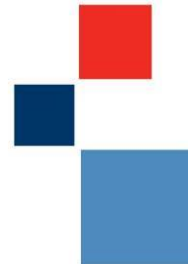


## **APPRAISAL OF REAL PROPERTY**

**7700 Keele Street  
Vaughan, Ontario**

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

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



**Prepared By:  
Cushman & Wakefield Ltd.  
Valuation & Advisory  
33 Yonge Street, Suite 1000  
Toronto, ON M5E 1S9  
CONFIDENTIAL**



**7700 Keele Street**  
**Vaughan, ON**

**Cushman & Wakefield Ltd.**

33 Yonge St., Suite 1000  
Toronto, ON M5E 1S9  
(416) 862 0611 Tel  
(416) 359 2602 Fax  
[www.cushmanwakefield.com](http://www.cushmanwakefield.com)

November 1, 2016

Mr. Arnold Resnick

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

Dear Mr. Resnick:

**RE: Appraisal of 7700 Keele Street, Vaughan, ON**

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

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

We have reviewed the current conditions of the leasing and investment markets along with all relevant sales which have occurred since the completion of the Narrative Appraisal Report. Overall, our market rental rate and yield expectations have remained unchanged from the previous appraisal. However, based on discussion with the property manager, the following has occurred / changed since our original appraisal:

- Unit 4 (11,096 s.f.), which was previously forecasted as being vacant has been leased to Rahmi Global Retail Inc., with the lease scheduled to begin December 1, 2016. In our original appraisal, it was assumed that it would take 18 months to lease the unit. Given this new lease transaction, the adjustments associated with downtime have decreased. In addition, we had forecasted a rent of \$9.50 p.s.f. as being representative of market for this unit. However, the tenant will pay a rate of \$10.50 p.s.f., which has had the effect of increasing the Net Operating Income, on both a Year 1 and stabilized basis.
- Discussions with the property manager have revealed that it is now their opinion that an 18 month downtime is appropriate for the remaining three vacant units (Unit 1 - 6,410 s.f., Unit 2 - 10,101 s.f. and Unit 3 - 5,641 s.f.). Previously a lease-up time of 36 months was utilized for Units 1 and 2, with Unit 3 being 18 months. Given this revised forecast, the adjustments associated with downtime have again decreased.

- In our original appraisal, we made adjustments associated with costs to complete landlord's work or cost associated with making the vacant units ready for occupancy. Those costs have been updated by the property manager and have been reduced. The following chart illustrates the changes:

Original Appraisal - March 31, 2016			
Adjustment	Year 1	Year 2	Year 3
Landlord Work	\$0	\$669,480	\$660,440
Les Fanfans Work	\$246,365	\$0	\$0
Total	\$246,365	\$669,480	\$660,440
Update - September 30, 2016			
Adjustment	Year 1	Year 2	Year 3
Landlord Work	\$0	\$883,660	\$0
Les Fanfans Work	\$246,365	\$0	\$0
Total	\$246,365	\$883,660	\$0

- As shown in the appraisal comparison chart at the end of this report, the values indicated by both the Discounted Cash Flow Approach and the Direct Capitalization Approach have increased despite no changes to the valuation parameters (Discount Rate, Terminal Capitalization Rate, Overall Capitalization Rate). The increase in value is mainly due to an increased NOI (due to a higher rental rate achieved within Unit 4 than previously forecasted as well as due to scheduled rental increases with the existing tenants) and lower adjustments for downtime, lease-up costs and lost rent and recoveries from tenant's occupying the subject after our analysis' start (October 1, 2016). Together, these negative adjustments are almost \$1.1 million lower than in our original appraisal.

The reader should note that since our original report, the owners have listed the property, along with the neighbouring property located at 2267 Highway 7, for sale, with our client's 50% interest in the property being available for purchase. This interest was listed for sale in the last week June 2016 and was listed unpriced. We understand that there has been some interest in the property but to date, the property remains available. We are not aware of the broker's expectations in terms of a possible sale price, nor are we aware of the vendor's expectations. Furthermore, the property has been available for sale for approximately 4 months. Our original value was based on an exposure and marketing time of 4 to 6 months. Given this, it is our opinion that the current marketing time for the subject is reasonable. We have not taken the lack of a sale transaction occurring into account when assigning value assumptions to the property.

