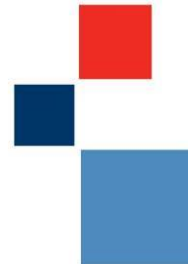


APPRAISAL OF REAL PROPERTY

**2267 Highway 7
Vaughan, Ontario**

**UPDATE APPRAISAL REPORT
As of September 30, 2016**

**Prepared For:
Consolidated HCI Holdings Corporation
100 Strada Drive, Unit 3
Woodbridge, ON L4L 5V7**



**Prepared By:
Cushman & Wakefield Ltd.
Valuation & Advisory
33 Yonge Street, Suite 1000
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CONFIDENTIAL**



2267 Highway 7
Vaughan, ON

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November 1, 2016

Mr. Arnold Resnick

Consolidated HCI Holdings Corporation
100 Strada Drive, Unit 3
Woodbridge, ON
L4L 5V7

Dear Mr. Resnick:

RE: Appraisal of 2267 Highway 7, Vaughan, ON

The purpose of this letter is to provide our updated opinion of the current market value, on an all-cash basis, of the leased fee interest in the subject property as at September 30, 2016. It is our understanding this document will be used by the recipient as support for internal reporting purposes.

This letter has been prepared as an update to our previously dated Narrative Appraisal Report (April 27, 2016), which provided an estimate of market value as of March 31, 2016. For reference, the reader is directed to the Narrative Appraisal Report for a detailed description of the physical, locational and income attributes of the property along with the Investment and leasing market conditions. For clarification, this update letter will now form part of the Narrative Appraisal Report. The intent of this letter is to make the reader aware of material changes to the property and market conditions since the completion of the Narrative Appraisal Report as well as to assess their impact on the subject property's market value. Unless stated herein, an interior property inspection has not been completed for this update.

We have reviewed the current conditions of the leasing and investment markets along with all relevant sales which have occurred since the completion of the Narrative Appraisal Report. Overall, our market rental rate and yield expectations have remained unchanged from the previous appraisal. In addition, our key assumptions have remained unchanged from our original appraisal and, overall, the estimated current market value remains unchanged.

The reader should note that since our original report, the owners have listed the property, along with the neighbouring property located at 7700 Keele Street, for sale, with our client's 50% interest in the property being available for purchase. This interest was listed for sale in the last week June 2016 and was listed unpriced. We understand that there has been some interest in the property but to date, the property remains available. We are not aware of the broker's expectations in terms of a possible sale price, nor are we aware of the vendor's expectations. Furthermore, the property has been available for sale for approximately 4 months. Our original value was based on an exposure and marketing time of 4 to 6 months. Given this, it is our opinion that the current marketing time for the subject is reasonable. We have not taken the lack of a sale transaction occurring into account when assigning value assumptions to the property.

CONCLUSIONS

The methods of value indicated the following rounded results.

Discounted Cash Flow Method	\$2,500,000
Direct Capitalization Method	\$2,500,000

Our valuation of the subject by both methodologies indicates a current market value of \$2,500,000.

Based on the information contained in this appraisal, it our professional opinion that the current market value of the 100% leased fee interest in the subject property, subject to any extraordinary assumption and limiting conditions included herein, as at September 30, 2016 is:

TWO MILLION FIVE HUNDRED THOUSAND DOLLARS

\$2,500,000

A reasonable exposure time is considered 4 to 6 months.

Should you have any questions, please contact the undersigned.

Yours very truly,
Cushman & Wakefield Ltd.



Cameron McAlpine, AACI
Associate Vice President
Valuation & Advisory



TABLE OF CONTENTS

TERMS OF REFERENCE 1

CERTIFICATION OF THE APPRAISAL 3

ADDENDA CONTENTS..... 4

ASSUMPTIONS AND LIMITING CONDITIONS 5

APPRAISAL RESULTS..... 8

TERMS OF REFERENCE

IDENTIFICATION OF SUBJECT PROPERTY

The subject is municipally known as 2267 Highway 7, Vaughan, ON.

OWNERSHIP OF PROPERTY

The current ownership is held by Seven-Keele Limited. To our knowledge, the property has not traded within the last three years. However, we are aware that 50% interest, held by our clients, is currently available for sale. The interest has been listed by Cushman & Wakefield. There is no asking price.

PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate the free and current market value in terms of cash of the leased fee interest in the subject property described below as of September 30, 2016. The report is subject to those Assumptions and Limiting Conditions contained in the Addenda, in addition to any assumptions which may be stated in the body of the report. The report is a Narrative Appraisal and has been prepared in accordance with the standards set forth by the Appraisal Institute of Canada.

INTENDED USE AND USER OF REPORT

This appraisal will be used by Consolidated HCI Holdings Corporation for internal reporting purposes.

