Consumer spending directly influences businesses that rely on consumers for demand and indirectly affects other businesses by driving the performance of the overall economy. The commercial real estate industry benefits from higher consumer spending, which raises demand for a variety of businesses that require building space. The value of consumer spending is estimated to increase at an annualized rate of 2.7% over the five years to 2019. Tightening labour markets and rising home prices supported strong consumption growth over 2016. 2017 and onwards, unemployment remained low and growth continued to be strong, resulting in consumer spending that remained healthy in 2018.

CONSUMER SPENDING

(\$US Billions)

	2015A	2016A	2017A	2018A	2019E
Value	11,921.20	12,247.50	12,566.90	12,944.60	13,271.97
% Growth	3.7%	2.7%	2.6%	3.0%	2.5%

Spending is forecast to continue a steady growth pattern. However, the rate of growth is expected to recede as the unemployment rate settles and begins

to rise from its lower limit. This should weigh on the rate of job creation and reduce the number of new consumers looking to spend. In the medium-run, the effects of wage growth are likely to be muted by monetary policy, as the recent strong growth from consumer expenditures has supported the expectation of rising inflation, which has pushed the Federal Reserve to raise interest rates. However, the Federal Reserve has indicated that they will step away from pursuing contractionary monetary policy, at least temporarily. The value of consumer spending is forecast to grow at an annualized rate of 1.9% over the next 5 years.

CONSUMER SPENDING FORECAST

(\$US Billions)

	2020F	2021F	2022F	2023F	2024F
Value	13,562.49	13,815.21	14,081.41	14,348.84	14,617.93
% Growth	2.2%	1.9%	1.9%	1.9%	2.0%

Office Rental Vacancy²⁴

The office rental vacancy rate measures the degree to which commercial space goes unused in the US. When the rate is high, more office space is empty, indicating an oversupply of commercial office space, a recent decline in the number of businesses or an overall contraction in the business sector. High office rental vacancy rates discourage new commercial construction, while low rates reflect strong demand for construction operators in this industry. Office rental vacancy rates have decreased at an annualized rate of 0.9% over the five years to 2019, due to an increase in demand for commercial real estate.

OFFICE RENTAL VACANCY

	2015A	2016A	2017A	2018A	2019E
Vacancy rate %	13.80%	13.20%	13.20%	13.20%	13.30%
% Growth	(1.1%)	(0.6%)	0.0%	0.0%	0.1%

With the US unemployment rate forecast to increase modestly over the next five years, vacancy rates are expected to increase 1.4% during the upcoming

²³ IBISWorld Business Environment Profile, Consumer Spending - US, September 2019

²⁴ IBISWorld Business Environment Report, Office Rental Vacancy - US, August 2019

five-year period. Demand for office rental space has lagged, partly driven by employers utilizing office spaces more efficiently, limiting their demand for office space rentals, on average. Overall, this vacancy rate is expected to remain slightly above vacancy rates observed before the recession, due to the acceleration of outsourcing tasks to emerging economies and employing labor that does not require office space. Office rental vacancy rates are forecast to increase at an annualized rate of 2.1% over the next 5 years.

FORECAST OFFICE RENTAL VACANCY

	2020F	2021F	2022F	2023F	2024F
Vacancy rate %	13.40%	13.62%	13.95%	14.21%	14.54%
% <i>Growth</i>	0.1%	0.2%	0.3%	0.3%	0.3%

Appendix D - Valuation Approaches & Methodologies

General Principles

The valuation of a company is a matter of determining the notional investor's expected value of the company's future returns. This expected value is generally determined by discounting the future returns to a present value with a discount rate that reflects the risks in achieving the returns. Underlying this process is an assumption of reasonability with respect to the notional investor's expectations for future returns.

Premise of Value

The value of a company or asset is determined under a premise of going concern or liquidation. Therefore, when determining FMV of a business interest, the first fundamental determination is whether the business under review is a going concern. To accomplish this, a preliminary assessment of the business's prospective discretionary cash flows is necessary. In instances where such cash flows are likely to support a value greater than the value realizable if the business were wound up, a premise of going concern is adopted. Where such cash flows support a value less than the value realizable if the business were wound up, a premise of liquidation is adopted.

Under a premise of going concern, the notional investor's primary concern is with the enterprise assets' ability to provide an appropriate return on invested capital. As a secondary concern, the investor is interested in individual asset values as they relate to the investor's perception of financial risk. Financial risk is reduced where the value of the individual assets can be used for purposes of security or collateral.

When an investor determines the enterprise assets do not generate a sufficient return on invested capital, the liquidation values for the assets, as well as costs associated with the liquidation, are most relevant.

Income Approach

Capitalization of Cash Flow Method

There are several methodologies available under the income approach. One method is based on capitalizing some measure of financial performance such as earnings or cash flows, using a capitalization rate that reflects both the risk of ownership and long-term growth prospects of the underlying company or asset. One of the approaches under this method is known as the capitalized cash flow ("CCF") method.

Under the CCF method the business enterprise value is determined by multiplying a company's expected discretionary cash flow by an appropriate multiple, where that multiple is the inverse of the capitalization rate. In the case of the CCF method, the company's historical results serve as a basis for expected discretionary cash flows. The capitalization rate is an expression of the rate of return required by investors to compensate them for the time value of their money, as well as the risk inherent in the particular investment, inclusive of the investor's expectations for the company's growth.

Discounted Cash Flow Method

An alternative to the CCF method is the discounted cash flow ("DCF") method. The DCF method is one of estimating the expected value of the future discretionary cash flows to be generated from the business. More specifically, discretionary cash flows are typically projected over a limited number of years to which a discount rate is applied to determine a present value. The discount rate is an expression of the rate of return required by investors to compensate them for the time value of their money, as well as the risk inherent in the particular investment. The discount rate employed in the DCF method contains no implicit expectations of growth as these expectations are reflected explicitly in the projected discretionary cash flows.

Under the DCF approach, if the operations are expected to continue to perpetuity, it is necessary to compute a terminal value at the end of the last period for which cash flows are projected. This terminal value is essentially

an estimate of the value of the cash flows at that future point in time, and it incorporates the operating assumptions and expected growth found in the capitalization approach. As with the discretionary cash flows, the terminal value is discounted to a present value with an appropriate discount rate.

Both the CCF and DCF methods establish a going concern value for the business operations, consisting of tangible net asset value, intangible asset value and if appropriate, goodwill.

Market Approach

A market approach involves methods that compare the subject company to similar businesses whose securities are actively traded in public markets or which have recently been sold in an arm's-length transaction. Under a market approach a determination is made for the level of earnings considered representative of the future performance of the company. This earnings estimate is in turn, capitalized by an appropriate multiple. The multiple is generally developed through guideline public company trading multiples (i.e., the guideline public company method) or transaction multiples (i.e., the guideline transaction method), taking into account differences between the subject company and those companies from which the multiples are derived.

Guideline Company Method

Under the guideline public company method, publicly traded companies are selected for comparison purposes and used as a basis for choosing reasonable multiples. The publicly traded company is compared with the company being valued based on risk and expected return and the trading multiples are used as a basis for selecting appropriate multiples for the subject company. Multiples obtained in this manner are generally expressed as ratios of various earnings figures.

Guideline Transaction Method

Under the guideline transaction method, transactions involving companies similar to the subject company are selected for comparison purposes and used as a basis for choosing transaction multiples. The acquired company is

compared with the company being valued based on risk and expected return and the transaction multiples are used as a basis for selecting appropriate multiples for the subject company. Multiples obtained in this manner are generally expressed as ratios of various earnings figures.

Adjusted Net Book Value ("ABV") Approach

The ABV approach is appropriate to use when net realizable value, as opposed to cash flow constitutes the prime determinant of FMV. This approach focuses on individual asset and liability values from the company's balance sheet, which are adjusted to FMV.

Specific examples of when an ABV approach may be appropriate include:

- The subject company is a holding company, which derives most of its value from its underlying assets rather than its earnings.
- The subject company's ability to continue operating as a going concern is uncertain, or returns based on earnings or cash flows are insufficient to provide an adequate return on invested capital.

Appendix E - Key Assumptions

We have assumed, in addition to the assumptions noted in the Report and the attached schedules and appendices, that:

- Management and its representatives have made available to us all information requested and all information they believe is relevant to the preparation of our Report (“Information”). The Information provided by or on behalf of Elad is complete, accurate, and fairly presented at the date the Information was provided to us and, since that date, there has been no material change, financial or otherwise, and there has been no change of any material fact that is of a nature as to render the Information untrue or misleading in any material respect.
- The assumptions underlying the internal income statements prepared and provided by Management have been reasonably prepared on a basis reflecting the best available information, estimates, and judgments of Management as at the Valuation Date.
- The statements of fact contained in the Report are true and correct.
- Income tax laws pending or prevailing at the Valuation Date will continue in the foreseeable future.
- All assets, wherever located, to which Elad had ownership rights of any nature, have been recorded in the accounts of Elad and represent a continuing benefit to Elad.
- There are no assets, other than outlined herein, which are redundant to Elad’s operations.
- Where the values of any assets of Elad are impaired, these have been reflected in the accounts of Elad or have otherwise been disclosed. Any pledge or assignment of any assets of Elad as security for liabilities has also been disclosed.
- All liabilities are recorded in the accounts of Elad and there are no contingent liabilities, unusual contractual obligations, substantial commitments (other than in the ordinary course of business), or litigation, pending or threatened, which would materially affect Elad’s financial statements.
- The book values of Elad’s assets and liabilities as reported by Management are equal to their respective FMV, as at the Valuation Date, except as indicated in the Report.
- As at the Valuation Date, Elad was not in breach of any terms or conditions associated with any agreements to which it was a party that would result in a material change in the commitments made by, or to Elad under said agreements.
- There were no environmental concerns or contingencies regarding either the operations of Elad or the assets of Elad known to Management that have not been disclosed to us.
- The financial statements referred to in our scope of review fairly reflect the financial position and financial results of Elad.
- There are no significant adjustments required to normalize Elad’s income or cash flows, other than outlined herein.
- There were no special purchasers evident in the marketplace, being parties for particular reasons such as competitive advantage, economies of scale, and others who might pay a premium to purchase the operations of Elad.
- All transactions recorded in Elad’s financial statements are at market rates.
- There were no facts known to Management not disclosed to us that might materially affect the amounts noted herein.

Appendix F - Restrictions & Qualifications

The Report is not intended for general circulation or publication, nor is it to be reproduced or used for any purpose other than that outlined above without our prior written permission in each specific instance. We do not assume any responsibility or liability for losses occasioned to Elad, its officers, directors, shareholders, or other third parties as a result of the circulation, publication, reproduction, or use of the Report contrary to the provisions of this paragraph.

We have relied upon the completeness, accuracy, and fair presentation of all the financial information, data, advice, opinion, or representations obtained from public sources and senior management of Elad, which is detailed under the Scope of Review section. We have not conducted any further audit or review of the financial affairs of Elad, nor have we sought external verification of the information provided to us by Management or that which was extracted from public sources. We accept no responsibility or liability for any losses occasioned by any party as a result of our reliance on the financial and non-financial information that was provided to us or that we have obtained from third parties.

Our valuation analysis must be considered as a whole and that selecting portions of our analysis and of the factors considered by us, without considering all factors and analyses together, could create a misleading view of the process underlying the Report. The preparation of the Report is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. In our analyses and in connection with the preparation of the Report, we made numerous assumptions with respect to industry performance, general business and economic conditions and other matters.

We reserve the right, but will be under no obligation, to review or revise any and all assumptions and/or calculations included or referred to in the Report and, if we consider it necessary, to revise our calculations in light of any information existing at the Valuation Date which becomes known to us subsequent to the date of the Report.

In view of the nature of our assignment, we were unable to expose the Shares to the marketplace to determine if some purchasers, for their own particular reasons, might have been prepared to entertain values other than those noted in the above paragraphs.

Appendix G - Glossary

ABV	Adjusted book value
Agellan	Agellan Commercial REIT
BDO	BDO Canada LLP
BEV	Business enterprise value
CAD	Canadian Dollars
CAPM	Capital asset pricing model
CCF	Capitalized cash flow
CBV Institute	Canadian Institute of Chartered Business Valuators
CICBV	Canadian Institute of Chartered Business Valuators
Company	Elad Canada Realty Inc.
DCF	Discounted cash flow
EBITDA	Earnings before interest, taxes, depreciation, and amortization
Elad	Elad Canada Realty Inc.
EV	Enterprise value
FMV	Fair market value
FY	Fiscal year
G&A	General and administrative costs
IFRS	International Financial Reporting Standards

Information	Financial and other factual information, data, advice, opinions or representations obtained by BDO from public sources and/or Management
Management	Elad's management
NIS	New Israeli Shekels
Report	Estimate Valuation Report dated December 17, 2019
Valuation Date	September 30, 2019
WACC	Weighted-average cost of capital

[1] VALUATION SUMMARY

CAD (thousands)

	Reference	Fair Market Value		
		Low	Midpoint	High
Total Assets	Schedule 2	2,040,000	2,095,000	2,150,000
Total Liabilities	Schedule 2	(1,240,000)	(1,255,000)	(1,270,000)
Equity Value, before Adjustments		800,000	840,000	880,000
Pro-forma Adjustments:				
[2] Investment in an Associate (Transfer of Assets)		119,863	119,863	119,863
[3] Bond Issuance, Net		-	-	-
Pro-forma Equity Value, before Other Adjustments		920,000	960,000	1,000,000
[4] Portfolio Premium		138,000	168,000	200,000
Pro-forma Equity Value, before Corporate G&A Costs		1,058,000	1,128,000	1,200,000
[5] Capitalized Corporate G&A Costs		(100,000)	(110,000)	(130,000)
Pro-forma Equity Value (Rounded)		958,000	1,018,000	1,070,000

► Notes:

- [1] This schedule should be read in conjunction with our Report.
- [2] On November 27, 2019, Elad's controlling shareholder entered into a series of agreements with Elad, which resulted in an increase in this financial asset (Investment in an Associate) by \$119.9 million at FMV, without consideration. The FMV of this financial assets was based on a valuation prepared by Cognum Uri Cohen & Co., dated November 2019.
- [3] On October 2, 2019, the Company issued bonds (series B) in aggregate amount of 517,179 thousand New Israeli Shekels ("NIS") par value (approximately \$193.2 million) bearing interest of 3.45% (effective interest rate of 3.56%). The net impact of this bond issuance on the equity value is \$Nil, as an equivalent amount of cash was received to offset the bond liability.
- [4] The portfolio premium has been estimated to be in the range of 15.0% to 20.0% of equity value (NAV). See the BDO Canada LLP Report for further discussion of the portfolio premium.
- [5] Capitalized corporate general & administrative (G&A) costs were determined as follows:

	Reference	Low	Midpoint	High
Normalized Corporate G&A Costs (Pre-Tax)		12,500	12,500	12,500
Less: Income Taxes at 26.5%	26.5%	(3,313)	(3,313)	(3,313)
Normalized Corporate G&A Costs (After-Tax)		9,188	9,188	9,188
Discount Rate	Schedule 3	11.11%	10.11%	9.11%
Less: Inflation		-2.00%	-2.00%	-2.00%
Capitalization Rate		9.11%	8.11%	7.11%
Capitalization Multiple		11.0X	12.3X	14.1X
Capitalized Corporate G&A Costs (Rounded)		100,000	110,000	130,000