## CONCLUSIONS

The methods of value indicated the following rounded results.

Discounted Cash Flow Method	\$23,500,000
Direct Capitalization Method	\$24,130,000

We have taken the results of both methodologies into account and have determined a current market value of \$23,820,000 for the subject property.

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

**TWENTY THREE MILLION EIGHT HUNDRED TWENTY THOUSAND DOLLARS**

**\$23,820,000**

A reasonable exposure time is considered 4 to 6 months.

Should you have any questions, please contact the undersigned.

Yours very truly,  
**Cushman & Wakefield Ltd.**



---

Cameron McAlpine, AACI  
Associate Vice President  
Valuation & Advisory



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# TERMS OF REFERENCE

## IDENTIFICATION OF SUBJECT PROPERTY

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

## OWNERSHIP OF PROPERTY

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

## PURPOSE OF APPRAISAL

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

## INTENDED USE AND USER OF REPORT

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

## CLIENT

The client is Consolidated HCI Holdings Corporation.

## DEFINITION OF MARKET VALUE

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

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

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised and acting in their own best interests;
- A reasonable time is allowed for exposure in the market;
- Payment is made in cash in Canadian dollars or in terms of financial arrangements comparable thereto; and

- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The term "property" refers to the land, buildings and all fixtures, furnishings and equipment which are incidental to its operation as a retail and office facilities. The market value, as defined, is based on 100% interest of the asset.

## SCOPE OF THE APPRAISAL

In the process of preparing this update appraisal, we:

- Interviewed management;
- Considered changes to cash flow assumption based on current market conditions / specific property characteristics;
- Estimated the highest and best use of the property;
- Conducted market research into the local industrial market;
- Ascertained sale prices and analysed where possible comparable properties;
- Examined market conditions and analysed their potential effect on the property.
- The property was originally inspected on April 9, 2016 and was completed by Cameron McAlpine. An updated inspection of the property was **not** completed.

## REASONABLE EXPOSURE TIME

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

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

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

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

## LIMITING CONDITIONS

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



## CERTIFICATION OF THE APPRAISAL

### 7700 Keele Street, Vaughan, ON

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

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

## FINAL ESTIMATE OF CURRENT MARKET VALUE

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

**TWENTY THREE MILLION EIGHT HUNDRED TWENTY THOUSAND DOLLARS**

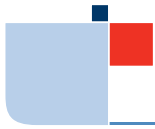
**\$23,820,000**



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Cameron McAlpine, AACI  
Associate Vice President  
Valuation & Advisory

November 1, 2016



# ADDENDA CONTENTS

ADDENDUM A: ASSUMPTIONS AND LIMITING CONDITIONS

ADDENDUM B: APPRAISAL RESULTS

## Assumptions and Limiting Conditions



## ASSUMPTIONS AND LIMITING CONDITIONS

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

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

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

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

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

## Appraisal Results



## APPRAISAL RESULTS

Appraisal Comparison Chart				
	March 31, 2016	September 30, 2016	% Change	Comments
7700 Keele Street				
Final Market Value	\$22,800,000	\$23,820,000	4.47%	Investment parameters have remained unchanged.
Market Value (\$ p.s.f.)	\$116	\$123		
Discounted Cash Flow Approach				Value differential mainly due to lower adjustments and higher stabilized NOI.
IRR	7.25%	7.25%		
TCR	7.00%	7.00%		
Final Value	\$22,690,000	\$23,500,000	3.57%	
Direct Cap. Approach				
Stabilized NOI	\$1,707,698	\$1,720,868		
OCR	6.75%	6.75%		
Initial Value	\$25,299,230	\$25,494,341		
Adjustments	-\$2,434,067	-\$1,360,808		
Final Value	\$22,870,000	\$24,130,000	5.51%	



