FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

CONSOLIDATED HCI HOLDINGS CORPORATION (the "**Corporation**")
100 Strada Drive, Unit 3
Woodbridge, Ontario
L4L 5Y7

Item 2 Date of Material Change

March 24, 2017

Item 3 News Release

On March 24, 2017, the Corporation issued a news release through the newswire services of CNW Newswire. A copy of the news release is attached as Schedule "A" hereto and is available on SEDAR at www.sedar.com.

Item 4 Summary of Material Change

The Corporation has accepted an offer (the "**Offer**") to sell (the "**Sale Transacti**on") all or substantially all of its property comprising a 50% interest (the "**50% Interest**") in the real property located at 7700 Keele Street, Vaughan, Ontario (the "**MTRB**") and the adjacent property located at 2267 Highway 7, Vaughan, Ontario (the "**DP**", and together with the MTRB, the "**Investment Properties**") from Keele Seven Holdings Inc. (the "**Buyer**").

The Buyer is controlled by shareholders who are affiliated companies of Marc Muzzo, Stanley Goldfarb, Richard Gambin, Rudolph Bratty and the families of Angelo De Gasperis and of the late Alfredo De Gasperis, each of whom are also shareholders of the Corporation. These shareholders are each insiders of the Corporation as they each hold more than 10% of the outstanding Class B Shares and hold in the aggregate, 15,944,786 Class B Shares, representing approximately 77.5% of the outstanding Class B Shares. Rudolph Bratty, Richard Gambin, Stanley Goldfarb and Marc Muzzo are also directors of the Corporation.

The purchase price for the 50% Interest is $14,250,000, to be satisfied by the Buyer by the assumption of 50% of the mortgage obligation in respect of the Investment Properties (50% of the outstanding principle amount to be outstanding at closing currently estimated to be approximately $2.7 million) and by the remainder in cash. The offer is subject to a number of standard conditions, including the receipt by the Corporation of requisite shareholder approval. Completion of the Sale Transaction is also subject to acceptance by the Toronto Stock Exchange. Closing is expected to occur on June 30, 2017.

The Sale Transaction is consistent with the Corporation's winding down of its investment and real estate activities which has been ongoing since 2007. After completion of the Sale Transaction the Corporation will have cash and very minimal investments. Upon completion of the Sale Transaction the material assets of the Corporation will consist of cash, term deposits and one small liquid security. It is the intention of the Corporation to distribute as much of the cash including the proceeds from the Sale Transaction and proceeds of the term deposits as it prudent having regard to the Corporation's ongoing expenses and liabilities. Given that the Corporation will have no ongoing active business operations, management and the Board of Directors will be considering options as to the Corporation's future.

The Corporation has obtained an appraisal from Cushman & Wakefield Ltd. ("**Cushman**") dated as of February 13, 2017, for the MTRB Property as at December 31, 2016, updating a narrative appraisal report dated April 27, 2016 (the "**MTRB February 2017 Update Report**") which provided an estimate of value as of March 31, 2016 and updating a report dated November 1, 2016 (based on an effective date of September 30, 2016). The Corporation has also obtained an appraisal from Cushman dated as of February 13, 2017 for the DP as at December 31, 2016, updating a narrative appraisal report dated April 27, 2016 (the "**DP February 2017 Update Report**") which provided an estimate of value as of March 31, 2016 and updating a report dated November 1, 2016 (based on an effective date of September 30, 2016). A summary of both the MTRB February 2017 Update Report and the DP February 2017 Update Report are attached as Schedule "B" hereto. Full copies of these reports will be available on SEDAR at www.sedar.com.

The two methods of value in the MTRB February 2017 Update Report indicated rounded results of $26.0 million, using the "Discounted Cash Flow Method" $25,830,000 and the "Direct Capitalization Method" $26,240,000. Cushman opined that if a 50% interest in the MTRB is offered for sale, given current market conditions, no discount to invest would be required and therefore a 50% interest in the MTRB would be valued at $13.0 million. The two methods of value in the DP February 2017 Update Report, being "Discounted Cash Flow Method" and "Direct Capitalization Method" both indicated rounded results of $2.5 million. Cushman opined that if a 50% interest in the DP is offered for sale, given current market conditions no discount to invest would be required and a 50% interest in the DP would be valued at $1,250,000.