[1] **FAIR MARKET VALUE OF ASSETS AND LIABILITIES**

CAD (thousands)

	Reported Book Value as at September 30, 2019	FMV Adjustments		FMV as at September 30, 2019	
		Low	High	Low	High
	[2]			[2]	[2]
Assets					
Current Assets					
[3] Inventory - Real Estate Under Development	126,597	78,421	80,121	205,018	206,718
[4] Receivables on Condominiums Delivered	948	-	-	948	948
[13] Prepaid Expenses and Other Assets	31,833	(20,143)	(20,143)	11,690	11,690
Accounts Receivable, net	1,112	-	-	1,112	1,112
Restricted Cash	48,811	-	-	48,811	48,811
Cash and Cash Equivalents	35,071	-	-	35,071	35,071
Total Current Assets	244,372	58,278	59,978	302,650	304,350
[5] Investment Properties	930,358	-	-	930,358	930,358
[6] Investment in an Associate	120,572	-	-	120,572	120,572
Property, Plant and Equipment, Net	3,206	-	-	3,206	3,206
[7] Inventory - Real Estate Under Development	418,879	249,321	358,821	668,200	777,700
[8] Goodwill	13,155	(13,155)	(13,155)	-	-
Prepaid Expenses and Other Assets	9,613	-	-	9,613	9,613
Restricted Cash	1,762	-	-	1,762	1,762
Total Assets	1,741,917	294,444	405,644	2,040,000	2,150,000
Liabilities					
Current Liabilities					
[9] Borrowings, Net	207,157	-	-	207,157	207,157
[13] Accounts Payable and Accrued Liabilities	103,478	(13,915)	(13,915)	89,563	89,563
[11] Current Maturity of Debentures	31,351	2,485	2,485	33,836	33,836
[13] Customer Deposits	60,440	(60,132)	(60,132)	308	308
Income Tax Payable	6,177	-	-	6,177	6,177
Total Current Liabilities	408,603	(71,562)	(71,562)	337,041	337,041
[10] Borrowings, Net	677,946	-	-	677,946	677,946
Accounts Payable and Accrued Liabilities	5,309	-	-	5,309	5,309
[11] Bonds Payable	73,260	5,806	5,806	79,066	79,066
Customer Deposits	3,376	-	-	3,376	3,376
[12] Deferred Income Tax Liabilities	114,886	25,839	51,739	140,725	166,625
Total Liabilities	1,283,380	(39,918)	(14,018)	1,240,000	1,270,000

Elad Canada Realty Inc.
Estimate Valuation as at September 30, 2019

[1] **FAIR MARKET VALUE OF ASSETS AND LIABILITIES**

CAD (thousands)

► **Notes:**

- [1] This schedule should be read in conjunction with our Report.
- [2] Based on Management's representation, we have assumed that the FMVs of all assets and liabilities as at the Valuation Date are not significantly different from their book values as at September 30, 2019, unless otherwise indicated.
- [3] The current portion of real estate under development at the Valuation Date includes the Emerald City development project, and unsold units in Montreal and at Emerald City. The FMV adjustment is calculated as follows:

FMV Adjustment	Reference	Discount Rate	Low	High
FMV of Emerald City - C 1	Schedule 4	2.45%	58,100	58,600
FMV of Emerald City - C 2	Schedule 5	2.45%	62,600	63,200
FMV of Emerald City - C 3	Schedule 6	2.45%	78,200	78,800
FMV of Unsold Units - Montreal, Emerald City	Management	N/A	6,118	6,118
Total FMV			205,018	206,718
Book Value			126,597	126,597
FMV Adjustment			78,421	80,121

- [4] The book value of the receivables on condominiums delivered approximates FMV, as any discounting to this receivable is immaterial, given the low risk nature of this asset and given the short amount of time between the Valuation Date and the collection of the related cash, which occurred a few months subsequent to the Valuation Date.
- [5] As at the Valuation Date, Elad carried its investment in income producing properties at fair value under International Financial Reporting Standards ("IFRS"), which is indicative of FMV. The FMV of the portfolio is derived from several real estate valuations from CBRE and JLL. We have reviewed the key assumptions in the appraisals and found them to be reasonable.
- [6] The investment asset relates to a 21.65% interest in the units of a related party El-Ad Properties USA LP. The FMV of this asset is based on a valuation report issued by Cognum URI Cohen & Co., dated September 2019. We reviewed this valuation report, including the key underlying assumptions, and found it to be reasonable, as at the Valuation Date.
- [7] The non-current portion of real estate under development at the Valuation Date includes the Galleria development project, the Lansing Square development project and the Cite Nature development project. The FMV adjustment is calculated as follows:

FMV Adjustment	Reference	Discount Rate	Low	High
FMV of Galleria - Block 5	Schedule 7	3.45%	94,400	110,900
FMV of Galleria - Block 2	Schedule 8	4.45%	87,200	101,700
FMV of Galleria - Block 1	Schedule 9	4.95%	99,600	114,100
FMV of Galleria - Block 3	Schedule 10	4.95%	93,200	110,700
FMV of Galleria - Block 4	Schedule 11	4.95%	82,200	99,100
FMV of Lansing Square - Block 1	Schedule 12	6.95%	98,200	108,300
FMV of Lansing Square - Block 4	Schedule 13	6.95%	(18,200)	(17,400)
FMV of Lansing Square - Block 2	Schedule 14	6.95%	88,300	98,200
FMV of Lansing Square - Block 3	Schedule 15	6.95%	3,100	3,400
FMV of Cite Nature - Block B Phase 4	Schedule 16	5.45%	7,700	9,200
FMV of Cite Nature - Block B Phase 5	Schedule 17	5.45%	12,400	14,200
FMV of Cite Nature - Block A Phase 6	Schedule 18	5.45%	7,800	9,700
FMV of Cite Nature - Block A Phase 7	Schedule 19	5.45%	8,300	10,300
FMV of Cite Nature - Block A Phase 8	Schedule 20	5.45%	4,000	5,300
Total FMV			668,200	777,700
Book Value			418,879	418,879
FMV Adjustment			249,321	358,821

[1] **FAIR MARKET VALUE OF ASSETS AND LIABILITIES**

CAD (thousands)

- [8] We have reduced the book value of goodwill to \$Nil, on a FMV basis, as it relates to the acquisition of Agellan Commercial REIT (“Agellan”), the value of which has either been captured in the FMV of the income producing properties or through the portfolio premium (see Schedule 1 and our Report for further discussion).
- [9] We have not made an adjustment to the borrowings, given that these are generally short-term in nature (i.e., 5 years or less) and predominantly at variable interest rates. We also compared Elad’s borrowings to publicly-traded debt of a pool of somewhat comparable companies and determined that the interest rate spreads at the inception of Elad’s borrowings is not materially different from their associated interest rate spreads, at the Valuation Date. Elad’s short-term borrowings are summarized below:

Lender	Start Date	End Date	Rate	Rate Info	Loan Amount	Balance
RBC	16-Sep-19	15-Sep-20	4.45%	P+0.5%	3,000	2,966
Laurentian Bank	2-Jun-19	2-Jun-20	5.70%	P+1.75%	5,500	5,500
RBC	30-Nov-17	31-Mar-21	4.95%	P+1.0%	105,503	23,531
RBC	28-Jun-18	31-Dec-21	4.70%	P+0.75%	96,880	23,958
RBC	16-Nov-18	31-Dec-21	4.70%	P+0.75%	98,080	16,846
First National	11-Feb-19	11-Feb-20	7.35%	P+3.4% (no<6.85%)	3,500	880
Wadsworth Mortgage Capital	12-Feb-19	30-Nov-19	9.00%	P+5.05%	84,994	84,890
Subtotal						158,572
<i>Plus: payments due on long-term borrowings:</i>						
CMLS	2-Jun-19	2-Jun-20	5.70%	P+1.80% (<5.75%)	16,000	584
MF	31-May-16	2-Jun-20	5.70%	P+1.75%	13,000	12,080
Morgan Stanley	19-Feb-19	7-Mar-21	5.14%	L+2.65%	403,400	421
VTB	14-Aug-15	14-Aug-20	4.50%	FIXED	35,500	35,500
Total Short-Term Borrowings						207,157

- [10] Elad’s long-term borrowings are summarized below:

Lender	Start Date	End Date	Rate	Rate Info	Loan Amount	Balance
CMLS	2-Jun-19	2-Jun-20	5.70%	P+1.80% (<5.75%)	16,000	13,814
Morgan Stanley	19-Feb-19	7-Mar-21	5.14%	L+2.65%	403,400	545,379
IMC	3-Jul-18	1-Oct-21	5.56%	P+1.613% (<5.05%)	60,000	58,754
IMC	3-Jul-18	1-Oct-21	9.81%	P+5.86% (<9.31%)	60,000	60,000
Total Long-Term Borrowings						677,946

- [11] As at the Valuation Date, Elad had an outstanding publicly-traded bond on the Tel-Aviv Stock Exchange. We have adjusted this bond to its FMV, as summarized below. Pricing information was obtained from Bloomberg and the Tel-Aviv Stock Exchange.

Bond	Start Date	End Date	Price at Val Date	Units Outstanding	FMV (NIS)	NIS -> CAD Rate	FMV at Valuation Date
ELCD.B1	09-Aug-18	31-Jul-22	106.97	2,800	299,516	2.6256	114,075

We allocated the FMV of the bond above to current and long-term portions based on its related proportionate book value, at the Valuation Date as follows:

Bond	Book Value	% of Total	FMV	Less: Accrued Interest	FMV	FMV Adjustment
Current Portion	31,351	30.0%	34,187	(352)	33,836	2,485
Long-Term Portion	73,260	70.0%	79,888	(822)	79,066	5,806
	104,611		114,075	(1,174)	112,901	8,290

* Accrued interest on the bond is included in current liabilities and has been removed from FMV to avoid double-counting.

[1] **FAIR MARKET VALUE OF ASSETS AND LIABILITIES**

CAD (thousands)

[12] Deferred taxes is comprised of the following, which we have adjusted to FMV:

Deferred Taxes	Book Value	FMV (Low)	FMV (High)	FMV Adjustment (Low)	FMV Adjustment (High)
Agellan ¹	56,973	-	-	(56,973)	(56,973)
Development Projects ²	57,188	140,000	165,900	82,812	108,712
Miscellaneous Deferred Taxes	725	725	725	-	-
Total	114,886	140,725	166,625	25,839	51,739

¹ We have estimated the FMV of deferred taxes related to the Agellan to be \$Nil, on the basis that these assets are either going to be held by Elad on a long-term basis or the taxes on sale could be avoided through tax structuring or tax efficient/neutral re-deployment of capital under U.S. tax rules.

² FMV of deferred taxes on development projects is summarized below:

FMV of Deferred Taxes: Development Projects	Reference	Low	High
Emerald City - C1	Schedule 4	6,600	6,700
Emerald City - C2	Schedule 5	6,300	6,400
Emerald City - C3	Schedule 6	7,000	7,200
Galleria (All Projects)	Schedule 7	97,100	115,600
Lansing Square (All Projects)	Schedule 12	19,300	24,300
Cite Nature (All Projects)	Schedule 16	3,700	5,700
Total		140,000	165,900

[13] We have adjusted these accounts where any related assets or liabilities have already been reflected or captured in the valuation of the development projects.

[1] **WEIGHTED-AVERAGE COST OF CAPITAL (WACC)**

	Low	High
Cost of Equity		
<i>Systematic Risk Factors:</i>		
[2] Risk-Free Rate	1.94%	1.94%
[3] Levered Equity Beta	0.47	0.47
[4] Equity Risk Premium	5.00%	5.00%
[5] Country Risk Premium	0.00%	0.00%
[6] Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
[7] Size Premium	1.80%	1.80%
[8] Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt		
[9] Pre-Tax Cost of Debt	4.70%	4.70%
[10] Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weight		
[11] Debt-to-Capital	50.00%	50.00%
[11] Equity-to-Capital	50.00%	50.00%
Weighted-Average Cost of Capital (WACC) (Nominal)	6.30%	7.30%
Selected WACC (Nominal) (Midpoint)		6.80%

► **Notes:**

- [1] This schedule should be read in conjunction with our Report.
 [2] The risk free rate is based on the United States treasury constant maturity - 20 year yield as reported by Capital IQ.
 [3] The levered equity beta is calculated as follows:

Selected Unlevered Equity Beta ¹	0.33
Selected Debt-to-Capital	37.00%
Debt-to-Equity	58.73%
Selected Marginal Tax Rate	26.50%
Levered Equity Beta²	0.47

[1] **WEIGHTED-AVERAGE COST OF CAPITAL (WACC)**

¹ The selected unlevered equity beta is based on the median unlevered beta of the somewhat comparable public companies below. Monetary amounts are denoted in CAD (millions).

Guideline Public Company	Total Equity ³	Total Debt ⁴	Cash and Short Term Investments	Enterprise Value	Debt-to-Capital	Debt-to-Equity	Tax Rate (Assumed)	5-Year Beta	Unlevered Equity Beta ⁵
Canadian Companies:									
Bridgemarq Real Estate Services Inc.	140	75	4	210	33.57%	50.53%	26.50%	0.35	0.26
Genesis Land Development Corp.	119	18	19	118	0.00%	0.00%	26.50%	0.28	0.28
Melcor Developments Ltd.	511	701	29	1,182	56.79%	131.41%	26.50%	0.33	0.17
First Capital Realty Inc.	4,859	5,035	18	9,876	50.80%	103.26%	26.50%	0.46	0.26
Morguard Corporation	3,110	6,016	190	8,936	65.20%	187.32%	26.50%	0.43	0.18
Wall Financial Corporation	907	671	47	1,530	40.73%	68.72%	26.50%	0.47	0.31
Average (CDN)					41.18%				0.24
Median (CDN)					45.77%				0.26
United States Companies:									
Forestar Group Inc.	1,162	600	292	1,471	20.98%	26.55%	27.00%	1.04	0.87
Preferred Apartment Communities, Inc.	849	3,926	123	4,652	81.74%	447.74%	27.00%	0.64	0.15
EastGroup Properties, Inc.	6,197	1,519	2	7,714	19.67%	24.48%	27.00%	0.68	0.57
Cedar Realty Trust, Inc.	554	844	3	1,395	60.25%	151.60%	27.00%	0.74	0.35
Agree Realty Corporation	4,048	988	7	5,028	19.50%	24.23%	27.00%	0.45	0.39
D.R. Horton, Inc.	26,031	4,514	1,072	29,473	11.68%	13.22%	27.00%	1.05	0.96
Stratus Properties Inc.	342	462	24	780	56.18%	128.23%	27.00%	0.59	0.31
The St. Joe Company	1,391	337	260	1,468	5.28%	5.57%	27.00%	0.75	0.72
Whitestone REIT	743	822	7	1,558	52.29%	109.62%	27.00%	0.72	0.40
Highwoods Properties, Inc.	6,385	2,874	6	9,254	30.99%	44.92%	27.00%	0.68	0.52
Cousins Properties Incorporated	7,389	2,495	16	9,869	25.13%	33.56%	27.00%	0.81	0.65
American Finance Trust, Inc.	1,978	2,080	119	3,939	49.79%	99.17%	27.00%	0.33	0.19
Average (US)					36.12%				0.51
Median (US)					28.06%				0.46
Average (North America)					37.81%				0.42
Median (North America)					37.15%				0.33

² $Levered\ Equity\ Beta = Unlevered\ Equity\ Beta \times [1 + (1 - Tax\ Rate) \times Debt\text{-}to\text{-}Equity]$

³ $Total\ Equity = Market\ Capitalization + Book\ Value\ of\ Preferred\ Shares + Book\ Value\ of\ Minority\ Interest$

⁴ The latest reported book value of the company's total debt as at the Valuation Date was used as an approximation of its market value.