## CASH FLOW

7700 KEELE STREET CASHFLOW											
For the Years Ending	Year 1 Sep-2017	Year 2 Sep-2018	Year 3 Sep-2019	Year 4 Sep-2020	Year 5 Sep-2021	Year 6 Sep-2022	Year 7 Sep-2023	Year 8 Sep-2024	Year 9 Sep-2025	Year 10 Sep-2026	Year 11 Sep-2027
<b>Potential Gross Revenue</b>											
Base Rental Revenue	1,806,050	1,814,159	1,799,599	1,827,327	1,851,780	1,859,370	1,939,820	1,960,892	1,977,823	1,977,823	1,998,577
Absorption & Turnover Vacancy	(230,474)	(149,789)	(14,763)		(13,667)	(55,452)	(106,707)	(12,829)	(14,769)		
Base Rent Abatements	(48,130)										
<b>Scheduled Base Rental Revenue</b>	<b>1,527,446</b>	<b>1,664,370</b>	<b>1,784,836</b>	<b>1,827,327</b>	<b>1,838,113</b>	<b>1,803,918</b>	<b>1,833,113</b>	<b>1,948,063</b>	<b>1,963,054</b>	<b>1,977,823</b>	<b>1,998,577</b>
<b>Expense Reimbursement Revenue</b>											
Operating Costs	306,826	341,081	374,987	388,574	395,595	394,074	397,876	426,956	435,012	450,629	461,894
Realty Taxes	248,554	276,301	303,768	314,772	320,461	319,230	322,307	345,867	352,393	365,043	374,169
Administration Fees Recoverable	44,992	50,566	56,156	58,286	59,277	58,802	59,242	64,001	65,149	67,593	69,283
<b>Total Reimbursement Revenue</b>	<b>600,372</b>	<b>667,948</b>	<b>734,911</b>	<b>761,632</b>	<b>775,333</b>	<b>772,106</b>	<b>779,425</b>	<b>836,824</b>	<b>852,554</b>	<b>883,265</b>	<b>905,346</b>
<b>Total Miscellaneous Revenue</b>	<b>58,780</b>	<b>58,780</b>	<b>51,580</b>	<b>29,980</b>	<b>29,980</b>	<b>30,369</b>	<b>32,318</b>	<b>32,318</b>	<b>32,318</b>	<b>32,318</b>	<b>32,318</b>
<b>Total Potential Gross Revenue</b>	<b>2,186,598</b>	<b>2,391,098</b>	<b>2,571,327</b>	<b>2,618,939</b>	<b>2,643,426</b>	<b>2,606,393</b>	<b>2,644,856</b>	<b>2,817,205</b>	<b>2,847,926</b>	<b>2,893,406</b>	<b>2,936,241</b>
General Vacancy			(114,542)	(130,947)	(119,188)	(77,640)	(30,871)	(128,673)	(128,366)	(144,670)	(146,812)
<b>Effective Gross Revenue</b>	<b>2,186,598</b>	<b>2,391,098</b>	<b>2,456,785</b>	<b>2,487,992</b>	<b>2,524,238</b>	<b>2,528,753</b>	<b>2,613,985</b>	<b>2,688,532</b>	<b>2,719,560</b>	<b>2,748,736</b>	<b>2,789,429</b>
<b>Operating Expenses</b>											
Operating Costs	352,730	365,536	378,481	388,576	397,886	406,121	415,367	428,621	438,944	450,628	461,894
Realty Taxes	279,176	292,616	306,099	314,775	321,990	327,266	333,977	346,977	355,015	365,043	374,169
Management Fee Expense	73,139	74,169	74,525	75,920	77,150	77,783	80,675	82,095	83,153	83,805	85,039
N/R Misc. Expense	5,466	5,978	6,142	6,220	6,311	6,322	6,535	6,721	6,799	6,872	6,974
<b>Total Operating Expenses</b>	<b>710,511</b>	<b>738,299</b>	<b>765,247</b>	<b>785,491</b>	<b>803,337</b>	<b>817,492</b>	<b>836,554</b>	<b>864,414</b>	<b>883,911</b>	<b>906,348</b>	<b>928,076</b>
<b>Net Operating Income</b>	<b>1,476,087</b>	<b>1,652,799</b>	<b>1,691,538</b>	<b>1,702,501</b>	<b>1,720,901</b>	<b>1,711,261</b>	<b>1,777,431</b>	<b>1,824,118</b>	<b>1,835,649</b>	<b>1,842,388</b>	<b>1,861,353</b>
<b>Leasing &amp; Capital Costs</b>											
Tenant Improvements	26,549	75,719	8,804	15,729		62,014	72,471	7,489	20,329		81,516
Leasing Commissions	24,072	66,865	7,990	14,054		54,988	64,121	6,615	17,834		70,592
Structural Allowance	21,866	23,911	24,568	24,880	25,242	25,288	26,140	26,885	27,196	27,487	27,894
Landlord's Work	246,365	883,600	0								
<b>Total Leasing &amp; Capital Costs</b>	<b>318,852</b>	<b>1,050,095</b>	<b>41,362</b>	<b>54,663</b>	<b>25,242</b>	<b>142,290</b>	<b>162,732</b>	<b>40,989</b>	<b>65,359</b>	<b>27,487</b>	<b>180,002</b>
<b>Cash Flow Before Debt Service &amp; Taxes</b>	<b>1,157,235</b>	<b>602,704</b>	<b>1,650,176</b>	<b>1,647,838</b>	<b>1,695,659</b>	<b>1,568,971</b>	<b>1,614,699</b>	<b>1,783,129</b>	<b>1,770,290</b>	<b>1,814,901</b>	<b>1,681,351</b>