The Corporation received a written fairness opinion dated March 24, 2017 from Cushman (the "**Fairness Opinion**").

The Sale Transaction constitutes a "related party transaction" pursuant to Multilateral Instrument 61 101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61 101**"), and accordingly the Sale Transaction was reviewed and considered by the independent directors of the Corporation.

As no exemption was available for the minority approval requirements of MI 61 101, the Sale Transaction requires approval of: (i) 66 2/3% of the votes cast thereon, by shareholders present in person or by proxy; and (ii) a majority of the votes cast thereon, by shareholders present in person or by proxy after excluding the Class B Shares beneficially owned by the shareholders of the Buyer (i.e. an aggregate of 15,944,786 Class B Shares) pursuant to the provisions of MI 61 101 and the rules of the Toronto Stock Exchange.

In accordance with requisite securities law, the Corporation will be mailing a management information circular to shareholders for a special meeting which will be held on April 28, 2017, at which shareholders will be asked to approve the sale transaction. The management information circular will include a copy of the Fairness Opinion.

Item 5 Full Description of Material Change

For a full description of the material change, please see Schedule "A" attached hereto.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Arnold Resnick
Chief Financial Officer

Item 9 Date of Report

April 3, 2017.

Schedule "A"

PRESS RELEASE

CONSOLIDATED HCI HOLDINGS CORPORATION ANNOUNCES SALE OF ITS REMAINING INVESTMENT PROPERTIES

Woodbridge, Ontario (March 24, 2017) –Consolidated HCI Holdings Corporation (the "**Corporation**") (TSX: CXA.B) announced today that it has accepted an offer (the "**Offer**") to sell its 50% interest (the "**50% Interest**") in the real property located at 7700 Keele Street, Vaughan, Ontario and the adjacent property located at 2267 Highway 7, Vaughan, Ontario (collectively, the "**Investment Properties**") from Keele Seven Holdings Inc. (the "**Buyer**").

The Buyer is controlled by shareholders who are affiliated companies of Marc Muzzo, Stanley Goldfarb, Richard Gambin, Rudolph Bratty and the families of Angelo De Gasperis and of the late Alfredo De Gasperis, each of whom are also shareholders of the Corporation. These shareholders are each insiders of the Corporation as they each hold more than 10% of the outstanding Class B Shares and hold in the aggregate, 15,944,786 Class B Shares, representing approximately 77.5% of the outstanding Class B Shares. Rudolph Bratty, Richard Gambin, Stanley Goldfarb and Marc Muzzo are also directors of the Corporation.

The purchase price for the 50% Interest is $14,250,000, to be satisfied by the Buyer by the assumption of 50% of the mortgage obligation in respect of the Investment Properties (50% of the outstanding principle amount at closing estimated to be approximately $2.7 million) and by payment of the remainder in cash.

The Offer is subject to a number of standard conditions, including the receipt by the Corporation of requisite shareholder approval. Closing is expected to occur on June 30, 2017.

The sale of the 50% Interest to the Buyer pursuant to the Offer is a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). As such, the sale transaction was examined, reviewed and considered by an independent committee of the board of directors that was duly constituted for such purposes. No exemption was available for the formal valuation requirements of MI 61 101 and therefore the Corporation obtained formal valuations in respect of the Investment Properties from Cushman & Wakefield Ltd. as well as an oral fairness opinion from Cushman & Wakefield Ltd, which will be supported by a written fairness opinion.

Based upon a number of factors, including the recommendations of and discussions with disinterested members of management of the Corporation, the absence of any acceptable binding offers from third parties following a market canvas conducted by Cushman & Wakefield Ltd., the valuations and the fairness opinion and the impact of the sale on the Corporation, the independent committee determined that the sale transaction was on commercially reasonable terms and in the best interests of the Corporation. The disinterested members of the Corporation's board of directors, on the recommendation of the independent committee, unanimously approved the sale transaction.