⁵ $Unlevered\ Equity\ Beta = Levered\ Equity\ Beta / [1 + (1 - Tax\ Rate) \times Debt\text{-}to\text{-}Equity]$

[4] The equity risk premium was selected based on BDO's review of recently published articles, academic studies, and surveys that attempt to quantify the expected equity risk premium for U.S. common stocks, as well as the range of equity risk premiums used by other major accounting or valuations firms in the marketplace.

[5] The country risk premium is based on the 2019 Duff & Phelps International Valuation Handbook.

[6] $Cost\ of\ Equity\ Before\ Unsystematic\ Risk = Risk\ Free\ Rate + (Levered\ Equity\ Beta \times Equity\ Risk\ Premium) + Country\ Risk\ Premium$

[7] The size premium is based on the 2019 Duff & Phelps Valuation Handbook (Decile 8).

[8] Company specific factors, as set out in our Report.

[9] The cost of debt is based on Elad's actual market interest rate of its publicly-traded debt.

[10] The tax rate is based on the 2019 combined federal and provincial corporate tax rate for a business operating in Ontario, Canada.

[11] The selected debt-to-capital ratio is based on Elad's actual corporate-level capital structure, as at September 30, 2019.

[1] EMERALD CITY - C1

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Revenues:										
Condos	687	723	723	321	321	321	1,454	3,720	107,759	-
Retail	-	-	-	-	-	-	-	-	17,599	-
Affordable	-	-	-	-	-	-	-	-	-	-
Total Revenue	687	723	723	321	321	321	1,454	3,720	125,358	-
Total Costs	9,563	7,114	7,428	7,783	7,772	7,898	8,212	7,316	16,555	(2,250)
Add: Financing Costs	338	424	507	623	718	813	909	1,055	1,230	56
[2] Debt Free Cash Flow	(8,538)	(5,967)	(6,198)	(6,839)	(6,733)	(6,764)	(5,849)	(2,541)	110,033	2,306
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266	1.3744	1.6235	1.8754	2.1259	2.3737
[3] Discount Factor at 2.6%	0.9968	0.9904	0.9841	0.9778	0.9715	0.9653	0.9592	0.9530	0.9469	0.9409
Discounted Cash Flow (Low)	(8,510)	(5,910)	(6,099)	(6,687)	(6,541)	(6,530)	(5,610)	(2,422)	104,190	2,170
[3] Discount Factor at 2.3%	0.9971	0.9915	0.9859	0.9803	0.9747	0.9692	0.9638	0.9583	0.9528	0.9475
Discounted Cash Flow (High)	(8,514)	(5,916)	(6,110)	(6,704)	(6,563)	(6,556)	(5,637)	(2,435)	104,840	2,185

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	58,100	58,350	58,600

[1] **EMERALD CITY - C1**

CAD (thousands)

► **Notes:**

- [1] This schedule should be read in conjunction with our Report.
- [2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

- [3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	0.00%	0.00%
Project WACC (Nominal)	4.30%	4.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	2.30%	2.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in

[1] **EMERALD CITY - C1**

CAD (thousands)

[4] Deferred taxes calculated as follows:

Deferred Taxes	Low	High
FMV of Development Project	58,100	58,600
Book Cost	32,591	32,591
Taxable Income	25,509	26,009
Income Taxes at 26.5%	6,760	6,892
Discount Rate	2.30%	2.60%
Discount Period (Timing of Tax)	1.00	1.00
Discount Factor	0.98	0.97
Discounted Deferred Taxes (FMV)	6,600	6,700

[1] EMERALD CITY - C2

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Revenues:										
Condos	347	462	462	655	693	694	3,296	4,488	122,087	-
Retail	-	-	-	-	-	-	-	-	4,552	-
Affordable	-	-	-	-	-	-	-	-	-	-
Total Revenue	347	462	462	655	693	694	3,296	4,488	126,639	-
Total Costs	5,011	6,174	7,285	8,468	8,762	8,964	8,648	6,515	12,094	4,882
Add: Financing Costs	370	431	506	624	728	834	975	1,196	854	-
[2] Debt Free Cash Flow	(4,294)	(5,281)	(6,317)	(7,189)	(7,341)	(7,436)	(4,377)	(831)	115,399	(4,882)
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266	1.3744	1.6235	1.8754	2.1259	2.3737
[3] Discount Factor at 2.6%	0.9968	0.9904	0.9841	0.9778	0.9715	0.9653	0.9592	0.9530	0.9469	0.9409
Discounted Cash Flow (Low)	(4,280)	(5,230)	(6,216)	(7,029)	(7,132)	(7,178)	(4,198)	(792)	109,271	(4,593)
[3] Discount Factor at 2.3%	0.9971	0.9915	0.9859	0.9803	0.9747	0.9692	0.9638	0.9583	0.9528	0.9475
Discounted Cash Flow (High)	(4,282)	(5,236)	(6,228)	(7,047)	(7,155)	(7,207)	(4,218)	(796)	109,953	(4,625)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	62,600	62,900	63,200

[1] **EMERALD CITY - C2**

CAD (thousands)

► **Notes:**

- [1] This schedule should be read in conjunction with our Report.
- [2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

- [3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt		
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)		
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	0.00%	0.00%
Project WACC (Nominal)	4.30%	4.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	2.30%	2.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in

[1] **EMERALD CITY - C2**

CAD (thousands)

[4] Deferred taxes calculated as follows:

Deferred Taxes	Low	High
FMV of Development Project	62,600	63,200
Book Cost	38,305	38,305
Taxable Income	24,295	24,895
Income Taxes at 26.5%	6,438	6,597
Discount Rate	2.30%	2.60%
Discount Period (Timing of Tax)	1.00	1.00
Discount Factor	0.98	0.97
Discounted Deferred Taxes (FMV)	6,300	6,400

[1] EMERALD CITY - C3

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Revenues:										
Condos	140	140	210	210	210	210	205	5,526	142,215	-
Retail	-	-	-	-	-	-	-	-	-	-
Affordable	-	-	-	-	-	-	-	-	-	-
Total Revenue	140	140	210	210	210	210	205	5,526	142,215	-
Total Costs	5,282	6,653	8,206	9,109	9,038	9,194	9,427	8,831	10,185	(2,895)
Add: Financing Costs	374	438	517	646	759	873	989	1,161	2,353	-
[2] Debt Free Cash Flow	(4,768)	(6,075)	(7,479)	(8,253)	(8,069)	(8,111)	(8,233)	(2,144)	134,383	2,895
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266	1.3744	1.6235	1.8754	2.1259	2.3737
[3] Discount Factor at 2.6%	0.9968	0.9904	0.9841	0.9778	0.9715	0.9653	0.9592	0.9530	0.9469	0.9409
Discounted Cash Flow (Low)	(4,753)	(6,017)	(7,360)	(8,069)	(7,839)	(7,830)	(7,897)	(2,043)	127,246	2,724
[3] Discount Factor at 2.3%	0.9971	0.9915	0.9859	0.9803	0.9747	0.9692	0.9638	0.9583	0.9528	0.9475
Discounted Cash Flow (High)	(4,754)	(6,023)	(7,373)	(8,090)	(7,865)	(7,861)	(7,935)	(2,054)	128,041	2,743

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	78,200	78,500	78,800

[1] **EMERALD CITY - C3**

CAD (thousands)

► **Notes:**

- [1] This schedule should be read in conjunction with our Report.
- [2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

- [3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	0.00%	0.00%
Project WACC (Nominal)	4.30%	4.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	2.30%	2.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in

[1] **EMERALD CITY - C3**

CAD (thousands)

[4] Deferred taxes calculated as follows:

Deferred Taxes	Low	High
FMV of Development Project	78,200	78,800
Book Cost	51,028	51,028
Taxable Income	27,172	27,772
Income Taxes at 26.5%	7,201	7,360
Discount Rate	2.30%	2.60%
Discount Period (Timing of Tax)	1.00	1.00
Discount Factor	0.98	0.97
Discounted Deferred Taxes (FMV)	7,000	7,200

[1] **GALLERIA - BLOCK 5**

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Revenues:					
Condos	16,917	-	16,917	-	-
Retail	-	-	-	-	-
Affordable	-	-	-	-	-
Total Revenue	16,917	-	16,917	-	-
Costs:					
Municipal	41	41	41	20,671	285
Construction	456	456	456	17,345	6,745
Marketing	5,129	619	619	64	64
Financing	-	-	4,895	118	590
Design	1,379	1,379	1,379	92	92
Legal	93	93	93	93	93
Operating Costs & Income	-	-	-	-	-
Contingency	-	-	-	-	-
HST	-	-	-	-	-
Total Costs	7,098	2,588	7,483	38,384	7,870
Add: Financing Costs	-	-	4,895	118	590
[2] Debt Free Cash Flow	9,819	(2,588)	14,329	(38,266)	(7,280)
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266
[3] Discount Factor at 4.6%	0.9944	0.9832	0.9723	0.9614	0.9506
Discounted Cash Flow (Low)	9,764	(2,545)	13,932	(36,787)	(6,920)
[3] Discount Factor at 2.3%	0.9971	0.9915	0.9859	0.9803	0.9747
Discounted Cash Flow (High)	9,791	(2,566)	14,127	(37,511)	(7,096)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	94,400	102,650	110,900

GALLERIA - BLOCK 5

CAD (thousands)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenues:							
Condos	16,917	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-
Affordable	-	-	-	-	-	-	-
Total Revenue	16,917	-	-	-	-	-	-
Costs:							
Municipal	285	285	385	385	385	385	385
Construction	6,745	6,745	6,745	6,745	6,745	17,729	17,729
Marketing	64	64	64	64	4,376	64	64
Financing	886	984	1,082	1,181	1,279	1,378	1,466
Design	92	92	92	92	92	92	92
Legal	93	93	93	93	93	93	93
Operating Costs & Income	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-
HST	-	-	-	-	-	-	-
Total Costs	8,165	8,264	8,462	8,560	12,970	19,741	19,829
Add: Financing Costs	886	984	1,082	1,181	1,279	1,378	1,466
Debt Free Cash Flow	9,638	(7,280)	(7,379)	(7,379)	(11,691)	(18,363)	(18,363)
Discount Period	1.3744	1.6235	1.8754	2.1259	2.3737	2.6229	2.8747
Discount Factor at 4.6%	0.9401	0.9296	0.9191	0.9088	0.8987	0.8887	0.8787
Discounted Cash Flow (Low)	9,060	(6,767)	(6,782)	(6,706)	(10,507)	(16,320)	(16,136)
Discount Factor at 2.3%	0.9692	0.9638	0.9583	0.9528	0.9475	0.9421	0.9367
Discounted Cash Flow (High)	9,341	(7,016)	(7,071)	(7,031)	(11,076)	(17,300)	(17,201)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	94,400	102,650	110,900

GALLERIA - BLOCK 5

CAD (thousands)

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Revenues:							
Condos	-	-	-	-	-	16,917	270,677
Retail	-	-	-	-	-	-	24,835
Affordable	-	-	-	-	-	-	58,430
Total Revenue	-	-	-	-	-	16,917	353,942
Costs:							
Municipal	385	385	385	385	385	385	385
Construction	17,729	17,729	17,729	17,729	17,729	17,729	17,729
Marketing	64	64	64	64	64	64	9,627
Financing	1,555	1,643	1,732	1,820	1,909	1,998	-
Design	92	92	92	92	92	92	-
Legal	93	93	93	93	93	93	93
Operating Costs & Income	-	-	-	-	-	-	(509)
Contingency	-	-	-	-	-	-	15,033
HST	-	-	-	-	-	-	3,402
Total Costs	19,918	20,007	20,095	20,184	20,272	20,361	45,760
Add: Financing Costs	1,555	1,643	1,732	1,820	1,909	1,998	-
Debt Free Cash Flow	(18,363)	(18,363)	(18,363)	(18,363)	(18,363)	(1,446)	308,182
Discount Period	3.1253	3.3730	3.6222	3.8741	4.1246	4.3737	4.6242
Discount Factor at 4.6%	0.8689	0.8592	0.8497	0.8401	0.8307	0.8214	0.8122
Discounted Cash Flow (Low)	(15,955)	(15,779)	(15,603)	(15,427)	(15,254)	(1,188)	250,316
Discount Factor at 2.3%	0.9314	0.9262	0.9209	0.9157	0.9105	0.9053	0.9002
Discounted Cash Flow (High)	(17,103)	(17,007)	(16,911)	(16,815)	(16,719)	(1,309)	277,421

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	94,400	102,650	110,900

[1] **GALLERIA - BLOCK 5**

CAD (thousands)

SCHEDULE 7

► **Notes:**

- [1] This schedule should be read in conjunction with our Report.
- [2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.
- [3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	0.00%	2.00%
Project WACC (Nominal)	4.30%	6.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	2.30%	4.60%

do not include price escalation or inflation and are presented on a real basis, as indicated in Note 2.

Elad Canada Realty Inc.

