

## PRESIDENT'S REMARKS

As another year has passed, we first and foremost would like to thank you for your investment in the Bow Water & Land project and your confidence in our team. Every day we strive to make progress with the land development project plan, and we are pleased with what has been accomplished to date. As previously noted, our promise to you, has held constant; we will remain well aligned as the largest investor in Bow Water & Land. While this is no guarantee of future success, it is a guarantee of our commitment to you and to the success of this project.

We encourage you to review the updated September 28, 2018 Offering Memorandum with your authorized dealing representative to fully understand the progress made to date. A few key highlights to draw your attention to:

- The transfer of the Water Allocation is being reviewed by Alberta Environment & Parks and is expected to enter the public notice phase shortly;
- A Letter of Intent was executed to trade water for an interest in a neighbouring land development. The water in this deal was valued at 5 times the contracted purchase price;
- An updated appraisal on the land has indicated that the land value has increased by 35%, not accounting for any upside potential from the water; and
- Planned upgrades to RR 33 interchange are likely to lead to the extension of Township Road 245. These upgrades could facilitate access to the Lands via the South East corner.

Our goals moving forward continue to relate to the areas of the Land Development Project Plan. Additionally, we have continued to work with Global Retail Strategies to develop possibilities for future land use concepts.

Please find enclosed the audited consolidated financial statements of Bow Water & Land Trust for the Year Ended May 31, 2018. You will also be receiving a notice in the near future for our Annual Information Meeting. Thank you for your support and we look forward to sharing updates with you.

**JAY  
SIMMONS** | Managing Director of Bow  
Water & Land Trust, by its  
Administrator, Durum Capital

**Bow Water & Land remains a risky investment. Despite the progress to date, there can be no guarantee that the project plan will be completed. This document is intended for current investors only and is not for distribution.**

## SUMMARY OF BUSINESS PROGRESS

**2017** AEP determined that the Existing Water Licence is in Good Standing effectively making it eligible for transfer.

Application to transfer the Water Licence to the Lands submitted to AEP.

Formal public consultation on the ASP began within Rocky View County.

A Third-Party Water Valuation prescribed an estimated value of \$9,000 - \$11,000 per acre foot for the Existing Water Licence. The contracted purchase price is \$2,500 per acre foot.

**2018** Requirements for the water transfer have been met; these include a utility easement required to divert water from the Elbow River, and an easement for the water pipeline along a road right of way.

Letter of Intent executed with neighbouring land development project to trade water for an interest in the development project. The water was valued at \$12,500 per acre foot.

Phase 3 of 5 of the Area Structure Plan process is now complete.

New approvals related to nearby developments will trigger upgrades to the RR33 overpass. We are confident that this will likely lead to the extension of Township Road 245.

Proposal presented to Alberta Transportation regarding an interchange that could provide direct access to the Lands from the Trans Canada Highway.

An updated land appraisal estimated the value of the lands to be \$22.4 Million.

**All source reference should be made to the Offering Memorandum dated September 28, 2018. Refer to same for further information regarding risks.**