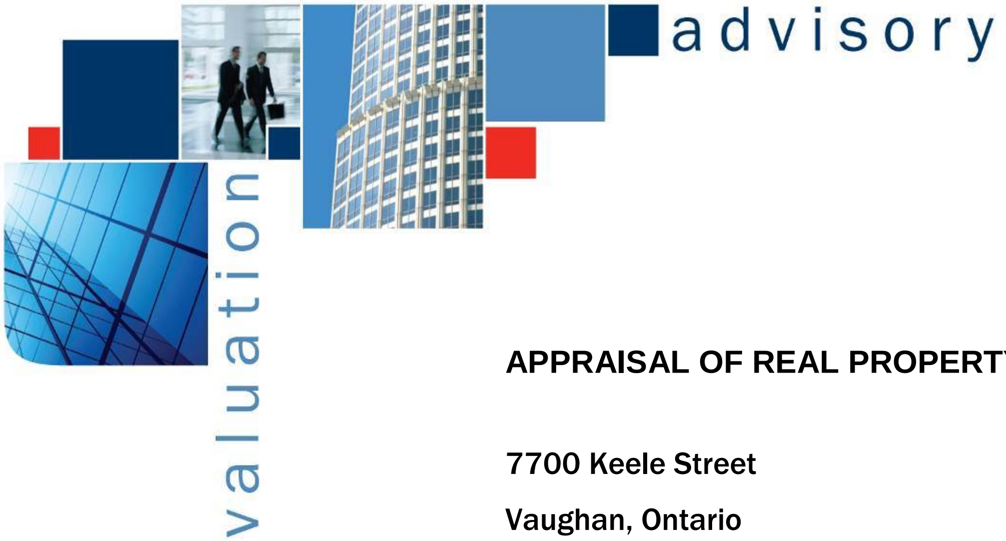

APPRAISAL OF REAL PROPERTY

7700 Keele Street

Vaughan, Ontario

IN A FULL NARRATIVE APPRAISAL REPORT

As of March 31, 2016

Prepared For:

Consolidated HCI Holdings Corporation

100 Strada Drive, Unit 3

Woodbridge, ON

Prepared By:

Cushman & Wakefield Ltd.

Valuation & Advisory

33 Yonge Street, Suite 1000

Toronto, ON M5E 1S9

CONFIDENTIAL

CUSHMAN & WAKEFIELD

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April 27, 2016

Mr. Arnold Resnick
Consolidated HCI Holdings Corporation
100 Strada Drive, Unit 3
Woodbridge, ON L4L 5V7

Dear Mr. Resnick:

RE: Appraisal of 7700 Keele Street, Vaughan, ON

Cushman & Wakefield Ltd. is pleased to transmit this Narrative Appraisal Report, estimating the current market value of the above-referenced subject property.

The value opinions reported herein are qualified by certain assumptions, limiting conditions, and definitions, which are set forth in the report, together with a certification. By agreement, this is a Narrative Appraisal Report, which contains summaries of the data, reasoning and analysis upon which forms the basis of our value estimation. This document has been prepared in accordance with the Code of Ethics & Standards of Professional Practice, and the Canadian Uniform Standards of Professional Appraisal Practice (The Standards) promulgated by the Appraisal Institute of Canada. This report also conforms to the appraisal guidelines stipulated within the standard Federal Regulations of the OSC and OSFI, and FIRREA.

It is understood that the purpose of the appraisal is to establish the current market value of the leased fee interest in the subject property, as of March 31, 2016. The Narrative Appraisal Report is intended for the exclusive use of Consolidated HCI Holdings Corporation for internal decision making purposes. Furthermore, the report may not be distributed to or relied upon by other persons or entities without written permission by the Appraiser. It is not to be referred to or quoted in any prospectus for the sale or exchange of securities, and may not be reproduced, in whole or in part, without our prior written agreement. It is subject to the Assumptions and Limiting Conditions contained in Addendum "C", in addition to any in the report.

The subject property was inspected by Cameron McAlpine, AACI. This appraisal employs two valuation methodologies, the Income and the Direct Comparison Approaches. Based on our analysis and knowledge of the subject property type and relevant buyer profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants.

As a result of our investigation, and subject to the Assumptions and Limiting Conditions included herein, we are of the opinion that the estimated current market value of the subject property, as at March 31, 2016, is as follows:

TWENTY TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS

$22,800,000

The above value is predicated on an exposure time of 4 to 6 months.

We hereby certify that we have no present or contemplated interest in the above-described property of any kind whatsoever. The attached report includes all relevant data and our analysis supporting the conclusion. If 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

EXECUTIVE SUMMARY

SUBJECT PROPERTY	
Address:	7700 Keele Street, Vaughan, ON
Owner:	7700 Keele Street Limited
VALUATION CONCLUSION	
Rights Appraised:	Leased Fee
Effective Date of Appraisal:	March 31, 2016
Value Based on Direct Capitalization Approach:	$22,870,000
Value Based on Discounted Cash Flow Approach:	$22,690,000
Value Based on Direct Comparison Approach:	$22,600,000
Final Value Conclusion:	**$22,800,000 ($116.05 p.s.f.)**
SITE DESCRIPTION	
Site Area:	12.36 acres (as per MPAC, see related Extraordinary Assumption)
Configuration:	Rectangular (more or less)
BUILDING DESCRIPTION	
Building Type:	Flex-Industrial facility
Building area:	196,459 s.f.
Date Of Construction:	1960’s, with subsequent additions / renovations
Current Use:	Currently divided into a 15 unit building.
LAND USE CONTROLS	
Official Plan:	Employment Commercial Mixed Use
Zoning:	EM1
HIGHEST AND BEST USE	
As If Vacant:	An industrial development site
As Improved:	Continuation of its current use as an industrial / commercial facility

Investment Characteristics

STRENGTHS	WEAKNESSES
Location Characteristics	
• Well located in Vaughan. • Close proximity to both Highway 400 and Highway 407. • Keele Street provides a recognized business address. • Close to supporting amenities.	
Physical Characteristics	
• While older, the building has also has undergone recent renovations / upgrades. • Currently demised into a 15 tenant building. • Good availability of parking and space for vehicle movement. • Units are attractive and functional. • Clear heights between 16 and 24 ft. • Majority of the units that face Keele Street have shipping available via a corridor located at the rear of each unit. • Current planning allows for a number of commercial uses and could provide for future long term redevelopment opportunities.	• Given the varied use and configuration of the units, the building would be considered somewhat specialized.
Income Characteristics	
• Long term leases in place with Good Life Fitness (16 year, 4 month remaining), Les Fanfans Nursery (new 10 year lease), Silk Plant Warehouse (7 years remaining) and Limelight Allstars (6 years, 6 months remaining). This represents about 24% of the rentable area. • Average contract rent is considered to be close to market. • The majority of the tenants appear to be private companies but have been assumed to provide a good covenant strength. In addition, the University of Toronto would be considered a secure leasing risk.	• 17% vacant. This does not include the tenants that have not yet begun occupancy. • Vatero Kitchen & Bath can downsize their unit by 6,000 s.f. with 180 days notice. However, they are responsible for any demising costs. • Some near term leasing risk as leases on about 53% of the rentable area expire in the first five years of the investment horizon.

Investment Characteristics	
• According to research compiled by Cushman & Wakefield, in 2014 Canada was ranked ninth out of the Top 20 Global Investment Targets. • The falling Canadian dollar is generally seen as a positive for Ontario's manufacturing section, given the lower cost of Canadian exports. • Capitalization rates for core industrial investments range from 5.25% to 7.00% across Canada, with a range of 5.50% to 6.00% within the GTA. • There are currently limited number of core industrial investments available for sale. • Mortgage lending rates are near a historical low, with good availability of debt. • Overall availability rate in GTA continues to decline, with a corresponding increase in average asking rates. • Vacancy level in Vaughan currently stands at 2.2%, which is below the overall GTA level of 4.0%.	• Aggressive yield expectations leave little room for value increase via further yield compression. • Concerns regarding possible interest rate hikes may signal some caution entering the investment market.

Extraordinary Assumptions

The reader is directed to the Assumptions and Limiting Conditions noted within the Appendices. In addition, our appraisal has made the following Extraordinary Assumptions as of the effective date. If these assumptions are not true as of the effective date of this appraisal, then a value differential could result:

Lease Documents

We were provided with offers to lease, rather than signed lease documents, for the units occupied or to be occupied by Addmore Office Furniture, Vatero Inc. (Vatero Kitchen & Bath) and Jacco International (Les Fanfans Nursery). It is an important assumption of this appraisal that the actual lease terms will be similar to those contained within the offers. Should the lease terms differ, then a value differential could result.

Property Information

All building measurements and financial data have been taken from information provided by the client and the current owner. While we have confirmed where possible, we have used the information as provided in our descriptive and financial analysis. The values reported are contingent upon the accuracy of the information provided. Should the actual information vary significantly from that presented within this report, then a value differential could result.

LANDLORD'S WORK

We have been provided with estimates of costs to complete landlord's work in order to make the vacant units ready for occupancy. We have accepted these estimates without audit and have assumed them to be correct. Should these estimates differ from the actual costs, then a value differential would result.

Property Description

General Property Data

Address

7700 Keele Street, Vaughan, ON

Ownership

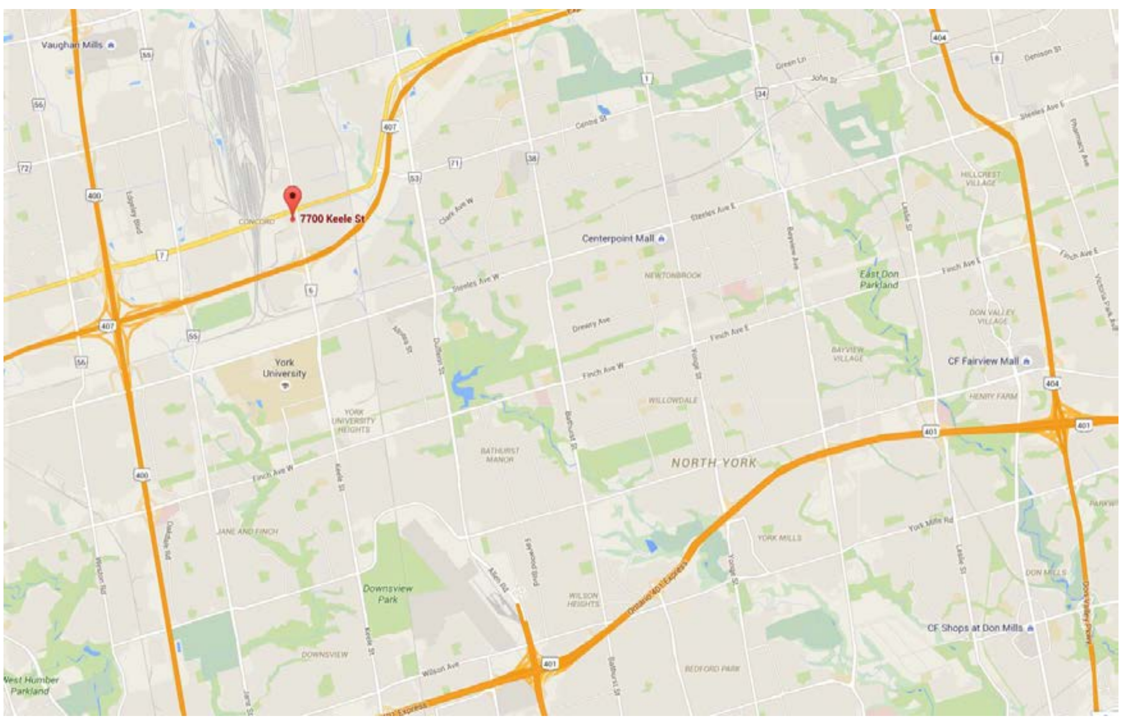
The property is owned by 7700 Keele Street Limited. Our research indicates that the property has not changed ownership in the past 3 years.

Tenure

The interest to be appraised is the leased fee interest.

Location

The subject property is located in the south-central part of Vaughan near the Keele Street / Highway 407 interchange. Specifically, the property is situated on the western side of Keele Street, a short distance south of Highway 7. The subject's location is marked in the map below:



Surrounding Land Uses

The surrounding area is characterized mainly by light industrial buildings along with some commercial development along major arterials. The dominate land use in the area is the CN Rail MacMillan Yard, which is reportedly Canada's largest rail classification / intermodal terminal.

Regional Access

Good access to both Highway 400 and 407, with a full interchange to Highway 400 located at Highway 7 to the west and an interchange with Highway 407, via Keele Street, to the south.

Local Access

Considered good given the subject's proximity to important arterials such as Jane Street, Dufferin Street, Highway 7 and Steeles Avenue.

Public Transit

York Regional Transit operates regular bus service in the neighbourhood. The Viva rapid bus systems run along Highway 7 and south on Keele Street and will eventually connect to the TTC Subway system once the extension to Vaughan is completed.

Air Travel

Toronto Pearson Airport is located a short distance to the southwest.

Labour / Amenities

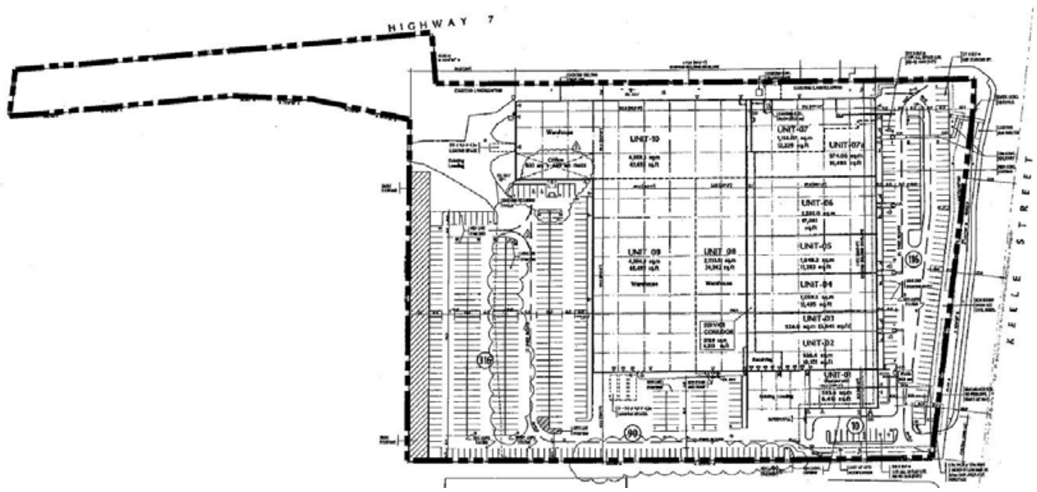
Access to a local labour pool would be well rate and there are a number of supporting amenities located in close proximity (shops, restaurants, banks, etc.)

Commentary

Overall, considering the subject's position near Highway 400 and Highway 407, along with it position on Keele Street, it would be seen as occupying a good location for its present use.

Site Description

Position	:	Midblock
Frontage	:	591.27 ft. to Keele Street.
Depth	:	826.80 ft. (southern boundary).
Site Area	:	12.36 acres, as per MPAC.
Configuration:	:	Mostly rectangular, with an elongated section extending out from the northwest corner of the site. See Site Plan below:



Expropriated Areas

We understand that a strip of land along Highway 7 was expropriated by the Regional Municipality of York measuring 1,224.5 square meters for widening of the roadway. We also understand that there is a 4 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 subject property.

We also understand that a portion of the site fronting onto Keele Street is also planned for expropriation by the Municipality. This is also a strip running along the entire frontage of the site. It is an important assumption of this report that any taking will not negatively impact the function of the site, including the availability of parking.

Access

One curb cut to Keele Street. The site can also be accessed via a driveway that connects the neighbouring property to the north.

On-Site Parking

While the exact number of stalls is not known, there appears to be adequate parking situated in various locations on the property.

2015 Assessment

$20,055,000, as per MPAC.

Services

Full municipal services.

Topography and Soil Conditions

The subject is at a similar level to the street frontage but the site is somewhat below the properties to the west and north. However, there does not appear to be any concerns regarding water run-off or soil erosion.

We did not review any soil reports and thus have made the assumption that the soil characteristics are sufficient to continue to support the existing improvements.

Landscaping

Trees and lawns at the street frontage as well as along the parts of the north side of the site.

Paved Surfaces

Portions of the site note improved with the building or landscaping were asphalt paved. While some alligatored patches were observed, the pavement appeared overall to be in good condition. The reader should note that we have not adjusted for any potential repair costs.

Truck Turning

Based on our site inspection, there appears to be adequate space available for truck turning space.

Expansion Potential

Were we provided an architectural drawing that indicates the site coverage at 37%. This may be slightly higher after the more recent expropriations. However, at under 40% coverage, there is good room for parking and vehicle movement. However, there may only be limited expansion potential given the need for parking from the various tenants and the configuration of the building. Planning advice would be required for certainty.

Encumbrances

Full interpretation of the title is beyond the scope of this report and the appraisal is contingent on the expectation that there are no material encumbrances that would negatively affect value. However, as these can have a significant impact on the market value and / or the marketability, legal advice is recommended. As noted, we are aware of temporary easements over part of the site that abut Highway 7, but this does not appear to impact the utility of the site.

Commentary

The property 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.

Land Use Controls

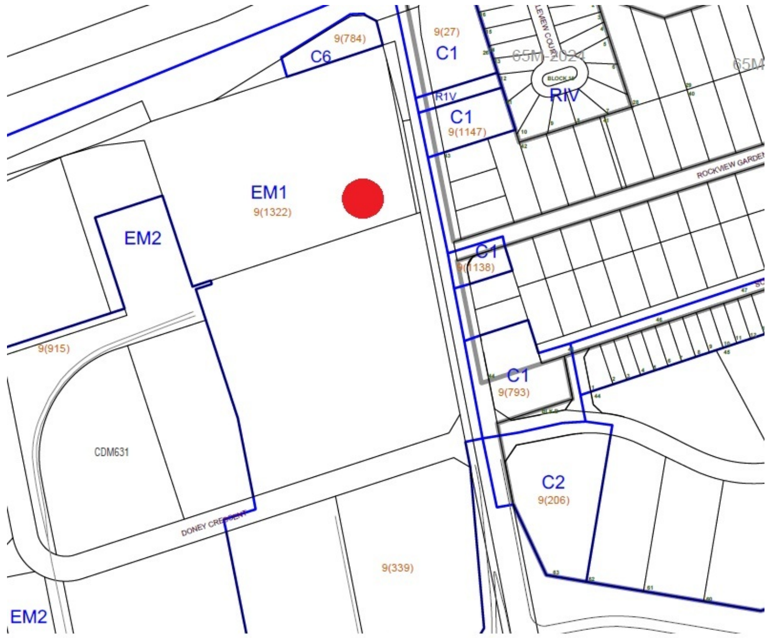
Zoning and Plan

Official Plan : Employment Commercial Mixed Use

Zoning : EM1 – Prestige Employment Area

Permitted Uses : A wide variety of industrial uses are permitted including: manufacturing, warehousing, and science and technology facilities. A number of commercial uses are also permitted in conjunction with the industrial uses. However, outside storage is not permitted.

The property is subject to Exception 9(1322) indicates that the minimum number of parking stalls at the subject must be 532. In addition, it adds the following uses to the list of permitted uses: eating establishments, retails store, pharmacy, LCBO outlets, business and professional offices, supermarket and Brewers Retail.



Limitations : For the purposes of this appraisal, we have assumed that the data obtained is correct and that the property represents a legal use, or at least a legal non-conforming use.

Commentary

The current use of the property appears to conform to the existing land use controls. They are also considered to be flexible as they permit a wide variety of light industrial and some commercial uses, subject to certain restrictions.

Building Description

The information noted below is sourced from our inspection of the subject property as well as discussions with the owner. The information is assumed to be accurate, however, for the greater certainty engineering, architectural and structural surveys are recommended.

Date of Inspection

Date of Inspection : April 8, 2016

Building Type

Originally constructed as a single tenant building, the subject has been divided into 15 units.

Net Rentable Area

196,459 s.f.

The areas of each unit are show below.

Unit	Tenant	Net Rentable Area (s.f.)	Area Share
Unit 1	Vacant	6,410	3.26%
Unit 2	Vacant	10,101	5.14%
Unit 3	Vacant	5,641	2.87%
Unit 4	Vacant	11,096	5.65%
Unit 5	Addmore	8,000	4.07%
Unit 6	Vatero Kitchen & Bath	15,949	8.12%
Unit 6A	Stone Tiles & Beyond	5,000	2.55%
Unit 6B	Silk Plant Warehouse	8,915	4.54%
Unit 7A	Discount Car & Truck	761	0.39%
Unit 7	University of Toronto	12,240	6.23%
Unit 8	Goodlife (Keystone)	24,042	12.24%
Unit 8A	Limelight Allstars	6,660	3.39%
Unit 8B	Les Fanfans Nursery	7,039	3.58%
Unit 9	Goodlife	30,903	15.73%
Unit 10	Relco Inc.	43,702	22.24%
	Total	196,459 s.f.	

Date of Construction

The building, based on information from the client, appears to have been originally constructed in the 1960's with more renovations and additions completed.

Building Position

Positioned toward the north end of the site.

Configuration

Rectangular (more or less).

Construction

Foundation and Floor	:	Poured in place concrete / block.
Frame	:	Structural Steel.

Exterior : Combination of precast concrete panels, facing brick and concrete block.

Roof : Steel trusses, metal deck, built-up tar and gravel. We understand a large section of the roof was recently replaced.

Demising Walls : Concrete block.

Glazing : Double glazing in metal frames.

INTERIORS

: The units facing Keele Street are mainly characterized as open showrooms spaces with some offices / storage areas at the rear. The majority of the floors are painted concrete and the roof trusses at the ceiling are exposed. Lighting is a combination or metal halide units along with high efficiency fluorescent units. Overall, these units provide attractive accommodation for flex-commercial uses.

We were not able to tour the unit occupied by the University of Toronto but we understand that is it mainly finished office space and configured as a “data centre” as it contains highly specialized computer equipment.

There are three units along the southern elevation, occupied by GoodLife (Keystone) and Limelight Allstars. Les Fanfans Nursery is assumed to begin occupancy as of January 1, 2017. The GoodLife unit is a basic industrial unit with minimal finishing. The Limelight Allstar unit is configured as a dance / gymnastics studio. The unit to be occupied by Les Fanfans Nursery will be a daycare. They will also have use of a fenced area in front of their unit for use as an outdoor playspace. In order to accommodate this, 3 truck level shipping doors will be removed and the sloped grade, which allows trucks access to these doors, with be graded upward to provide a level surface.