As no exemption was available for the minority approval requirements of MI 61 101, the sale transaction requires approval of: (i) 66 2/3% of the votes cast thereon, by shareholders present in person or by proxy; (ii) a majority of the votes cast thereon, by disinterested shareholders present in person or by proxy in accordance with the rules of the Toronto Stock Exchange; and (iii) a majority of the votes cast thereon, by shareholders present in person or by proxy after excluding the Class B Shares beneficially owned by the shareholders of the Buyer (i.e. an aggregate of 15,944,786 Class B Shares). Completion of the sale transaction also requires the prior acceptance of the Toronto Stock Exchange.

In accordance with requisite securities law, the Corporation will be mailing a management information circular to shareholders for a special meeting which will be held on April 28, 2017, at which shareholders will be asked to approve the sale transaction. The management information circular will include a summary of the valuations (which will be filed on the Corporation's issuer profile at www.sedar.com) and a copy of the written fairness opinion.

Forward-looking Statements

Certain statements contained in this press release constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation's financial position and results of operations as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking information may relate to the Corporation's future outlook and anticipated events, including completion of the sale transaction or results and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes, plans and objectives of or involving the Corporation. Particularly, statements regarding future results, performance, achievements, prospects or opportunities for the Corporation are forward-looking statements. In some cases, forward-looking information can be identified by such terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking statements necessarily involve known and unknown risks and uncertainties, that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Corporation's control, affect the operations, performance and results of the Corporation and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to, the risks discussed in the Corporation's materials filed with Canadian securities regulatory authorities from time to time. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements as there can be no assurance that actual results will be consistent with such forward-looking statements.

Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, including the closing of the sale transaction, as well as other considerations that are believed to be appropriate in the circumstances. While management considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect.

The forward-looking statements made in this press release are dated, and relate only to events or information, as of the date of this press release. Except as specifically required by law, the Corporation undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

For further information, please contact:

Arnold J Resnick
(905) 851-7741 (106)

Schedule "B"

Summary of Valuations of Investment Properties

Cushman provided a valuation dated as of February 13, 2017 of the MTRB as at December 31, 2016, updating its opinion of the current market value on an all cash basis (the "**MTRB February 2017 Update Report**"). The MTRB February 2017 Update Report updates a narrative appraisal report dated April 27, 2016 (the "**MTRB Narrative Appraisal Report**") which provided an estimate of value as of March 31, 2016 and a detailed description of the physical, locational and income attributes of the MTRB along with investment and leasing market conditions. Cushman also provided an update report on November 1, 2016 (based on an effective date of September 30, 2016) (the "**MTRB November 2016 Update Report**"). The MTRB February 2017 Update Report, the MTRB Narrative Appraisal Report and the MTRB November 2016 Update Report are collectively referred to as the "**MTRB Valuation**".

Cushman provided a valuation dated as of February 13, 2017 of the DP as at December 31, 2016, updating its opinion of the current market value on an all cash basis (the "**DP February 2017 Update Report**"). The DP February 2017 Update Report updated a narrative appraisal report dated April 27, 2016 (the "**DP Narrative Appraisal Report**") which provided an estimate of value as of March 31, 2016 and a detailed description of the physical, locational and income attributes of the DP along with investment and leasing market conditions. Cushman also provided an update report on November 1, 2016 (based on an effective date of September 30, 2016) (the "**DP November 2016 Update Report**"). The DP February 1, 2017 Update Report, the DP Narrative Appraisal Report and the DP November 2016 Update Report are collectively referred to as the "**DP Valuation**".

Cushman canvassed many of the same issues in both the MTRB Valuation and the DP Valuation, collectively, the "**Valuations**". These are more particularly described below. Readers are cautioned that set forth below is a summary of only certain provisions of the Valuations. Reference is made to the full copies thereof which have been filed under the Corporation's issuer profile at www.sedar.com. The MTRB Valuation and the DP Valuation are subject to the assumptions and limiting conditions contained in the MTRB Valuation and the DP Valuation, respectively.