CLIENT

The client is Consolidated HCI Holdings Corporation.

DEFINITION OF MARKET VALUE

The Canadian Uniform Standards of Professional Appraisal Practice (the Standards) adopted by the Appraisal Institute of Canada defines Market Value as:

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 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 interests;
- 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 its operation as a retail and office facilities. The market value, as defined, is based on 100% interest of the asset.

SCOPE OF THE APPRAISAL

In the process of preparing this update appraisal, we:

- Interviewed management;
- Analysed available historical operating statements and a current budget pertaining to the property;
- Estimated the highest and best use of the property;
- Conducted market research into the local industrial market;
- Ascertained sale prices and analysed where possible comparable properties;
- Examined market conditions and analysed their potential effect on the property.
- The property was originally inspected on April 9, 2016 and was completed by Cameron McAlpine. An updated inspection of the property was **not** completed.

REASONABLE EXPOSURE TIME

Exposure time is always presumed to precede the effective date of the appraisal. It may be defined as:

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market

In today's market the time associated with the sale of a property becomes a function of the quality of the asset, the location as well as the type of property.

It is difficult to accurately estimate the time frame it would take to sell a property of this nature, but after discussions with various investors in the market and assuming proper marketing, it is our estimate that a property such as the subject would require 4 to 6 months to sell.

LIMITING CONDITIONS

The report is subject to the Assumptions and Limiting Conditions contained in the Addenda, in addition to specific assumptions which may be stated in the body of the report.

CERTIFICATION OF THE APPRAISAL

2267 Highway 7, Vaughan, ON

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions;
- I have no present or prospective interest in the properties that are the subject of this report, and we have no personal interest or bias with respect to the parties involved;
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event;
- Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice and with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute of Canada;
- The Appraisal Institute of Canada has a mandatory Continuing Professional Development Program for designated members. As of the date of this report, Cameron McAlpine has fulfilled the requirements of the program.
- No one provided significant professional assistance to the persons signing this report.
- The value estimate contained in this report applies as of September 30, 2016. This date may be referred to as the effective date of valuation.

FINAL ESTIMATE OF CURRENT MARKET VALUE

Having regard to all of the information contained in this report, it is our opinion that the current market value of the subject property, as at the September 30, 2016 is:

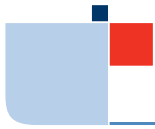
TWO MILLION FIVE HUNDRED THOUSAND DOLLARS

\$2,500,000



Cameron McAlpine, AACI
Associate Vice President
Valuation & Advisory

November 1, 2016



ADDENDA CONTENTS

ADDENDUM A: ASSUMPTIONS AND LIMITING CONDITIONS

ADDENDUM B: APPRAISAL RESULTS

Assumptions and Limiting Conditions



ASSUMPTIONS AND LIMITING CONDITIONS

1. This report has been prepared for **Consolidated HCI Holdings Corporation**. It is not reasonable for any person other than the person or those to whom this report is addressed to rely upon this report without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other person will rely on it for any other purpose and all liability to all such persons is denied.
2. This report has been prepared for **Consolidated HCI Holdings Corporation** and for the exclusive (and confidential) use of the recipients as named herein and for the specific purpose and function as stated herein. All copyright is reserved to the author and this report is considered confidential by the author and the client. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference.
3. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any letter, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.

Notwithstanding the above, this report has also been prepared for financing purposes and will be made available to prospective lenders.

4. The estimated prospective market value of the real property which is valued in this report pertains to the value of the Fee Simple or leasehold interest in the real estate, subject to terms and conditions of the existing tenancy as described in this report. The property rights herein exclude mineral rights, if any.
5. The estimated prospective market value of the real property which is valued in this report pertains to the value of the Fee Simple or leasehold interest in the real estate, subject to terms and conditions of the existing tenancy as described in this report. The property rights herein exclude mineral rights, if any.
6. The estimated prospective market value of the real property which is valued in this report pertains to the value of the Fee Simple or leasehold interest in the real estate, subject to terms and conditions of the existing tenancy as described in this report. The property rights herein exclude mineral rights, if any.
7. The estimated prospective market value of the real property which is valued in this report pertains to the value of the Fee Simple or leasehold interest in the real estate, subject to terms and conditions of the existing tenancy as described in this report. The property rights herein exclude mineral rights, if any.
8. The estimate of value contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value; especially if there was no reason to doubt its accuracy. Other empirical data required interpretive analysis pursuant to the objective of this assignment. Certain inquiries were outside the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to all of the assumptions and limiting conditions.