GoodLife Fitness occupies a unit along the majority of the western elevation and is configured as a high quality fitness gym. It includes a large equipment area, smaller studio spaces, change / locker rooms, offices and a pool area. It is finished to a highly attractive level.

Relco Inc. occupies the unit at the northwest corner of the building and features an attractive two storey office component, which measures about 4,300 s.f. or 10% of the unit. The industrial area features two crane rails.

HVAC : Roof-mounted HVAC units.

Fire Protection : Fully sprinklered.

INDUSTRIAL

Clear Height : Clear heights vary from 16 to 24 ft. The units facing Keele Street have a clear height of 16 ft. This would comprise about 40% of the building. The area occupied by Relco Inc. is 24 ft. clear, with the remainder of the building having a clear height of 18 feet.

Shipping : Currently, only units occupied by Relco Inc. and the University of Toronto have shipping doors that service their units directly. Relco has two truck

		level and one drive-in door, while the University of Toronto is serviced by a drive-in door. The other units are serviced via a shipping corridor that leads to an interior shipping dock located at the south end of the building.
Fire Protection	:	Fully sprinklered.
Washrooms	:	Adequate men's and women's provided.

Condition of Building

We have not carried out a structural inspection of the building. We have assumed that the structure is in good condition and there are no structural faults which might affect the value of the property. Wiring, plumbing and equipment have not been tested. They are assumed to be in satisfactory operating condition. Nevertheless, for certainty, a full building condition report by a qualified professional is recommended.

Environmental Matters

Cushman & Wakefield Ltd. has no expertise or responsibility regarding environmental matters. We have assumed that there are no environmental issues that would impact the value.

Commentary

The subject was reportedly originally a single tenant facility that has since been extensively renovated and adapted for multiple tenant use. The building benefits from clear heights of 16, 18 and 24 ft., 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 subject also offers a variety of unit sizes as well as both industrial and flex/commercial type units. The site also provides for a good level of parking. Overall, the physical characteristics of the subject would be well rated.

MARKET OVERVIEWS

CANADA - ECONOMIC OVERVIEW

Geographically, Canada is the second largest country in the world at almost 10.0 million km^2 (or 3.9 million square miles), and has the longest coastline and longest border with another country, the United States (U.S.). The Canadian economy is the eighth largest in the world.

Known to be rich in natural resources, Canada has vast stores of iron ore, nickel, zinc, copper, gold, lead, diamonds, silver, coal, petroleum, natural gas, and is a leading producer of hydropower. Notably, with 180.0 billion barrels of proven oil reserves, Canada has the second largest reserve in the world, next to Saudi Arabia.

CURRENT TRENDS

According to the Royal Bank of Canada (RBC), Canadian gross domestic product (GDP) increased by an expected 0.3 percent in November 2015, following flat activity in October and a 0.5 percent plunge in September. November's growth is expected to keep the fourth quarter of 2015 from being the third negative quarter of the year.

The Canadian dollar closed below 70 cents U.S. on January 09, 2016 for the first time in nearly 13 years while the Toronto stock market registered another triple digit loss. The last time the Canadian dollar closed beneath the 70-cent U.S. mark was on April 30, 2003, when it was 69.76 cents U.S. This was mainly due to the struggling oil industry, and according to Macleans, oil prices used to have an 80.0 percent correlation with the Canadian dollar and currently it has increased to 94.0 percent. On January 20, 2016, the Bank of Canada announced that it is maintaining its target for the overnight rate at 0.5 percent. The Bank Rate is correspondingly 0.75 percent and the deposit rate is 0.25 percent.

CANADA ECONOMIC INDICATORS Q4 2015

	2015f	Y/Y Change
GDP Growth	1.2%	⬇
Unemployment Rate	6.9%	▬
Employment Growth	0.9%	⬆
Retail Sales Growth	2.2%	⬇
Housing Starts (000's)	194	⬆

Source: BMO Capital Markets, TD Economics

Additional details regarding Canada are as follows:

- According to the Conference Board of Canada, housing starts are forecast to fall from 189,300 units in 2014 to 182,100 units in 2015 and to 177,800 units in 2016. Despite the drop in housing starts, total residential investment is expected to see decent growth this year at 3.1 percent, before edging down by 0.3 percent next year.
- According to BMO Capital Markets, Canadian employment rose by 22,800 in December, reversing most of the prior month's steep decline. While full-time jobs were down by 6,400, self-employment (+40,000) accounted for most of the lifting. The unemployment rate held steady at 7.1 percent. At the regional level, 7 out of 10 provinces posted employment declines, as gains in heavyweights Ontario and Quebec (as well as New Brunswick) more than offset losses elsewhere.

DEMOGRAPHIC CHARACTERISTICS

According to the Conference Board of Canada, Canada had an estimated total population of 35.8 million in 2015, and accounted for approximately 0.5 percent of the world's population. The population is expected to grow at an average rate of 1.1 percent over the next four years, reaching 37.5 million by the end of 2019. While Ontario is the most populous province in Canada with 13.8 million people, Toronto is the most populous city in the country with 6.2 million people.

Additional items of note are as follows:

- Canada welcomes thousands of immigrants every year. According to the 2011 Census/ National Household Survey (the latest national survey which is conducted every five years by Statistics Canada), Canada's immigrant population reported close to 200 countries as a place of birth. On a regional basis, Asia (including the Middle East) remained Canada's largest source of immigrants between 2006 and 2011, and approximately, 661,600 or 56.9 percent came from that region. This proportion was down slightly from 60.0 percent among those who arrived between 2001 and 2005. In contrast, immigrants born in Asia accounted for 8.5 percent of the foreign-born population who settled in Canada prior to the 1970s.

- While the median age of Canadians is 40.6 years, majority or 68.7 percent of the population falls into the age group of 15-64 years. Canada's baby boomers who were born between 1946 and 1965, are quickly approaching retirement.

- Canada is one of the most diverse countries in the world. More than 200 ethnic origins were reported in the 2011 National Household Survey. In 2011, 13 different ethnic origins had surpassed the 1.0 million mark. According to Statistics Canada, in 2031, more than one in four or between 9.8 and 12.5 million Canadians could be foreign born.

HOUSEHOLDS

According to *The Economist* magazine, in Canada, housing prices have risen steeply in the past decade, with the hot markets of Toronto and Vancouver seeing increases of 7.8 percent and 7.1 percent, respectively in the past year. In a recent survey of housing costs around the world, the magazine reports that Canada's housing prices are 35.0 percent overvalued when compared to Canadian incomes. The reason behind this is mostly the lower mortgage rates. CMHC expects that the mortgage rates will continue to be supportive of housing demand and will remain at or close to current levels over the next two years. However, under the rule change announced last year, effective February 16, 2016, the minimum down payment for new insured mortgages will rise to 10.0 percent from 5.0 percent for the portion of the house price above $500,000. The 5.0 percent minimum for properties up to $500,000 remains unchanged. The effects of the new rule change might not significantly cool housing activity in Toronto and Vancouver. First-time buyers often aim for properties under $500,000. Those who purchase more expensive properties with help from their parents likely will not be deterred either. Prospective move-up buyers may not be affected as they usually have considerable equity built up in their homes.

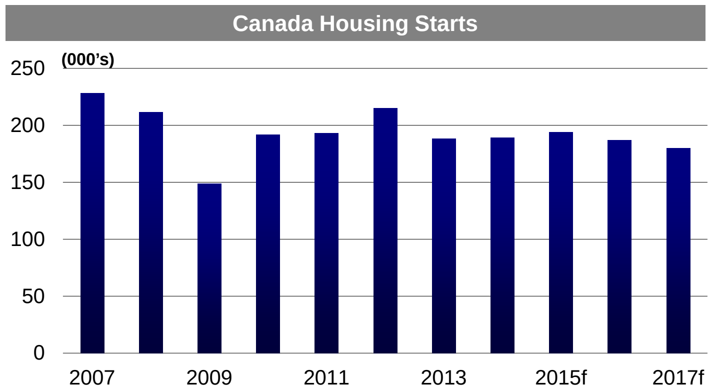
Additional considerations include the following:

- According to BMO Capital Markets, Canadian housing starts will decrease to 187,000 units in 2016, from an expected 194,000 units last year, before further dropping to 180,000 units in 2017.

- According to the Canada Mortgage and Housing Corporation (CMHC), housing activity is expected to slow down in oil-producing regions, particularly in Alberta, as a result of weakening economic conditions. On the other hand, this decline will be partly offset by increasing housing activity in other parts of the country, particularly in Ontario, where the economy should benefit from falling oil prices, lower interest rates, and lower Canadian dollar.

- According to the CMHC, foreign buyers, mostly Chinese, may be playing a role in overvaluation in the Vancouver and Toronto housing markets, especially in the luxury segment.

The following graph presents historical and projected activity of housing starts in Canada:



Source: Conference Board of Canada
**Forecasts – BMO Capital Markets*

Gross Domestic Product (GDP)

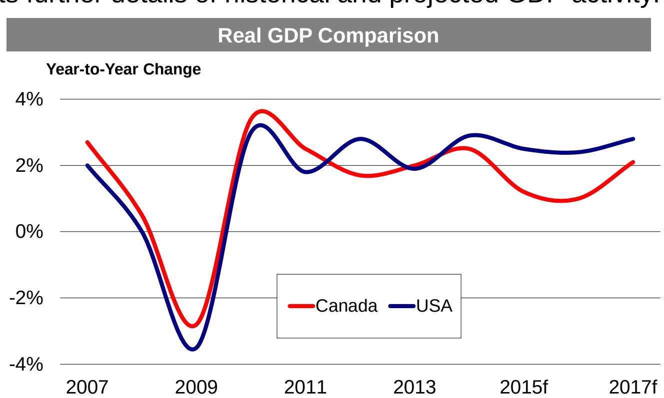
Canada is one of the largest exporters of automobile equipment and goods due to its position within NAFTA. Leading equipment manufacturers and global automakers operate in Canada, among which include General Motors, Toyota, and Ford. Leading bus and track manufacturers have also located in Canada, including Volvo Bus, Motor Coach Industries, and Hino. In addition, a number of large original equipment suppliers operate in the country, including: Johnson Controls, Aisin Seiki, and Continental.

Additional items of note are as follows:

- According to TD Economics, the Canadian economy grew 0.3 percent in November, coming back to life after two months of negative or nonexistent growth. Output was up in both the goods and services producing industries. Growth in the goods producing industries was led higher by oil and gas extraction, up 2.1 percent on the month. Manufacturing output also came back to life in November, rising 0.4 percent after two consecutive declines. Similar to the oil and gas sector, manufacturing output nevertheless remains slightly below August levels. Service sector output rose for a second month, up 0.2 percent in November. Leading the way were wholesale and retail trade, up 1.3 percent and 1.2 percent, respectively. Notable gains were also seen in transportation and warehousing (+0.8 percent, reversing two previous months of decline), and real estate, rental and leasing, up 0.3 percent in its eighth straight monthly gain.

- According to BMO Capital Markets, the real GDP in Canada grew by an estimated 1.2 percent in 2015 compared to 2.5 percent a year earlier. Further, the economy is expected to grow at 1.0 percent and 2.1 percent in 2016 and 2017, respectively.

The following graph presents further details of historical and projected GDP activity:



Source: Statistics Canada
**Forecasts – BMO Capital Markets*

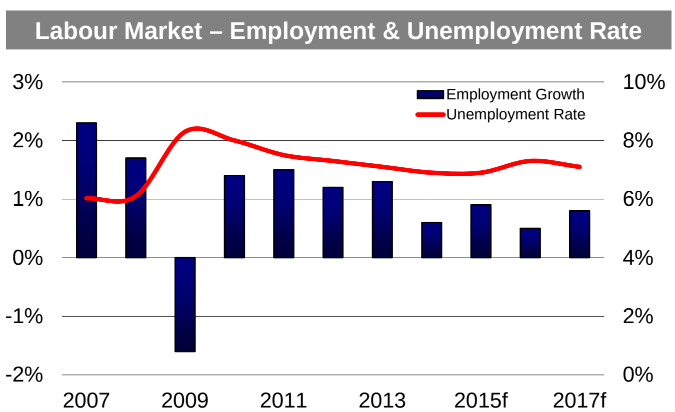
Employment and Unemployment

According to BMO Capital Markets, Canadian employment grew at an estimated 0.9 percent in 2015, from 0.6 percent in the previous year, although the unemployment rate remained unchanged at 6.9 percent in 2015. The labour market growth is expected to slow to 0.5 percent in 2016, pushing the unemployment rate to 7.3 percent.

Additional items of note are as follows:

- Statistics Canada is set to hire 35,000 individuals for the 2016 Census that will replace the earlier voluntary survey. Of those temporary jobs, 1,400 will be at StatsCan's census operations centers in Ottawa and Gatineau, and the remaining jobs, mostly for census-takers, will be located across the entire country. The census jobs will begin their tenures in April or May. StatsCan is also planning to hold early enumeration in some rural parts of the country, and those jobs have to be in place by February. The agency is offering a pay rate of $16.31 to $19.91 per hour.
- Canadian Pacific Railway, which posted record profits and revenue last year, plans to cut almost 1,000 more jobs this year as it adjusts to lower shipment volumes amid a collapse in commodity prices and a weak Canadian economy. The Calgary-based company says most of the cuts to unionized and management positions will result from attrition and kick in by mid-year. Since 2012, the railway has cut 6,000 to 7,000 jobs in a move to boost its bottom line, and had reduced its workforce by 12.0 percent, eliminating nearly 1,800 jobs last year as shipments dropped 3.0 percent.

The following graph represents yearly historical and projected employment and unemployment rates for Canada:



Source: Statistics Canada
**Forecasts – BMO Capital Markets*

Retail Sales

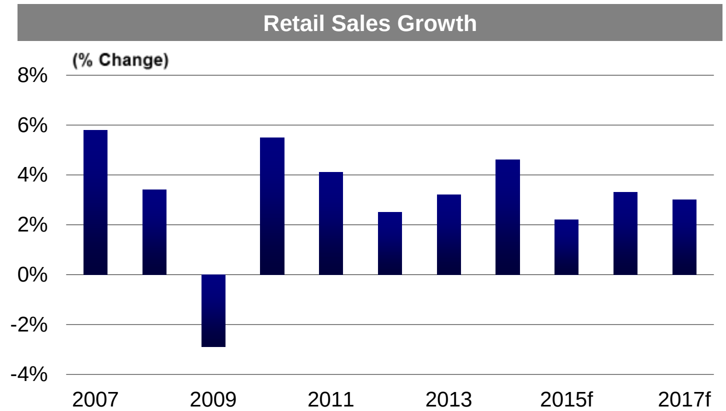
The retail sector plays a key role in bridging production and consumption, and as a result, the sector has significant direct and indirect effects on the Canadian economy. According to TD Economics, Canadian retail sales recorded an estimated growth rate of 2.2 percent in 2015, down from 4.6 percent last year. Slow economic growth in Canada in 2015, and the falling Canadian dollar may have been significant factors for this decrease in retail sales. The rate is expected to pick up in 2016 at 3.3 percent.

Additional details regarding retail trade in Canada are as below:

- According to the RBC, nominal retail sales in November 2015 surged by 1.7 percent following a 0.1 percent gain in October. The increase reflected increases in all major components except gasoline stations. Motor vehicle sales unexpectedly increased by a very strong 3.5 percent despite earlier reports of a slight drop in November unit sales, albeit remaining at very high levels.

- According to the RBC, consumer prices fell by 0.5 percent in December 2015, and the year-over-year rate increased to 1.6 percent, which was below market expectations.

The following graph represents yearly historical and projected retail sales rates for Canada:



Source: Statistics Canada
**Forecasts – TD Economics*

CONCLUSION

The Canadian economy experienced a mild recession in 2015 as a drop in oil prices led to a substantial decline in business capital investment. Stronger growth forecast for the U.S. should have favorable effects on the Canadian economy in the near term. If the Canadian dollar continues to fall, it may raise the prices for Canadian imports in sectors with high levels of trade integration, such as auto and aircraft parts manufacturing. The import costs may exceed the profits from exports, and will limit the anticipated benefits from the lower Canadian dollar; however, low oil prices may reduce manufacturing costs.

Final thoughts:

- According to the Conference Board of Canada, the depreciation of the Canadian dollar, combined with strong American demand, will make the trade sector one of the most important drivers of Canadian growth over the next few years.

- According to BMO Capital Markets, the three oil-producing provinces were in recession this year as the impact from low oil prices resonates across these economies, Alberta leading the way at negative 2.8 percent. Crude oil prices are expected to begin a recovery next year, however, real GDP is expected to contract further before stabilizing in 2017. Across all other regions, the medium term outlook can be characterized as continued moderate and steady growth. British Columbia, Ontario and Manitoba are projected to top the growth charts.

ONTARIO - ECONOMIC OVERVIEW

Ontario is the most populous province in Canada, with an estimated population of 13.8 million in 2015, and accounting for roughly 38.5 percent of the national total. The Conference Board of Canada forecasts that the population in Ontario will continue to grow, reaching 14.0 million by 2017.

While approximately 77.0 percent of Ontario's GDP is generated by service sectors, the province is also Canada's leading manufacturing centre. The top five manufacturing industries include: transportation equipment, metal products, food processing, chemical & by-products, and electrical & electronic products.

Ontario's large and culturally diverse population, natural resources, and strategic location contribute to a vital economy. Toronto is the largest city in Canada and the country's main financial centre. Many people work in the service or manufacturing industries, which produce a large percentage of Canada's exports. The Niagara region is known for its vineyards, wines and fruit crops. Ontario farmers raise dairy and beef cattle, poultry, and vegetable and grain crops. Ontario also has the largest French-speaking population outside of Quebec, with a proud history of preserving their language and culture. In addition, Ontario is home to the Toronto Stock Exchange - the largest stock exchange in Canada, the third largest in North America and the seventh largest in the world by market capitalization.

CURRENT TRENDS

The Ontario government, along with many other provinces, is dealing with one of the biggest challenges ever, a deficit of $8.5 billion for 2015-16 fiscal year, a decrease from $11.3 billion last year. However, the government does expect to reduce the deficit to $4.8 billion in 2016-17, and balance the books by 2017-18. Ontario's economy grew by an estimated 2.5 percent in 2015, driven by strong increases in household spending and residential investment. On the housing front, a low interest rate environment has continued to fuel the housing market in 2015 with both resales and average prices tracking higher.

ONTARIO ECONOMIC INDICATORS Q4 2015

	2015 (f)	Y/Y Change
GDP	2.5%	⬇
Unemployment	6.8%	⬇
Employment Growth	0.7%	⬇
Retail Sales	4.8%	⬇
Housing Starts (000's)	68.9	⬆

Source: BMO Capital Markets, TD Economics

Additional items of note are as follows:

- According to the Conference Board of Canada, Ontario's tourism sector may prove to be one of the biggest winners from the Canadian dollar's change of fortune. According to the Board's Canadian Tourism Research Institute, Ontario recorded an estimated increase of 4.5 percent in overnight visits from the U.S. to the province in 2015, and another 1.6 percent growth is expected in 2016.

- According to the Conference Board of Canada, households remain the main driver of growth in Ontario's economy. Spending on durable goods was particularly strong throughout the year, with vehicle sales reaching an all-time record high. Over the next two years, household consumption growth is expected to slow, held back by rising consumer prices and the potential introduction of the proposed Ontario Pension Plan in 2017.

DEMOGRAPHIC CHARACTERISTICS

With a population of 13.8 million, Ontario is home to about 2 in 5 Canadians. More than 85.0 percent live in urban centres, largely in cities on the shores of the Great Lakes. The largest concentration of people and cities is in the "Golden Horseshoe" along the western shore of Lake Ontario, including the Greater Toronto Area (GTA), Hamilton, St. Catharines and Niagara Falls. The “Greater Golden Horseshoe” describes the extended metropolitan area, including parts of central Ontario surrounding the core region. With more than 9.0 million people, this area is one of the fastest growing areas in North America. The wider region spreads inland in all directions away from the Lake Ontario shoreline, southwest to Brantford, west to the Kitchener-Waterloo area, north to Barrie and northeast to Peterborough. Population hubs in southwestern Ontario include London, Kincardine, Windsor, and Sarnia. In eastern Ontario, Ottawa and Kingston are the predominant cities. In northern Ontario, key municipalities include: Greater Sudbury, Thunder Bay, Sault Ste. Marie, North Bay, Timmins, and Kenora.

Additional items of note are as follows:

- Ontario's population growth has depended on immigration ever since the American Revolution sent Loyalists north to Canada. Even today, 40.0 percent of the approximately 250,000 people who immigrate to Canada each year choose to settle in Ontario. Toronto has been called the most multicultural city in the world, where more than 100 languages and dialects are spoken.

- The median age for Ontarians is about 40 years. There are approximately 5.0 million households in Ontario and the life expectancy is about 79 years for men and 84 years for women.

HOUSEHOLDS

Ontario, together with British Columbia (B.C.) account for approximately 60.0 percent of Canadian housing activity. In Ontario, the ongoing shortage of single family homes for sale in and around the GTA continues to drive very strong price gains. Price growth in 2016 is forecast to be the strongest in Ontario (+2.8 percent) due to an ongoing supply shortage of listings for low rise homes in and around the GTA.

Additional considerations include the following:

- According to BMO Capital Markets, housing starts in Ontario will increase to 70,000 units in 2016, from 68,900 units last year. In 2017, housing starts will drop to 65,500 units.

- According to the Ontario Municipal Affairs Minister, cities and towns outside Toronto will not be allowed to charge local land transfer taxes on property sales that would add thousands of dollars to the cost of a home, as Ontario already charge a provincial land transfer tax. This decision was made in early December 2015, followed by a campaign by the Progressive Conservatives and the real estate industry against the municipal tax that would push house prices further out of reach for many families.