Estimate Valuation as at September 30, 2019

[1] **GALLERIA - BLOCK 5**

CAD (thousands)

[4] Deferred taxes calculated as follows (for all Galleria projects):

Deferred Taxes	Low	High
FMV of Galleria - Block 5	94,400	110,900
FMV of Galleria - Block 2	87,200	101,700
FMV of Galleria - Block 1	99,600	114,100
FMV of Galleria - Block 3	93,200	110,700
FMV of Galleria - Block 4	82,200	99,100
Total FMV of Development Projects	456,600	536,500
Book Cost	76,758	76,758
Taxable Income	379,842	459,742
Income Taxes at 26.5%	100,658	121,832
Discount Rate	3.70%	5.40%
Discount Period (Timing of Tax)	1.00	1.00
Discount Factor	0.96	0.95
Discounted Deferred Taxes (FMV)	97,100	115,600

[1] **GALLERIA - BLOCK 2**

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Revenues:								
Condos	-	-	-	-	14,512	-	14,512	-
Retail	-	-	-	-	-	-	-	-
Affordable	-	-	-	-	-	-	-	-
Total Revenue	-	-	-	-	14,512	-	14,512	-
Costs:								
Municipal	205	205	205	942	942	942	942	13,171
Construction	304	304	304	-	-	-	-	11,226
Marketing	114	114	114	489	4,192	343	343	49
Financing	-	-	-	-	-	-	3,715	381
Design	-	-	-	951	951	951	951	68
Legal	-	-	-	67	67	67	67	67
Operating Costs & Income	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-
Total Costs	624	624	624	2,449	6,152	2,303	6,018	24,963
Add: Financing Costs	-	-	-	-	-	-	3,715	381
[2] Debt Free Cash Flow	(624)	(624)	(624)	(2,449)	8,360	(2,303)	12,209	(24,581)
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266	1.3744	1.6235	1.8754
[3] Discount Factor at 5.6%	0.9932	0.9797	0.9665	0.9534	0.9405	0.9278	0.9153	0.9029
Discounted Cash Flow (Low)	(619)	(611)	(603)	(2,335)	7,862	(2,136)	11,175	(22,194)
[3] Discount Factor at 3.3%	0.9959	0.9879	0.9799	0.9720	0.9641	0.9564	0.9487	0.9409
Discounted Cash Flow (High)	(621)	(616)	(611)	(2,381)	8,059	(2,202)	11,582	(23,129)

Range of Project Value	Fair Market Value		
	Low	Midpoint	High
	87,200	94,450	101,700

GALLERIA - BLOCK 2

CAD (thousands)

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Revenues:								
Condos	-	14,512	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-
Affordable	-	-	-	-	-	-	-	-
Total Revenue	-	14,512	-	-	-	-	-	-
Costs:								
Municipal	712	712	712	712	712	712	712	712
Construction	4,366	4,366	4,366	4,366	4,366	4,366	13,050	13,050
Marketing	49	49	49	49	49	3,752	49	49
Financing	572	635	699	762	826	889	947	1,004
Design	68	68	68	68	68	68	68	68
Legal	67	67	67	67	67	67	67	67
Operating Costs & Income	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-
Total Costs	5,834	5,897	5,961	6,024	6,088	9,854	14,893	14,950
Add: Financing Costs	572	635	699	762	826	889	947	1,004
Debt Free Cash Flow	(5,262)	9,250	(5,262)	(5,262)	(5,262)	(8,965)	(13,947)	(13,947)
Discount Period	2.1259	2.3737	2.6229	2.8747	3.1253	3.3730	3.6222	3.8741
Discount Factor at 5.6%	0.8906	0.8787	0.8668	0.8550	0.8434	0.8321	0.8209	0.8097
Discounted Cash Flow (Low)	(4,687)	8,127	(4,561)	(4,499)	(4,438)	(7,460)	(11,449)	(11,293)
Discount Factor at 3.3%	0.9333	0.9258	0.9184	0.9109	0.9035	0.8963	0.8890	0.8818
Discounted Cash Flow (High)	(4,911)	8,564	(4,833)	(4,793)	(4,754)	(8,035)	(12,399)	(12,298)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	87,200	94,450	101,700

GALLERIA - BLOCK 2

CAD (thousands)

	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Revenues:						
Condos	-	-	-	-	14,512	232,188
Retail	-	-	-	-	-	41,547
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	14,512	273,735
Costs:						
Municipal	712	712	712	712	712	-
Construction	13,050	13,050	13,050	13,050	13,050	13,050
Marketing	49	49	49	49	49	9,828
Financing	1,061	1,118	1,175	1,232	1,290	-
Design	68	68	68	68	68	-
Legal	67	67	67	67	67	67
Operating Costs & Income	-	-	-	-	-	(1,073)
Contingency	-	-	-	-	-	10,453
Total Costs	15,008	15,065	15,122	15,179	15,236	32,325
Add: Financing Costs	1,061	1,118	1,175	1,232	1,290	-
Debt Free Cash Flow	(13,947)	(13,947)	(13,947)	(13,947)	565	241,410
Discount Period	4.1246	4.3737	4.6242	4.8761	5.1266	5.3744
Discount Factor at 5.6%	0.7987	0.7880	0.7773	0.7667	0.7563	0.7461
Discounted Cash Flow (Low)	(11,139)	(10,989)	(10,840)	(10,693)	427	180,126
Discount Factor at 3.3%	0.8747	0.8676	0.8606	0.8536	0.8467	0.8399
Discounted Cash Flow (High)	(12,199)	(12,100)	(12,002)	(11,905)	479	202,756

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	87,200	94,450	101,700

[1] **GALLERIA - BLOCK 2**

CAD (thousands)

► Notes: **SCHEDULE 8**

- [1] This schedule should be read in conjunction with our Report.
- [2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

[3] The discount rate has been developed as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	1.00%	3.00%
Project WACC (Nominal)	5.30%	7.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	3.30%	5.60%

do not include price escalation or inflation and are presented on a real basis, as indicated in Note 2.

[1] **GALLERIA - BLOCK 1**

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Revenues:				
Condos	-	-	-	-
Retail	-	-	-	-
Affordable	-	-	-	-
Total Revenue	-	-	-	-
Costs:				
Municipal	310	310	310	1,423
Construction	496	496	496	-
Marketing	170	170	170	-
Financing	-	-	-	-
Design	-	-	-	-
Legal	-	-	-	-
Operating Costs & Income	-	-	-	-
Contingency	-	-	-	-
Total Costs	977	977	977	1,423
Add: Financing Costs	-	-	-	-
[2] Debt Free Cash Flow	(977)	(977)	(977)	(1,423)
Discount Period	0.1259	0.3765	0.6256	0.8761
[3] Discount Factor at 5.6%	0.9932	0.9797	0.9665	0.9534
Discounted Cash Flow (Low)	(970)	(957)	(944)	(1,357)
[3] Discount Factor at 4.3%	0.9947	0.9843	0.9740	0.9638
Discounted Cash Flow (High)	(972)	(962)	(951)	(1,371)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	99,600	106,850	114,100

GALLERIA - BLOCK 1

CAD (thousands)

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	1,423	1,423	1,423	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	-	-	-
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	1,423	1,423	1,423	-	-	-
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	(1,423)	(1,423)	(1,423)	-	-	-
Discount Period	1.1266	1.3744	1.6235	1.8754	2.1259	2.3737
Discount Factor at 5.6%	0.9405	0.9278	0.9153	0.9029	0.8906	0.8787
Discounted Cash Flow (Low)	(1,338)	(1,320)	(1,302)	-	-	-
Discount Factor at 4.3%	0.9537	0.9438	0.9339	0.9241	0.9144	0.9049
Discounted Cash Flow (High)	(1,357)	(1,343)	(1,329)	-	-	-

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	99,600	106,850	114,100

GALLERIA - BLOCK 1

CAD (thousands)

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Revenues:						
Condos	-	-	20,083	-	-	20,083
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	20,083	-	-	20,083
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	528	5,623	373	373	63
Financing	-	-	-	-	-	5,386
Design	-	1,464	1,464	1,464	1,464	86
Legal	-	85	85	85	85	85
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	-	2,077	7,171	1,922	1,922	5,619
Add: Financing Costs	-	-	-	-	-	5,386
Debt Free Cash Flow	-	(2,077)	12,911	(1,922)	(1,922)	19,849
Discount Period	2.6229	2.8747	3.1253	3.3730	3.6222	3.8741
Discount Factor at 5.6%	0.8668	0.8550	0.8434	0.8321	0.8209	0.8097
Discounted Cash Flow (Low)	-	(1,776)	10,890	(1,599)	(1,578)	16,072
Discount Factor at 4.3%	0.8955	0.8860	0.8767	0.8676	0.8586	0.8495
Discounted Cash Flow (High)	-	(1,840)	11,319	(1,667)	(1,650)	16,862

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	99,600	106,850	114,100

Elad Canada Realty Inc.
 Estimate Valuation as at September 30, 2019

GALLERIA - BLOCK 1

CAD (thousands)

	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Revenues:						
Condos	-	-	20,083	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	20,083	-	-	-
Costs:						
Municipal	20,233	970	970	970	970	970
Construction	17,904	6,963	6,963	6,963	6,963	6,963
Marketing	63	63	63	63	63	63
Financing	147	614	982	1,093	1,203	1,314
Design	86	86	86	86	86	86
Legal	85	85	85	85	85	85
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	38,518	8,780	9,149	9,259	9,370	9,480
Add: Financing Costs	147	614	982	1,093	1,203	1,314
Debt Free Cash Flow	(38,371)	(8,167)	11,916	(8,167)	(8,167)	(8,167)
Discount Period	4.1246	4.3737	4.6242	4.8761	5.1266	5.3744
Discount Factor at 5.6%	0.7987	0.7880	0.7773	0.7667	0.7563	0.7461
Discounted Cash Flow (Low)	(30,648)	(6,435)	9,262	(6,261)	(6,176)	(6,093)
Discount Factor at 4.3%	0.8406	0.8318	0.8231	0.8144	0.8059	0.7975
Discounted Cash Flow (High)	(32,254)	(6,793)	9,808	(6,651)	(6,581)	(6,513)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	99,600	106,850	114,100

GALLERIA - BLOCK 1

CAD (thousands)

	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	970	970	970	970	970	970
Construction	6,963	16,866	16,866	16,866	16,866	16,866
Marketing	5,157	63	63	63	63	63
Financing	1,424	1,535	1,645	1,756	1,866	1,977
Design	86	86	86	86	86	86
Legal	85	85	85	85	85	85
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	14,685	19,604	19,715	19,825	19,936	20,046
Add: Financing Costs	1,424	1,535	1,645	1,756	1,866	1,977
Debt Free Cash Flow	(13,261)	(18,070)	(18,070)	(18,070)	(18,070)	(18,070)
Discount Period	5.6235	5.8754	6.1259	6.3737	6.6229	6.8747
Discount Factor at 5.6%	0.7361	0.7260	0.7162	0.7066	0.6971	0.6876
Discounted Cash Flow (Low)	(9,761)	(13,119)	(12,941)	(12,768)	(12,596)	(12,424)
Discount Factor at 4.3%	0.7892	0.7809	0.7727	0.7646	0.7567	0.7487
Discounted Cash Flow (High)	(10,465)	(14,110)	(13,962)	(13,817)	(13,673)	(13,528)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	99,600	106,850	114,100

GALLERIA - BLOCK 1

CAD (thousands)

	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2027
Revenues:					
Condos	-	-	-	20,083	321,320
Retail	-	-	-	-	102,547
Affordable	-	-	-	-	-
Total Revenue	-	-	-	20,083	423,867
Costs:					
Municipal	970	970	970	970	-
Construction	16,866	16,866	16,866	16,866	16,866
Marketing	63	63	63	63	16,603
Financing	2,087	2,198	2,308	2,333	-
Design	86	86	86	86	-
Legal	85	85	85	85	85
Operating Costs & Income	-	-	-	-	(1,334)
Contingency	-	-	-	-	16,925
Total Costs	20,157	20,267	20,378	20,402	49,145
Add: Financing Costs	2,087	2,198	2,308	2,333	-
Debt Free Cash Flow	(18,070)	(18,070)	(18,070)	2,013	374,722
Discount Period	7.1253	7.3730	7.6222	7.8741	8.1246
Discount Factor at 5.6%	0.6782	0.6692	0.6601	0.6511	0.6423
Discounted Cash Flow (Low)	(12,256)	(12,091)	(11,928)	1,311	240,686
Discount Factor at 4.3%	0.7408	0.7331	0.7255	0.7178	0.7103
Discounted Cash Flow (High)	(13,386)	(13,248)	(13,109)	1,445	266,169

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	99,600	106,850	114,100

Elad Canada Realty Inc.
 Estimate Valuation as at September 30, 2019

[1] **GALLERIA - BLOCK 1**

CAD (thousands)

► Notes:

SCHEDULE 9

- [1] This schedule should be read in conjunction with our Report.
- [2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

- [3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	2.00%	3.00%
Project WACC (Nominal)	6.30%	7.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	4.30%	5.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in Note

[1] **GALLERIA - BLOCK 3**

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Revenues:					
Condos	-	-	-	-	-
Retail	-	-	-	-	-
Affordable	-	-	-	-	-
Total Revenue	-	-	-	-	-
Costs:					
Municipal	346	346	346	1,630	1,630
Construction	476	476	476	-	-
Marketing	177	177	177	-	-
Financing	-	-	-	-	-
Design	-	-	-	-	-
Legal	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-
Contingency	-	-	-	-	-
Total Costs	999	999	999	1,630	1,630
Add: Financing Costs	-	-	-	-	-
[2] Debt Free Cash Flow	(999)	(999)	(999)	(1,630)	(1,630)
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266
[3] Discount Factor at 5.6%	0.9932	0.9797	0.9665	0.9534	0.9405
Discounted Cash Flow (Low)	(992)	(979)	(966)	(1,554)	(1,533)
[3] Discount Factor at 4.3%	0.9947	0.9843	0.9740	0.9638	0.9537
Discounted Cash Flow (High)	(994)	(983)	(973)	(1,571)	(1,555)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	93,200	101,950	110,700

GALLERIA - BLOCK 3

CAD (thousands)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	1,630	1,630	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	-	-	-
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	1,630	1,630	-	-	-	-
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	(1,630)	(1,630)	-	-	-	-
Discount Period	1.3744	1.6235	1.8754	2.1259	2.3737	2.6229
Discount Factor at 5.6%	0.9278	0.9153	0.9029	0.8906	0.8787	0.8668
Discounted Cash Flow (Low)	(1,513)	(1,492)	-	-	-	-
Discount Factor at 4.3%	0.9438	0.9339	0.9241	0.9144	0.9049	0.8955
Discounted Cash Flow (High)	(1,539)	(1,523)	-	-	-	-

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	93,200	101,950	110,700

GALLERIA - BLOCK 3

CAD (thousands)

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	-	-	-
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	-	-	-	-	-	-
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	-	-	-	-	-	-
Discount Period	2.8747	3.1253	3.3730	3.6222	3.8741	4.1246
Discount Factor at 5.6%	0.8550	0.8434	0.8321	0.8209	0.8097	0.7987
Discounted Cash Flow (Low)	-	-	-	-	-	-
Discount Factor at 4.3%	0.8860	0.8767	0.8676	0.8586	0.8495	0.8406
Discounted Cash Flow (High)	-	-	-	-	-	-

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	93,200	101,950	110,700

GALLERIA - BLOCK 3

CAD (thousands)

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	-	-	-
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	-	-	-	-	-	-
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	-	-	-	-	-	-
Discount Period	4.3737	4.6242	4.8761	5.1266	5.3744	5.6235
Discount Factor at 5.6%	0.7880	0.7773	0.7667	0.7563	0.7461	0.7361
Discounted Cash Flow (Low)	-	-	-	-	-	-
Discount Factor at 4.3%	0.8318	0.8231	0.8144	0.8059	0.7975	0.7892
Discounted Cash Flow (High)	-	-	-	-	-	-

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	93,200	101,950	110,700

GALLERIA - BLOCK 3

CAD (thousands)

	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026
Revenues:						
Condos	-	-	-	25,286	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	25,286	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	669	7,135	469	469
Financing	-	-	-	-	-	-
Design	-	-	1,599	1,599	1,599	1,599
Legal	-	-	114	114	114	114
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	-	-	2,381	8,847	2,181	2,181
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	-	-	(2,381)	16,439	(2,181)	(2,181)
Discount Period	5.8754	6.1259	6.3737	6.6229	6.8747	7.1253
Discount Factor at 5.6%	0.7260	0.7162	0.7066	0.6971	0.6876	0.6782
Discounted Cash Flow (Low)	-	-	(1,682)	11,459	(1,500)	(1,479)
Discount Factor at 4.3%	0.7809	0.7727	0.7646	0.7567	0.7487	0.7408
Discounted Cash Flow (High)	-	-	(1,821)	12,439	(1,633)	(1,616)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	93,200	101,950	110,700

GALLERIA - BLOCK 3

CAD (thousands)