Principles

Cushman used the Canadian Uniform Standards of Professional Appraisal Practice (the Standards) adopted by the Appraisal Institute of Canada definition of "market value" as follows:

"*the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus*".

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby buyer and seller are typically motivated; both parties are well informed or well advised and acting in their own best interest; a reasonable time is allowed for exposure in the market; payment is made in cash in Canadian dollars or in terms of financial arrangements comparable thereto; and the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The term "property" refers to the land, buildings and all fixtures, furnishings and equipment which are incidental to the operation as retail and office facilities. Market value is based on a 100% interest in the applicable asset. The Appraisal excluded furnishings and equipment.

To prepare the Valuations, Cushman interviewed management; considered changes to cash flow assumptions based on current market conditions and specific property characteristics; analysed available historical operating statements and a current budget pertaining to the DP; estimated the highest and best use of the MTRB and the DP; conducted market research into the local industrial and retail market; and examined market conditions and analysed their potential effect on the MTRB and the DP. The MTRB and the DP were originally inspected on April 9, 2016.

The Valuations reviewed investment characteristics including the strengths and weaknesses of the MTRB and the DP. These included location characteristics (among others, well located in Vaughan); physical characteristics (among others, that the MTRB is currently demised into a 15 tenant building and has good availability of parking and space for vehicle movement and that the DP is a newly constructed freestanding restaurant); income characteristics (among others, that long term leases are in place for about 24% of the rentable area and average contract rent is close to market for the MTRB and that there is a term lease with A&W Food Services of Canada Inc. with current rent that is close to market for the DP) and investment characteristics (among others, there are currently limited numbers of core retail investments available for sale but there are concerns that possible interest rate hikes may signal caution entering the investment market).

Cushman commented that given that the MTRB and the DP, are near Highway 400 and Highway 407, both such properties would be seen as occupying a good location for present use. For the MTRB the site area is 12.36 acres and is subject to a four year temporary easement over parts of the strip of land that extends along Highway 7. As this area is not currently improved, this does not appear to impair the functionality of the MTRB. For the DP the site area is 1.0715 acres and is subject to the same easement.

As part of the site description, Cushman reviewed expropriated areas; access; on site parking; the 2015 assessment; municipal services; topography and soil conditions; landscaping; paved surfaces; truck turning; vehicle movement; encumbrances; and municipal services. Cushman commented that the MTRB is a rectangular (more or less) shaped parcel that would be considered to have good characteristics for industrial use. At a site coverage of about 37%, there is good room for parking and vehicle movement. Overall, the site characteristics would be well rated. Cushman commented that while the DP is somewhat long and narrow and has an irregular configuration, it appears to function well for the current use and has frontage and access to two high traffic arterials. The site characteristics would be well rated.

Cushman also reviewed land use controls including zoning and plans. The current use of the MTRB and the DP both appear to conform to existing land use controls. For the MTRB they are considered to be flexible as they permit a wide variety of light, industrial and some commercial uses, subject to certain restrictions. For the DP, existing land use controls are also considered to be flexible as they permit a wide commercial use, suitable for its corner position and proximity to the highway network.

Cushman reviewed building description including the building type; net rentable area; date of construction; building position; configuration; construction; interior; industrial; building condition and environmental matters. The MTRB was originally a single tenant facility that has been extensively renovated and adapted for multiple tenant use. The building benefits from clear heights of 16, 18 and 24 feet, which while somewhat low, is functional for the current tenants. The building is attractive in nature with precast panels along the Keele Street frontage. The MTRB also offers a variety of unit sizes as well as both industrial and flex/commercial type units and has a good level of parking. The physical characteristics of the MTRB would be well rated. The DP is a functional free standing restaurant building that is functional and attractive. While the design specifications are unique to the current tenant, its physical characteristics would be well rated.