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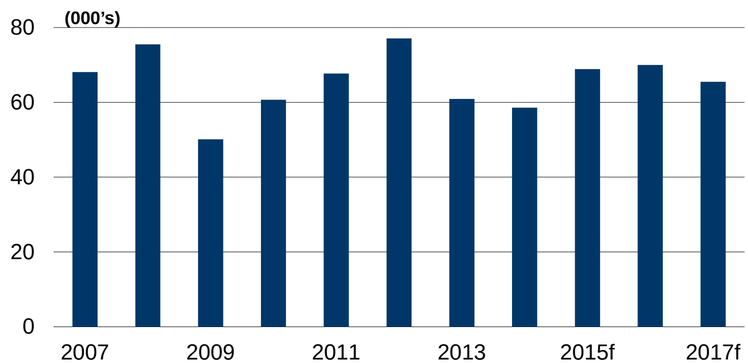
The following graph presents historical and projected activity of housing starts in Ontario:

Ontario Housing Starts



Source: Statistics Canada
**Forecasts – BMO Capital Markets*

Gross Domestic Product (GDP)

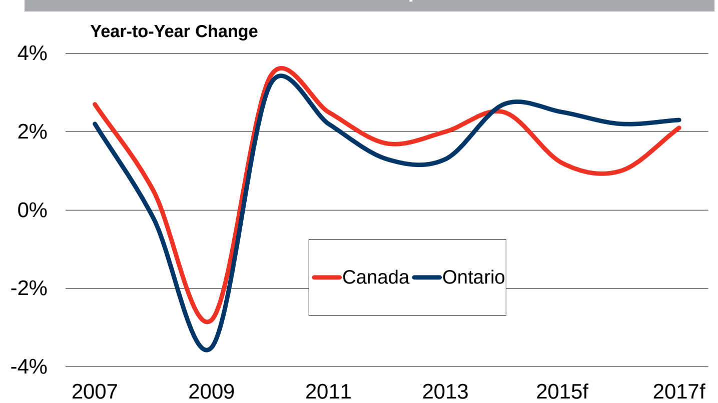
Ontario is the largest economy in Canada, with a GDP nearly twice that of neighbouring Quebec - Canada's second largest economy. Ontario's industries range from cultivating crops, to mining minerals, to manufacturing automobiles, to designing software and leading-edge technology. Ontario generates 37.0 percent of the national GDP and is home to almost half of all employees in high tech, financial services and other knowledge-intensive industries.

Additional items of note are as follows:

- According to BMO Capital Markets, Ontario's economy grew by an expected 2.5 percent in 2015, the second best rate in the country after B.C., although down by 20 basis points over last year. This year's growth was driven by strong increases in household spending and residential investment. Consumers in the province took advantage of strong wage gains, lower gasoline prices, and higher universal child care benefit payments to increase their real spending by 3.1 percent.
- The economic growth rate is forecasted to slow to 2.2 percent in 2016, and slightly increase to 2.3 percent in the following year – recording the second best provincial economic growth after B.C. in both 2016 and 2017. The GDP growth will be driven by the lower Canadian dollar and an improving U.S. economy, providing a further lift to manufacturing activity.

The following graph presents further details of historical and projected GDP activity in Ontario:

Real GDP Comparison



Source: Statistics Canada
**Forecasts – Bank of Montreal*

Employment and Unemployment

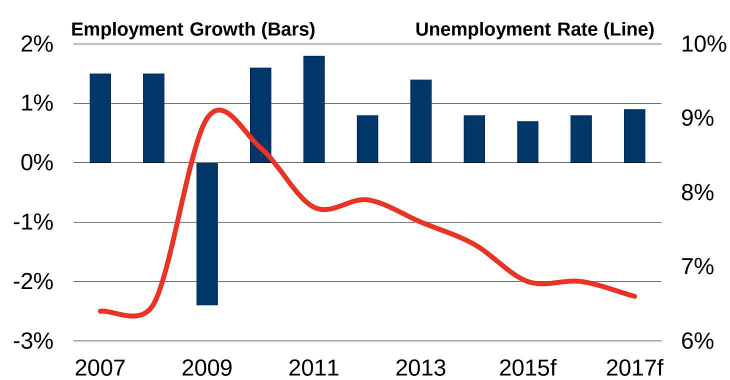
Natural resources are still an important part of the economy in Northern Ontario, while Southern Ontario has become a manufacturing centre. Most Ontarians (70.0 percent), however, are employed in the service industries such as business, finance, tourism, and culture. Ontario's financial services sector generates approximately $54.0 billion in GDP and employs about 350,000 people in over 12,000 financial services firms. Toronto, Ontario is the centre of Canada's financial services industry, and it is North America's third largest financial services hub after New York City and Los Angeles in terms of industry employment. Ontario is a leading North American jurisdiction for information technology (IT), only second to California. Apple, Facebook, Google, and Microsoft are some of the big names who have come to Ontario to recruit engineering talent. Ontario offers IT companies a distinct cost advantage over G7 countries, and business costs are 15.0 percent below the U.S.

Additional items of note are as follows:

- The labour force aged 25 and over exceeds 6.0 million people and approximately 64.0 percent of Ontario residents between 25 and 64 have completed post-secondary schooling.
- According to BMO Capital Markets, Ontario saw a slight drop in employment in 2015 to 0.7 percent from last year's 0.8 percent, before improving at 0.8 percent in 2016 and 0.9 percent in 2017. The unemployment rate dropped to an estimated 6.8 percent in 2015 and expects to remain unchanged in 2016 before dropping to 6.6 percent in 2017.
- According to the Conference Board of Canada, the overall employment growth was modest, with an estimated increase of 49,000 net new jobs. However, disposable income benefited from a notable improvement in job quality, which led to strong increases in wages. Full-time employment increased by approximately 80,000 while part-time employment declined by about 31,000. This contributed to a 3.3 percent increase in wages and salaries per employee.

The following graph represents yearly historical and projected employment and unemployment rates for Ontario:

Employment & Unemployment Rate - Ontario



Source: Statistics Canada
**Forecasts – BMO Capital Markets*

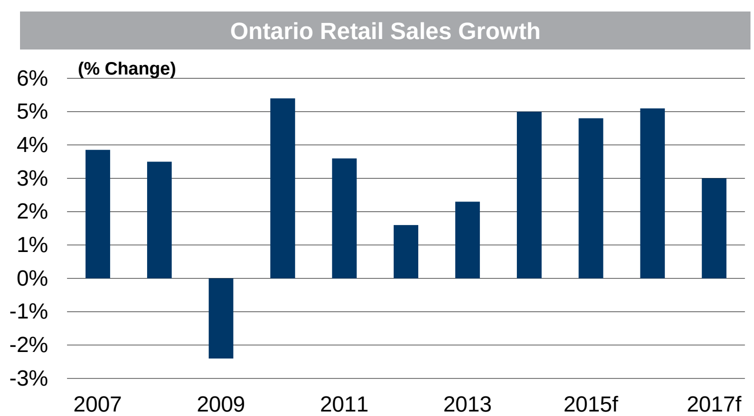
RETAIL SALES

The retail sector plays a key role in bridging production and consumption, and as a result, the sector has significant direct and indirect effects on the Ontario economy. According to TD Economics, retail sales in Ontario grew at an estimated 4.8 percent in 2015 although marginally down from 5.0 percent in the previous year. Retail sales is expected to continue to grow over the near term at 5.1 percent and 3.0 percent in 2016 and 2017, respectively.

Additional details regarding retail trade in Ontario are as below:

- In 2015, Ontario consumers saved approximately $2.0 billion on their gasoline bills, which they were able to spend on other goods and services. Moreover, the federal government's increase in universal child care benefit payments to $360.0 per child, further boosted disposable income. However, the growth in household consumption has been driven primarily by temporary factors and is not sustainable over the medium term. Over the next two years, household consumption growth is expected to decelerate, falling to 2.5 percent in 2016 and 1.3 percent in 2017. In 2016, the depreciation of the Canadian dollar will begin to significantly raise consumer prices, reducing the purchasing power of Ontarians. In 2017, the introduction of the Ontario Retirement Pension Plan (ORPP) is expected to reduce the disposable income of approximately 3.5 million Ontario employees, which should reduce household consumption growth significantly.
- As per the latest provincial budget, a new three cents a litre beer tax is effective as of November, 2015. That will increase three cents per litre per year until 2018.

The following graph represents yearly historical and projected retail sales rates for Ontario:



Source: Statistics Canada
**Forecasts – TD Economics*

Conclusion and Future Considerations

Since the U.S. market accounts for nearly 80.0 percent of Ontario's total merchandise exports, demand from south of the border is critical to economic growth in Ontario. In the next two years, Ontario is set to benefit from strong economic growth in the U.S. and a weaker Canadian dollar. After growing by an estimated 1.9 percent in 2015, exports of goods and services are projected to grow by 4.3 percent in 2016 and 3.9 percent in 2017. However, Ontario's largest exporting industry - the auto sector - continues to suffer from supply constraints as it struggles to attract new capacity-expanding investments. GM is in the process of reducing the work force at its Oshawa plant by 1,000 as it shifts production of its Chevrolet Camaro to Michigan. The end of the line for the Camaro at GM Canada will reduce annual motor vehicle production by about 80,000 vehicles, or approximately 3.0 percent of the province's total productive capacity.

Given the weakness in business investment in Ontario over the past decade, the province's exporters might not have enough capacity to boost production to meet the projected increase in international demand.

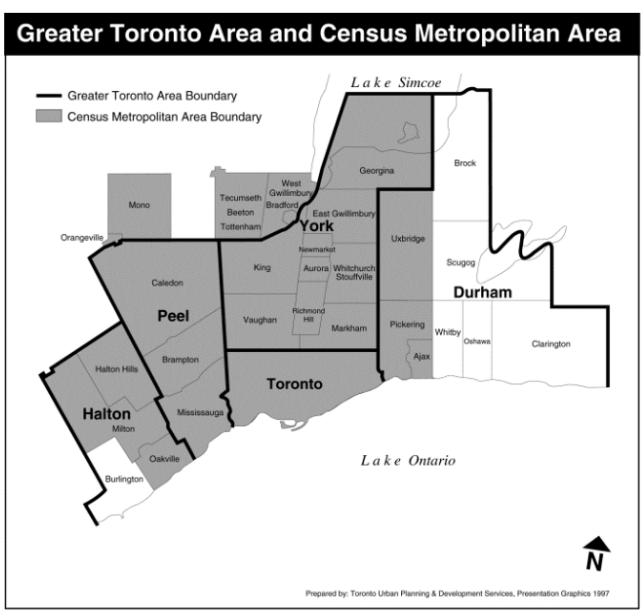
TORONTO CMA ECONOMIC OVERVIEW

The Toronto Census Metropolitan Area (CMA) is the most populous metropolitan area in Canada, with a population of more than 6.1 million in 2015, up 1.4 percent over the previous year. The Conference Board of Canada forecasts that population in the Toronto CMA will reach 6.6 million by the end of 2020. The Toronto CMA is also the economic heart of Canada – home to over 150,000 businesses, including more than one-third of the country's top 500 industrial firms. The Greater Toronto Area (GTA) is responsible for one-fifth of Canada's GDP, and is home to nearly 40.0 percent of the nation's corporate headquarters. The Toronto economy is highly concentrated in the financial, professional & business services, information & communications, and manufacturing sectors. Further, Toronto is the third largest financial services centre in North America behind New York and Chicago, and it is also the fastest growing financial services sector in North America.

Additional items of note regarding the Toronto CMA are as follows:

- Since 2009, Toronto has ranked fourth on the Economist Intelligence Unit (EIU)'s Global Livability Ranking.
- The Toronto Stock Exchange and TSX Venture Exchange combined have the largest number of listed companies globally in the oil and gas, mining, and clean-tech sectors.
- Toronto serves as the headquarters for five of Canada's largest banks. Collectively, Toronto based banks manage approximately $3.4 trillion of the nation's assets with the top five controlling approximately 80.0 percent. Further, these banks namely: CIBC (3rd place), TD Bank (4th place), RBC (6th place), Scotiabank (18th place), and BMO (22nd place), are among the twenty-five strongest in the world. Furthermore, of the fifty-five foreign-based banks operating in Canada, forty-five have their Canadian head offices in the Toronto region.

The boundary map for the GTA and Toronto CMA is as below:



CURRENT TRENDS

Toronto's manufacturing sector picked up over the past year, primarily due to a weaker Canadian dollar, and strong economic growth in the United States (U.S.) – Canada's biggest trading partner. As a result, Toronto's economy grew by 3.1 percent in 2015 - one of the best rates in Canada in the year. Exporters are expected to continue to reap the benefits of a stronger U.S. economy in 2016 as well. Accordingly, manufacturing output is expected to advance by 2.8 percent in 2016 from 1.9 percent in 2015, and should continue to grow at an annual average of 2.7 percent from 2017 to 2020. A rebounding housing market and numerous non-residential projects should boost construction activity this year and next. On the non-residential construction front, work is ongoing on the Spadina subway extension, the York bus lanes, and the Eglinton Crosstown light-rail transit. There is a significant amount of activity in the GTA's larger malls including Yorkdale, Sherway Gardens, and Square One – which are all undergoing extensive expansions to make room for Nordstrom and Saks Fifth Avenue.

TORONTO CMA ECONOMIC INDICATORS Q4 2015

	2015	Y/Y Change
GDP Growth	3.1%	⬇
Unemployment Rate	7.0%	⬇
Employment Growth	2.8%	⬆
Retail Sales Growth	5.4%	⬇
Housing Starts (000's)	41.4	⬆

Source: The Conference Board of Canada

Additional details regarding the area are as follows:

- According to the Canada Mortgage and Housing Corporation (CMHC), while a soft landing in the GTA housing market remains the most likely scenario, near record-high house prices and debt levels relative to income leave households vulnerable to a potential correction. A disorderly unwinding of household sector imbalances, should it materialize, could have sizable negative effects on the local economy.

- The TTC Subway extension will include six new stations in the GTA North area on the Yonge-Spadina line, including Sheppard West, Finch West, York University, Steeles West, Highway 407, and Vaughan Corporate Centre. Service on the new extension which was planned to start in late 2015 now has been delayed until 2017. The project is expected to generate approximately 20,000 direct and indirect jobs.

- Cisco Systems Inc. chose Toronto as one of its four new global innovation hubs, and will invest $100.0 million in the Toronto centre over the next decade. Cisco Systems Inc.'s investment will boost the city's tech credibility, and create job opportunities for Torontonians. It will bring together startups, tech partners, researchers, and industry people to examine new ways of using technology.

DEMOGRAPHIC CHARACTERISTICS

With approximately half of Toronto's population being foreign-born, Toronto is heralded as one of the most multicultural cities in the world. Over 140 languages and dialects are spoken in Toronto, and just over 30.0 percent of Toronto residents speak a language other than English or French at home. Toronto gains population mainly due to international migration but loses a fraction of that due to inter and intra provincial migration. In addition, it is home to hundreds of ethno-cultural organizations including professional associations and community centres.

Additional items of note are as follows:

- Population growth and the age structure are two key drivers of economic behavior in any given market. The age structure of Toronto's population is expected to shift considerably by 2035, primarily due to the aging baby-boomer generation.
- According to the 2011 Census/National Household Survey (the latest of a national survey which is conducted every five years by Statistics Canada), the five fastest-growing municipalities in the GTA are Milton with a population growth rate of 56.4 percent, followed by Whitchurch-Stouffville at 54.3 percent, Ajax at 21.6 percent, Brampton at 20.8 percent, and Vaughan at 20.7 percent.
- According to the 2011 National Household Survey, 49.1 percent of Toronto's population is composed of visible minorities, and the top three include: South Asian (12.3 percent), Chinese (10.8 percent), and Black (8.5 percent).

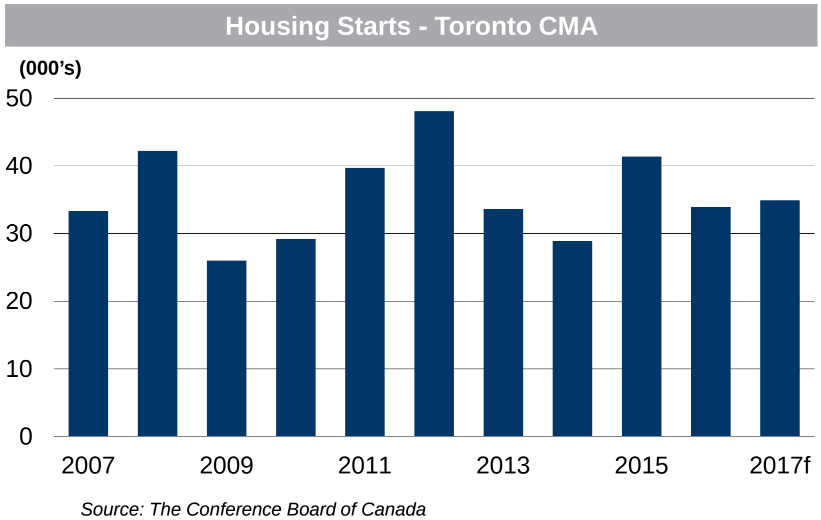
HOUSEHOLDS

Although Toronto is the fourth most livable city in the world and one of the best cities to do business, it is also the second most unaffordable housing market in Canada, after Vancouver. The Toronto Real Estate Board's affordability index shows that the share of household income that goes to mortgage, property tax and utility payments is around 35.0 percent, the highest it's been in 20 years. As a result, 45.0 percent of people in their twenties in Toronto live with their parents.

Additional considerations include the following:

- Population growth is a key determinant of housing demand in the Toronto CMA. With ever growing population in Toronto, the demand for homes reached a peak in 2015 with 41,366 units up from 28,929 units last year. The demand is expected to continue to grow, however at a slower rate, over the medium term, despite the rising home prices. According to the Conference Board of Canada, the CMA will have a total of 33,900 housing starts in 2016 and another 34,850 units in 2017.
- According to the Toronto Neighbourhood Guide, house prices grew significantly in the Toronto suburban markets in 2015, with the highest composite year-over-year price change ranging from 12.9 percent in Clarington to 15.7 percent in Newmarket. The highest average home price ranged from $984,492 in King to $614,864 in Newmarket.
- Toronto and parts of southern Ontario were among the hottest in Canada in 2015, surpassed only by the Vancouver area and the Lower Mainland region of British Columbia. Toronto housing market storms into 2016 with sales up 8.2 percent and prices up 11.2 percent.

The following graph presents historical and projected activity of housing starts in the Toronto CMA:



GROSS DOMESTIC PRODUCT (GDP)

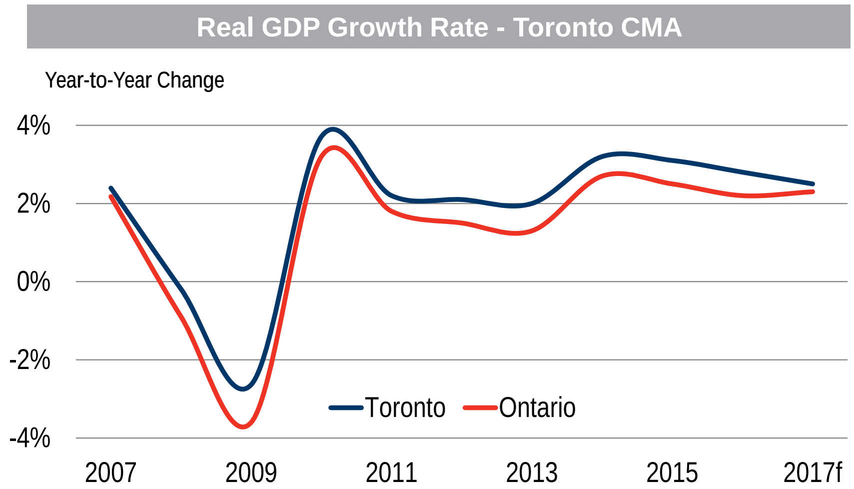
According to the Conference Board of Canada Winter *2016 Outlook,* real GDP in the Toronto CMA has improved by 3.1 percent in 2015, marginaly down from last year's 3.2 percent. This was driven by healthy gains in manufacturing, transportation and warehousing, and wholesale and retail trade, thanks to a growing economy in the U.S. and a weaker Canadian dollar. In addition, the real GDP for Toronto is expected to grow by 2.8 percent and 2.5 percent in 2016 and 2017, respectively.

Additional items of note are as follows:

- The Canadian banking industry, headquartered in Toronto, is an essential contributor to the economic growth and well-being of the city. Canada's five largest domestic banks have their head offices in Toronto. The banking sector accounts for approximately 4.2 percent of Ontario's GDP, and Ontarians benefit from more than $456.0 billion in credit authorized to businesses in the province. Of that, approximately $34.0 billion was provided to over 491,000 small and medium-sized enterprises (SMEs).

- Toronto's manufacturing sector has been in recovery mode since 2010, after both output and employment declined more than 30.0 percent over the previous decade, hurt by two recessions, high oil prices, and a strong Canadian dollar. According to the Conference Board of Canada, output in Toronto's manufacturing sector rose 1.9 percent in 2015. The industry is expected to strengthen due to stronger domestic and international demand, and the output is forecast to expand by 2.8 percent in 2016 and at an annual average of 2.7 percent from 2017 to 2020.

The following graph presents further details of historical and projected GDP activity:



Source: The Conference Board of Canada

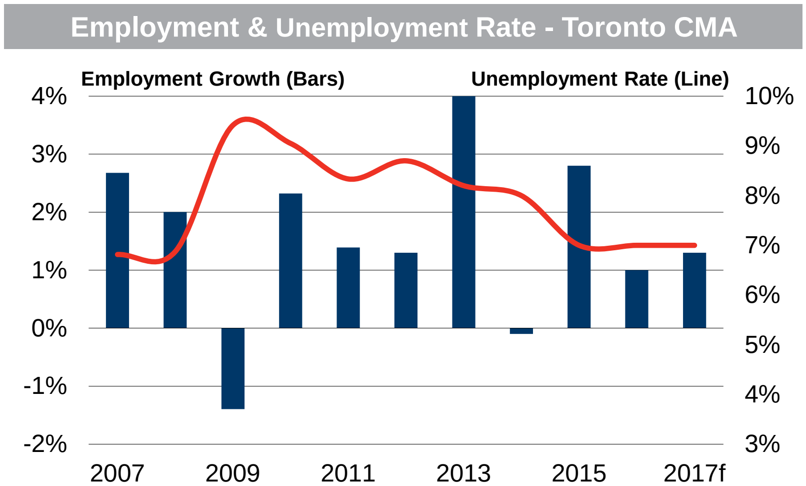
Employment and Unemployment

The economy of Toronto is highly concentrated in financial, professional & business services, information & communications, and manufacturing. Canada's five largest banks, which maintain their headquarters in Toronto, are the largest private sector employers in the city – each with more than 10,000 employees in the region.

Additional items of note are as follows:

- According to Statistics Canada, as of January 2016, employment in Toronto was up by 4.9 percent over the past year, pushing down the unemployment by 3.1 percent. This is a significant improvement as the labour force has increased by 4.3 percent over that time period.
- According to the Conference Board of Canada *Winter 2016 Outlook*, job opportunites in the Toronto CMA rebounded in 2015, growing at 2.8 percent from negative 0.1 percent last year. As a result, the unemployment rate was down by a full percentage point to 7.0 percent at the end of 2015, and expected to remain unchanged over the next two year. In addition, employment will slow over the near term, however, still grow at 1.0 percent and 1.3 percent in 2016 and 2017, respectively.