9. The property has been valued on the basis that title to the real property herein is good and marketable.
10. The author of this report cannot accept responsibility for legal matters, questions of survey, opinions of title, hidden or unapparent conditions of the property, toxic wastes or contaminated materials, soil or sub-soil conditions, environmental, engineering or other technical matters which might render this property more or less valuable than as stated herein.
11. The property has been valued on the basis that they are free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as may be noted in this report and that there are no pledges, charges, lien or social assessments outstanding against the property other than as stated and described herein.
12. The property has been valued on the basis that there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the subject property or any portion thereof.
13. The interpretation of the leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed herein, is solely the opinion of the author and should not be construed as a legal interpretation.
14. The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and have been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto.
15. Investigations have been undertaken in respect of matters which regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.
16. The property has been valued on the basis that all rents referred to in this report are being paid in full and when due and payable under the terms and conditions of the attendant leases, agreements to lease or other contractual agreements. Further, it is assumed that all rents referred to in this report represent the rental arrangements stipulated in the leases, agreements to lease or other contractual agreements pertaining to the tenants' occupancy, to the extent that such rents have not been prepaid, abated, or inflated to reflect extraordinary circumstances, and are fully enforceable notwithstanding that such documentation may not be fully executed by the parties thereto as at the effective date, unless such conditions have been identified and noted in this report.
17. The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible.

18. The estimated prospective market value of the property do not necessarily represent the value of the underlying shares, if the assets are so held, as the value of the shares could be affected by other considerations. Further, the estimated prospective market values do not include consideration of any extraordinary market value.
19. Should title to the real property presently be held (or changed to a holding) by a partnership, in a joint venture, through a co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership.
20. In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
21. Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this report, prior arrangements shall be made therefore, including provisions for additional compensation to permit adequate time for preparation and for any appearances which may be required. However, neither this nor any other of these assumptions and limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of this report which best serves the administration of justice.
22. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as any other date without subsequent advise of the author of this report.
23. The value expressed herein is in Canadian dollars.
24. This report is only valid if it bears the original signatures of the author.

Appraisal Results



APPRAISAL RESULTS

UPDATED CASH FLOW

Appraisal Comparison Chart				
	March 31, 2016	September 30, 2016	% Change	Comments
2267 Highway 7				
Final Market Value	\$2,500,000	\$2,500,000	0.00%	Investment parameters have remained unchanged.
Market Value (\$ p.s.f.)	\$1,014	\$1,014		
Discounted Cash Flow Approach				
IRR	5.75%	5.75%		
TCR	5.50%	5.50%		
Final Value	\$2,490,000	\$2,500,000	0.40%	
Direct Cap. Approach				
Stabilized NOI	\$125,000	\$125,000		
OCR	5.00%	5.00%		
Initial Value	\$2,500,000	\$2,500,000		
Adjustments	\$0	\$0		
Final Value	\$2,500,000	\$2,500,000	0.00%	

CASH FLOW

2267 HIGHWAY 7 CASHFLOW															
For the Years Ending	Year 1 Sep-2017	Year 2 Sep-2018	Year 3 Sep-2019	Year 4 Sep-2020	Year 5 Sep-2021	Year 6 Sep-2022	Year 7 Sep-2023	Year 8 Sep-2024	Year 9 Sep-2025	Year 10 Sep-2026	Year 11 Sep-2027	Year 12 Sep-2028	Year 13 Sep-2029	Year 14 Sep-2030	Year 15 Sep-2031
Potential Gross Revenue															
Base Rental Revenue	125,000	125,000	125,625	132,500	132,500	132,500	132,500	133,125	140,000	140,000	140,000	140,000	141,250	152,911	152,911
Absorption & Turnover Vacancy														(25,485)	
Scheduled Base Rental Revenue	125,000	125,000	125,625	132,500	132,500	132,500	132,500	133,125	140,000	140,000	140,000	140,000	141,250	127,426	152,911
Expense Reimbursement Revenue															
Operating Costs	9,860	10,107	10,359	10,618	10,884	11,156	11,435	11,720	12,013	12,314	12,622	12,937	13,261	11,327	13,932
Realty Taxes	24,064	24,666	25,282	25,914	26,562	27,226	27,907	28,605	29,320	30,053	30,804	31,574	32,363	27,644	34,002
Administration Fees Recoverable	1,479	1,516	1,554	1,593	1,633	1,673	1,715	1,758	1,802	1,847	1,893	1,941	1,989	1,657	2,090
Total Reimbursement Revenue	35,403	36,289	37,195	38,125	39,079	40,055	41,057	42,083	43,135	44,214	45,319	46,452	47,613	40,628	50,024
Total Potential Gross Revenue	160,403	161,289	162,820	170,625	171,579	172,555	173,557	175,208	183,135	184,214	185,319	186,452	188,863	168,054	202,935
General Vacancy															
Effective Gross Revenue	160,403	161,289	162,820	170,625	171,579	172,555	173,557	175,208	183,135	184,214	185,319	186,452	188,863	168,054	202,935
Operating Expenses															
Operating Costs	9,860	10,106	10,359	10,618	10,884	11,156	11,435	11,720	12,013	12,314	12,622	12,937	13,261	13,252	13,932
Realty Taxes	24,064	24,666	25,282	25,914	26,562	27,226	27,907	28,605	29,320	30,053	30,804	31,574	32,363	31,514	34,002
Management Fee Expense	1,479	1,516	1,554	1,593	1,633	1,673	1,715	1,758	1,802	1,847	1,893	1,941	1,989	1,988	2,090
Total Operating Expenses	35,403	36,288	37,195	38,125	39,079	40,055	41,057	42,083	43,135	44,214	45,319	46,452	47,613	46,754	50,024
Net Operating Income	125,000	125,001	125,625	132,500	132,500	132,500	132,500	133,125	140,000	140,000	140,000	140,000	141,250	121,300	152,911
Leasing & Capital Costs															
Tenant Improvements														29,733	
Leasing Commissions														10,619	
Total Leasing & Capital Costs														40,352	
Cash Flow Before Debt Service & Taxes	125,000	125,001	125,625	132,500	132,500	132,500	132,500	133,125	140,000	140,000	140,000	140,000	141,250	80,948	152,911