	Q1 2027	Q2 2027	Q3 2027	Q4 2027	Q1 2028	Q2 2028
Revenues:						
Condos	25,286	-	-	25,286	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	25,286	-	-	25,286	-	-
Costs:						
Municipal	-	23,039	1,036	1,036	1,036	1,036
Construction	-	18,883	7,343	7,343	7,343	7,343
Marketing	68	68	68	68	68	68
Financing	5,816	144	718	1,077	1,197	1,317
Design	100	100	100	100	100	100
Legal	114	114	114	114	114	114
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	6,098	42,347	9,379	9,738	9,858	9,978
Add: Financing Costs	5,816	144	718	1,077	1,197	1,317
Debt Free Cash Flow	25,004	(42,204)	(8,661)	16,625	(8,661)	(8,661)
Discount Period	7.3730	7.6222	7.8741	8.1246	8.3737	8.6242
Discount Factor at 5.6%	0.6692	0.6601	0.6511	0.6423	0.6336	0.6251
Discounted Cash Flow (Low)	16,731	(27,860)	(5,639)	10,678	(5,488)	(5,414)
Discount Factor at 4.3%	0.7331	0.7255	0.7178	0.7103	0.7029	0.6955
Discounted Cash Flow (High)	18,331	(30,618)	(6,217)	11,809	(6,088)	(6,024)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	93,200	101,950	110,700

GALLERIA - BLOCK 3

CAD (thousands)

	Q3 2028	Q4 2028	Q1 2029	Q2 2029	Q3 2029	Q4 2029
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	1,036	1,036	1,036	1,036	1,036	1,036
Construction	7,343	7,343	18,149	18,149	18,149	18,149
Marketing	68	6,534	68	68	68	68
Financing	1,436	1,556	1,676	1,784	1,891	1,999
Design	100	100	100	100	100	100
Legal	114	114	114	114	114	114
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	10,097	16,683	21,143	21,251	21,358	21,466
Add: Financing Costs	1,436	1,556	1,676	1,784	1,891	1,999
Debt Free Cash Flow	(8,661)	(15,127)	(19,467)	(19,467)	(19,467)	(19,467)
Discount Period	8.8761	9.1266	9.3744	9.6235	9.8754	10.1259
Discount Factor at 5.6%	0.6165	0.6082	0.6000	0.5919	0.5839	0.5759
Discounted Cash Flow (Low)	(5,340)	(9,200)	(11,681)	(11,523)	(11,366)	(11,212)
Discount Factor at 4.3%	0.6882	0.6810	0.6739	0.6669	0.6598	0.6529
Discounted Cash Flow (High)	(5,960)	(10,301)	(13,119)	(12,982)	(12,845)	(12,710)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	93,200	101,950	110,700

GALLERIA - BLOCK 3

CAD (thousands)

	Q1 2030	Q2 2030	Q3 2030	Q4 2030	Q1 2031
Revenues:					
Condos	-	-	-	25,286	404,569
Retail	-	-	-	-	18,393
Affordable	-	-	-	-	-
Total Revenue	-	-	-	25,286	422,962
Costs:					
Municipal	1,036	1,036	1,036	1,036	1,036
Construction	18,149	18,149	18,149	18,149	18,149
Marketing	68	68	68	68	12,522
Financing	2,107	2,215	2,322	2,430	-
Design	100	100	100	100	-
Legal	114	114	114	114	114
Operating Costs & Income	-	-	-	-	(1,670)
Contingency	-	-	-	-	16,927
Total Costs	21,574	21,682	21,789	21,897	47,078
Add: Financing Costs	2,107	2,215	2,322	2,430	-
Debt Free Cash Flow	(19,467)	(19,467)	(19,467)	5,818	375,884
Discount Period	10.3737	10.6229	10.8747	11.1253	11.3730
Discount Factor at 5.6%	0.5682	0.5606	0.5529	0.5454	0.5381
Discounted Cash Flow (Low)	(11,062)	(10,912)	(10,764)	3,174	202,266
Discount Factor at 4.3%	0.6461	0.6394	0.6326	0.6260	0.6195
Discounted Cash Flow (High)	(12,578)	(12,447)	(12,316)	3,642	232,866

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	93,200	101,950	110,700

Elad Canada Realty Inc.
 Estimate Valuation as at September 30, 2019

[1] **GALLERIA - BLOCK 3**

CAD (thousands)

► Notes: **SCHEDULE 10**

- [1] This schedule should be read in conjunction with our Report.
- [2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

[3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	2.00%	3.00%
Project WACC (Nominal)	6.30%	7.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	4.30%	5.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in Note

[1] **GALLERIA - BLOCK 4**

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Revenues:					
Condos	-	-	-	-	-
Retail	-	-	-	-	-
Affordable	-	-	-	-	-
Total Revenue	-	-	-	-	-
Costs:					
Municipal	327	327	327	1,539	1,539
Construction	457	457	457	-	-
Marketing	172	172	172	-	-
Financing	-	-	-	-	-
Design	-	-	-	-	-
Legal	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-
Contingency	-	-	-	-	-
Total Costs	956	956	956	1,539	1,539
Add: Financing Costs	-	-	-	-	-
[2] Debt Free Cash Flow	(956)	(956)	(956)	(1,539)	(1,539)
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266
[3] Discount Factor at 5.6%	0.9932	0.9797	0.9665	0.9534	0.9405
Discounted Cash Flow (Low)	(949)	(937)	(924)	(1,467)	(1,447)
[3] Discount Factor at 4.3%	0.9947	0.9843	0.9740	0.9638	0.9537
Discounted Cash Flow (High)	(951)	(941)	(931)	(1,483)	(1,468)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	82,200	90,650	99,100

GALLERIA - BLOCK 4

CAD (thousands)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	1,539	1,539	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	-	-	-
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	1,539	1,539	-	-	-	-
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	(1,539)	(1,539)	-	-	-	-
Discount Period	1.3744	1.6235	1.8754	2.1259	2.3737	2.6229
Discount Factor at 5.6%	0.9278	0.9153	0.9029	0.8906	0.8787	0.8668
Discounted Cash Flow (Low)	(1,428)	(1,409)	-	-	-	-
Discount Factor at 4.3%	0.9438	0.9339	0.9241	0.9144	0.9049	0.8955
Discounted Cash Flow (High)	(1,453)	(1,437)	-	-	-	-

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	82,200	90,650	99,100

GALLERIA - BLOCK 4

CAD (thousands)

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	-	-	-
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	-	-	-	-	-	-
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	-	-	-	-	-	-
Discount Period	2.8747	3.1253	3.3730	3.6222	3.8741	4.1246
Discount Factor at 5.6%	0.8550	0.8434	0.8321	0.8209	0.8097	0.7987
Discounted Cash Flow (Low)	-	-	-	-	-	-
Discount Factor at 4.3%	0.8860	0.8767	0.8676	0.8586	0.8495	0.8406
Discounted Cash Flow (High)	-	-	-	-	-	-

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	82,200	90,650	99,100

GALLERIA - BLOCK 4

CAD (thousands)

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	-	-	-
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	-	-	-	-	-	-
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	-	-	-	-	-	-
Discount Period	4.3737	4.6242	4.8761	5.1266	5.3744	5.6235
Discount Factor at 5.6%	0.7880	0.7773	0.7667	0.7563	0.7461	0.7361
Discounted Cash Flow (Low)	-	-	-	-	-	-
Discount Factor at 4.3%	0.8318	0.8231	0.8144	0.8059	0.7975	0.7892
Discounted Cash Flow (High)	-	-	-	-	-	-

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	82,200	90,650	99,100

GALLERIA - BLOCK 4

CAD (thousands)

	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	-	-	-
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	-	-	-	-	-	-
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	-	-	-	-	-	-
Discount Period	5.8754	6.1259	6.3737	6.6229	6.8747	7.1253
Discount Factor at 5.6%	0.7260	0.7162	0.7066	0.6971	0.6876	0.6782
Discounted Cash Flow (Low)	-	-	-	-	-	-
Discount Factor at 4.3%	0.7809	0.7727	0.7646	0.7567	0.7487	0.7408
Discounted Cash Flow (High)	-	-	-	-	-	-

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	82,200	90,650	99,100

GALLERIA - BLOCK 4

CAD (thousands)

	Q1 2027	Q2 2027	Q3 2027	Q4 2027	Q1 2028	Q2 2028
Revenues:						
Condos	-	23,787	-	-	23,787	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	23,787	-	-	23,787	-
Costs:						
Municipal	-	-	-	-	-	22,062
Construction	-	-	-	-	-	17,792
Marketing	649	6,717	455	455	67	67
Financing	-	-	-	-	5,368	137
Design	1,507	1,507	1,507	1,507	94	94
Legal	110	110	110	110	110	110
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	2,267	8,334	2,072	2,072	5,639	40,262
Add: Financing Costs	-	-	-	-	5,368	137
Debt Free Cash Flow	(2,267)	15,453	(2,072)	(2,072)	23,516	(40,125)
Discount Period	7.3730	7.6222	7.8741	8.1246	8.3737	8.6242
Discount Factor at 5.6%	0.6692	0.6601	0.6511	0.6423	0.6336	0.6251
Discounted Cash Flow (Low)	(1,517)	10,201	(1,349)	(1,331)	14,901	(25,080)
Discount Factor at 4.3%	0.7331	0.7255	0.7178	0.7103	0.7029	0.6955
Discounted Cash Flow (High)	(1,662)	11,211	(1,488)	(1,472)	16,529	(27,908)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	82,200	90,650	99,100

GALLERIA - BLOCK 4

CAD (thousands)

	Q3 2028	Q4 2028	Q1 2029	Q2 2029	Q3 2029	Q4 2029
Revenues:						
Condos	-	23,787	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	23,787	-	-	-	-
Costs:						
Municipal	980	980	980	980	980	980
Construction	6,919	6,919	6,919	6,919	6,919	6,919
Marketing	67	67	67	67	67	6,134
Financing	685	1,028	1,142	1,256	1,370	1,485
Design	94	94	94	94	94	94
Legal	110	110	110	110	110	110
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	8,855	9,198	9,312	9,426	9,540	15,722
Add: Financing Costs	685	1,028	1,142	1,256	1,370	1,485
Debt Free Cash Flow	(8,170)	15,617	(8,170)	(8,170)	(8,170)	(14,238)
Discount Period	8.8761	9.1266	9.3744	9.6235	9.8754	10.1259
Discount Factor at 5.6%	0.6165	0.6082	0.6000	0.5919	0.5839	0.5759
Discounted Cash Flow (Low)	(5,037)	9,498	(4,902)	(4,836)	(4,770)	(8,200)
Discount Factor at 4.3%	0.6882	0.6810	0.6739	0.6669	0.6598	0.6529
Discounted Cash Flow (High)	(5,623)	10,635	(5,506)	(5,448)	(5,391)	(9,296)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	82,200	90,650	99,100

GALLERIA - BLOCK 4

CAD (thousands)

	Q1 2030	Q2 2030	Q3 2030	Q4 2030	Q1 2031	Q2 2031
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	980	980	980	980	980	980
Construction	17,323	17,323	17,323	17,323	17,323	17,323
Marketing	67	67	67	67	67	67
Financing	1,599	1,702	1,804	1,907	2,010	2,113
Design	94	94	94	94	94	94
Legal	110	110	110	110	110	110
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	20,173	20,276	20,379	20,481	20,584	20,687
Add: Financing Costs	1,599	1,702	1,804	1,907	2,010	2,113
Debt Free Cash Flow	(18,574)	(18,574)	(18,574)	(18,574)	(18,574)	(18,574)
Discount Period	10.3737	10.6229	10.8747	11.1253	11.3730	11.6222
Discount Factor at 5.6%	0.5682	0.5606	0.5529	0.5454	0.5381	0.5309
Discounted Cash Flow (Low)	(10,554)	(10,412)	(10,270)	(10,131)	(9,995)	(9,860)
Discount Factor at 4.3%	0.6461	0.6394	0.6326	0.6260	0.6195	0.6131
Discounted Cash Flow (High)	(12,001)	(11,876)	(11,751)	(11,628)	(11,507)	(11,387)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	82,200	90,650	99,100

GALLERIA - BLOCK 4

CAD (thousands)

	Q3 2031	Q4 2031	Q1 2032
Revenues:			
Condos	-	23,787	380,594
Retail	-	-	20,625
Affordable	-	-	-
Total Revenue	-	23,787	401,219
Costs:			
Municipal	980	980	980
Construction	17,323	17,323	17,323
Marketing	67	67	12,083
Financing	2,216	2,318	-
Design	94	94	-
Legal	110	110	110
Operating Costs & Income	-	-	(1,482)
Contingency	-	-	16,120
Total Costs	20,790	20,892	45,134
Add: Financing Costs	2,216	2,318	-
Debt Free Cash Flow	(18,574)	5,213	356,085
Discount Period	11.8741	12.1246	12.3737
Discount Factor at 5.6%	0.5236	0.5165	0.5096
Discounted Cash Flow (Low)	(9,726)	2,693	181,444
Discount Factor at 4.3%	0.6066	0.6002	0.5940
Discounted Cash Flow (High)	(11,267)	3,129	211,499

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	82,200	90,650	99,100

Elad Canada Realty Inc.
 Estimate Valuation as at September 30, 2019

[1] **GALLERIA - BLOCK 4**

CAD (thousands)

► Notes: **SCHEDULE 11**

- [1] This schedule should be read in conjunction with our Report.
- [2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

[3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	2.00%	3.00%
Project WACC (Nominal)	6.30%	7.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	4.30%	5.60%

do not include price escalation or inflation and are presented on a real basis, as indicated in Note 2.