The following graph represents yearly historical and projected employment and unemployment rates for the Toronto CMA:



Source: The Conference Board of Canada

RETAIL SALES

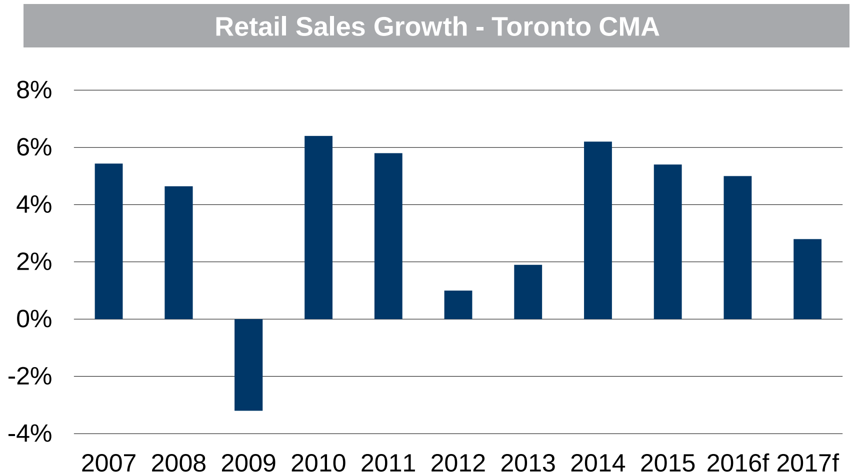
Total retail sales in 2014 totaled over $73.1 billion, a 6.2 percent increase over the previous year, the highest level of growth in years. While overall retail sales were weighed down by falling gasoline prices, the market still managed to record a growth of 5.4 percent in 2015. Further, the Conference Board of Canada expects that the retail sales will grow by another 5.0 percent in 2016, before slowing down over the next two years, expanding only by 2.8 percent and 2.9 percent, respectively.

Additional details regarding retail trade in the Toronto CMA are as below:

- Simons, one of Canada's oldest family-owned, Quebec-based retailers is coming to Mississauga next year. Two more stores are expected to open in the Toronto suburb of Scarborough in 2018 and at the Yorkdale Shopping Centre in 2019. Missing from the Simons national expansion plans is Downtown Toronto, one of Canada's toughest retail markets. Simons made a pitch to enter the Eaton Centre in Downtown Toronto, however, that did not materialize. Meanwhile, Nordstrom - a U.S. retailer, will open next year at the old Sears location in the Eaton Centre.

- Uniqlo, a leading Japanese clothing retailer, announced in January 2015 that it will open two flagship stores in Toronto in the fall of 2016, one at the Yorkdale Shopping Centre and the other at the Toronto Eaton Centre. Uniqlo will occupy 24,000 sf and 28,000 sf at the aforementioned locations, respectively.

The following graph represents yearly historical and projected retail sales rates for the Toronto CMA:



Source: The Conference Board of Canada

CONCLUSION

Toronto is Canada's business and financial capital, and the third largest North American financial services centre after New York and Chicago, with more than 245,000 people working in the financial sector. As many companies have based their head offices in Toronto, it is where most global financial decisions are made.

Further considerations are as follows:

- The economic conditions for the Toronto CMA are expected to remain healthy over the next two years. According to the Conference Board of Canada, real GDP will grow by 2.8 percent and 2.5 percent in 2016 and 2017, respectively. Manufacturing, non-residential investment, and services-producing activities will drive the GDP growth in 2016, offsetting a decline in housing starts.

Townhouses will become the equivalent of the new single-detached home in the GTA. Despite being ground-oriented, the high density nature of townhomes has meant lower price points. Often, families who are unable to afford a single-detached home in expensive neighbourhoods have found that townhomes fulfil their need for space at an affordable price.

INVESTMENT SUMMARY

MOMENTUM SHIFTS TO CENTRAL MARKETS

The dramatic decline in oil prices is having a deep-reaching impact on provincial economies and is re-shaping our view of the commercial real estate in Canada. With international oil prices now sitting at 50% of June 2014 levels, oil producers and supporting industries are clearly feeling the bite as gross revenue and profitability decline. The three provinces who will see a marked fall in oil related revenues and increased government austerity are Alberta, Saskatchewan and Newfoundland and Labrador.

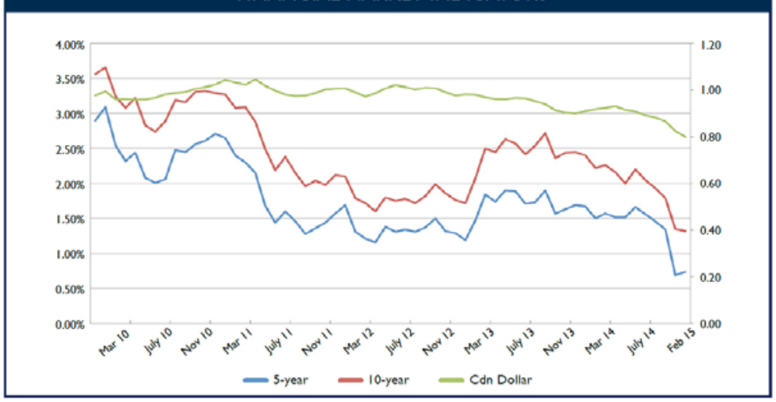
Interestingly, lower oil prices are also a catalyst to improved profitability. Lower oil prices means lower energy costs for some companies, and lower gasoline costs at the pump act as a tax rebate in the hands of consumers. This should help drive stronger retail sales across most provinces. A significant decline in the value of the Canadian dollar is also contributing to strengthening demand for Canadian goods and services. With our dollar now in the $0.80 range, Canadian goods are cheaper on the international stage. As evidence of shifting momentum, Toronto's industrial and downtown office markets have seen a notable pick up in expansionary momentum since the third quarter of 2014.

While real estate fundamentals remain strong, the full impact of low oil and other commodity prices has yet to work its way through the system. Historically, demand for real estate in cities such as Calgary and Edmonton has had a tendency to recover with the same voracity as on their downward journey. But as long as oil and commodity prices remain low, Toronto, Vancouver and Montreal will see a clear positive shift in expansionary momentum, while net oil producing markets will see slowing fundamentals.

DEBT MARKETS & INTEREST RATES

Over the course of 2014, 10-year Canada benchmark bond yields have steadily declined by nearly a full percentage point, from approximately 274 basis points (bps) in early January, to end the year at 179 bps. Following the unprecedented and consistent decline in oil prices over the prior six months, the Bank of Canada surprised the markets in January 2015 by announcing a reduction of 25 bps in the key lending rate. Consequently 10-year bond yields declined a further 50 basis points to 1.28% in February. Despite these new lows and the abundance of debt, many lending institutions are holding floors on coupon rates. Given debt remains readily available at historically low interest rates, the drop in bond yields may not be fully priced in.

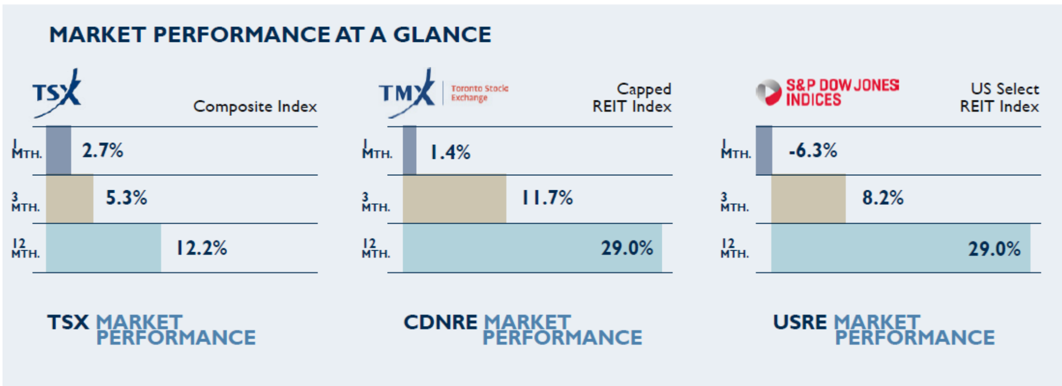
FINANCIAL MARKET INDICATORS



Source: Bank of Canada

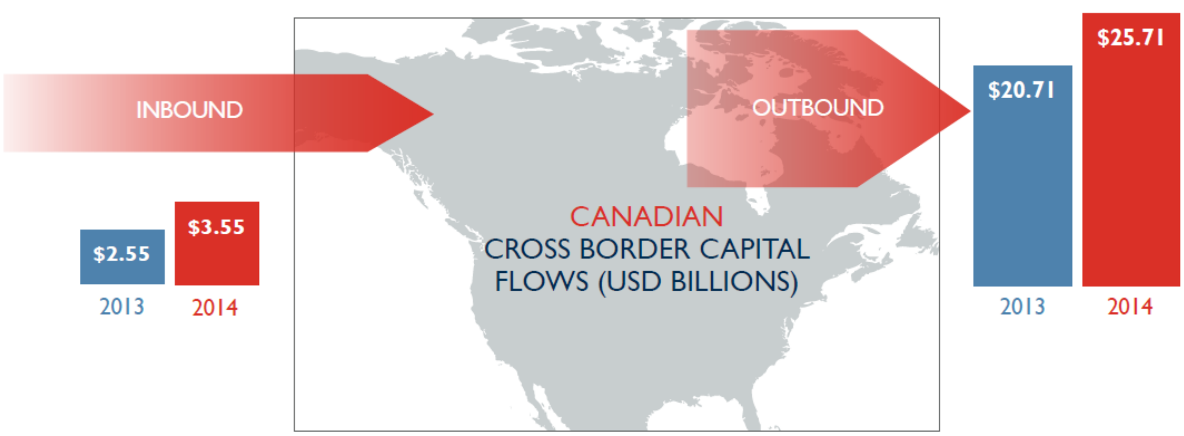
Public Markets

Despite increased volatility, Canadian stock markets have advanced in 2015, bolstered in part by strong earnings results among the banks and among some large merchandisers. While the Canadian real estate equity index has not kept pace over the last month, it remains well ahead of the composite Canadian index on a quarterly and annual basis and remains in—line with US counterparts over the same periods. Volatility is likely to continue, but the low interest rate environment will favour strong public real estate returns.



Global Capital Flow

Over the last two years, the flows of real estate equity leaving Canada far outweighs the incoming capital invested. While the previous strength of the Canadian dollar and significant lack of attractive investment opportunities has limited foreign inflows, it is expected that the declining value of the dollar and a significant wave of Asian equity, predominantly from Chinese life insurance companies, will see the inbound volumes continuing to rise in the coming years. Inbound capital increased by 39% last year. The significant volume of outbound capital is largely attributable to Canadian pension funds, with increasing allocations to real estate, seeking "core" opportunities that simply are not available in the open market in Canada. The bulk of this capital is directed to varying US markets, but has also targeted core cities in Europe, South America and Asia.



Source: Real Capital Analytics

The Greater Toronto Area (GTA) Industrial Market Analysis

Current Trends

Since mid-2014, oil prices have fallen, demand from south of the boarder has strengthened, and a weaker Canadian dollar is contributing to demand for goods and services across the GTA. In 2015, net absorption in the GTA industrial market totaled 9.1 million square feet (msf) – the best figure in eight years. As a result, the overall vacancy rate in this market reached its 15-year low of 4.0 percent in the fourth quarter of 2015, 1.4 percentage points down over the same quarter last year. Both Central and Suburban markets supported this vacancy decrease as they are clearly shifting towards expansionary growth.

Listed below are highlights in the GTA industrial market in the fourth quarter of 2015:

- In the fourth quarter of 2015, twelve industrial buildings completed construction, adding 2.9 msf to the GTA industrial market, and pushed the year-end new supply figure close to 5.0 msf. In addition, over 6.0 msf of new space is currently under construction, out of which only 23,063 square feet (sf) is based in the Central market. While the GTA West currently has the highest under-construction supply at 5.3 msf, there is no space underway in the GTA East market.

- The GTA West market continued to post the biggest share of absorption in the fourth quarter at positive 1.2 msf, although down by 2.0 msf over last quarter. Brampton led the way at positive 1.2 msf, the best absorption figure in the GTA market this quarter. This was driven by the 868,122 sf, speculative building at 8050 Heritage Road in Brampton that was fully preleased upon completion this quarter.

- While Central market's average net asking rent was marginally down by 10 basis points to $4.89 per squarer foot (psf) in the fourth quarter of 2015, Suburban market's rent was up by $0.04 psf to $5.62 psf. As a result, the overall net asking rent was up $0.02 psf, reaching $5.46 psf in the fourth quarter.

Market Characteristics

The GTA market is the largest industrial market in Canada with approximately 777.5 msf of inventory as of the fourth quarter of 2015. It is divided into four major submarkets: West, Central, North, and East. The West market is the largest submarket with 347.1 msf of inventory, which exceeds the amount of inventory that any other Canadian market has. The second largest submarket in the GTA is the Central market (253.0 msf), followed by the North market (148.3 msf), and the East market (29.2 msf). In addition, in the fourth quarter of 2015, the overall vacancy rate was the highest in the East market at 6.2 percent while the lowest in the Central market at 2.9 percent.

The following points describe the characteristics of each major GTA submarket:

- The West market contains the two largest industrial submarkets in the GTA: Mississauga and Brampton. **Mississauga** is home to more than 18,000 companies, and approximately half of them are in the manufacturing, product distribution, or corporate sectors that require warehouse space. The Mississauga economy is fueled by small to medium-sized companies with fewer than 50 employees, in industries such as pharmaceuticals, electronics, and equipment manufacturing. The major economic sectors in Brampton include advanced manufacturing, and logistics. In addition, Brampton is known for its low property taxes, and affordable leasing rates.

-

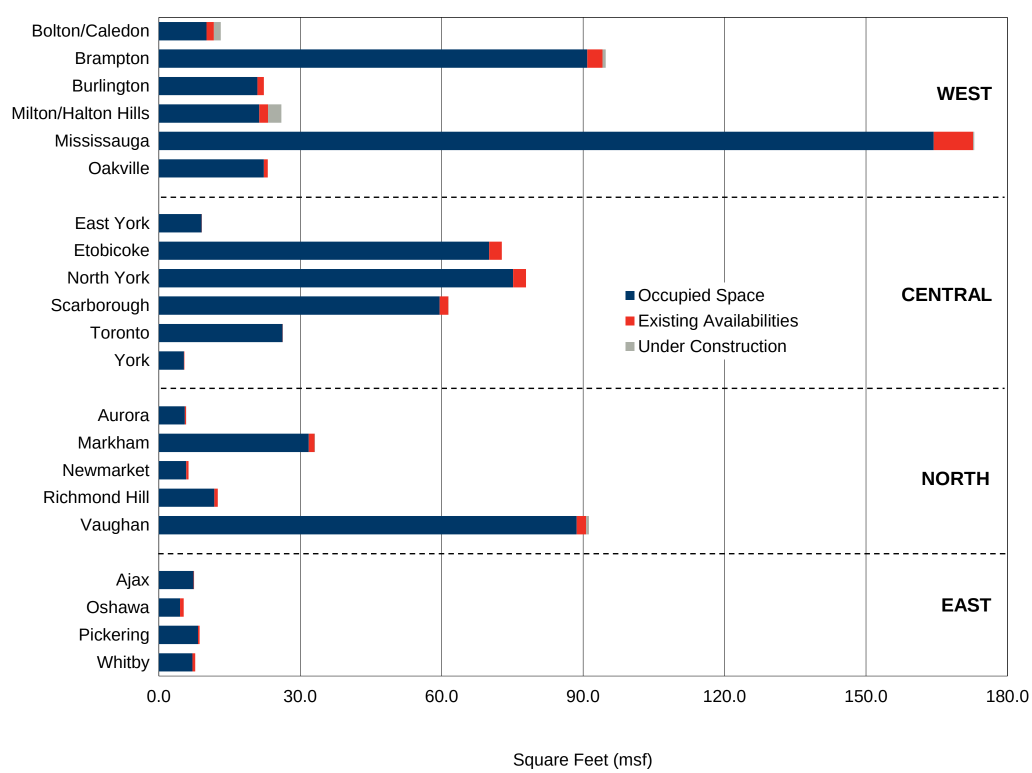
- The Central market refers to the City of Toronto, which includes not only the Central Toronto area (Downtown and Midtown) but also the surrounding areas – East York, Etobicoke, North York, and Scarborough. The three largest submarkets - Etobicoke, North York, and Scarborough - together account for approximately 84.0 percent of the total inventory in the Central market.

- Approximately 61.0 percent of the total inventory in the GTA North is located in Vaughan, followed by Markham with roughly 22.3 percent. Vaughan is one of the fastest growing municipalities in the GTA, and home to many leading-edge companies in *advanced manufacturing and logistics.*

- The East market is the smallest submarket that comprises Pickering, Oshawa, Ajax, and Whitby. In the fourth quarter of 2015, vacancy rates in the East market ranged from the lowest of 3.8 percent in Pickering to the highest of 14.4 percent in Oshawa.

The following graph demonstrates the GTA industrial market's breakdown in the fourth quarter of 2015:

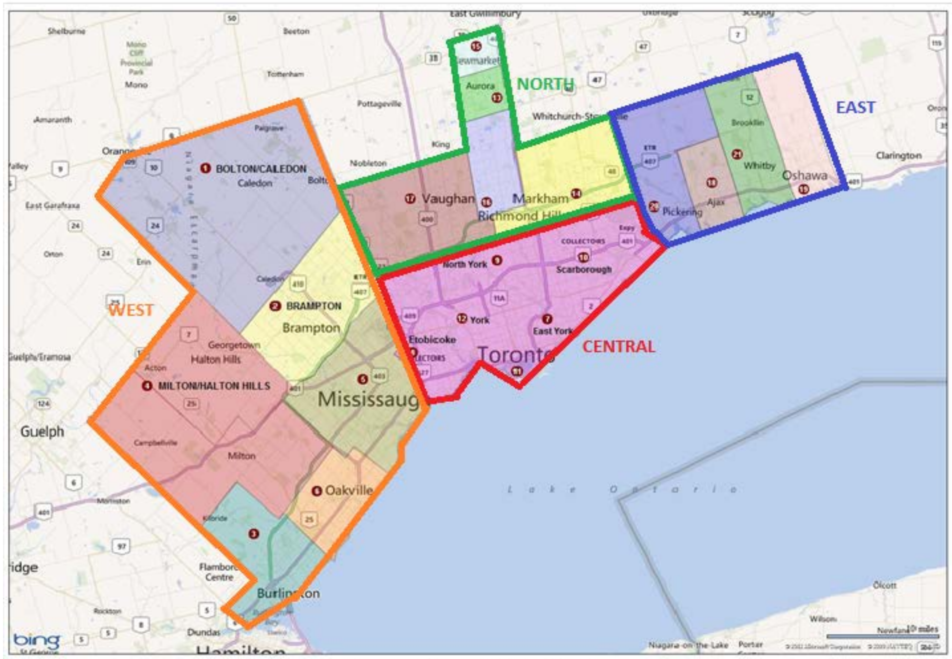
INDUSTRIAL INVENTORY BY MAJOR SUBMARKET
TORONTO G.T.A.
FOURTH QUARTER 2015



Source: Cushman & Wakefield Research; compiled by Valuation & Advisory

The following map illustrates the submarkets in the GTA:

TORONTO G.T.A. INDUSTRIAL SUBMARKET MAP



Source: Microsoft Virtual Earth

Supply Analysis

Vacancy

The overall vacancy rate in the GTA industrial market steadily plunged over the past two years, reaching a 15-year low of 4.0 percent in the fourth quarter of 2015. While this was down 10 basis points quarter-over-quarter, it was a 1.4 percentage point decrease over the same quarter last year. In the fourth quarter of 2015, vacancy rate in the Central market remained unchanged at 2.9 percent – the lowest in the GTA industrial market. In contrast, Suburban vacancy was down by 20 basis points over last quarter, reaching 4.5 percent in the fourth quarter.

Additional considerations regarding vacancy trends in the GTA industrial market in the fourth quarter of 2015 are as follows:

- Vacancy rates in both the GTA Central and North submarkets remained unchanged quarter-over-quarter at 2.9 percent and 3.1 percent, respectively. However, both submarkets witnessed significant vacancy decreases on a year-over-year basis at 1.5 and 1.2 percentage points, respectively.

- The GTA East submarket posted a 20 basis point vacancy decrease in the fourth quarter, reaching 4.5 percent. This was driven by a 3.3 percentage point vacancy decrease in Oshawa, reaching 14.4 percent – the highest vacancy rate in the GTA in the fourth quarter.

- The Milton/Halton Hills submarket posted the highest quarter-over-quarter vacancy change at a 4.1 percentage point increase in the fourth quarter, reaching 8.0 percent – the second highest vacancy rate in the GTA West. This was mainly due to the decreased absorption as the submarket returned more space than leased at negative 784,329 sf this quarter. While a new building added 248,127 sf of vacant space to Milton in the fourth quarter, another 2.8 msf is currently under way in the Milton/Halton Hills submarket which may further increase its vacancy in the near future.