Cushman reviewed the market analysis including a economic overview of Canada, Ontario and Toronto, including current trends; demographic characteristics; households; gross domestic product; employment and unemployment; and retail sales.

The principal of highest and best use of a property is fundamental to the concept of market value. Highest and best use is defined by the Appraisal Institute of Canada as follows:

"*the reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility; financial feasibility and maximum probability*".

To determine the highest and best use of the MTRB or the DP, a valuator typically evaluates the subject site under two scenarios; as if vacant land and as presently improved. In both cases, the property's highest and best use must meet the four criteria described above.

The pertinent physical factors affecting the highest and best use of the MTRB and the DP fall under two categories, site characteristics and location characteristics. The physical features and site configuration of both the MTRB and the DP would support a development and density as currently exists.

Legal factors influencing the highest and best use of the MTRB are primarily related to governmental restrictions in the form of official plan regulations and zoning by laws. The MTRB is currently designated as EM1. Land uses in the surrounding area are primarily comprised of single and multiple tenant industrial/commercial facilities. The MTRB supports a financially viable use with market level returns. A positive net income or acceptable rate of return would indicate that a use is financially feasible. It is reasonable to conclude that the current use would be maximally productive for the MTRB based upon surrounding area uses.

Legal factors influencing the highest and best use of the DP are primarily related to governmental restrictions in the form of official plan regulations and zoning by laws. The DP is currently designated as C6. Land uses in the surrounding area are primarily comprised of single and multiple tenant industrial/commercial facilities.

Cushman determined that the most appropriate manner in which to value the MTRB and the DP (among the "Income Method", the "Direct Comparison Method" and the "Cost Method") was the "Income Method" which tends to mirror the analytical process traditionally used when buying a property such as the MTRB or the DP. Two "Income Methods" are the "Direct Capitalization Method" and the "Discounted Cash Flow Method".

The "Direct Capitalization Method" is based on the conversion of current earnings into market value. Stabilized net operating income is capitalized with an overall rate which reflects all comparative investment characteristics of the asset. If the property is adequately and competitively financed, one may capitalize the pre-tax cash flow (after debt service) to estimate equity value and add back the current balance of outstanding financing to determine current market value.

The "Discounted Cash Flow Method" considers both projected earnings in each year of the investment horizon and the reversionary value of the asset. The property value equals the discounted value of future benefits. These benefits represent an annual cash flow (positive or negative) over a given period of time, plus the reversionary value of the property occurring in the year following the investment horizon.

The "Cost Method" involves estimating the replacement cost of new improvements located on the MTRB or the DP and estimating and deducting the accrued deprecation from the cost estimate and adding the land value.

Cushman placed the most reliance on the "Direct Capitalization Method" for both the Investment Properties, which is consistent with the actions of a typical purchaser. For support a "Discounted Cash Flow Method" analysis was also provided. The "Cost Method" was not used as it is not representative of the actions of typical purchasers.

Valuation for Multi Tenanted Rental Building at 7700 Keele Street, Vaughan, Ontario

The two methods of value indicated rounded results of $26.0 million, "Discounted Cash Flow Method" ($25,830,000) and "Direct Capitalization Method" ($26,240,000)). Cushman opined that if a 50% interest in the MTRB is offered for sale, given current market conditions, no discount to invest would be required and therefore a 50% interest in the MTRB would be valued at $13.0 million.

Base rental revenue represents potential base revenue at full occupancy. The MRTB Valuation sets out the full rental roll and lease expiries with certain assumptions for vacant units. Cushman considered rollover assumptions; leasing costs; capital expenditures and structural reserve; yield selection; real estate investment surveys; and alternative investments. Leases with current tenants are completely net to the landlord and tenants are responsible for all repairs and maintenance excluding items of a structural nature. Tenants pay a management fee of 15% of operating costs. With the exception of the University of Toronto, all of the tenants are private companies assumed to have an acceptable covenant strength.