[1] **LANSING SQUARE - BLOCK 1**

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	63	63	63	63	63	925
Construction	-	-	70	175	315	453
Marketing	-	-	-	-	-	1,141
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	1,599
Legal	-	-	-	-	-	112
Operating costs & income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
HST	-	-	-	-	-	-
Total Costs	63	63	133	238	378	4,230
Add: Financing Costs	-	-	-	-	-	-
[2] Debt Free Cash Flow	(63)	(63)	(133)	(238)	(378)	(4,230)
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266	1.3744
[3] Discount Factor at 7.6%	0.9908	0.9728	0.9552	0.9378	0.9208	0.9042
Discounted Cash Flow (Low)	(63)	(61)	(127)	(223)	(348)	(3,825)
[3] Discount Factor at 6.3%	0.9923	0.9773	0.9625	0.9479	0.9335	0.9195
Discounted Cash Flow (High)	(63)	(62)	(128)	(225)	(353)	(3,889)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	98,200	103,250	108,300

LANSING SQUARE - BLOCK 1

CAD (thousands)

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenues:						
Condos	23,015	-	23,015	-	-	23,015
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	23,015	-	23,015	-	-	23,015
Costs:						
Municipal	-	469	37,106	572	572	572
Construction	313	313	15,046	5,896	5,896	5,896
Marketing	6,839	842	7,210	76	76	76
Financing	-	6,491	1,281	1,352	1,466	1,580
Design	1,599	1,599	1,599	123	123	123
Legal	112	112	112	112	112	112
Operating costs & income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
HST	-	-	-	-	-	-
Total Costs	8,863	9,826	62,353	8,131	8,245	8,359
Add: Financing Costs	-	6,491	1,281	1,352	1,466	1,580
Debt Free Cash Flow	14,152	(3,336)	(38,058)	(6,779)	(6,779)	16,236
Discount Period	1.6235	1.8754	2.1259	2.3737	2.6229	2.8747
Discount Factor at 7.6%	0.8879	0.8716	0.8558	0.8404	0.8252	0.8101
Discounted Cash Flow (Low)	12,565	(2,908)	(32,570)	(5,697)	(5,594)	13,153
Discount Factor at 6.3%	0.9056	0.8917	0.8782	0.8650	0.8519	0.8389
Discounted Cash Flow (High)	12,816	(2,975)	(33,422)	(5,864)	(5,775)	13,621

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	98,200	103,250	108,300

LANSING SQUARE - BLOCK 1

CAD (thousands)

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	572	572	572	572	572	572
Construction	5,896	5,896	5,896	22,177	22,177	22,177
Marketing	76	76	947	76	76	76
Financing	1,693	1,807	1,921	2,035	2,149	2,263
Design	123	123	123	123	123	123
Legal	112	112	112	112	112	112
Operating costs & income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
HST	-	-	-	-	-	-
Total Costs	8,472	8,586	9,571	25,095	25,209	25,322
Add: Financing Costs	1,693	1,807	1,921	2,035	2,149	2,263
Debt Free Cash Flow	(6,779)	(6,779)	(7,650)	(23,060)	(23,060)	(23,060)
Discount Period	3.1253	3.3730	3.6222	3.8741	4.1246	4.3737
Discount Factor at 7.6%	0.7954	0.7811	0.7670	0.7529	0.7392	0.7259
Discounted Cash Flow (Low)	(5,392)	(5,295)	(5,867)	(17,363)	(17,047)	(16,739)
Discount Factor at 6.3%	0.8262	0.8138	0.8015	0.7892	0.7773	0.7655
Discounted Cash Flow (High)	(5,601)	(5,517)	(6,132)	(18,200)	(17,923)	(17,653)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	98,200	103,250	108,300

LANSING SQUARE - BLOCK 1

CAD (thousands)

	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Revenues:					
Condos	-	-	-	23,015	368,235
Retail	-	-	-	-	14,263
Affordable	-	-	-	-	22,342
Total Revenue	-	-	-	23,015	404,840
Costs:					
Municipal	572	572	103	103	103
Construction	22,177	22,177	22,177	22,177	22,177
Marketing	76	76	76	76	11,046
Financing	2,376	2,490	2,604	2,718	-
Design	123	123	123	123	-
Legal	112	112	112	112	112
Operating costs & income	-	-	-	-	(5,639)
Contingency	-	-	-	-	14,508
HST	-	-	-	-	1,105
Total Costs	25,436	25,550	25,195	25,308	43,411
Add: Financing Costs	2,376	2,490	2,604	2,718	-
Debt Free Cash Flow	(23,060)	(23,060)	(22,590)	424	361,429
Discount Period	4.6242	4.8761	5.1266	5.3744	5.6235
Discount Factor at 7.6%	0.7127	0.6996	0.6869	0.6746	0.6624
Discounted Cash Flow (Low)	(16,434)	(16,134)	(15,518)	286	239,401
Discount Factor at 6.3%	0.7539	0.7424	0.7311	0.7201	0.7092
Discounted Cash Flow (High)	(17,384)	(17,119)	(16,516)	306	256,337

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	98,200	103,250	108,300

Elad Canada Realty Inc.
 Estimate Valuation as at September 30, 2019

[1] **LANSING SQUARE - BLOCK 1**

CAD (thousands)

► Notes:

SCHEDULE 12

[1] This schedule should be read in conjunction with our Report.

[2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

[3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	4.00%	5.00%
Project WACC (Nominal)	8.30%	9.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	6.30%	7.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in Note 2.

Elad Canada Realty Inc.

Estimate Valuation as at September 30, 2019

[1] **LANSING SQUARE - BLOCK 1**

CAD (thousands)

[4] Deferred taxes calculated as follows (for all Lansing projects):

Deferred Taxes	Low	High
FMV of Lansing - Block 1	98,200	108,300
FMV of Lansing - Block 4	(18,200)	(17,400)
FMV of Lansing - Block 2	88,300	98,200
FMV of Lansing - Block 3	3,100	3,400
Total FMV of Development Projects	171,400	192,500
Book Cost	93,839	93,839
Taxable Income	77,561	98,661
Income Taxes at 26.5%	20,554	26,145
Discount Rate	6.30%	7.60%
Discount Period (Timing of Tax)	1.00	1.00
Discount Factor	0.94	0.93
Discounted Deferred Taxes (FMV)	19,300	24,300

[1] **LANSING SQUARE - BLOCK 4**

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Revenues:						
Office Space	-	-	-	-	-	-
Reatil including parking	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	-	-	30
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating costs & income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	-	-	-	-	-	30
Add: Financing Costs	-	-	-	-	-	-
[2] Debt Free Cash Flow	-	-	-	-	-	(30)
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266	1.3744
[3] Discount Factor at 7.6%	0.9908	0.9728	0.9552	0.9378	0.9208	0.9042
Discounted Cash Flow (Low)	-	-	-	-	-	(27)
[3] Discount Factor at 6.3%	0.9923	0.9773	0.9625	0.9479	0.9335	0.9195
Discounted Cash Flow (High)	-	-	-	-	-	(28)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	(18,200)	(17,800)	(17,400)

LANSING SQUARE - BLOCK 4

CAD (thousands)

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenues:						
Office Space	-	-	-	-	-	-
Reatil including parking	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	759	230	506	-	-	-
Construction	18,607	7,236	7,236	7,236	7,236	7,236
Marketing	-	-	-	30	-	-
Financing	1,906	605	679	752	826	900
Design	1,205	1,205	1,205	1,205	172	172
Legal	64	64	64	64	64	64
Operating costs & income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	22,541	9,339	9,689	9,287	8,298	8,372
Add: Financing Costs	1,906	605	679	752	826	900
Debt Free Cash Flow	(20,634)	(8,735)	(9,011)	(8,535)	(7,472)	(7,472)
Discount Period	1.6235	1.8754	2.1259	2.3737	2.6229	2.8747
Discount Factor at 7.6%	0.8879	0.8716	0.8558	0.8404	0.8252	0.8101
Discounted Cash Flow (Low)	(18,321)	(7,613)	(7,711)	(7,172)	(6,166)	(6,053)
Discount Factor at 6.3%	0.9056	0.8917	0.8782	0.8650	0.8519	0.8389
Discounted Cash Flow (High)	(18,686)	(7,789)	(7,913)	(7,382)	(6,365)	(6,268)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	(18,200)	(17,800)	(17,400)

LANSING SQUARE - BLOCK 4

CAD (thousands)

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Revenues:					
Office Space	-	-	-	-	174,444
Reatil including parking	-	-	-	-	6,486
Total Revenue	-	-	-	-	180,930
Costs:					
Municipal	-	-	-	-	-
Construction	7,236	24,729	24,729	24,729	24,729
Marketing	108	108	108	108	14,605
Financing	974	1,048	1,121	1,195	1,269
Design	172	172	172	172	172
Legal	64	64	64	64	64
Operating costs & income	-	-	-	-	-
Contingency	-	-	-	-	8,045
Total Costs	8,553	26,121	26,194	26,268	48,884
Add: Financing Costs	974	1,048	1,121	1,195	1,269
Debt Free Cash Flow	(7,580)	(25,073)	(25,073)	(25,073)	133,315
Discount Period	3.1253	3.3730	3.6222	3.8741	4.1246
Discount Factor at 7.6%	0.7954	0.7811	0.7670	0.7529	0.7392
Discounted Cash Flow (Low)	(6,029)	(19,584)	(19,230)	(18,878)	98,552
Discount Factor at 6.3%	0.8262	0.8138	0.8015	0.7892	0.7773
Discounted Cash Flow (High)	(6,262)	(20,404)	(20,095)	(19,789)	103,619

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	(18,200)	(17,800)	(17,400)

Elad Canada Realty Inc.
 Estimate Valuation as at September 30, 2019

[1] **LANSING SQUARE - BLOCK 4**

CAD (thousands)

► Notes: **SCHEDULE 13**

[1] This schedule should be read in conjunction with our Report.

[2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

[3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	4.00%	5.00%
Project WACC (Nominal)	8.30%	9.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	6.30%	7.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in Note 2.

[1] **LANSING SQUARE - BLOCK 2**

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	56	56	56	56	56	-
Construction	-	-	62	156	280	124
Marketing	-	-	-	-	-	150
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating costs & income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	56	56	118	212	336	274
Add: Financing Costs	-	-	-	-	-	-
[2] Debt Free Cash Flow	(56)	(56)	(118)	(212)	(336)	(274)
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266	1.3744
[3] Discount Factor at 7.6%	0.9908	0.9728	0.9552	0.9378	0.9208	0.9042
Discounted Cash Flow (Low)	(56)	(55)	(113)	(199)	(310)	(248)
[3] Discount Factor at 6.3%	0.9923	0.9773	0.9625	0.9479	0.9335	0.9195
Discounted Cash Flow (High)	(56)	(55)	(114)	(201)	(314)	(252)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	88,300	93,250	98,200

LANSING SQUARE - BLOCK 2

CAD (thousands)

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenues:						
Condos	-	-	-	-	22,328	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	22,328	-
Costs:						
Municipal	-	418	418	1,229	418	418
Construction	-	-	-	-	-	-
Marketing	150	150	150	885	6,422	612
Financing	-	-	-	-	-	5,518
Design	-	-	-	-	1,456	1,456
Legal	-	-	-	-	108	108
Operating costs & income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	150	568	568	2,113	8,404	8,112
Add: Financing Costs	-	-	-	-	-	5,518
Debt Free Cash Flow	(150)	(568)	(568)	(2,113)	13,924	(2,594)
Discount Period	1.6235	1.8754	2.1259	2.3737	2.6229	2.8747
Discount Factor at 7.6%	0.8879	0.8716	0.8558	0.8404	0.8252	0.8101
Discounted Cash Flow (Low)	(133)	(495)	(486)	(1,776)	11,490	(2,102)
Discount Factor at 6.3%	0.9056	0.8917	0.8782	0.8650	0.8519	0.8389
Discounted Cash Flow (High)	(136)	(506)	(499)	(1,828)	11,862	(2,176)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	88,300	93,250	98,200

LANSING SQUARE - BLOCK 2

CAD (thousands)

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Revenues:						
Condos	22,328	-	-	22,328	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	22,328	-	-	22,328	-	-
Costs:						
Municipal	1,094	30,738	553	553	553	553
Construction	14,010	5,448	5,448	5,448	5,448	5,448
Marketing	6,801	68	68	68	68	68
Financing	995	1,051	1,139	1,228	1,316	1,405
Design	1,456	1,456	121	121	121	121
Legal	108	108	108	108	108	108
Operating costs & income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	24,464	38,869	7,438	7,526	7,615	7,703
Add: Financing Costs	995	1,051	1,139	1,228	1,316	1,405
Debt Free Cash Flow	(1,141)	(37,818)	(6,298)	16,029	(6,298)	(6,298)
Discount Period	3.1253	3.3730	3.6222	3.8741	4.1246	4.3737
Discount Factor at 7.6%	0.7954	0.7811	0.7670	0.7529	0.7392	0.7259
Discounted Cash Flow (Low)	(908)	(29,539)	(4,831)	12,069	(4,656)	(4,572)
Discount Factor at 6.3%	0.8262	0.8138	0.8015	0.7892	0.7773	0.7655
Discounted Cash Flow (High)	(943)	(30,775)	(5,048)	12,651	(4,895)	(4,821)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	88,300	93,250	98,200

LANSING SQUARE - BLOCK 2

CAD (thousands)

	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	553	553	135	135	135	135
Construction	5,448	19,903	19,903	19,903	19,903	19,903
Marketing	914	68	68	68	68	68
Financing	1,493	1,582	1,670	1,759	1,847	1,936
Design	121	121	121	121	121	121
Legal	108	108	108	108	108	108
Operating costs & income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	8,638	22,334	22,005	22,093	22,182	22,270
Add: Financing Costs	1,493	1,582	1,670	1,759	1,847	1,936
Debt Free Cash Flow	(7,145)	(20,753)	(20,335)	(20,335)	(20,335)	(20,335)
Discount Period	4.6242	4.8761	5.1266	5.3744	5.6235	5.8754
Discount Factor at 7.6%	0.7127	0.6996	0.6869	0.6746	0.6624	0.6503
Discounted Cash Flow (Low)	(5,092)	(14,520)	(13,968)	(13,717)	(13,469)	(13,223)
Discount Factor at 6.3%	0.7539	0.7424	0.7311	0.7201	0.7092	0.6984
Discounted Cash Flow (High)	(5,387)	(15,406)	(14,867)	(14,643)	(14,422)	(14,202)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	88,300	93,250	98,200

LANSING SQUARE - BLOCK 2

CAD (thousands)

	Q4 2025	Q1 2026	Q2 2026
Revenues:			
Condos	-	22,328	357,242
Retail	-	-	7,634
Affordable	-	-	-
Total Revenue	-	22,328	364,876
Costs:			
Municipal	135	135	135
Construction	19,903	19,903	19,903
Marketing	68	68	10,237
Financing	2,024	2,112	-
Design	121	121	-
Legal	108	108	108
Operating costs & income	-	-	(5,352)
Contingency	-	-	13,383
Total Costs	22,359	22,447	38,414
Add: Financing Costs	2,024	2,112	-
Debt Free Cash Flow	(20,335)	1,993	326,463
Discount Period	6.1259	6.3737	6.6229
Discount Factor at 7.6%	0.6384	0.6270	0.6156
Discounted Cash Flow (Low)	(12,982)	1,249	200,977
Discount Factor at 6.3%	0.6878	0.6775	0.6672
Discounted Cash Flow (High)	(13,986)	1,350	217,825

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	88,300	93,250	98,200

Elad Canada Realty Inc.
 Estimate Valuation as at September 30, 2019

[1] **LANSING SQUARE - BLOCK 2**

CAD (thousands)

► Notes:

SCHEDULE 14

[1] This schedule should be read in conjunction with our Report.

[2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

[3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	4.00%	5.00%
Project WACC (Nominal)	8.30%	9.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	6.30%	7.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in Note 2.