The following table shows the GTA's submarket statistics in the fourth quarter of 2015:

Industrial Market Statistics by Submarket
Toronto G.T.A.
Fourth Quarter 2015

Market/Submarket	Inventory	Overall Vacancy Rate	YTD Construction Completions	YTD Overall Absorption	Under Construction	Weighted Average Net Rent
WEST						
Bolton/Caledon	11,679,333	13.4%	0	367,885	1,491,814	$5.37
Brampton	94,110,331	3.4%	1,972,956	2,113,489	698,079	$5.57
Burlington	22,282,401	6.1%	124,910	319,353	0	$4.42
Milton/Halton Hills	23,186,163	8.0%	248,127	(28,403)	2,809,737	$6.17
Mississauga	172,691,530	4.8%	1,465,216	2,566,440	289,690	$5.81
Oakville	23,115,684	3.6%	46,651	972,839	0	$6.19
WEST TOTALS	**347,065,442**	**5.0%**	**3,857,860**	**6,311,603**	**5,289,320**	**$5.67**
CENTRAL						
East York	9,139,977	0.3%	0	498,103	0	$6.29
Etobicoke	72,770,792	3.7%	0	(385,828)	0	$4.55
North York	77,880,133	3.5%	0	(346,110)	0	$5.19
Scarborough	61,404,216	3.0%	153,679	403,978	23,063	$4.80
Toronto	26,279,200	0.1%	0	757,631	0	$10.00
York	5,432,592	1.3%	0	(22,971)	0	$4.75
CENTRAL TOTALS	**252,906,910**	**2.9%**	**153,679**	**904,803**	**23,063**	**$4.89**
NORTH						
Aurora	5,805,090	4.3%	0	(100,688)	48,000	$4.96
Markham	33,065,696	3.7%	548,785	537,667	79,600	$6.00
Newmarket	6,315,383	7.6%	23,586	(64,341)	0	$5.38
Richmond Hill	12,512,352	5.7%	0	1,880	0	$6.96
Vaughan	90,633,891	2.2%	400,509	1,473,792	594,572	$5.31
NORTH TOTALS	**148,332,412**	**3.1%**	**972,880**	**1,848,310**	**722,172**	**$5.74**
EAST						
Ajax	7,507,148	1.6%	0	139,309	0	$3.84
Oshawa	5,272,574	14.4%	0	(62,246)	0	$4.94
Pickering	8,664,685	3.8%	0	262,483	0	$4.57
Whitby	7,754,862	7.9%	0	(271,386)	0	$5.06
EAST TOTALS	**29,199,269**	**6.2%**	**0**	**68,160**	**0**	**$4.86**
SUBURBAN TOTALS	**524,597,123**	**4.5%**	**4,830,740**	**8,228,073**	**6,011,492**	**$5.62**
TORONTO G.T.A. TOTALS	**777,504,033**	**4.0%**	**4,984,419**	**9,132,876**	**6,034,555**	**$5.46**

Source: Cushman & Wakefield Research; compiled by Valuation & Advisory

CONSTRUCTION

In 2015, the GTA industrial market recorded the highest level of new supply since 2008 by delivering over 4.8 msf, up 423,675 sf over last year. While 77.4 percent of this year's new space was concentrated in the GTA West, there was no new additions to the GTA East market. The fourth quarter had the highest level of new space in 2015 with over 2.9 msf - more than the total new space over the first three quarters of the year. Currently, 6.0 msf of new developments are under construction in the GTA, with close to 5.3 msf or 87.6 percent is concentrated in the West region.

Additional considerations regarding construction activity in the GTA industrial market are as follows:

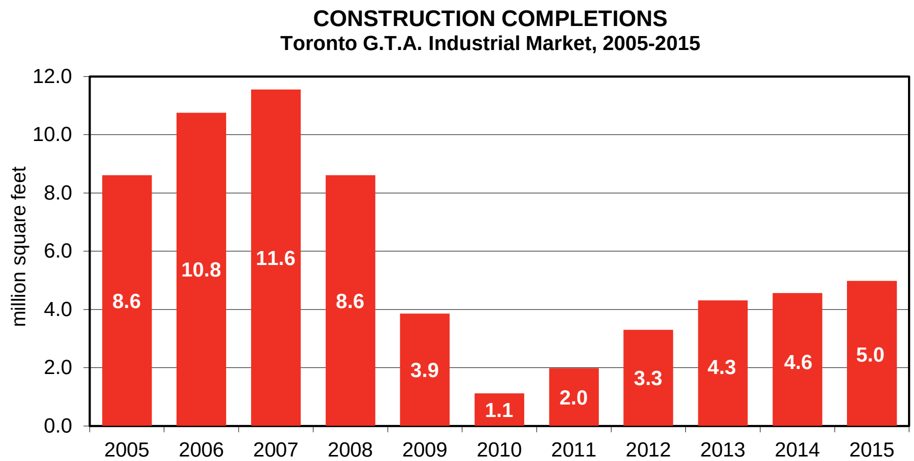
- Mississauga is the biggest submarket in the GTA industrial market with over 172.7 msf of inventory and 289,690 sf of new supply underway. Four speculative buildings were completed in the fourth quarter of 2015, pushing the year-end new supply to 1.5 msf - the second highest level of new completions after Brampton (2.0 msf).

- Milton/Halton Hills is the second fastest growing market in the GTA West with 2.8 msf of new industrial developments underway. One new speculative building was delivered in 2015, adding 248,127 sf at 8640

Escarpment Way. The next new development of 434,000 sf will be delivered to the Milton submarket in the first quarter of 2016. Both Milton and Halton Hills face strong competition from Mississauga, which dominates the industrial market in the West as it is located close to the Toronto market and the Pearson international airport.

- A total of twelve buildings completed construction in 2015, adding close to 5.0 msf to the GTA industrial market. The majority of new space or over 3.8 msf was delivered to the GTA West market with the balance space based in the GTA North (972,880 sf) and the GTA Central market (153,679 sf). In contrast, the GTA East submarket had no new construction completions this year.

The following graph shows a timeline of construction completions in the GTA industrial market between 2005 and 2015:



Source: Cushman & Wakefield Research; compiled by Valuation & Advisory

Asking Rents

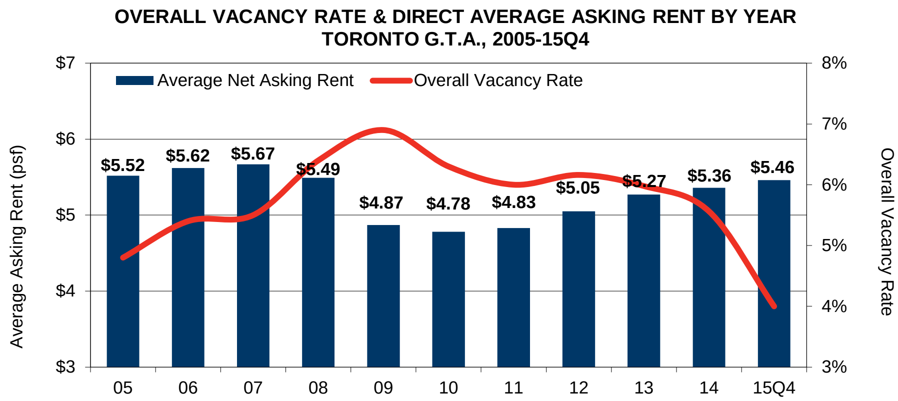
The overall net asking rent in the GTA industrial market reached $5.56 psf in the first quarter of 2015, the highest rate since the third quarter of 2008 ($5.65 psf), and steadily dropped, reaching $5.44 psf in the third quarter. This was mainly driven by the Central market at a $0.30 psf drop over the previous six months. In the fourth quarter of 2015, the net asking rent increased $0.02 psf back to $5.46 psf.

Additional considerations regarding net asking rents in the GTA market in the fourth quarter of 2015 are as follows:

- The overall net asking rent was the highest in the GTA North in the fourth quarter at $5.74 psf, up by $0.15 psf over last quarter. All North submarkets, excluding Vaughan, posted increased net asking rents in the fourth quarter with Markham leading the way at a $0.40 psf increase, reaching $6.00 psf. This could be due to the newly completed 548,785 sf, built-to-suit building at 10 Mobis Drive that asked for $7.50 psf.

- Richmond Hill continued to post the highest net asking rent in the GTA industrial market in the fourth quarter at $6.96 psf, up by $0.05 psf over last quarter. In contrast, Ajax posted the lowest net asking rent at $3.84 psf, down by 0.58 psf quarter-over-quarter.

The following graph demonstrates year-end net asking rent trends in the GTA market between 2005 and 2015:



Source: Cushman & Wakefield Research; compiled by Valuation & Advisory

Demand Analysis

Leasing Activity

The overall leasing activity in the GTA industrial market totaled 24.3 msf, down by 810,848 sf over last year. The second quarter leased the most space in 2015 at 7.4 msf, the highest quarterly activity in ten years. While the Central market leased 4.9 msf in 2015, the Suburban market led the way at 19.4 msf, approximately four times the Central market's leasing activity.

Additional considerations regarding leasing activity in the GTA market in the fourth quarter of 2015 are as follows:

- The fourth quarter leased more than 5.5 msf, up 555,799 sf quarter-over-quarter. This was driven by the Central market at 1.6 msf, up by 958,033 sf over last quarter. In contrast, leasing activity in the Suburban market was down by 402,234 sf, reaching 3.9 msf in the fourth quarter.

- The GTA West leased the most space in the fourth quarter and also in 2015 at 3.1 msf and 13.6 msf, respectively. This was driven by higher leasing activity in Mississauga at 1.9 msf and 6.8 msf, respectively.

- The largest lease deal in 2015 was done by Amazon by leasing 868,122 sf at 8050 Heritage Road in Brampton in the third quarter. A number of large leases (400,000 sf and up) were recorded over the first half of 2015, all based in the GTA West, driven by the logistics and warehousing sector.

The following table displays the significant new lease transactions in the GTA market in 2015:

Significant Industrial Lease Transactions
Toronto G.T.A.
January to December 2015

Building/ Address	Submarket	Tenant	Size (sf)
8050 Heritage Road	Brampton	Amazon	868,122
100 Ironside Drive	Brampton	Excel Logistics	440,000
8041 Fifth Line	Halton Hills	Neovia Logistics	435,000
3275 Argentia Road	Mississauga	Ikea Canada	400,000
2450 Hogan Drive	Mississauga	Forever 21	379,451
6525 Northwest Drive	Mississauga	Sherway Warehousing Inc.	329,864
12333 Airport Road	Caledon	Continental Tire	310,300
200 Chrysler Drive	Brampton	National Logistics Services	290,291
8875 Torbram Road	Brampton	Accuristix	278,243
8690 Escarpment Way	Milton	Medline Canada Corporation	252,782
81 Royal Group Crescent	Vaughan	Cutler Forest Products Inc.	200,000
2480 Meadowvale Boulevard	Mississauga	Walmart Canada	186,000

Source: Cushman & Wakefield Research; compiled by Valuation & Advisory

NET ABSORPTION

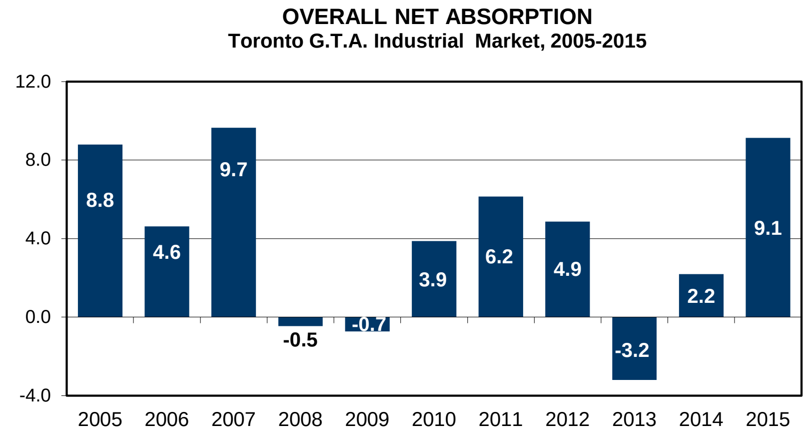
Although net absorption remained in the negative territory over the first half of 2014, the GTA industrial market experienced a notable rebound with 2.5 msf of positive absorption over the second half of the year, thanks to a much stronger U.S. economy, a more competitive Canadian dollar, and lower energy costs. Demand across the GTA markets continued to strengthen in 2015, accumulating a total absorption of positive 9.1 msf, up from positive 2.2 msf last year.

Additional considerations regarding net absorption in the GTA market in the fourth quarter of 2015 are as follows:

- Both Central and Suburban markets posted decreased absorption in the fourth quarter of 2015, totaling positive 741,094 sf, down by more than 2.9 msf over last quarter. This was driven by the Suburban market at a 1.8 msf quarter-over-quarter decrease to positive 1.2 msf. In contrast, the Central market's net absorption turned negative in the fourth quarter, totaling negative 483,113 sf, down from positive 633,096 sf last quarter. North York submarket's negative 588,800 sf was the key reason for decreased net absorption in the Central market this quarter.

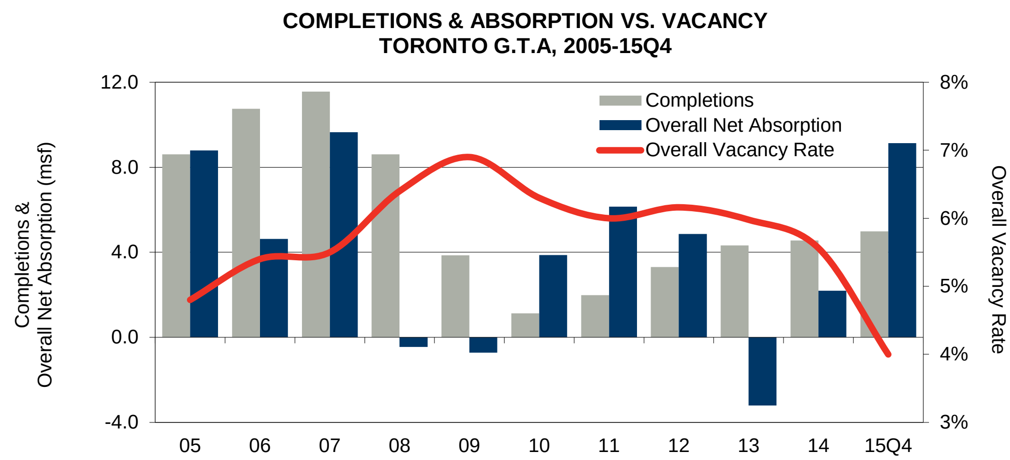
- GTA North was the only submarket to post increased absorption in the fourth quarter at positive 528,677 sf, up from positive 69,073 sf last quarter. This was driven by the Markham submarket at positive 377,706 sf, up by 325,122 sf over the previous quarter, as the newly completed, 548,785 sf, built-to-suit building at 10 Mobis Drive got fully absorbed upon completion.

The following chart illustrates the overall net absorption in the GTA market from 2005 to 2015:



Source: Cushman & Wakefield Research; compiled by Valuation & Advisory

The following chart illustrates the construction completions and annual net absorption, compared to overall vacancy rates in the GTA market from 2005 to 2015:



Source: Cushman & Wakefield Research; compiled by Valuation & Advisory

DEMAND DRIVERS

According to the Conference Board of Canada's *Winter Outlook 2016*, real GDP for the Toronto CMA is expected to grow by 2.8 percent and 2.5 percent in 2016 and 2017, respectively, although down from 3.1 percent in 2015. Growth will be boosted by strong gains in several sectors, including: manufacturing, construction, finance and real estate, and business services. The GTA remains a top draw for Canada's immigrants, fueling solid population growth and thus domestic demand. Both the manufacturing sector and the transportation and warehousing sector will continue to benefit from a growing U.S. economy and a weaker Canadian dollar as international demand will pick up for cheaper Canadian-made goods. Moreover, with increasing popularity of online shopping, e-commerce is driving demand for high-tech distribution facilities in the GTA market. The need for close proximity to transportation links will cause many developers to focus on the GTA West, as Canada's largest international airport is located in Mississauga. Further, Mississauga is centrally located with easy access to Toronto and many U.S. markets.

Additional considerations regarding the demand drivers for the GTA market are as follows:

- Renewed strength in global economy, low interest rates, lower oil prices, strong U.S. demand, and a very competitive dollar should mean expansionary growth for products manufactured in the GTA over the near term. Accordingly, the Conference Board of Canada expects manufacturing output in Toronto to expand 2.8 percent in 2016 and at an annual average of 2.7 percent from 2017 to 2020.

- According to the Conference Board of Canada, the Toronto Star's Vaughan printing plant, Unilever's Bramalea plant, and ThyssenKrupp's Toronto elevator plant are some of the manufacturing facilities scheduled to close in the region, resulting in job losses for 285, 280, and 165 workers, respectively. On the brighter side, an $857.0 million investment in 2014 at Honda's Canadian facilities made its Alliston facility the lead plant in the world for the 2016 Civic model. It became the first plant in the world to launch the model into mass production and will also be responsible for developing manufacturing tools for all Civic plants in the world.

- Retail activity is another important demand driver for warehouses and distribution centers in the GTA. With a number of new retailers opening stores in the GTA in 2016, including: Nordstrom, Saks Fifth Avenue, Michael Kors, Holt Renfrew, and Simons, consumer spending is expected to remain on the upswing. As a result, wholesale and retail trade output is projected to increase by another 3.6 percent in 2016. Further, retail sales are expected to rise in line with a return to positive employment growth of 5.0 percent in 2016. This should increase demand for warehousing and distribution space in the GTA.

Conclusion & Outlook

A positive shift in expansionary demand and a high level of leasing activity were the highlights of 2015. As a result, net absorption totaled positive 9.1 msf in 2015, a drastic improvement over last year's positive 2.2 msf. The development front has been moderately active over the first three quarters of the year until the fourth quarter welcomed approximately 3.0 msf of new space, pushing the year-end total close to 5.0 msf. In addition, another 6.0 msf is currently under construction in the GTA.

Final thoughts:

- The Conference Board of Canada forecasts that Toronto's manufacturing sector output will improve by another 2.8 percent in 2016. The growth will be provided by a strengthening U.S. economy and a weaker Canadian dollar. This should mean that greater demand for industrial and warehouse space in the GTA will continue over the near term.

- Given the GTA West market's close ties to the U.S., the growing U.S. economy and a more competitive dollar is expected to breathe new life into expansionary demand. However, it is doubtful that the demand will be sufficient to absorb all the 5.3 msf of new space that is scheduled to arrive in the West market over the medium term, particularly in the Milton/Halton Hills submarket where the majority of that space (2.8 msf) is based.

Highest and Best Use

Introduction

The principal of the "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:

> *"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 profitability."*

To determine the highest and best use we typically evaluate 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.

Physically Possible

The pertinent physical factors affecting the highest and best use of the subject site fall under two categories: site characteristics and location characteristics. The site characteristics include size, dimensions, topography, soil conditions, and the availability of adequate utilities. Location factors include access to transportation, availability of labour and materials, proximity to markets, the impact of the surrounding neighbourhood, and conditions of the market within which the property will operate.

The subject's physical features and site configuration, would support a development and density as currently exists.

Legally Permissible

Legal factors influencing the highest and best use of the Subject Site are primarily related to governmental restrictions in the form of official plan regulations and zoning by-laws.

The subject site is currently designated EM1. Land uses in the surrounding area are primarily comprised of single and multiple tenant industrial / commercial facilities.

Financially Feasible

Of the permitted and conditional uses, the current development is supporting 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. The feasibility uses are those that can generate a profit over the cost of acquiring the site and adding improvements.

Maximally Productive

Based upon surrounding area uses, it is reasonable to conclude that the current use would be maximally productive for the subject property.

HIGHEST AND BEST USE

AS VACANT

The subject site consists of a 12.36 acre parcel.

The current zoning permits a wide variety of industrial and commercial uses.

The site is of sufficient size to permit a large size single or multiple-tenant project or owner-user facility. The specific location and configuration are conducive to flex / industrial development.

The Highest and Best Use of the subject property if vacant is to be for development of a flex / industrial property in conformity with the zoning regulations.

AS IMPROVED

The subject property is improved with a single storey industrial building. The subject improvements total 196,459 s.f. and appear to be conformity with the zoning bylaw. In addition, their design specifications are consistent with other buildings in the area. Overall, the improvements are considered to reflect optimum use.

Therefore, the highest and best use of the subject property, as improved, is felt to be the present flex / industrial use as it adds value over and above the estimated land value if vacant.

It is important to note that a detailed Highest and Best Use study that would consider any possible development scenario(s) was beyond the scope of this assignment and was not performed.

Valuation and Financial Analysis

Method of Valuation

Introduction

Traditionally, there are three accepted approaches to valuing real property:

- Income Approach
- Direct Comparison Approach
- Cost Approach

The Income Approach adopts the rationale there is a relationship between the income earned by the property and its market value. The value estimate is based on the present or discounted worth of the future earnings that can be expected from the property.

The Direct Comparison Approach seeks to compare the subject property with market transactions involving other properties, where a similarity allows a basis for comparison.

The Cost Approach makes a distinction between the value of the land and the value of the improvements. The methodology is to estimate the value of the land, as if vacant, and add this to the depreciated reproduction or replacement cost of the improvements situated thereon.

Methods Utilized

In this instance, the value will be determined by the Income Approach. The Income Approach is the most relevant valuation method as it tends to mirror the analytical process traditionally utilized when purchasing a property of this nature. Two Income Approaches to value are typically utilized by investors; the Direct Capitalization Method and the Discounted Cash Flow Method.

The Discounted Cash Flow Approach is a process which considers both the projected earnings in each year of the investment horizon, and the reversionary value of the asset. More specifically, the present worth of the property is equivalent to the discounted value of the 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 Direct Capitalization Method is based on the conversion of current earnings directly into an expression of market value. The stabilized net operating income is capitalized with an overall rate which reflects all the comparative investment characteristics of the asset. Alternatively, if the property is adequately and competitively financed, one may capitalize the pre-tax cash flow (after debt service) to estimate the value of the equity and then add back the current balance of the outstanding financing to determine the current market value. For the purpose of this report, however, we are to consider the property free and clear of any financing.

The Cost Approach which involves estimating the replacement cost new of the improvements located on the subject, estimating and deducting the accrued depreciation from the cost estimate and then adding the land value.

Given the industrial nature of the subject, we have placed the most reliance on the Direct Capitalization Approach. Based on discussions with market participants, this is consistent with the actions of a typical purchaser. For support, a Discounted Cash Flow analysis has also been completed. The Cost Approach has not been utilized since it is not representative of the actions of typical buyers and sellers for established properties of this class.

INCOME APPROACH

BASE RENTAL REVENUE

Base rental revenue represents the potential base revenue as at fully occupancy. The following chart provides a summary of the lease terms for the tenants in the complex.

TENANCY PROFILE						
Tenancy	Area (sf)	Area Share	Year 1 Base Rent*	Year 1 Base Rent (psf)	% of Base Rent	Lease Expiry
Occupied Units						
Addmore Office Furniture	8,000	4.1%	78,833	$9.85	4.30%	Feb-2018
Vatero Kitchen & Bath	15,949	8.1%	151,515	$9.50	8.26%	Aug-2021
Stone Tiles & Beyond	5,000	2.5%	54,167	$10.83	2.95%	Jul-2018
Silk Plant Warehouse	8,915	4.5%	106,980	$12.00	5.83%	Mar-2023
Discount Car & Truck	761	0.4%	19,025	$25.00	1.04%	Jun-2019
University of Toronto	12,240	6.2%	220,320	$18.00	12.01%	Jan-2018
Goodlife (Keystone)	24,042	12.2%	123,716	$5.15	6.75%	Aug-2019
Limelight Allstars	6,660	3.4%	58,275	$8.75	3.18%	Sep-2022
Les Fanfans Nursery	7,039	3.6%	91,507	$13.00	4.99%	Dec-2026
Goodlife	30,903	15.7%	339,933	$11.00	18.54%	Jul-2032
Relco Inc.	43,702	22.2%	273,866	$6.27	14.93%	May-2017
Total Occupied	163,211	**83.1%**	**$1,518,137**	**$9.30**	**82.8%**	
Remaining Vacant	**33,248**	**16.9%**				
Property Total	**196,459**	**100.0%**				

*** Stabilized**

A full rent roll has been provided at Appendix B. The reader should note that we are aware that the landlord on occasion rents space to a tenant named Geox for a temporary sales location. As we have assumed this space to be leased-up within our financial model, we have excluded that revenue source. In addition, Discount Car and Truck Rentals also leases a portion of the parking lot for storage of their vehicles, which amounts to $28,000 per year. This income has been included.