The market rent analysis of the MTRB is year one market rental rate for a five year lease at $5.50 per square foot for conventional industrial units; $9.50 per square foot for larger Keele Street facing units; $11.50 for smaller or more specialized units; and $25.00 per square foot for the Discount Car Rental office unit. The same rates have been selected for renewal transactions and all market rents have been inflated at 2.5% per annum, commencing in year 2. Expense reimbursement revenue is estimated at $3.60 per square foot and operating expenses including realty taxes at $3.74 per square foot, both subject to inflationary increase of 2.5% per annum.

IRR (Internal Rate of Return) pertains to discounted cash flow such that the present worth of annual cash flow and residual value are determined using an appropriate discount rate. Cushman concluded that IRR presented by comparable sales is in the range of 6.77% to 8.28%. The MTRB is an attractive multiple tenant facility that is well located in Vaughan, with a somewhat unusual configuration. The current rent is close to market levels and there are some long term leases in place. It is Cushman's opinion that an investor would require an IRR toward the middle of the comparable sale range of 7.25%.

The other rate to estimate value is Terminal Capitalization Rate (the "**TCR**") which is applied against income in the final year of the investment horizon. These take into account the forecast of rental growth and capital costs throughout the investment horizon. Cushman deemed that the TCR of the MTRB should be 7.0%.

Based on an IRR of 7.25% and a TCR of 7.00% the current market value of the MTRB determined by the "Discounted Cash Flow Method" is $25,830,000.

The "Direct Capitalization Method" involves capitalizing a single year's net operating income at full occupancy with an appropriate yield rate and making necessary adjustments to arrive at a final value. To convert net operating income stream to an estimate of capital value an appropriate capitalization rate must be derived from the market place and applied to the income stream or cash flow. Capitalization is the process of converting a series of anticipated future annual instalments of income into the present worth. The "Comparative Method" looks at the ratio between sale price and net operating income.

Cushman's analysis of comparable transactions showed capitalization rates ranging from 5.61% to 7.66%. Cushman was of the view that, based on an overall capitalization rate ("**OCR**") of 5.80% is appropriate for a benchmark, multiple tenant investment property. Given the physical and investment characteristics of the MTRB as compared to the benchmark buildings, Cushman deemed an appropriate OCR for the MTRB to be 6.75%, given its investment characteristics.

Cushman made a negative adjustment for the landlord's work; added payments for rent collection for the rooftop area and signage income; deducted lost rent and recoveries from vacant units; and made negative adjustments for the loss of income for rent free periods.

Cushman opined that the current market value of the MTRB as of the effective valuation date based on the "Direct Capitalization Method" is $26,240,000.

Using the "Direct Comparison Method" Cushman derived a value of $22,600,000 (which was only used in the April, 2016 version of the MTRB Valuation), based on the principle of substitution which maintains that a prudent purchaser would not pay more for a property than the cost to purchase a suitable alternative property which exhibits similar physical characteristics. Within this method, the MTRB is compared to properties that have sold recently or are currently listed and are considered to be relatively similar to the MTRB. Typically a unit of comparison (ie sale price per square foot) is used to facilitate the analysis. In the case of properties similar to the MTRB, the sale price per square foot is the most commonly used unit of comparison. As the MTRB is an investment property the analysis is based on net operating income on a per square foot basis. Comparable sales are summarized in the Appraisal, indicating their comparability to the MTRB. The adjusted dollar value per square foot reflects a simple value adjustment of each comparable by its ratio of net operating income area to that of the MTRB. The adjusted values for comparables indicate a value range of $113 to $155 per square foot. Based on the MTRB's physical and income characteristics, the MTRB's unit value should fall within the indicated range. Based on a unit value of $115, Cushman estimated the value of the MTRB using the "Direct Comparison Method" as $22,600,000 (again, this was only used in the April 2016 version of the MTRB Valuation).

Valuation for Development Property at, 2267 Highway 7, Vaughan, Ontario

Cushman used two methods of value both of which indicated rounded results of $2.5 million, being “Discounted Cash Flow Method” and “Direct Capitalization Method”. Cushman opined that if a 50% interest in the DP is offered for sale, given current market conditions no discount to invest would be required and a 50% interest in the DP would be valued at $1,250,000.