[1] **LANSING SQUARE - BLOCK 3**

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Revenues:					
Condos	-	-	-	-	-
Retail	-	-	-	-	-
Affordable	-	-	-	-	-
Total Revenue	-	-	-	-	-
Costs:					
Municipal	2	2	2	2	2
Construction	-	-	2	5	8
Marketing	-	-	-	-	4
Financing	-	-	-	-	-
Design	-	-	-	-	-
Legal	-	-	-	-	-
Operating costs & income	-	-	-	-	-
Contingency	-	-	-	-	-
Total Costs	2	2	3	6	14
Add: Financing Costs	-	-	-	-	-
[2] Debt Free Cash Flow	(2)	(2)	(3)	(6)	(14)
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266
[3] Discount Factor at 7.6%	0.9908	0.9728	0.9552	0.9378	0.9208
Discounted Cash Flow (Low)	(2)	(2)	(3)	(6)	(13)
[3] Discount Factor at 6.3%	0.9923	0.9773	0.9625	0.9479	0.9335
Discounted Cash Flow (High)	(2)	(2)	(3)	(6)	(13)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	3,100	3,250	3,400

LANSING SQUARE - BLOCK 3

CAD (thousands)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Revenues:						
Condos	-	-	-	-	-	629
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	629
Costs:						
Municipal	-	-	12	12	40	12
Construction	4	-	-	-	-	-
Marketing	4	4	4	-	2	110
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating costs & income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	8	4	16	12	42	122
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	(8)	(4)	(16)	(12)	(42)	507
Discount Period	1.3744	1.6235	1.8754	2.1259	2.3737	2.6229
Discount Factor at 7.6%	0.9042	0.8879	0.8716	0.8558	0.8404	0.8252
Discounted Cash Flow (Low)	(7)	(4)	(14)	(10)	(35)	419
Discount Factor at 6.3%	0.9195	0.9056	0.8917	0.8782	0.8650	0.8519
Discounted Cash Flow (High)	(7)	(4)	(14)	(10)	(36)	432

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	3,100	3,250	3,400

LANSING SQUARE - BLOCK 3

CAD (thousands)

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Revenues:						
Condos	-	629	-	-	629	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	629	-	-	629	-
Costs:						
Municipal	12	12	12	12	12	12
Construction	-	-	-	-	-	-
Marketing	47	210	32	32	2	2
Financing	-	-	-	-	-	-
Design	122	122	122	122	10	10
Legal	7	7	7	7	7	7
Operating costs & income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	188	351	173	173	31	31
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	(188)	279	(173)	(173)	598	(31)
Discount Period	2.8747	3.1253	3.3730	3.6222	3.8741	4.1246
Discount Factor at 7.6%	0.8101	0.7954	0.7811	0.7670	0.7529	0.7392
Discounted Cash Flow (Low)	(152)	222	(135)	(133)	450	(23)
Discount Factor at 6.3%	0.8389	0.8262	0.8138	0.8015	0.7892	0.7773
Discounted Cash Flow (High)	(158)	230	(141)	(139)	472	(24)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	3,100	3,250	3,400

LANSING SQUARE - BLOCK 3

CAD (thousands)

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	12	12	12	-	26	746
Construction	-	-	-	-	600	600
Marketing	2	2	2	2	2	2
Financing	-	-	-	-	167	38
Design	10	10	10	10	10	10
Legal	7	7	7	7	7	7
Operating costs & income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	31	31	31	19	812	1,403
Add: Financing Costs	-	-	-	-	167	38
Debt Free Cash Flow	(31)	(31)	(31)	(19)	(645)	(1,365)
Discount Period	4.3737	4.6242	4.8761	5.1266	5.3744	5.6235
Discount Factor at 7.6%	0.7259	0.7127	0.6996	0.6869	0.6746	0.6624
Discounted Cash Flow (Low)	(23)	(22)	(22)	(13)	(435)	(904)
Discount Factor at 6.3%	0.7655	0.7539	0.7424	0.7311	0.7201	0.7092
Discounted Cash Flow (High)	(24)	(24)	(23)	(14)	(465)	(968)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	3,100	3,250	3,400

LANSING SQUARE - BLOCK 3

CAD (thousands)

	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Revenues:					
Condos	-	-	-	629	10,070
Retail	-	-	-	-	-
Affordable	-	-	-	-	-
Total Revenue	-	-	-	629	10,070
Costs:					
Municipal	7	7	7	7	7
Construction	600	600	600	600	600
Marketing	2	2	2	2	165
Financing	40	42	44	-	-
Design	10	10	10	10	-
Legal	7	7	7	7	-
Operating costs & income	-	-	-	25	-
Contingency	-	-	-	704	-
Total Costs	666	668	670	1,355	772
Add: Financing Costs	40	42	44	-	-
Debt Free Cash Flow	(626)	(626)	(626)	(726)	9,299
Discount Period	5.8754	6.1259	6.3737	6.6229	6.8747
Discount Factor at 7.6%	0.6503	0.6384	0.6270	0.6156	0.6044
Discounted Cash Flow (Low)	(407)	(400)	(393)	(447)	5,620
Discount Factor at 6.3%	0.6984	0.6878	0.6775	0.6672	0.6570
Discounted Cash Flow (High)	(437)	(431)	(424)	(484)	6,110

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	3,100	3,250	3,400

Elad Canada Realty Inc.
 Estimate Valuation as at September 30, 2019

[1] **LANSING SQUARE - BLOCK 3**

CAD (thousands)

► Notes:

SCHEDULE 15

- [1] This schedule should be read in conjunction with our Report.
- [2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

[3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	4.00%	5.00%
Project WACC (Nominal)	8.30%	9.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	6.30%	7.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in Note 2.

[1] CITE NATURE - BLOCK B PHASE 4

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Revenues:						
Condos	-	-	2,753	-	2,753	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	2,753	-	2,753	-
Costs:						
Municipal	-	-	460	-	-	-
Construction	-	-	-	-	4,247	2,832
Marketing	-	371	1,085	226	226	7
Financing	-	-	-	850	33	109
Design	38	237	237	237	24	24
Legal	42	42	42	42	42	42
Operating Costs & Income	-	-	-	-	-	-
Contingency	217	217	217	217	217	217
Total Costs	298	868	2,042	1,573	4,789	3,231
Add: Financing Costs	-	-	-	850	33	109
[2] Debt Free Cash Flow	(298)	(868)	711	(723)	(2,003)	(3,122)
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266	1.3744
[3] Discount Factor at 6.6%	0.9920	0.9762	0.9608	0.9455	0.9305	0.9159
Discounted Cash Flow (Low)	(296)	(848)	683	(684)	(1,864)	(2,860)
[3] Discount Factor at 4.3%	0.9947	0.9843	0.9740	0.9638	0.9537	0.9438
Discounted Cash Flow (High)	(296)	(855)	693	(697)	(1,911)	(2,947)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	7,700	8,450	9,200

CITE NATURE - BLOCK B PHASE 4

CAD (thousands)

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenues:						
Condos	-	2,753	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	2,753	-	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	3,040	3,040	3,040	3,040	3,040	3,040
Marketing	7	7	7	7	7	7
Financing	150	184	218	253	287	321
Design	24	24	24	24	24	24
Legal	42	42	42	42	42	42
Operating Costs & Income	-	-	-	-	-	-
Contingency	217	217	217	217	217	217
Total Costs	3,481	3,515	3,549	3,583	3,617	3,651
Add: Financing Costs	150	184	218	253	287	321
Debt Free Cash Flow	(3,331)	(577)	(3,331)	(3,331)	(3,331)	(3,331)
Discount Period	1.6235	1.8754	2.1259	2.3737	2.6229	2.8747
Discount Factor at 6.6%	0.9014	0.8870	0.8730	0.8592	0.8457	0.8322
Discounted Cash Flow (Low)	(3,002)	(512)	(2,907)	(2,862)	(2,817)	(2,772)
Discount Factor at 4.3%	0.9339	0.9241	0.9144	0.9049	0.8955	0.8860
Discounted Cash Flow (High)	(3,111)	(534)	(3,045)	(3,014)	(2,982)	(2,951)

Range of Project Value	Fair Market Value		
	Low	Midpoint	High
	7,700	8,450	9,200

CITE NATURE - BLOCK B PHASE 4

CAD (thousands)

	Q4 2022	Q1 2023	Q2 2023
Revenues:			
Condos	-	2,753	44,051
Retail	-	-	-
Affordable	-	-	-
Total Revenue	-	2,753	44,051
Costs:			
Municipal	-	-	-
Construction	3,040	3,040	3,040
Marketing	7	7	892
Financing	355	389	418
Design	24	24	-
Legal	42	42	42
Operating Costs & Income	-	-	-
Contingency	217	217	217
Total Costs	3,686	3,720	4,610
Add: Financing Costs	355	389	418
Debt Free Cash Flow	(3,331)	(577)	39,859
Discount Period	3.1253	3.3730	3.6222
Discount Factor at 6.6%	0.8189	0.8061	0.7933
Discounted Cash Flow (Low)	(2,728)	(465)	31,622
Discount Factor at 4.3%	0.8767	0.8676	0.8586
Discounted Cash Flow (High)	(2,920)	(501)	34,221

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	7,700	8,450	9,200

Elad Canada Realty Inc.
 Estimate Valuation as at September 30, 2019

[1] **CITE NATURE - BLOCK B PHASE 4**

CAD (thousands)

► Notes: **SCHEDULE 16**

[1] This schedule should be read in conjunction with our Report.

[2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

[3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	2.00%	4.00%
Project WACC (Nominal)	6.30%	8.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	4.30%	6.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in Note 2.

Elad Canada Realty Inc.

Estimate Valuation as at September 30, 2019

[1] **CITE NATURE - BLOCK B PHASE 4**

CAD (thousands)

[4] Deferred taxes calculated as follows (for all Cite Nature projects):

Deferred Taxes	Low	High
FMV of Cite Nature - Phase 4	7,700	9,200
FMV of Cite Nature - Phase 5	12,400	14,200
FMV of Cite Nature - Phase 6	7,800	9,700
FMV of Cite Nature - Phase 7	8,300	10,300
FMV of Cite Nature - Phase 8	4,000	5,300
Total FMV of Development Projects	40,200	48,700
Book Cost	25,587	25,587
Taxable Income	14,613	23,113
Income Taxes at 26.5%	3,872	6,125
Discount Rate	4.30%	6.60%
Discount Period (Timing of Tax)	1.00	1.00
Discount Factor	0.96	0.94
Discounted Deferred Taxes (FMV)	3,700	5,700

[1] CITE NATURE - BLOCK B PHASE 5

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	45	105	-	-	350
Financing	-	-	-	-	-	-
Design	-	-	-	-	80	252
Legal	-	-	-	-	-	58
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	341
Total Costs	-	45	105	-	80	1,001
Add: Financing Costs	-	-	-	-	-	-
[2] Debt Free Cash Flow	-	(45)	(105)	-	(80)	(1,001)
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266	1.3744
[3] Discount Factor at 6.6%	0.9920	0.9762	0.9608	0.9455	0.9305	0.9159
Discounted Cash Flow (Low)	-	(44)	(101)	-	(75)	(917)
[3] Discount Factor at 4.3%	0.9947	0.9843	0.9740	0.9638	0.9537	0.9438
Discounted Cash Flow (High)	-	(44)	(102)	-	(76)	(945)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	12,400	13,300	14,200

CITE NATURE - BLOCK B PHASE 5

CAD (thousands)

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenues:						
Condos	3,360	-	3,360	-	-	3,360
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	3,360	-	3,360	-	-	3,360
Costs:						
Municipal	-	-	521	-	-	-
Construction	4,898	3,265	-	-	5,262	5,262
Marketing	1,165	236	236	9	9	9
Financing	-	-	-	737	100	140
Design	252	252	32	32	32	32
Legal	58	58	58	58	58	58
Operating Costs & Income	-	-	-	-	-	-
Contingency	341	341	341	341	341	341
Total Costs	6,715	4,153	1,188	1,177	5,802	5,842
Add: Financing Costs	-	-	-	737	100	140
Debt Free Cash Flow	(3,355)	(4,153)	2,172	(440)	(5,701)	(2,342)
Discount Period	1.6235	1.8754	2.1259	2.3737	2.6229	2.8747
Discount Factor at 6.6%	0.9014	0.8870	0.8730	0.8592	0.8457	0.8322
Discounted Cash Flow (Low)	(3,024)	(3,684)	1,896	(378)	(4,822)	(1,949)
Discount Factor at 4.3%	0.9339	0.9241	0.9144	0.9049	0.8955	0.8860
Discounted Cash Flow (High)	(3,133)	(3,838)	1,986	(398)	(5,105)	(2,075)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	12,400	13,300	14,200

CITE NATURE - BLOCK B PHASE 5

CAD (thousands)

	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Revenues:				
Condos	-	-	3,360	53,757
Retail	-	-	-	-
Affordable	-	-	-	-
Total Revenue	-	-	3,360	53,757
Costs:				
Municipal	-	-	-	-
Construction	5,262	5,262	5,262	5,262
Marketing	9	9	9	1,094
Financing	187	234	281	328
Design	32	32	32	32
Legal	58	58	58	58
Operating Costs & Income	-	-	-	-
Contingency	341	341	341	341
Total Costs	5,889	5,935	5,982	7,114
Add: Financing Costs	187	234	281	328
Debt Free Cash Flow	(5,701)	(5,701)	(2,342)	46,971
Discount Period	3.1253	3.3730	3.6222	3.8741
Discount Factor at 6.6%	0.8189	0.8061	0.7933	0.7807
Discounted Cash Flow (Low)	(4,669)	(4,596)	(1,858)	36,669
Discount Factor at 4.3%	0.8767	0.8676	0.8586	0.8495
Discounted Cash Flow (High)	(4,999)	(4,947)	(2,010)	39,902

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	12,400	13,300	14,200

Elad Canada Realty Inc.
 Estimate Valuation as at September 30, 2019

[1] **CITE NATURE - BLOCK B PHASE 5**

CAD (thousands)

► **Notes:** **SCHEDULE 17**

[1] This schedule should be read in conjunction with our Report.

[2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

[3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	2.00%	4.00%
Project WACC (Nominal)	6.30%	8.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	4.30%	6.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in Note 2.

