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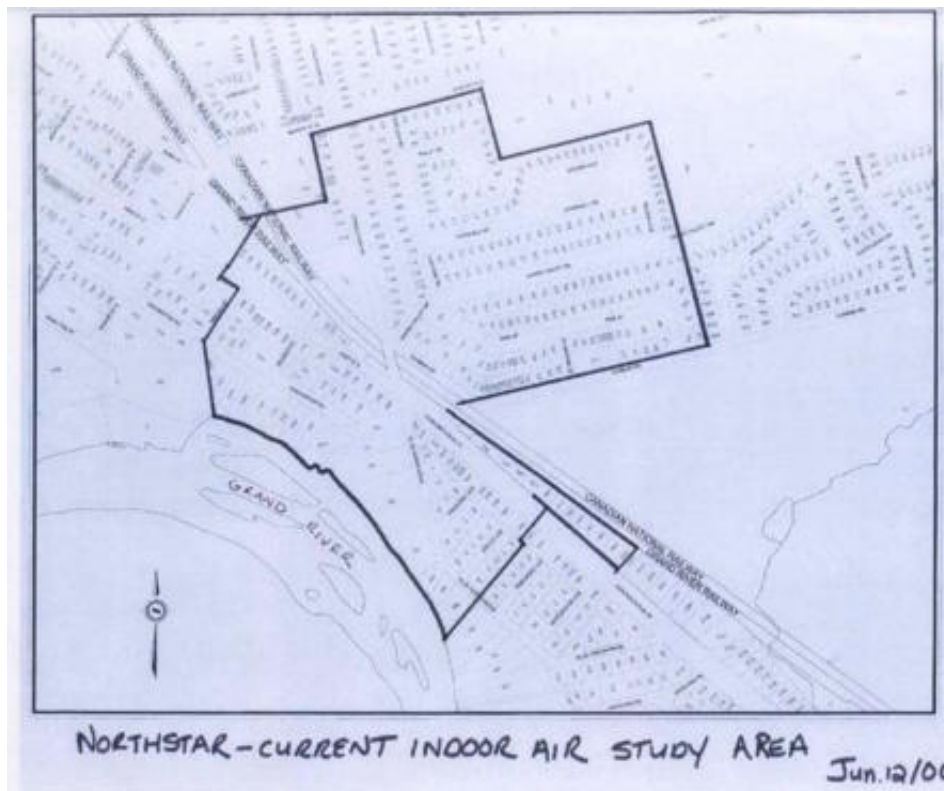
The Corporation of the City of Cambridge,
2nd Floor
73 Water Street North
Cambridge, Ontario
N1R 5W8

Attention: Mr. Don Smith, MSc., M.C.I.P.
Chief Administrative Officer

Dear Sir:

As requested, an investigation and analysis was undertaken to determine, the impact, if any, on property values as a result of groundwater contamination. The specific contamination was the result of the presence of TCE (Trichloroethylene) in the groundwater in a residential subdivision in the City of Cambridge (Preston). This area which encompasses approximately 350 homes and 4 businesses and extends south from Bishop Street North to the Grand River, east of Brown Street, west of Pinewood Avenue and just west of Holley Crescent. The awareness of this contamination became public knowledge on June 30th, 2005. Consequently, the analysed time frames for this impact study include pre June 2005 and post June 2005.

The map below which is dated June 12th, 2006 depicts the study area.



I personally inspected the impacted area on several occasions between July 12th, 2006 to present.

The action levels discussed herein were proposed by Northstars consultant A.M.E.C. and reviewed by M.O.E Standards Development Branch which provided comments to the Medical Officer of Health.

In this analysis, three types of properties in the impacted area were studied which are outlined below:

Level 1 Properties: These are properties where the air quality levels within the residences are below the remediation action level of 23ug TCE/m³ indoor air, without remedial systems in place.

Level 2 Properties: These are properties where the air quality levels within the residences are assumed to be below the remediation action level of 23ug TCE/m³ indoor air. However, this is being achieved by the installation of a Heat Recovery Ventilator(HRV) system and or a Photo-Catalytic Oxidation(PCO) unit in the individual homes.

Level 3 Properties: These are properties where the air quality levels within the residences are assumed to be below the remediation action level of 23ug TCE/m³ indoor air. However, this is being achieved by two methods either just with the installation of an Soil Vapour Extraction(SVE) system or with a SVE in conjunction with the installation of the HRV/PCO systems. Even though it can be a stand alone system, the SVE system is typically utilized for more than one property.

It should be noted that some residences also required their basements sealed and sump and drains being sealed. Further, anomalies do currently exist within the area where some of residences are still above remedial action levels. In conversations with A.M.E.C. officials, 38 homes remain with air levels in excess of 23ug/m³, therefore remediation of these homes is still on going. It being understood, that my study and conclusions assume that all impacted homes within the defined area after implementation of the remediation systems, have reduced the indoor air quality action levels to below the remediation action level. As instructed, this study was based on the assumption that all residences had or will have acceptable indoor air quality levels for TCE.

This study was based on a macro overview of the impacted area and does not address the individual properties and their anomalies.

Based on information provided from A.M.E.C., with our research, opinions on the actual time frame to remediate the area below the action level of 23ugTCE/m³ indoor air without ongoing active remedial equipment operating varies. Optimistically, 3 years has been suggested, however, this appears to not be achievable, therefore, it has been disregarded. Ten years or longer has also been mentioned. Remediation of groundwater contamination within a five year period is considered to be a short time frame for remediation.

For the purpose of this analysis given the uncertainty of when the remediation(air quality levels/groundwater contamination)will be achieved to the action levels, this analysis has addressed two time period scenarios. A five year remediation period was considered as was a ten year remediation period. In discussions A.M.E.C., the five year remediation time frame was considered optimistic as only interim air quality measures have been addressed to date. The Interim Remedial Action Plan was submitted to M.O.E. by Northstar. It has been reviewed with comments provided to Northstar, that included comments from other City of Cambridge agencies, as well as the Grand River Conservation Authority and Medical Officer of Health The groundwater remediation in the residential area is not expected to commence in the residential area until 2008. They consider, the 10 year remediation time frame to be more realistic.

Note to Reader: As is detailed in this report, I have concluded that given the types of remediation required and degrees of intrusion, that the impact on property value varies. The report does not measure out the impact in dollar amounts or percentages on each individual property. It addresses, if there is any effect on value and where applicable there would be ranges or degrees of impact on value resulting from this specific contamination. This report is limited to the residential component only. Northstar Aerospace are suggesting the use of injecting a chemical oxidation solution to accelerate the time frame for remediation. Initially, the injection is to be done on their site and will be subject to M.O.E monitoring and approval dependent upon success maybe expanded to include the impacted residential area.

The report describes the method and approach in support of the conclusions and contains pertinent data gathered in my investigation of the market. Professional judgments expressed in this report are based on facts currently available within the limits of the existing data, scope of work, budget and schedule. We make no warranties, expressed or implied including, without limitations, warranties as to the value or fitness of properties for a particular purpose. The client acknowledges that the attached report has been prepared for the exclusive use of the client. Reliance by third parties is contingent upon parties signing a standard reliance letter that will be provided by Valco Consultants Inc. Client also agrees that none of its publicity containing information obtained from only part of this report will mention or imply the name of Valco Consultants Inc. unless the full report is provided.

Respectfully submitted,
VALCO CONSULTANTS INC.



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