LEASE-UP ASSUMPTIONS

The following assumptions have been made for the vacant units:

	Unit 1	Unit 2	Unit 3	Unit 4
Area (s.f.)	6,410	10,101	5,641	11,096
Downtime before Lease-up	36 months	36 months	18 months	18 months
Year 1 Rental Rate (p.s.f.)	$9.50	$9.50	$9.50	$9.50
Additional Rent (p.s.f.)	$3.60	$3.60	$3.60	$3.60
Leasing Costs				
Tenant Inducement (p.s.f.)[1]	$2.38	$2.38	$2.38	$2.38
Commissions (p.s.f.)[2]	$2.09	$2.09	$2.09	$2.09

[1] Tenant Inducements are the equivalent of 3 months net free rent.

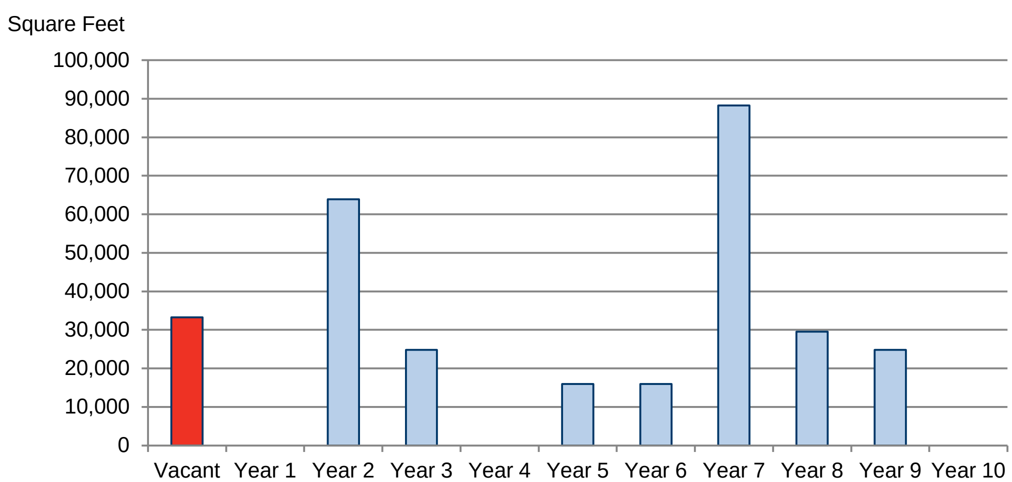
[2] Commissions are equal to 8% of year 1 rent, and 3.5% of each remaining year, over a 5 year term.

Lease Expiries

A schedule of lease expiries over the investment horizon is shown below:

LEASE EXPIRY MATRIX - 7700 Keele Street					
	SF Expiring	%		SF Expiring	%
Vacant	33,248	16.9%			
Year 1	0	0.0%	**Year 6**	15,949	8.1%
Year 2	63,942	32.5%	**Year 7**	88,254	44.9%
Year 3	24,803	12.6%	**Year 8**	29,511	15.0%
Year 4	0	0.0%	**Year 9**	24,803	12.6%
Year 5	15,949	8.1%	**Year 10**	0	0.0%

PROPERTY LEASE EXPIRY PROFILE



The leases with the current tenants indicate the following clauses:

- Completely net to the landlord.
- Tenants responsible for all repairs and maintenance, excluding items of a structural nature.
- The tenants reportedly pay a management fee equal to 15% of Operating Costs.

None of the leases contain clauses such as termination options, purchase options or renewal options that would be favourable to the tenant. Vatero Kitchen & Bath can reduce their unit size by 6,000 s.f., given 180 days notice. However, they are responsible for the demising costs.

Tenant Profile

With the exception of the University of Toronto, each of the tenants appear to be private companies. As private companies no financial information was available. However, for the purpose of this appraisal we have assumed that the tenants will be viewed as having an acceptable covenant strength. The University of Toronto would be considered a secure leasing risk. In addition, GoodLife Fitness and Discount Car and Truck Rental are recognized covenants.

7700 KEELE STREET CASHFLOW

For the Years Ending	Year 1 Mar-2017	Year 2 Mar-2018	Year 3 Mar-2019	Year 4 Mar-2020	Year 5 Mar-2021	Year 6 Mar-2022	Year 7 Mar-2023	Year 8 Mar-2024	Year 9 Mar-2025	Year 10 Mar-2026	Year 11 Mar-2027
Potential Gross Revenue											
Base Rental Revenue	1,702,232	1,840,919	1,794,969	1,816,274	1,843,469	1,851,021	1,915,927	1,961,405	1,991,056	1,999,235	2,003,003
Absorption & Turnover Vacancy	(315,856)	(287,742)	(179,751)	(15,059)		(27,881)	(64,275)	(67,448)	(47,256)		
Base Rent Abatements	(25,253)	(12,626)									
Scheduled Base Rental Revenue	**1,361,123**	**1,540,551**	**1,615,218**	**1,801,215**	**1,843,469**	**1,823,140**	**1,851,652**	**1,893,957**	**1,943,800**	**1,999,235**	**2,003,003**
Expense Reimbursement Revenue											
Operating Costs	277,863	311,063	344,343	384,360	398,289	402,723	402,391	416,486	428,713	450,629	461,894
Realty Taxes	225,090	251,984	278,944	311,359	322,644	326,236	325,965	337,385	347,289	365,043	374,169
Administration Fees Recoverable	40,242	45,545	50,940	57,564	59,743	60,287	60,010	62,201	64,066	67,593	69,283
Total Reimbursement Revenue	**543,195**	**608,592**	**674,227**	**753,283**	**780,676**	**789,246**	**788,366**	**816,072**	**840,068**	**883,265**	**905,346**
Total Miscellaneous Revenue	**58,780**	**58,780**	**58,780**	**39,580**	**#VALUE!**	**#VALUE!**	**#VALUE!**	**#VALUE!**	**#VALUE!**	**#VALUE!**	**#VALUE!**
Total Potential Gross Revenue	**1,963,098**	**2,207,923**	**2,348,225**	**2,594,078**	**2,654,125**	**2,642,755**	**2,672,336**	**2,742,347**	**2,816,186**	**2,914,818**	**2,940,667**
General Vacancy				(115,398)	(132,706)	(105,651)	(72,556)	(73,042)	(95,916)	(145,741)	(147,033)
Effective Gross Revenue	**1,963,098**	**2,207,923**	**2,348,225**	**2,478,680**	**2,521,419**	**2,537,104**	**2,599,780**	**2,669,305**	**2,720,270**	**2,769,077**	**2,793,634**
Operating Expenses											
Operating Costs	348,386	361,033	373,885	387,943	398,290	407,419	416,044	427,050	437,999	450,628	461,894
Realty Taxes	272,137	285,320	298,651	313,751	322,645	329,368	335,075	344,433	353,484	365,043	374,169
Management Fee Expense	69,683	74,618	74,025	75,539	76,932	77,634	80,011	81,987	83,476	84,447	85,172
N/R Misc. Expense	4,908	5,520	5,871	6,197	6,304	6,343	6,499	6,673	6,801	6,923	6,984
Total Operating Expenses	**695,114**	**726,491**	**752,432**	**783,430**	**804,171**	**820,764**	**837,629**	**860,143**	**881,760**	**907,041**	**928,219**
Net Operating Income	**1,267,984**	**1,481,432**	**1,595,793**	**1,695,250**	**1,717,248**	**1,716,340**	**1,762,151**	**1,809,162**	**1,838,510**	**1,862,036**	**1,865,415**
Leasing & Capital Costs											
Tenant Improvements		68,043	28,840	60,286		18,857	59,143	45,982	41,351		32,688
Leasing Commissions		60,233	26,026	52,723		16,754	52,178	40,529	36,240		28,379
Structural Allowance	19,631	22,079	23,482	24,787	25,214	25,371	25,998	26,693	27,203	27,691	27,936
Landlord's Work	246,365	669,480	660,440								
Total Leasing & Capital Costs	**265,996**	**819,835**	**738,788**	**137,796**	**25,214**	**60,982**	**137,319**	**113,204**	**104,794**	**27,691**	**89,003**
Cash Flow Before Debt Service & Taxes	**1,001,988**	**661,597**	**857,005**	**1,557,454**	**1,692,034**	**1,655,358**	**1,624,832**	**1,695,958**	**1,733,716**	**1,834,345**	**1,776,412**

Market Rent Analysis

Our estimate of appropriate market rents for the subject is based on the following analysis:

- A review of market leasing activity illustrating comparable lease transactions taken from competing buildings;
- A review of recent leasing activity at the complex (if any);
- interviews with leasing professionals active in the GTA industrials market to get their responses on rental rates and general market commentary.

A detailed discussion on our market rent forecast is provided in Addendum "C".

As indicated, our year one market rental rate for a 5-year lease deals within the subject have been forecast at **$5.50 p.s.f.** for the more conventional industrial units, **$9.50 p.s.f.** for the larger Keele Street facing units, **$11.50 p.s.f.** for the smaller or more specialized units and **$25.00 p.s.f.** for the small Discount office unit. The same rates have been selected for any renewal transactions. All market rents have been inflated at 2.5% per annum commencing in year 2.

Expense Reimbursement Revenue

Tenant recharges for the subject are shown in the chart below. Recharges are calculated in accordance with our review of the budget information provided.

OPERATING COST & REALTY TAX RECOVERIES	
7700 Keele Street	**$ p.s.f.**
Operating Recoveries	$1.84
Admin Fee Recovery[1]	$0.27
Realty Tax Recovery	$1.49
Total	**$3.60**

(1) Landlord collects a fee equal to 15% of operating costs.

Miscellaneous Revenue

The landlord has entered into an agreement with DC Solar Power Corporation whereby they lease a portion of the roof in order for solar panels to be installed, as well as a small area in the building for their equipment. This was a 20 year lease beginning January 11, 2011. The rent is as follows:

- $20,000 per year for the first 10 years for the rooftop area. $3,380 per year for the inverter room.
- $22,000 for the last year years for the rooftop area and $3,718 for the inverter room.

In addition, GoodLife Fitness pays a yearly fee for signage, which amounts to $6,600 per year until their lease expiry of July 2032.

These items have been included in our financial model.

General Vacancy Allowance

We have forecast an allowance equal to 5% of potential gross revenue.

Operating Expenses & Realty Taxes

In accordance with the budget information, operating costs and realty taxes are shown below:

OPERATING COST & REALTY TAX EXPENSES	$ p.s.f.	Proportion Fixed[1]
Operating Expenses	$1.84	85%
Management Fees Expense[2]	$0.38	100%
Realty Taxes	$1.49	70%
N/R Miscellaneous Expense	$0.03	100%
Total	**$3.74**	

[1] Porportion of expense incurred on vacant space.
[2] Based on 3% of EGR.
[3] Based on 0.25% of EGR.

All expenses have been inflated at 2.5% per annum. Management fee is based on a market management fee of 3% of EGR.

Rollover Assumptions

A 75% renewal probability has been projected for the subject. A lag vacancy of 4 to 6 months has been projected for new tenants. Tenant inducements and realty commissions are discussed below.

Leasing Costs

Tenant inducements and leasing commissions are summarized as follows:

LEASING COSTS (Year 1, p.s.f.)	MLA1	MLA2	MLA3[3]	MLA4
Renewal Rental Rate	$5.50	$9.50	$25.00	$11.50
Tenant Inducement - New Deal [1]	$1.38	$2.38	$6.25	$2.88
Tenant Inducement - Renewal Deal	$0.35	$0.60	$1.56	$0.72
Commission - New Deal [2]	$1.21	$2.09	$4.00	$2.53
Commission - Renewal Deal	$0.39	$0.52	$2.00	$0.63
Retention Ratio	75% Renew	75% Renew	75% Renew	75% Renew

[1] Tenant Inducements are the equivalent of 3 months net free rent. Renewals are 25% of new.

[2] Commissions are equal to 8% of year 1 rent, and 3.5% of each remaining year, over a 5 year term. Renewals are 25% of new.

[3] Commissions for the office unit have been forcast at $4.00 p.s.f. for a new deal and $2.00 p.s.f. for a renewal.

Tenant inducements are inflated at 2.5% per annum throughout the investment horizon. Leasing commissions are not inflated.

Capital Expenditures & Structural Reserve

We have forecast a below-line expense equal to 1% of EGR.

Landlord's Work

We have been provided with an estimate as to the costs to complete needed landlord's work in order to make the vacant units ready for occupancy. (See related Extraordinary Assumption.) The costs have been staggered over the first three years of the investment horizon:

Year 1: $246,365 for work to unit to be occupied by Les Fanfans Nursery

Year 2: $669,480 for work needed in units 3 and 4.

Year 3: $660,440 for work needed in units 1 & 2.

Yield Selection

In order to determine the appropriate yields for valuing the subject we have considered:

- Investment Survey results and Comparable Investment Transactions, including:
  - Recent yield rate results and trends from the Altus Investment Trends Survey; and,
  - Major industrial transactions of primarily single tenant industrial assets in the GTA.

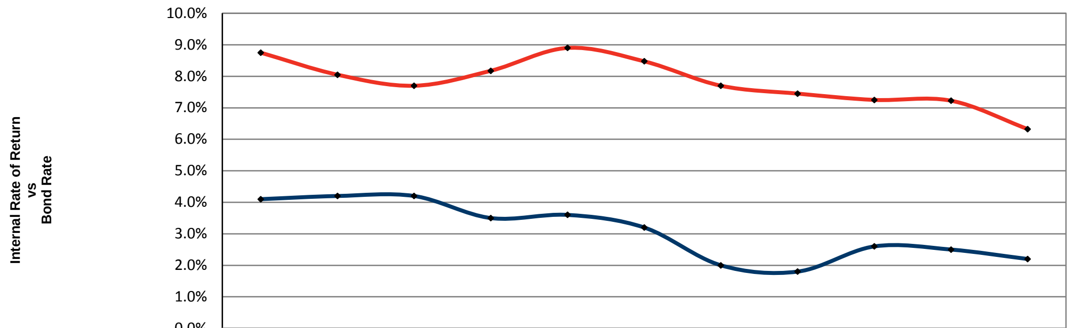
Real Estate Investment Surveys

Since 2010, Toronto's industrial market for single tenant buildings has experienced a compression of roughly 120 to 150 bps across all investment parameters. Parameters for multiple tenant properties have dropped between 150 to 190 bps in the same time frame.

Over the past 12 months, anticipated investment yields have dropped by roughly 20 to 50 bps and have been aided by the low interest rate environment. The survey results, while not necessarily indicative of investment metrics, do provide a reasonable trending of investment parameters for multiple tenant class "A" industrial product in the GTA market.

TORONTO MULTIPLE TENANT INDUSTRIAL					
	Q4-2015	Q3-2015	Q2-2015	Q1-2015	Q4-2014
Overall Capitalzation Rate	5.8%	5.8%	5.8%	6.0%	6.0%
Internal Rate of Return	7.0%	7.0%	7.0%	7.1%	7.2%
Terminal Capitalization Rate	6.3%	6.3%	6.2%	6.5%	6.6%
Price Per Square Foot	$112.06	$112.06	$111.46	$108.25	$98.74

The investment yields selected for the subject property can be benchmarked against the average yields indicated from 10 year Government of Canada Bonds. For perspective, these yields, indicated by the survey participants, along with the average Internal Rate of Return for a suburban class "A" multiple tenant industrial building are shown in the graph below for the last 11 years.



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Toronto Multiple Tenant Industrial	8.8%	8.1%	7.7%	8.2%	8.9%	8.5%	7.7%	7.5%	7.3%	7.2%	6.3%
10 Yr. Benchmark Bonds	4.1%	4.2%	4.2%	3.5%	3.6%	3.2%	2.0%	1.8%	2.6%	2.5%	2.2%
Spread	4.5%	3.9%	3.5%	4.7%	5.3%	5.3%	5.7%	5.7%	4.7%	4.7%	4.1%

As shown on the graph above, spreads between expected IRR's for a benchmark, multiple tenant industrial building and the 10 year Canada Bond has ranged from 3.5% to 5.7%, which represents the risk premium for the ownership of real estate versus a secure government bond. Overall, this shows a continuing compression of investment parameters for quality real estate investment vehicles.

The survey result shows that investors expect an IRR of 7.00% for a Class A multiple tenant industrial investment.

Compared to the benchmark property that is the focus of this survey, the subject property would not be as well rated from an investment basis as well as its physical characteristics. Overall, it is our opinion that investment parameters above those shown in the survey results would be expected for the subject.

Market Transactions

The following table analysis sets out the most comparable industrial investment transactions that have occurred since February 2015. The primary objective of the analysis is to determine the investment metrics (IRR, TCR and OCR) which evolve from the various sales. The determination of the investment yields is sensitive to the underlying cash flow assumptions and thus the analyst should have a reasonable understanding of how the cash flows were developed.

Address City Province	Closing Date Price (@ 100%) Price (psf)	Year Built Clear Height % Office	Area (sf) Remaining Term NOI p.s.f.	OCR IRR TCR
2333 North Sheridan Way Mississauga ON	Jun-15 $14,310,000 $78	1960's 16 & 23.5 11%	183,989 Various $5.96	**7.66%** **8.28%** **7.75%**
70 - 80 Milner Avenue Scarborough ON	Jan-16 $5,050,000 $72	1970 14 ft. 10%	70,511 Various $4.67	**6.38%** **7.53%** **6.50%**
3279 - 3289 Lenworth Drive Mississauga ON	Feb-15 $4,475,000 $81	1967 14 ft. 10%	55,050 Varies $5.02	**6.19%** **7.33%** **6.50%**
Kennedy / Danville Portfolio Mississauga ON	Aug-15 $10,285,000 $106	1987/1997 17 & 28 ft. 10 - 15%	97,276 Varies $6.34	**6.00%** **6.77%** **6.50%**
25 & 35 Brownridge Road Halton Hills ON	Dec-14 $37,175,000 $112	2011/2014 30 ft. 5%	332,173 Varies $6.06	**5.61%** **6.85%** **6.00%**

Valuation by the Discounted Cash Flow Approach

The Discounted Cash Flow Approach is a process that considers both the projected earnings in each year of the investment horizon, and the reversionary value of the asset. More specifically, the present worth of the property is equivalent to the discounted value of the 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.

Internal Rate of Return (IRR) Selection

The Internal Rate of Return (IRR) is a term widely used in appraisal theory that pertains to discounted cash flow analysis, whereby the present worth of the annual cash flows and the residual value are determined using an appropriate discount rate. The rate is related to longer-term alternative investments such as bonds, plus a premium. Generally, this premium or spread is a function of various factors that differentiate real estate from alternative investments.

Based on the current dynamics of the GTA's investment market, there continues to be strong demand from potential investors for good quality assets displaying strong income characteristics. Notwithstanding the uncertainty of future interest rate increases, investors continue to aggressively pursue investments with 'bullet-proof' cash flow.

The IRR's indicated from the sales shown above range from 6.77% to 8.28%. Most market participants agree that rates of return for good quality industrial investments have remained relatively stable over the past 12 months, with lower yields for "benchmark" type assets.

The subject is an attractive multiple tenant facility that is well located in Vaughan. While the subject is functional, its current configuration is somewhat unusual. The current rent is close to market levels and there are some long term leases in place. However, it is currently 17% vacant and there is come near term expiries in the first 5 years of the investment horizon. Overall, given these aspects, it is our opinion that an investor would require an IRR toward the middle of the range presented by the comparable sales.

Based on this analysis, our IRR conclusion is **7.25%**.

Terminal Capitalization Rate (TCR) Selection

The other rate that must be selected in order to estimate the value is the Terminal Capitalization Rate (TCR). This rate is applied against income in the final year of the investment horizon. Based on our discussions with industry professionals, TCRs are typically higher than the stabilized yield as TCRs take into consideration the forecast of rental growth and capital costs throughout the investment horizon.

Upon review of the TCRs applicable to the comparable investment transactions, it is our opinion that a TCR of **7.00%** is appropriate for the subject.

Adjustments to Reversion

Disposition Costs

In accordance with International Valuation Standards, we have excluded any disposition costs in our appraisal.

Our current market value conclusions derived from the Discounted Cash Flow Approach are summarized below:

DCF Value Conclusion

Based on an IRR of 7.25% and a TCR of 7.00%, the current market value of the subject property determined by the Discounted Cash Flow Approach is $22,690,000, as of the effective date.

The following presents our DCF calculations:

DISCOUNTED CASH FLOW METHOD CONCLUSION			
DISCOUNTED CASH FLOW METHOD			
Discount Rate	7.25%	Net Rentable Area (sf)	196,459
Terminal Cap. Rate	7.00%	Hold (years)	10
Disposition Cost	0.00%		
Year	NOI	Net Cash Flow	NPV
Year 1 Mar-2017	$1,267,984	$1,001,988	$934,255
Year 2 Mar-2018	$1,481,432	$661,597	$575,174
Year 3 Mar-2019	$1,595,793	$857,005	$694,691
Year 4 Mar-2020	$1,695,250	$1,557,454	$1,177,134
Year 5 Mar-2021	$1,717,248	$1,692,034	$1,192,402
Year 6 Mar-2022	$1,716,340	$1,655,358	$1,087,697
Year 7 Mar-2023	$1,762,151	$1,624,832	$995,468
Year 8 Mar-2024	$1,809,162	$1,695,958	$968,806
Year 9 Mar-2025	$1,838,510	$1,733,716	$923,426
Year 10 Mar-2026	$1,862,036	$1,834,345	$910,978
Reversion		$26,648,786	$13,234,405
PV of CF and Reversion			$22,694,436
REVERSION CALCULATION		YIELD ANALYSIS	
Final Year NOI	$1,865,415	Year 1	4.42%
Terminal CR	7.00%	Year 1 - 5	5.09%
Reversion Value	$26,648,786	Year 5 - 10	7.53%
Less: Final Year TI & LC's			
Plus: PV Unamortized Capital			
Net Reversion Value	$26,648,786		
Estimated Value (DCF)			$22,690,000

Value by the Direct Capitalization Approach

The Direct Capitalization Approach involves capitalizing a single year's net operating income at fully occupancy with an appropriate yield rate and making any necessary adjustments to arrive at a final value.