DISCOUNTED CASH FLOW APPROACH

DISCOUNTED CASH FLOW METHOD CONCLUSION			
DISCOUNTED CASH FLOW METHOD			
Discount Rate	5.75%	Net Rentable Area (sf)	2,465
Terminal Cap. Rate	5.50%	Hold (years)	14
Disposition Cost	0.00%		
Year	NOI	Net Cash Flow	NPV
Year 1 Sep-2017	\$125,000	\$125,000	\$118,203
Year 2 Sep-2018	\$125,001	\$125,001	\$111,777
Year 3 Sep-2019	\$125,625	\$125,625	\$106,227
Year 4 Sep-2020	\$132,500	\$132,500	\$105,949
Year 5 Sep-2021	\$132,500	\$132,500	\$100,187
Year 6 Sep-2022	\$132,500	\$132,500	\$94,740
Year 7 Sep-2023	\$132,500	\$132,500	\$89,589
Year 8 Sep-2024	\$133,125	\$133,125	\$85,117
Year 9 Sep-2025	\$140,000	\$140,000	\$84,646
Year 10 Sep-2026	\$140,000	\$140,000	\$80,043
Year 11 Sep-2027	\$140,000	\$140,000	\$75,691
Year 12 Sep-2028	\$140,000	\$140,000	\$71,575
Year 13 Sep-2029	\$141,250	\$141,250	\$68,288
Year 14 Sep-2030	\$121,300	\$80,948	\$37,007
Reversion		\$2,780,200	\$1,271,015
PV of CF and Reversion			\$2,500,054
REVERSION CALCULATION		YIELD ANALYSIS	
Final Year NOI	\$152,911	Year 1	5.00%
Terminal CR	5.50%	Year 1 - 5	5.13%
Reversion Value	\$2,780,200	Year 5 - 10	5.43%
Less: Final Year TI & LC's			
Plus: PV Unamortized Capital			
Net Reversion Value	\$2,780,200		
Estimated Value (DCF)			\$2,500,000

DIRECT CAPITALIZATION APPROACH

DIRECT CAPITALIZATION METHOD CONCLUSION			
Revenue	October 1, 2016	April 1, 2016	Difference From Previous Appraisal
Year 1 Fully Leased Base Revenue	\$125,000	\$125,000	No Change
Year 1 Reimbursement Revenue	\$35,403	\$35,403	No Change
Total Base Rent & Reimbursement Revenue	\$160,403	\$160,403	No Change
Total Potential Gross Revenue	\$160,403	\$160,403	No Change
Vacancy Allowance	\$0	\$0	No Change
Effective Gross Revenue	\$160,403	\$160,403	No Change
Operating Expenses			
Operating Costs & Taxes	\$35,403	\$35,403	No Change
Fully Leased Net Operating Income	\$125,000	\$125,000	No Change
Overall Capitalization Rate	5.00%	5.00%	No Change
Initial Market Value	\$2,500,000	\$2,500,000	No Change
Adjustments			
Total Adjustments (None)	\$0	\$0	No Change
Adjusted Market Value	\$2,500,000	\$2,500,000	No Change
Final Market Value (rounded)	\$2,500,000	\$2,500,000	No Change
Value PSF	\$1,014.20	\$1,014.20	