[1] CITE NATURE - BLOCK A PHASE 6

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	-	-	-
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	-	-	-	-	-	-
Add: Financing Costs	-	-	-	-	-	-
[2] Debt Free Cash Flow	-	-	-	-	-	-
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266	1.3744
[3] Discount Factor at 6.6%	0.9920	0.9762	0.9608	0.9455	0.9305	0.9159
Discounted Cash Flow (Low)	-	-	-	-	-	-
[3] Discount Factor at 4.3%	0.9947	0.9843	0.9740	0.9638	0.9537	0.9438
Discounted Cash Flow (High)	-	-	-	-	-	-

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	7,800	8,750	9,700

CITE NATURE - BLOCK A PHASE 6

CAD (thousands)

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenues:						
Condos	-	-	-	-	3,502	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	3,502	-
Costs:						
Municipal	-	-	-	-	-	541
Construction	-	-	-	-	-	-
Marketing	-	-	-	641	1,851	247
Financing	-	-	-	-	-	-
Design	-	-	261	261	261	261
Legal	-	-	-	65	65	65
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	352	352	352
Total Costs	-	-	261	1,320	2,530	1,468
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	-	-	(261)	(1,320)	972	(1,468)
Discount Period	1.6235	1.8754	2.1259	2.3737	2.6229	2.8747
Discount Factor at 6.6%	0.9014	0.8870	0.8730	0.8592	0.8457	0.8322
Discounted Cash Flow (Low)	-	-	(228)	(1,135)	822	(1,221)
Discount Factor at 4.3%	0.9339	0.9241	0.9144	0.9049	0.8955	0.8860
Discounted Cash Flow (High)	-	-	(239)	(1,195)	870	(1,300)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	7,800	8,750	9,700

CITE NATURE - BLOCK A PHASE 6

CAD (thousands)

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Revenues:						
Condos	3,502	-	-	3,502	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	3,502	-	-	3,502	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	7,297	4,865	4,629	4,629	4,629
Marketing	247	-	-	-	-	-
Financing	935	115	211	236	262	287
Design	29	29	29	29	29	29
Legal	65	65	65	65	65	65
Operating Costs & Income	-	-	-	-	-	-
Contingency	352	352	352	352	352	352
Total Costs	1,629	7,859	5,523	5,312	5,338	5,363
Add: Financing Costs	935	115	211	236	262	287
Debt Free Cash Flow	2,808	(7,744)	(5,312)	(1,574)	(5,076)	(5,076)
Discount Period	3.1253	3.3730	3.6222	3.8741	4.1246	4.3737
Discount Factor at 6.6%	0.8189	0.8061	0.7933	0.7807	0.7683	0.7561
Discounted Cash Flow (Low)	2,299	(6,242)	(4,214)	(1,229)	(3,899)	(3,838)
Discount Factor at 4.3%	0.8767	0.8676	0.8586	0.8495	0.8406	0.8318
Discounted Cash Flow (High)	2,461	(6,719)	(4,560)	(1,337)	(4,267)	(4,222)

Range of Project Value	Fair Market Value		
	Low	Midpoint	High
	7,800	8,750	9,700

CITE NATURE - BLOCK A PHASE 6

CAD (thousands)

	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Revenues:				
Condos	-	-	3,502	56,030
Retail	-	-	-	-
Affordable	-	-	-	-
Total Revenue	-	-	3,502	56,030
Costs:				
Municipal	-	-	-	-
Construction	4,629	4,629	4,629	4,629
Marketing	-	-	-	1,130
Financing	313	339	364	377
Design	29	29	29	-
Legal	65	65	65	65
Operating Costs & Income	-	-	-	-
Contingency	352	352	352	352
Total Costs	5,389	5,414	5,440	6,553
Add: Financing Costs	313	339	364	377
Debt Free Cash Flow	(5,076)	(5,076)	(1,574)	49,854
Discount Period	4.6242	4.8761	5.1266	5.3744
Discount Factor at 6.6%	0.7441	0.7322	0.7206	0.7093
Discounted Cash Flow (Low)	(3,777)	(3,717)	(1,134)	35,361
Discount Factor at 4.3%	0.8231	0.8144	0.8059	0.7975
Discounted Cash Flow (High)	(4,178)	(4,134)	(1,268)	39,759

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	7,800	8,750	9,700

Elad Canada Realty Inc.
 Estimate Valuation as at September 30, 2019

[1] **CITE NATURE - BLOCK A PHASE 6**

CAD (thousands)

► **Notes:** **SCHEDULE 18**

[1] This schedule should be read in conjunction with our Report.

[2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

[3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	2.00%	4.00%
Project WACC (Nominal)	6.30%	8.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	4.30%	6.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in Note 2.

[1] CITE NATURE - BLOCK A PHASE 7

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Revenues:					
Condos	-	-	-	-	-
Retail	-	-	-	-	-
Affordable	-	-	-	-	-
Total Revenue	-	-	-	-	-
Costs:					
Municipal	-	-	-	-	-
Construction	-	-	-	-	-
Marketing	-	-	-	-	-
Financing	-	-	-	-	-
Design	-	-	-	-	-
Legal	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-
Contingency	-	-	-	-	-
Total Costs	-	-	-	-	-
Add: Financing Costs	-	-	-	-	-
[2] Debt Free Cash Flow	-	-	-	-	-
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266
[3] Discount Factor at 6.6%	0.9920	0.9762	0.9608	0.9455	0.9305
Discounted Cash Flow (Low)	-	-	-	-	-
[3] Discount Factor at 4.3%	0.9947	0.9843	0.9740	0.9638	0.9537
Discounted Cash Flow (High)	-	-	-	-	-

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	8,300	9,300	10,300

CITE NATURE - BLOCK A PHASE 7

CAD (thousands)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	-	15	35
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	-	-	-	-	15	35
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	-	-	-	-	(15)	(35)
Discount Period	1.3744	1.6235	1.8754	2.1259	2.3737	2.6229
Discount Factor at 6.6%	0.9159	0.9014	0.8870	0.8730	0.8592	0.8457
Discounted Cash Flow (Low)	-	-	-	-	(13)	(30)
Discount Factor at 4.3%	0.9438	0.9339	0.9241	0.9144	0.9049	0.8955
Discounted Cash Flow (High)	-	-	-	-	(14)	(31)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	8,300	9,300	10,300

CITE NATURE - BLOCK A PHASE 7

CAD (thousands)

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Revenues:						
Condos	-	-	-	3,497	-	3,497
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	3,497	-	3,497
Costs:						
Municipal	-	-	-	-	540	-
Construction	-	-	-	-	-	-
Marketing	-	-	371	1,219	247	247
Financing	-	-	-	-	-	910
Design	-	261	261	261	261	29
Legal	-	-	45	45	45	45
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	347	347	347	347
Total Costs	-	261	1,024	1,872	1,441	1,579
Add: Financing Costs	-	-	-	-	-	910
Debt Free Cash Flow	-	(261)	(1,024)	1,625	(1,441)	2,828
Discount Period	2.8747	3.1253	3.3730	3.6222	3.8741	4.1246
Discount Factor at 6.6%	0.8322	0.8189	0.8061	0.7933	0.7807	0.7683
Discounted Cash Flow (Low)	-	(214)	(825)	1,289	(1,125)	2,173
Discount Factor at 4.3%	0.8860	0.8767	0.8676	0.8586	0.8495	0.8406
Discounted Cash Flow (High)	-	(229)	(888)	1,395	(1,224)	2,377

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	8,300	9,300	10,300

CITE NATURE - BLOCK A PHASE 7

CAD (thousands)

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Revenues:						
Condos	-	-	3,497	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	3,497	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	7,255	4,836	4,629	4,629	4,629	4,629
Marketing	-	-	-	-	-	-
Financing	113	207	233	258	283	308
Design	29	29	29	29	29	29
Legal	45	45	45	45	45	45
Operating Costs & Income	-	-	-	-	-	-
Contingency	347	347	347	347	347	347
Total Costs	7,789	5,465	5,283	5,308	5,333	5,358
Add: Financing Costs	113	207	233	258	283	308
Debt Free Cash Flow	(7,676)	(5,258)	(1,553)	(5,050)	(5,050)	(5,050)
Discount Period	4.3737	4.6242	4.8761	5.1266	5.3744	5.6235
Discount Factor at 6.6%	0.7561	0.7441	0.7322	0.7206	0.7093	0.6981
Discounted Cash Flow (Low)	(5,804)	(3,913)	(1,137)	(3,639)	(3,582)	(3,525)
Discount Factor at 4.3%	0.8318	0.8231	0.8144	0.8059	0.7975	0.7892
Discounted Cash Flow (High)	(6,385)	(4,328)	(1,265)	(4,070)	(4,028)	(3,986)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	8,300	9,300	10,300

CITE NATURE - BLOCK A PHASE 7

CAD (thousands)

	Q3 2025	Q4 2025	Q1 2026
Revenues:			
Condos	-	3,497	55,950
Retail	-	-	-
Affordable	-	-	-
Total Revenue	-	3,497	55,950
Costs:			
Municipal	-	-	-
Construction	4,629	4,629	4,629
Marketing	-	-	1,128
Financing	333	358	371
Design	29	29	-
Legal	45	45	45
Operating Costs & Income	-	-	-
Contingency	347	347	347
Total Costs	5,383	5,408	6,520
Add: Financing Costs	333	358	371
Debt Free Cash Flow	(5,050)	(1,553)	49,800
Discount Period	5.8754	6.1259	6.3737
Discount Factor at 6.6%	0.6869	0.6760	0.6654
Discounted Cash Flow (Low)	(3,469)	(1,050)	33,137
Discount Factor at 4.3%	0.7809	0.7727	0.7646
Discounted Cash Flow (High)	(3,944)	(1,200)	38,080

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	8,300	9,300	10,300

Elad Canada Realty Inc.
 Estimate Valuation as at September 30, 2019

[1] **CITE NATURE - BLOCK A PHASE 7**

CAD (thousands)

► **Notes:** **SCHEDULE 19**

[1] This schedule should be read in conjunction with our Report.

[2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

[3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	2.00%	4.00%
Project WACC (Nominal)	6.30%	8.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	4.30%	6.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in Note 2.

[1] CITE NATURE - BLOCK A PHASE 8

CAD (thousands)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	-	-	-
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	-	-	-	-	-	-
Add: Financing Costs	-	-	-	-	-	-
[2] Debt Free Cash Flow	-	-	-	-	-	-
Discount Period	0.1259	0.3765	0.6256	0.8761	1.1266	1.3744
[3] Discount Factor at 6.6%	0.9920	0.9762	0.9608	0.9455	0.9305	0.9159
Discounted Cash Flow (Low)	-	-	-	-	-	-
[3] Discount Factor at 4.3%	0.9947	0.9843	0.9740	0.9638	0.9537	0.9438
Discounted Cash Flow (High)	-	-	-	-	-	-

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	4,000	4,650	5,300

CITE NATURE - BLOCK A PHASE 8

CAD (thousands)

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	30	70	-
Financing	-	-	-	-	-	-
Design	-	-	-	-	-	-
Legal	-	-	-	-	-	-
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total Costs	-	-	-	30	70	-
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	-	-	-	(30)	(70)	-
Discount Period	1.6235	1.8754	2.1259	2.3737	2.6229	2.8747
Discount Factor at 6.6%	0.9014	0.8870	0.8730	0.8592	0.8457	0.8322
Discounted Cash Flow (Low)	-	-	-	(26)	(59)	-
Discount Factor at 4.3%	0.9339	0.9241	0.9144	0.9049	0.8955	0.8860
Discounted Cash Flow (High)	-	-	-	(27)	(63)	-

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	4,000	4,650	5,300

CITE NATURE - BLOCK A PHASE 8

CAD (thousands)

	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Revenues:						
Condos	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
Costs:						
Municipal	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Marketing	-	-	-	-	-	255
Financing	-	-	-	-	-	-
Design	-	-	-	-	180	180
Legal	-	-	-	-	-	45
Operating Costs & Income	-	-	-	-	-	-
Contingency	-	-	-	-	-	251
Total Costs	-	-	-	-	180	730
Add: Financing Costs	-	-	-	-	-	-
Debt Free Cash Flow	-	-	-	-	(180)	(730)
Discount Period	3.1253	3.3730	3.6222	3.8741	4.1246	4.3737
Discount Factor at 6.6%	0.8189	0.8061	0.7933	0.7807	0.7683	0.7561
Discounted Cash Flow (Low)	-	-	-	-	(138)	(552)
Discount Factor at 4.3%	0.8767	0.8676	0.8586	0.8495	0.8406	0.8318
Discounted Cash Flow (High)	-	-	-	-	(151)	(607)

Range of Project Value	Fair Market Value		
	Low	Midpoint	High
	4,000	4,650	5,300

CITE NATURE - BLOCK A PHASE 8

CAD (thousands)

	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Revenues:						
Condos	2,405	-	2,405	-	-	2,405
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	2,405	-	2,405	-	-	2,405
Costs:						
Municipal	-	402	-	-	-	-
Construction	-	-	-	5,810	3,874	3,190
Marketing	838	170	170	-	-	-
Financing	-	-	708	81	149	167
Design	180	180	20	20	20	20
Legal	45	45	45	45	45	45
Operating Costs & Income	-	-	-	-	-	-
Contingency	251	251	251	251	251	251
Total Costs	1,313	1,047	1,194	6,207	4,338	3,673
Add: Financing Costs	-	-	708	81	149	167
Debt Free Cash Flow	1,092	(1,047)	1,920	(6,126)	(4,189)	(1,100)
Discount Period	4.6242	4.8761	5.1266	5.3744	5.6235	5.8754
Discount Factor at 6.6%	0.7441	0.7322	0.7206	0.7093	0.6981	0.6869
Discounted Cash Flow (Low)	813	(767)	1,384	(4,345)	(2,924)	(756)
Discount Factor at 4.3%	0.8231	0.8144	0.8059	0.7975	0.7892	0.7809
Discounted Cash Flow (High)	899	(853)	1,547	(4,885)	(3,306)	(859)

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	4,000	4,650	5,300

CITE NATURE - BLOCK A PHASE 8

CAD (thousands)

	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Q4 2026	Q1 2027
Revenues:						
Condos	-	-	-	-	2,405	38,486
Retail	-	-	-	-	-	-
Affordable	-	-	-	-	-	-
Total Revenue	-	-	-	-	2,405	38,486
Costs:						
Municipal	-	-	-	-	-	-
Construction	3,190	3,190	3,190	3,190	3,190	3,190
Marketing	-	-	-	-	-	776
Financing	185	204	222	240	258	267
Design	20	20	20	20	20	-
Legal	45	45	45	45	45	45
Operating Costs & Income	-	-	-	-	-	-
Contingency	251	251	251	251	251	251
Total Costs	3,691	3,709	3,727	3,745	3,763	4,528
Add: Financing Costs	185	204	222	240	258	267
Debt Free Cash Flow	(3,506)	(3,506)	(3,506)	(3,506)	(1,100)	34,224
Discount Period	6.1259	6.3737	6.6229	6.8747	7.1253	7.3730
Discount Factor at 6.6%	0.6760	0.6654	0.6549	0.6444	0.6342	0.6242
Discounted Cash Flow (Low)	(2,370)	(2,333)	(2,296)	(2,259)	(698)	21,364
Discount Factor at 4.3%	0.7727	0.7646	0.7567	0.7487	0.7408	0.7331
Discounted Cash Flow (High)	(2,709)	(2,681)	(2,653)	(2,625)	(815)	25,091

	Fair Market Value		
	Low	Midpoint	High
Range of Project Value	4,000	4,650	5,300

Elad Canada Realty Inc.
 Estimate Valuation as at September 30, 2019

[1] **CITE NATURE - BLOCK A PHASE 8**

CAD (thousands)

► **Notes:** **SCHEDULE 20**

[1] This schedule should be read in conjunction with our Report.

[2] Revenues and costs were projected by Management. Revenue figures correspond with timing of condominium sales at expected prices based on current market conditions. Costs have been developed by cost consultants Finnegan Marshall & Altus. Revenues and costs do not include price escalation or inflation, and as such, are presented on a real basis. As a result, we have used a real discount rate to discount the project cash flows.

[3] The discount rate has been estimated as follows:

Cost of Equity	Low	High
<i>Systematic risk factors:</i>		
Risk-Free Rate	1.94%	1.94%
Levered Equity Beta	0.47	0.47
Equity Risk Premium	5.00%	5.00%
Country Risk Premium	0.00%	0.00%
Cost of Equity (before Unsystematic Risk)	4.31%	4.31%
<i>Unsystematic Risk Factors:</i>		
Size Premium	1.80%	1.80%
Company Specific Risk Premium	3.00%	5.00%
After-Tax Cost of Equity	9.11%	11.11%
Cost of Debt	Low	High
Pre-Tax Cost of Debt	4.70%	4.70%
Tax Rate	26.50%	26.50%
After-Tax Cost of Debt	3.45%	3.45%
Weighted-Average Cost of Capital (WACC)	Low	High
Debt-to-Capital	85.00%	85.00%
Equity-to-Capital	15.00%	15.00%
WACC (Nominal)	4.30%	4.60%
Project Specific Risk Premium	2.00%	4.00%
Project WACC (Nominal)	6.30%	8.60%
Inflation	-2.00%	-2.00%
Project WACC (Real)	4.30%	6.60%

* We have used a real WACC in discounting the project cash flows, as projected revenues and costs do not include price escalation or inflation and are presented on a real basis, as indicated in Note 2.