In order to convert the net operating income stream into an estimate of capital value, an appropriate capitalization rate must be derived from the marketplace and applied to the income stream or cash flow as the case may be. Capitalization may be defined as the process of converting into the present worth a series of anticipated future annual installments of income. Capitalization rates are ratios expressing a relationship between annual net income and present worth (value) or sales price.

There are several methods of selecting rates of capitalization, however, the Comparative Method is the most often used. The Comparative Method is the most widely used because of its reliability when sufficient sales of similar properties are available for analysis. It looks at the ratio between sale price and net operating income.

There are also several methods of capitalization, including the Direct Capitalization Method. The Direct Capitalization Method takes an overall capitalization rate from the market (Comparative Method) and converts the income stream into capital value using the following formula:

$$\frac{\text{NET OPERATING INCOME}}{\text{OVERALL CAPITALIZATION RATE}} = \text{VALUE}$$

Overall Capitalization Rate (OCR) Selection

Our comparable sales are again presented below:

Address City Province	Closing Date Price (@ 100%) Price (psf)	Year Built Clear Height % Office	Area (sf) Remaining Term NOI p.s.f.	OCR
2333 North Sheridan Way Mississauga ON	Jun-15 $14,310,000 $78	1960's 16 & 23.5 11%	183,989 Various $5.96	**7.66%**
70 - 80 Milner Avenue Scarborough ON	Jan-16 $5,050,000 $72	1970 14 ft. 10%	70,511 Various $4.67	**6.38%**
3279 - 3289 Lenworth Drive Mississauga ON	Feb-15 $4,475,000 $81	1967 14 ft. 10%	55,050 Varies $5.02	**6.19%**
Kennedy / Danville Portfolio Mississauga ON	Aug-15 $10,285,000 $106	1987/1997 17 & 28 ft. 10 - 15%	97,276 Varies $6.34	**6.00%**
25 & 35 Brownridge Road Halton Hills ON	Dec-14 $37,175,000 $112	2011/2014 30 ft. 5%	332,173 Varies $6.06	**5.61%**

Our analysis of comparable transactions reflected capitalization rates ranging from 5.61% to 7.66%.

The reader is also reminded of the survey results from Altus Insite. As illustrated previously, the most recent results show that investors expect an OCR of 5.80% for a benchmark, multiple tenant investment property. Given the physical and investment characteristics of the subject properties, as compared to the benchmark buildings, we would expect a higher OCR.

The upper end of the range is set by the sale of **2333 North Sheridan Way** in Mississauga **(7.66%)**. This was a former single tenant building that was divided into a large industrial unit (89% of the rentable area) and three smaller office units. At the time of the sale it was fully leased, with the largest tenant, the Ventra Group, having about 4.5 years remaining on their term. The remaining tenants had about 5 to 6 years remaining on their term. Built in the 1960's the building was recently expanded for the industrial tenant. However, it was considered somewhat specialized as it was configured for manufacturing and had clear heights of only 16 and 23.5 ft., which would be considered low for a facility of this type. Factors that put upward pressure on the yield included the specialized nature of the improvements, the fact that the office tenants were paying above market rent and that the largest tenant was involved in the automotive parts sector. In this regard, there was reportedly concern regarding the probability of renewal beyond their current term. While the subject is currently 17% vacant, it would be considered a more conventional multiple tenant property compared to the North Sheridan Way property. In this regard, the risk of rollover is spread more evenly among a larger number of tenants. The current rent is at market and there are some longer term tenancies in place. While somewhat speculative, given its location on Keele Street and the current land use controls, there may be some longer term redevelopment potential. Overall, it is our opinion that an OCR of this magnitude would not be warranted.

The lower end of the range is set by the sale of **25 & 35 Brownridge Road**, Halton Hills (**5.61%)**. This involved the sale of a precast concrete clad building that was originally built in 2011 and expanded in 2014. The building was demised into four units and featured a 30 ft. clear height, Highway 401 exposure, ESFR sprinklers and good available shipping. Overall, the improvements would be considered close to a "benchmark" level. At the time of the sale, the property was fully leased, with remaining lease terms between 2 years and 10 years, 4 months. The majority of the tenants had over 4 years remaining, with two tenants (32% of the rentable area) having over 10 years remaining. The average rent was also considered to be at market. Given the weaker physical and investment characteristics of the subject property, we would expect a higher OCR.

Beyond this is the sale of **3279 – 3289 Lenworth Drive (6.19%)** in Mississauga. The physical characteristics are in keeping with older multiple tenant facilities in the area, with a 14 ft. clear height, facing brick construction and office components of about 10% of the individual units. At the time of sale, the project was fully leased. While the lease terms were relatively short, this is typical of investments like this. In addition, the average contract rent was considered below market. Discussions with parties involved in the transaction revealed good interest in the investment, with multiple offers submitted. We also understand that the purchaser owned other properties in close vicinity to the project and was looking to add to his portfolio. In comparison, subject is a larger facility that is currently 17% vacant. While it is an attractive asset, given the smaller scale of the Lenworth property, combined with the purchaser's motivation for buying it, this points to a higher OCR for the subject property as being appropriate.

Further perspective is provided by the recent sale of **70-80 Milner Avenue** in Scarborough (**6.38%**). This was a two building 70,511 s.f. property located in close proximity to the McCowan Road / Highway 401 interchange. At the time of the sale, it was 76% leased but only three units were vacant at the time. The tenants in place were paying market level rents and there was limited leasing risk until the third year of the investment horizon. While the subject shares some physical and investment characteristics, given its larger scale, it is our opinion that a somewhat higher OCR would be suitable.

Overall, an OCR of **6.75%** has been deemed appropriate for the subject property, given its investment characteristics.

Adjustments

As noted, the landlord is collecting income for rental of the rooftop area and signage income. We have added back the present value of these payments to our initial value.

In addition, to account for the current vacancy, we have deducted the lost rent and recoveries from the vacant units, based on the assumptions previously presented. In order to present the as-is value, this has been deducted from our initial value.

Two tenants, Vatero Kitchen & Bath and Les Fanfans Nursery have been provided with net free rent periods during their lease term. We have also made a negative adjustment to account for the loss of this income.

Both lease terms with Vatero Kitchen & Bath and Les Fanfans Nursery begin after our analysis start date. We have made a negative adjustment based on the lost rent and recoveries from our stabilized value.

Finally, we have made a negative adjustment to account for the landlord's work detailed previously.

Direct Capitalization Value Conclusion

A summary of the current market value determined by the Direct Capitalization Approach is as follows.

DIRECT CAPITALIZATION METHOD CONCLUSION	
Revenue	
Year 1 Fully Leased Base Revenue	$1,833,993
Year 1 Reimbursement Revenue	$707,257
Total Base Rent & Reimbursement Revenue	$2,541,250
Other Revenue	$28,800
Total Potential Gross Revenue	**$2,570,050**
Vacancy Allowance	($128,503)
Effective Gross Revenue	**$2,441,547**
Operating Expenses	
Operating Costs & Taxes	$733,849
Fully Leased Net Operating Income	**$1,707,698**
Overall Capitalization Rate	**6.75%**
Initial Market Value	**$25,299,230**
Adjustments	
Lost Rent and Recoveries from Vacant Units	($977,764)
Costs to Lease-up Vacant Units (Typical)	($148,619)
Costs to Lease-up Vacant Units (Additional)	($1,117,381)
Additional Landlord's Work for Les Fanfans Unit	($246,365)
Rent Abatement Provided to Tenants	($60,756)
Lost Rent and Recoveries from Tenants Occupying After Analysis Start	($174,691)
Present Value from Signage Income	$63,336
Present Value from Remaining Solar Income	$228,172
Total Adjustments	**-$2,434,067**
Adjusted Market Value	**$22,865,163**
Final Market Value (rounded)	**$22,870,000**
Value PSF	$116.41

In conclusion, it is our opinion that the current market value of the subject property as of the effective valuation date, based on the Direct Capitalization Approach, is **$22,780,000.**

Direct Comparison Approach

The Direct Comparison Approach is 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 this approach, the property being valued is compared to properties that have sold recently or are currently listed and are considered to be relatively similar to the subject property. Typically, a unit of comparison (i.e. sale price per square foot) is used to facilitate the analysis. In the case of properties similar to the subject, the sale price per square foot (NRA) is the most commonly used unit of comparison.

Analysis

A summary analysis of the sales is outlined below. Due to the nature of the subject, as an investment property, the analysis will be based on net operating income on a per square foot basis. The comparable sales have been summarized below, indicating their comparability to the subject property. The adjusted dollar value per square foot ($ p.s.f.) reflects a simple value adjustment of each comparable by its ratio of NOI / area to that of the subject property.

SUMMARY OF ADJUSTMENTS						
	Subject	3279 - 3285 Lenworth Drive	25 & 35 Brownridge Rd.	Kennedy - Danville Portfolio	2333 North Sheridan Way	70 - 80 Milner Avenue
Buidling Size (SF)	196,459	55,050	332,173	97,276	183,989	70,511
NOI	$1,707,698	$276,486	$2,011,813	$616,683	$1,095,996	$276,486
Sale Date	n/a	Feb-15	Dec-14	Aug-15	Jun-15	Jan-16
NOI/SF	**$8.69**	$5.02	**$6.06**	$6.34	$5.96	$4.67
Sale Price	n/a	4075000	$35,862,500	10285000	$14,310,000	5050000
Price PSF	n/a	$74	$108	$106	$78	$72
			NOI Adjustment			
NOI Adjustment						
NOI PSF	$8.69	$5.02	$6.06	$6.34	$5.96	$4.67
NOI Adjustment		73.07%	43.52%	37.11%	45.92%	86.13%
Adjusted Price PSF		**$128**	**$155**	**$145**	**$113**	**$133**

As indicated above, the adjusted values for the comparables indicate a value range of $113 to $155 p.s.f. Based on the subject's physical and income characteristics, the subject's unit value should fall within the indicated range. Based on a unit value of $115, we estimate the value of the subject property using the Direct Comparison Approach is $22,600,000.

RECONCILIATION OF VALUES

The three methods of value indicated the following rounded results.

Discounted Cash Flow Method	$22,690,000
Direct Capitalization Method	$22,870,000
Direct Comparison Method	$22,600,000

Our valuation of the subject by the Direct Capitalization method indicates a current market value of $22,870,000. Our Discounted Cash Flow Method has indicated a value of $22,690,000. In order to determine a current market value for the subject property, we have taken both methodologies into account. Overall, a value of $22,800,000 ($116.41 p.s.f.) has been selected. The Direct Comparison Method has determined a unit rate of $115.00 p.s.f., which appears to support our current market value conclusion.

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 March 31, 2016 is:

TWENTY TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS

$22,800,000

VALUE OF THE PARTIAL INTEREST

We have been asked to provide an opinion of what the value of a 50% interest in the subject property would be, as we understand that our client is has a 50% share in the property. In our opinion, the determining factor in whether or not a 50% interest in the property has a value of less than half of the 100% value is the issue of control. If one party has, via an agreement, a controlling interest and is able to collect a fee above what the non-controlling party receives, then the value differential would be based on the extra revenue generated. This often occurs when the controlling partner also takes on the management of the building.

It is our understanding that both parties at the subject share costs and revenues equally. Thus, in this respect one party does not have an advantage over the other.

The other aspect to consider is how other investors would view a 50% share in the property as an investment vehicle. There is significant positive momentum in the real estate market, with strong demand for income producing properties. Additionally, there is currently a limited supply of quality real estate investment properties. It is our opinion that should a 50% share of this property be offered for sale, there would be good interest from a variety of investors.

We have also surveyed a number of market participants, including those that have been involved in partial interest sales / purchases. It was the consensus of those surveyed that given the current market conditions, selling a 50% share in the property would not require a discount in order to generate interest. While not yet closed, we are aware of the sale of a partial interest in a smaller downtown office building that will reportedly transact at what the parties have agreed is 50% of the current market value.

Overall, it is our opinion that the current value of a 50% interest in the subject property would be 50% of the current market value or **$11,400,000.**

ADDENDA CONTENTS

Terms of Reference

Terms of Reference

Identification of Subject Property

The subject is municipally known as 7700 Keele Street, Vaughan, ON

Legal Description

Con 4, Pt Lot 5, Pt Rd Allow RP 66R11598 Part 7 Pt Parts 1, 3, 4 and 6 Exp Plan YR1989641 Parts 12 to 14, Vaughan, as per MPAC.

Ownership of Property

The current ownership is held by 7700 Keele Street Limited.

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 March 31, 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 of the Appraisal

It is our understanding that this appraisal will function as support for internal decision making purposes.

Client and Intended User of Report

The client is Consolidated HCI Holdings Corporation, with the intended users being Consolidated HCI Holdings Corporation. No additional intended users are identified by the appraiser.

Effective Date

March 31, 2016.

Interest Appraised

Leased fee interest. The terms of the lease(s) on the property have been considered in the analysis insofar as they influence value.

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 market value, as defined, is based on 100% interest of the asset.

Scope of the Appraisal

In the process of preparing this appraisal, we:

- Inspected the subject property;
- 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.
- Surveyed various real estate professionals active in the subject market.
- Utilized the appropriate approaches to value to determine the current market value.

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.

Rent Roll & Lease Expiry Reports

Presentation Rent Roll & Current Term Tenant Summary
As of Apr-2016 for 196,459 Square Feet

Tenant Name Type & Suite Number Lease Dates & Term	Floor SqFt Bldg Share	Rate & Amount per Year per Month	Changes on	Changes to	CPI & Current Porters' Wage Miscellaneous	Months to Abate	Pcnt to Abate	Description of Operating Expense Reimbursements	Imprvmnts Rate Amount	Commssns Rate Amount	Assumption about subsequent terms for this tenant
1 Addmore Office Furniture Industrial, Suite: 5 Nov-2013 to Feb-2018 52 Months	 8,000 4.07%	$9.25 $74,000 $0.77 $6,167	Nov-2014 Nov-2015 Nov-2016	$9.50 $9.75 $10.00	-	-	-	See method: Standard	-	-	Market See assumption: MLA2 - $9.50
2 Vatero Kitchen & Bath Industrial, Suite: 6 Sep-2016 to Aug-2021 60 Months	 15,949 8.12%	$9.50 $151,516 $0.79 $12,626	Sep-2018 Sep-2019 Sep-2020	$10.00 $10.25 $10.75	-	1-2 13	100% 100%	See method: Standard	-	-	Market See assumption: MLA2 - $9.50
3 Stone Tiles & Beyond Industrial, Suite: 6A Aug-2013 to Jul-2018 60 Months	 5,000 2.55%	$9.50 $47,500 $0.79 $3,958	Aug-2014 Aug-2015 Aug-2016 Aug-2017	$10.00 $10.50 $11.00 $11.50	-	-	-	See method: Standard	-	-	Market See assumption: MLA$ - $11.50
4 Silk Plant Warehouse Industrial, Suite: 6B Apr-2013 to Mar-2023 120 Months	 8,915 4.54%	$10.00 $89,150 $0.83 $7,429	Apr-2015 Apr-2016 Apr-2017 Apr-2018 Apr-2022	$11.00 $12.00 $13.00 $14.00 $15.00	-	-	-	See method: Standard	-	-	Market See assumption: MLA$ - $11.50
5 Discount Car & Truck Rental Industrial, Suite: 7A Jul-2010 to Jun-2019 108 Months	 761 0.39%	$20.00 $15,220 $1.67 $1,268	Jul-2014	$25.00	-	-	-	See method: Standard	-	-	Market See assumption: MLA3 - $25.00
6 University of Toronto Industrial, Suite: 7 Feb-2008 to Jan-2018 120 Months	 12,240 6.23%	$0.00 $0 $0.00 $0	Jan-2013	$18.00	-	-	-	See method: Standard	-	-	Market See assumption: MLA2 - $9.50
7 Goodlife (Keystone) Industrial, Suite: 8 Sep-2013 to Aug-2019 72 Months	 24,042 12.24%	$5.00 $120,210 $0.42 $10,018	Sep-2016 Sep-2018	$5.25 $5.50	-	-	-	See method: Standard	-	-	Market See assumption: MLA1 - $5.50
8 Limelight Allstars Inc. Industrial, Suite: 8A Oct-2015 to Sep-2022 84 Months	 6,660 3.39%	$8.50 $56,610 $0.71 $4,718	Oct-2016 Oct-2017 Oct-2020	$9.00 $11.00 $13.00	-	-	-	See method: Standard	-	-	Market See assumption: MLA2 - $9.50

(continued on next page)

Presentation Rent Roll & Current Term Tenant Summary
As of Apr-2016 for 196,459 Square Feet
(continued from previous page)

Tenant Name Type & Suite Number Lease Dates & Term	Floor SqFt Bldg Share	Rate & Amount per Year per Month	Changes on	Changes to	CPI & Current Porters' Wage Miscellaneous	Months to Abate	Pcnt to Abate	Description of Operating Expense Reimbursements	Imprvmnts Rate Amount	Commssns Rate Amount	Assumption about subsequent terms for this tenant
9 Les Fanfans Nursery Industrial, Suite: 8B Jan-2017 to Dec-2026 120 Months	 7,039 3.58%	$13.00 $91,507 $1.08 $7,626	Jan-2020 Jan-2023	$15.00 $16.00	-	-	-	See method: Standard	-	-	Market See assumption: MLA$ - $11.50
10 GoodLife Fitness Industrial, Suite: 9 Sep-2012 to Jul-2032 239 Months	 30,903 15.73%	$11.00 $339,933 $0.92 $28,328	Sep-2017 Sep-2022 Sep-2027	$12.00 $14.00 $15.00	-	-	-	See method: Standard	-	-	Market See assumption: MLA$ - $11.50
11 Relco Inc. Industrial, Suite: 10 Jun-2006 to May-2017 132 Months	 43,702 22.24%	$0.00 $0 $0.00 $0	Jun-2013 Jun-2014 Jun-2015 Jun-2016	$5.70 $5.90 $6.10 $6.30	-	-	-	See method: Standard	-	-	Market See assumption: MLA1 - $5.50
S1 Vacant Unit 1 Industrial, Suite: Mo 37 Apr-2019 to Mar-2024 60 Months	 6,410 3.26%	$10.08 $64,622 $0.84 $5,385 @ 100% of Mkt	-	-	-	-	-	See method: Standard	$2.56 $16,429	$2.22 4.40% $14,217	Market See assumption: MLA2 - $9.50
S2 Vacant Unit 2 Industrial, Suite: Mo 37 Apr-2019 to Mar-2024 60 Months	 10,101 5.14%	$10.08 $101,833 $0.84 $8,486 @ 100% of Mkt	-	-	-	-	-	See method: Standard	$2.56 $25,889	$2.22 4.40% $22,403	Market See assumption: MLA2 - $9.50
S3 Vacant Unit 3 Industrial, Suite: Mo 19 Oct-2017 to Sep-2022 60 Months	 5,641 2.87%	$9.69 $54,661 $0.81 $4,555 @ 100% of Mkt	-	-	-	-	-	See method: Standard	$2.44 $13,761	$2.13 4.40% $12,025	Market See assumption: MLA2 - $9.50
S4 Vacant Unit 4 Industrial, Suite: Mo 19 Oct-2017 to Sep-2022 60 Months	 11,096 5.65%	$9.69 $107,520 $0.81 $8,960 @ 100% of Mkt	-	-	-	-	-	See method: Standard	$2.44 $27,069	$2.13 4.40% $23,654	Market See assumption: MLA2 - $9.50
Total Occupied SqFt Total Available SqFt	140,223 56,236										

7700 Keele Street
Vaughan,

Software : ARGUS Ver. 15.0.1.26
File : REVISED MODEL
Property Type : Office/Industrial
Portfolio :
Date : 5/4/16
Time : 11:38
Ref# : AAU

Supporting Schedule -- Square Feet Expiring -- (All Terms)

For the Years Ending		Month One Occupied Area	Year 1 Mar-2017	Year 2 Mar-2018	Year 3 Mar-2019	Year 4 Mar-2020	Year 5 Mar-2021	Year 6 Mar-2022	Year 7 Mar-2023	Year 8 Mar-2024	Year 9 Mar-2025	Year 10 Mar-2026
Tenant	Suite											
Relco Inc.	10	43,702		43,702					43,702			
University of Toronto	7	12,240		12,240					12,240			
Addmore Office Furnitur	5	8,000		8,000						8,000		
Stone Tiles & Beyond	6A	5,000			5,000					5,000		
Discount Car & Truck Re	7A	761				761					761	
Goodlife (Keystone)	8	24,042				24,042					24,042	
Vatero Kitchen & Bath	6							15,949				
Limelight Allstars Inc.	8A	6,660							6,660			
Vacant Unit 3	Mo 19								5,641			
Vacant Unit 4	Mo 19								11,096			
Silk Plant Warehouse	6B	8,915							8,915			
Vacant Unit 1	Mo 37									6,410		
Vacant Unit 2	Mo 37									10,101		
Les Fanfans Nursery	8B											
Total SqFt Expiring		109,320		63,942	5,000	24,803		15,949	88,254	29,511	24,803	
Percent Of Total Expiring				32.5%	2.5%	12.6%		8.1%	44.9%	15.0%	12.6%	

Supporting Schedule -- Square Feet Expiring -- (All Terms)

For the Years Ending		Month One Occupied Area	Year 11 Mar-2027
Tenant	Suite		
Relco Inc.	10	43,702	
University of Toronto	7	12,240	
Addmore Office Furnitur	5	8,000	
Stone Tiles & Beyond	6A	5,000	
Discount Car & Truck Re	7A	761	
Goodlife (Keystone)	8	24,042	
Vatero Kitchen & Bath	6		15,949
Limelight Allstars Inc.	8A	6,660	
Vacant Unit 3	Mo 19		
Vacant Unit 4	Mo 19		
Silk Plant Warehouse	6B	8,915	
Vacant Unit 1	Mo 37		
Vacant Unit 2	Mo 37		
Les Fanfans Nursery	8B		7,039
Total SqFt Expiring		109,320	22,988
Percent Of Total Expiring			11.7%

Market Rent Rationale

Market Rent Rationale

From our review of the market, transactions / listings that are considered to be the most comparable to the subject have been presented in the chart below. In certain instances the actual addresses of the comparable properties have not been identified. However, specific details have been retained in our files.