The DP supports a financially viable use with market level returns. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Based upon surrounding area uses, it is reasonable to conclude that the current use would be maximally productive for the DP.

The DP is 1.0715 acres and the current zoning permits a wide variety of commercial uses. The highest and best use of the DP, if vacant, is for development of a facility similar to the DP and in conformity with zoning regulations.

The DP is improved with a single storey free standing restaurant. The improvements total 2,465 square feet and appear to be in conformity with the zoning bylaw. Their design specifications are consistent with the other buildings in the area and reflect optimum use. The highest and best use of the DP as improved is restaurant/commercial use as it adds value over and above the estimated land value if vacant.

Base rental revenue represents the potential base revenue as at full occupancy. The current leasing information, with the tenant, A&W Food Services of Canada Inc., commencing September 12, 2014 for 15 years is as follows; year 1 to 5 $125,000 per annum; year 6 to 10 $132,500 per annum; year 11 to 15 $140,000 per annum, on a completely net to the landlord basis with an administration fee of 15% per annum. The tenant is responsible for all repairs and maintenance including structural. The landlord has agreed not to rent any space in the neighbouring property (ie. the MTRB) to competing restaurants.

Cushman estimated appropriate market rents for the DP, analyzing comparable lease transactions; recent leasing activity at the complex if any; and by interviewing leasing professionals in the GTA rental market.

Cushman estimated that appropriate market rent in year one for a five year lease was $45.00 per square foot, inflated at 2.5% per annum commencing in year two. Expense reimbursement for the DP has been estimated at $14.36 per square foot (including operating recoveries; administrative fee recovery and realty tax recovery) and operating costs (which include realty taxes) are estimated to be $14.39 per square foot, subject to an inflationary increase of 2.5% per annum.

Cushman considered rollover assumptions; leasing costs; capital expenditures and structural reserve; yield selection; real estate investment surveys; and alternative investments.

Using the “Discounted Cash Flow Method” as described above, Cushman concluded that an IRR of 5.75% for the DP was appropriate, on the basis that there continues to be strong demand from potential investors for good quality assets displaying strong income characteristics. Cushman also concluded that a TCR of 5.5% was appropriate for the DP. Based on an IRR of 5.75% and a TCR of 5.5% the current market value of the DP using the “Discounted Cash Flow Method” is $2,470,000.

The “Direct Capitalization Method” is also described above. Cushman’s analysis of comparable transactions reflected capitalization rates ranging from 3.9% to 7.7%. Cushman was of the view that based on the length of the term and the strength of the tenant’s covenant, an OCR toward the lower end of the range is required and as such deemed that an OCR of 5.0% for the DP is appropriate. Cushman opined that the current market value of the DP based on the “Direct Capitalization Method” is $2,500,000.

Using the “Direct Comparison Method” Cushman derived a value for the DP of $2,470,000, based on the principle of substitution which maintains that a prudent purchaser would not pay more for a property than the cost to purchase a suitable alternative property which exhibits similar physical characteristics, tenancy, location, etc. Within the approach the DP is compared to properties that have sold recently or are currently listed and are considered to be relatively similar to the DP.

Given the size of the DP Cushman placed more weight on the "Direct Capitalization Method"

Prior Appraisals

The only prior appraisal done within the past 24 months with respect to the Investment Properties is an appraisal done by Wagner, Andrews and Kovacs Ltd. on September 30, 2015 which was prepared to obtain an independent opinion of the Investment Properties' fair values for IFRS reporting purposes and which set forth the following valuations for the Investment Properties: MTRB $22.2 million; and DP $2.3 million.

A copy of the prior valuations is available for inspection at the Corporation's offices located at 100 Strada Drive, Unit 3, Woodbridge, Ontario L4L 5V7. Additionally, the Corporation will send a copy of the prior valuations to any shareholder upon request for a nominal charge sufficient to cover printing and postage.