In order to determine the appropriate market rental rates for the subject, we have researched industrial and commercial spaces in the GTA markets, with emphasis on the Vaughan market. We have presented two charts, one involving flex industrial spaces and another involving more tradition industrial spaces. Our results are as follows:

COMPETITIVE LEASE TRANSACTIONS (FLEX INDUSTRIAL)											
Index	Address (Intersection)	Municipality	Lease Type	Area (sf)	Term (mths)	Net Rent	Average Rent Over Term	Building Type	Office / Retail Ratio	Clear Height	Date
1	Galsworthy Drive / Highway 7	Vaughan	New Lease (Net)	9,550	n/a	$12.75	n/a	Retail	100%	14 ft.	Mar-16
2	Roybridge Gate / Highway 7	Vaughan	New Lease (Net)	9,700	60	$8.80	n/a	Flex Industrial	11%	24 ft.	Dec-15
3	Tandem Road / Steeles Avenue West	Vaughan	New Lease (Net)	6,000	36	$7.50	n/a	Flex Industrial	15%	15 ft.	Mar-16
4	Langstaff Road / Jane Street	Vaughan	New Lease (Net)	6,331	48	$7.50	n/a	Industrial	24%	22 ft.	Jan-16
5	Cityview Blvd. / Major Mackenzie Drive	Vaughan	New Lease (Net)	14,184	n/a	$7.25	n/a	Flex Industrial	36%	23 ft.	Sep-15
6	Jane Street / MacIntosh Blvd.	Vaughan	New Lease (Net)	5,300	60	$7.25	$7.75	Flex Industrial	20%	21 ft.	Jul-15
7	Jane Street / Pennsylvania Avenue	Vaughan	New Lease (Net)	9,000	36	$7.00	n/a	Small Bay Industrial	10%	18 ft.	Mar-16
8	Cityview Blvd. / Major Mackenzie Drive	Vaughan	New Lease (Net)	10,500	36	$7.00	n/a	Flex Industrial	10%	23 ft.	May-15
9	Weston Road / Rowntree Dairy Road	Vaughan	New Lease (Net)	10,317	n/a	$7.00	n/a	Industrial	25%	18 ft.	Jun-15

COMPETITIVE LEASE TRANSACTIONS (INDUSTRIAL)											
Index	Address (Intersection)	Municipality	Lease Type	Area (sf)	Term (mths)	Net Rent	Average Rent Over Term	Building Type	Office Ratio	Clear Height	Date
1	Huntington Road / Zenway Boulevard	Vaughan	New Lease (Net)	38,805	120	$6.50	$6.90	Warehouse/Distribution	10%	32 ft.	Feb-15
2	Creditstone Road / Pippin Road	Vaughan	New Lease (Net)	45,012	66	$5.60	$5.64	Warehouse/Distribution	11%	22 ft.	Jul-15
3	Adesso Drive / Steeles Avenue West	Vaughan	New Lease (Net)	36,500	60	$5.50	$6.00	Warehouse/Distribution	9%	18 ft.	Jul-15
4	Spinnaker Way / Langstaff Road	Vaughan	New Lease (Net)	46,490	60	$5.45	$5.85	Warehouse/Distribution	5%	20 ft.	Apr-15
5	Martin Grove Road / Highway 7	Vaughan	New Lease (Net)	41,491	54	$5.35	n/a	Warehouse/Distribution	10%	22 ft.	Oct-15
6	Fenmar Drive / Steeles Avenue West	Vaughan	New Lease (Net)	23,400	48	$5.20	n/a	Warehouse/Distribution	10%	18 ft.	Jan-16
7	Bradwick Drive / Highway 7	Vaughan	New Lease (Net)	40,000	48	$5.10	n/a	Warehouse/Distribution	20%	22 ft.	Jun-15
8	Jane Street / Courtland Avenue	Vaughan	New Lease (Net)	34,138	60	$5.00	$5.45	Warehouse/Distribution	15%	18 ft.	Dec-15
9	Keele Street / Rutherford Road	Vaughan	New Lease (Net)	20,432	36	$5.05	n/a	Warehouse/Distribution	5%	18 ft.	May-15
10	Keele Street / Steeles Avenue West	Vaughan	New Lease (Net)	24,517	96	$4.90	$4.90	Warehouse/Distribution	15%	18 ft.	Nov-14
11	Marycroft Avenue / Rowntree Dairy Road	Vaughan	New Lease (Net)	49,786	24	$4.75	$4.75	Warehouse/Distribution	3%	18 ft.	Aug-15
12	Keele Street / Rutherford Road	Vaughan	New Lease (Net)	40,000	180	n/a	$4.67	Warehouse/Distribution	5%	20 ft.	Aug-15
13	Staffern Drive / Citation Drive	Vaughan	New Lease (Net)	21,432	60	$3.75	$4.25	Warehouse/Distribution	40%	18 ft.	Jul-15

Analysis

The listings and transactions for the flex industrial units uncovered establish a range of Year 1 base rents between $7.00 and $12.75 psf. The upper end of the range is represented by a unit within a more traditional retail plaza that fronts onto Highway 7. The lower end of the range involves unit within more standard flex industrial units or highly finished industrial units. Some of these units are also located on high traffic arterials. While most of the subject flex industrial units have frontage to Keele Street, it is our opinion that rents below the upper end of the range would be required.

Nevertheless, given the size range and utility of the subject units, we have selected market rents of **$9.50 p.s.f.** and **$11.50 p.s.f.** as being suitable for these units.

The listings and transactions for the industrial units uncovered establish a range of Year 1 base rents between $3.75 and $6.50 psf. The upper end of the range is represented by a newer building with a 32 ft. clear height. The lower end of the range involved a unit within an older building. The units that we would characterize as industrial are occupied by GoodLife (Keystone) and Relco Inc. They would be considered functional spaces that would appeal to a variety of tenants. Overall, we have selected a market rate toward the upper end of the range shown above of **$5.50 p.s.f.**

We were unable to uncover any transactions involving fitness centres upon which to benchmark the unit occupied by GoodLife. Thus, we have forecast a rent similar to their current level, or **$11.50 p.s.f.**, as being representative of market level.

For the Discount Car and Truck Rental unit, a similar methodology was employed. A market rental rate of **$25.00 p.s.f.** has been forecast.

The reader should note that the University of Toronto is currently paying $18.00 p.s.f. for their unit. While we understand that the tenant has made a number of upgrades to the space, it is our opinion that should a replacement tenant be required, this level of rent would likely not be achieved. We have utilized a market rental estimate of $9.50 p.s.f. for this unit.

Overall, our conclusions are as follows:

MARKET RENTAL RATES SELECTED

Tenancy	$ p.s.f.
Addmore Office Furniture	$9.50
Vatero Kitchen & Bath	$9.50
Stone Tiles & Beyond	$11.50
Silk Plant Warehouse	$11.50
Discount Car & Truck	$25.00
University of Toronto	$9.50
Goodlife (Keystone)	$5.50
Limelight Allstars	$9.50
Les Fanfans Nursery	$11.50
Goodlife	$11.50
Relco Inc.	$5.50
Vacant Unit 1	$9.50
Vacant Unit 2	$9.50
Vacant Unit 3	$9.50
Vacant Unit 4	$9.50

Contract Vs. Market Rent

An important component to any real estate investment is the relationship between the current contract rents and the achievable market rents. Comparing the average contract rent, adjusted to a net basis, at the subject of $9.34 p.s.f. to the average market rent of $8.71 p.s.f. indicates that, on average, are within 10% of market levels and would be considered close to market.

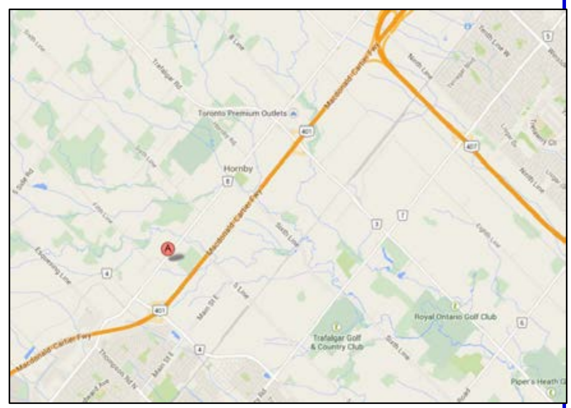
Comparable Investment Transactions

Comparable Investment Transactions

25 & 35 Brownridge Road, Halton Hills, ON

OCR: 5.61%

Sales Overview



SALE DATA

Closing Date:	December-14
Ownership Interest :	100%
Interest Transferred:	Leased fee
Vendor:	KingSett Capital Inc.
Purchaser:	Bentall Kennedy LP
Vendor Broker:	CBRE

Sale Price:	$37,175,000
Adjusted Sale Price	$35,862,500
Adjusted Price (psf)	$108
OCR	**5.61%**
TCR	**6.00%**
IRR	**6.85%**

PROPERTY CHARACTERISTICS

Building Size (sf):	332,173	**Clear Height (ft):**	30
Year Built:	2011, expanded in 2014	**Office %:**	5%
Site Area (acres):	21.40	**Site Coverage:**	37%
Exterior:	Precast Concrete Panels	**Sprinkler:**	ESFR
Truck Level Doors:	30 (1 per 11,100 sf)	**Drive-In Doors:**	2
Building Type:	Warehouse / Distribution	**Zoning:**	M7 - 401

General Notes: 25 – 35 Brownridge Road is a 332,193 s.f., four tenant industrial building located near the James Snow Parkway / Highway 401 interchange in Halton Hills. Originally constructed in 2011, the building was expanded in 2014. It features precast concrete cladding, a 30 ft. clear ceiling height, 30 truck level doors (1 per 11,100 s.f.), 2 drive-in doors, ESFR sprinklers and T-5 lighting. The units range in size from 41,120 s.f. to 150,770 s.f., with each having office components of about 5% of the individual area. The building enjoys Highway 401 visibility, but the shipping doors, along with the unit entrances and parking, are situated along the north side of the property. Truck and vehicle traffic share a single curb cut to Brownridge Road. As part of the sale. there was about 2.5 acres of excess land. situated to the north of the eastern limit of the site.

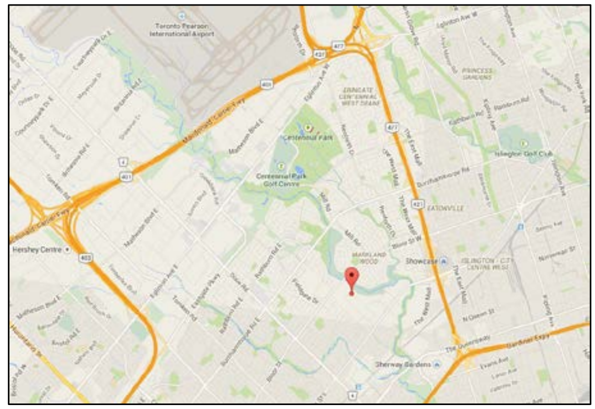
Income Characteristics: Fully leased to four tenants. The tenant profile is comprised of:
- **Aitons Equipment** (41,120 s.f., 13% of NRA) 10 yrs., 4 mths. remaining on term.
- **Lynden Logistics** (64,355 s.f., 19% of NRA) 10 yrs., 1 mth. remaining on term.
- **Permatex** (75,948 s.f., 23% of NRA) 2 yrs., 1 mth. remaining on term.
- **Van de Water - Raymond** (150,770 s.f., 45% of NRA) 4 yrs., 4 mths. remaining on term.

Average market rent is considered to be at market. Permatex is a public company listed on the NYSE, while the remaining tenants appear to be private companies. Overall, the tenant profile would be well rated.

Adjustments ($1,312,500) - Value of the excess land has been deducted from the sale price in order to determine the investment parameters for the leased building.

3279 - 3289 Lenworth Drive, Mississauga — OCR: 6.19%

Sales Overview



SALE DATA

Closing Date:	February-15
Ownership Interest :	100%
Interest Transferred:	Leased fee
Vendor:	Nedo Custom Builders Ltd.
Purchaser:	3279 & 3289 Lenworth Properties Ltd.
Vendor Broker:	CBRE / Indusite Realty Corp.

Sale Price:	$4,075,000
Adj. Sale Price:	$4,475,000
Price (psf):	$74
OCR:	**6.19%**
TCR:	**6.50%**
IRR:	**7.33%**

PROPERTY CHARACTERISTICS

Building Size (sf):	55,050	**Clear Height (ft):**	14
Year Built:	1967	**Office %:**	Varies - Typically 10%
Site Area (acres):	3.47	**Site Coverage:**	37%
Exterior:	Facing Brick	**Sprinkler:**	Wet
Truck Level Doors:	22 (1 per 2,500 s.f.)	**Drive-In Doors:**	4
Building Type:	Small Bay Multiple Tenant	**Zoning:**	E2

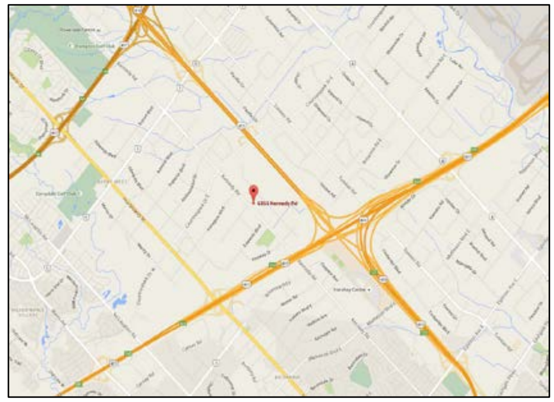
General Notes: 3279 – 3289 Lenworth Drive is a two building, multiple tenant facility located in the Queensway Industrial Area in Mississauga. More specifically, the property is situated near the Dundas Street East / Wharton Way intersection. The immediate area is characterized by older industrial buildings and is adjacent to Etobicoke's western limit. Built in 1967, the improvements feature facing brick cladding, a 14 ft. clear height and office components that are mostly 10% per individual unit area. While the specifications are not to modern standards, they are typical of older Mississauga multiple tenant buildings and functional for the tenants in place. Good shipping is provided with truck level doors to most units. However, some have required an angled dock give their close position to the property line. It is unlikely that larger trailers would be able to access some of these doors. Parking is situated within the courtyard created by the two

Income Characteristics: Fully leased to 19 tenants at the time of sale. Units range from 1,447 s.f. to 10,584 s.f., with most below 4,500 s.f. Most of the tenants are local business but reportedly have a long leasing history at the building. There is some leasing risk in Year 1 and 2, as leases on 88% of the building area expire. However, the average contact rent is slightly below market. Reportedly good interest in the investment, with several offers submitted. The purchaser owns other properties in the area.

Adjustments: $400,000 – Required Capital Repairs.

6355 Kennedy Road & 6320 Danville Road, Mississauga *OCR: 6.00%*

Sales Overview



SALE DATA

Closing Date:	August-15
Ownership Interest :	100%
Interest Transferred:	Leased fee
Vendor:	Investors Group Trust Co. Ltd.
Purchaser:	Mantella Corporation
Vendor Broker:	CBRE

Sale Price:	$10,425,000
Adj. Sale Price:	$10,285,000
Price (psf):	$106
OCR:	**6.00%**
TCR:	**6.50%**
IRR:	**6.77%**

PROPERTY CHARACTERISTICS

Building Size (sf):	45,197 s.f. & 52,079 s.f. (97,276 s.f. total)	**Clear Height (ft):**	17 & 28 ft.
Year Built:	1987 / 1997	**Office %:**	Varies - Typically 10 - 15%
Site Area (acres):	3.21 & 2.24 ac (5.45 ac total)	**Site Coverage:**	32% & 53%
Exterior:	Facing Brick / Precast	**Sprinkler:**	Wet
Truck Level Doors:	15	**Drive-In Doors:**	13
Building Type:	1 Multiple Tenant / 1 Dual Tenant	**Zoning:**	E2

General Notes: The investment is comprised of two sites located at 6355 Kennedy Road and 6320 Danville Road in Mississauga. Situated adjacent to each other, the properties are well located within the Gateway Business Park and in close proximity to the highway network and international airport. 6355 Kennedy Road is improved with a 45,197 s.f., 1987 built, facing brick multiple tenant building (24 units). The building features a clear height of 17 ft. and has 10 truck level doors (1 per 4,500 s.f.) and 12 drive-in doors. 6320 Danville Road is a 52,079 s.f. building that was constructed in 1997 and features precast concrete construction, 28 ft. clear height, 5 truck level (1 per 10,400 s.f.) and 1 drive-in door. It is currently demised into two units. Office areas within units in both buildings typically comprise 10 to 15%. Overall, the physical characteristics of the buildings would be well rated.

Income Characteristics: Fully leased to 23 tenants at the time of sale. Units range from 753 s.f. to 26,210 s.f., with most below 3,000 s.f. Most of the tenants are local business but reportedly have a long leasing history at the building. Lease expiry pattern is somewhat typical, although the larger tenants at the Danville property expire in Years 4 and 5 of the investment horizon. The average contact rent is considered to be at market.

Adjustments: ($140,000) – Remaining payments of recoverable amortized capital repairs.

2333 North Sheridan Way, Mississauga, ON — *OCR: 7.66%*

Sales Overview

SALE DATA

Closing Date:	June-15
Ownership Interest :	100%
Interest Transferred:	Leased fee
Vendor:	Marland Management Services Inc.
Purchaser:	Summit Industrial REIT
Vendor Broker:	n/a

Sale Price:	$14,450,000
Adjusted Price:	$14,310,000
Price (psf):	$78
OCR	**7.66%**
TCR	**7.75%**
IRR	**8.28%**

PROPERTY CHARACTERISTICS

Building Size (sf):	183,989	**Clear Height (ft):**	16 & 23.5
Year Built:	1960's with more recent reno's	**Office %:**	11%
Site Area (acres):	9.45	**Site Coverage:**	43%
Exterior:	Precast / Metal	**Sprinkler:**	Wet
Truck Level Doors:	16 (1 per 10,200 s.f.)	**Drive-In Doors:**	2
Building Type:	Warehouse / Distribution	**Zoning:**	E2 - 6

General Notes: Property is a 183,989 s.f. facility that is currently demised into a large (163,000 s.f.) industrial unit along with 3 smaller office units. Originally a single tenant building, the two storey office component has been demised into 3 units. Built in the 1960's, the building was recently expanded with a large addition to the warehouse area. The Ventra Group occupies the industrial unit, which features clear heights of 16 and 23.5 ft., 16 truck level doors, 2 drive-in doors and an 8% office component. The property is located within the Sheridan Research Park, with frontage to the QEW. Unlike other properties in the park, the site is not subject to some of the restrictive uses mandated by the City of Mississauga. We understand that the investment was not widely marketed but was presented to other investors.

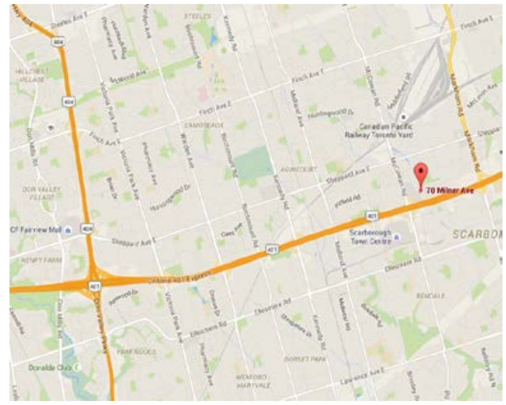
Income Characteristics: Fully leased to four tenants. The tenant profile is comprised of:
- The Ventra Group (163,000 s.f., 89% of NRA), 4 yrs., 7 mths. remaining on term.
- Wilkinson Foods (13,947 s.f., 7% of NRA), 6 yrs., 2 mths. remaining on term.
- Datex Billing Services (4,968 s.f., 3% of NRA), 4 yrs. remaining on term.
- Nexent Innovations (2,074 s.f., 1% of NRA), 5 yrs., 3 mths. remaining on term.

Rent with The Ventra Group is close to market. Office tenants slightly above market. The Ventra Group is a large auto parts manufacturer, which may be of some concern to investors. The remaining tenants appear to only offer a local covenant. Overall, the tenant profile would be moderately rated. This was an "off-market" deal that was reportedly only presented to a few investors.

Adjustments: ($140,000) - Above market administration fee recovery.

70 - 80 Milner Avenue, Scarborough *OCR: 6.38%*

Sales Overview



SALE DATA

Closing Date:	January-16
Ownership Interest :	100%
Interest Transferred:	Leased fee
Vendor:	Milner Scarborough Properties Ltd.
Purchaser:	Active Consumer Electronics
Vendor Broker:	Avison Young

Sale Price:	$5,050,000
Adj. Sale Price:	$5,160,000
Price (psf):	$73
OCR:	**6.38%**
TCR:	**6.50%**
IRR:	**7.53%**

PROPERTY CHARACTERISTICS

Building Size (sf):	70,511	**Clear Height (ft):**	14
Year Built:	1970	**Office %:**	Varies - Typically 10%
Site Area (acres):	3.23	**Site Coverage:**	50%
Exterior:	Facing Brick	**Sprinkler:**	Wet
Truck Level Doors:	6 (1 per 11,800 s.f.)	**Drive-In Doors:**	9
Building Type:	Small Bay Multiple Tenant	**Zoning:**	E0.7

General Notes: Two building, multiple tenant facility located in close proximity to the McCowan Road / Highway 401 interchange. Built in 1970, the improvements feature facing brick cladding, a 14 ft. clear height and office components that are mostly 10% per individual unit area. While the specifications are not to modern standards, they are typical of older Scarborough multiple tenant buildings and functional for the tenants in place. Good shipping is provided with a combination of truck level and drive-in doors. Parking appears to

Income Characteristics: 76% to 8 tenants at the time of sale. Units range from 2,300 s.f. to 9,625 s.f., with most below 6,500 s.f. Most of the tenants are local business but reportedly have a long leasing history at the building. Limited leasing risk until Year 3 of the investment. The average contact rent is close to market levels. Purchased by a tenant within the complex.

Adjustments: $110,000 – Lease-up costs.

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.

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.

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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.

Certification

CERTIFICATION

7700 Keele Street, Vaughan, Ontario

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 property was inspected by Cameron McAlpine on April 9, 2016;
- 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 March 31, 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 March 31, 2016 is:

TWENTY TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS

$22,800,000

Cameron McAlpine, AACI
Associate Vice President
Valuation & Advisory

April 27, 2016

Subject Photographs

Subject Photographs

Eastern (Keele Street) Elevation

Eastern (Keele Street) Elevation

Southern Elevation

Southern Elevation

Relco Area

View Looking Toward Northwest Corner of Site

Western Elevation (GoodLife)

Shipping Corridor