## DISCOUNTED CASH FLOW APPROACH

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 Sep-2017	\$1,476,087	\$1,157,235	\$1,079,007
Year 2 Sep-2018	\$1,652,799	\$602,704	\$523,974
Year 3 Sep-2019	\$1,691,538	\$1,650,176	\$1,337,637
Year 4 Sep-2020	\$1,702,501	\$1,647,838	\$1,245,447
Year 5 Sep-2021	\$1,720,901	\$1,695,659	\$1,194,956
Year 6 Sep-2022	\$1,711,261	\$1,568,971	\$1,030,935
Year 7 Sep-2023	\$1,777,431	\$1,614,699	\$989,260
Year 8 Sep-2024	\$1,824,118	\$1,783,129	\$1,018,602
Year 9 Sep-2025	\$1,835,649	\$1,770,290	\$942,907
Year 10 Sep-2026	\$1,842,388	\$1,814,901	\$901,322
Reversion		\$26,590,757	\$13,205,587
PV of CF and Reversion			\$23,469,633
REVERSION CALCULATION		YIELD ANALYSIS	
Final Year NOI	\$1,861,353	Year 1	4.92%
Terminal CR	7.00%	Year 1 - 5	5.75%
Reversion Value	\$26,590,757	Year 5 - 10	7.28%
Less: Final Year TI & LC's			
Plus: PV Unamortized Capital			
Net Reversion Value	\$26,590,757		
Estimated Value (DCF)			\$23,500,000

## DIRECT CAPITALIZATION APPROACH

DIRECT CAPITALIZATION METHOD CONCLUSION			
Revenue	October 1, 2016	April 1, 2016	Difference From Previous Appraisal
Year 1 Fully Leased Base Revenue	\$1,848,344	\$1,833,993	\$14,351 higher
Year 1 Reimbursement Revenue	\$707,257	\$707,257	No Change
Total Base Rent & Reimbursement Revenue	\$2,555,601	\$2,541,250	\$14,351 higher
Other Revenue	\$28,800	\$28,800	No Change
<b>Total Potential Gross Revenue</b>	<b>\$2,584,401</b>	<b>\$2,570,050</b>	<b>\$14,351 higher</b>
Vacancy Allowance	(\$129,220)	(\$128,503)	\$717 higher
<b>Effective Gross Revenue</b>	<b>\$2,455,181</b>	<b>\$2,441,547</b>	<b>\$13,634</b>
<b>Operating Expenses</b>			
Operating Costs & Taxes	\$734,313	\$733,849	\$464 higher
<b>Fully Leased Net Operating Income</b>	<b>\$1,720,868</b>	<b>\$1,707,698</b>	<b>\$13,170 higher</b>
<b>Overall Capitalization Rate</b>	<b>6.75%</b>	<b>6.75%</b>	<b>No Change</b>
<b>Initial Market Value</b>	<b>\$25,494,341</b>	<b>\$25,299,230</b>	<b>\$195,111 higher</b>
<b>Adjustments</b>			
Lost Rent and Recoveries from Vacant Units	(\$435,287)	(\$977,764)	\$542,478 lower
Costs to Lease-up Vacant Units (Typical)	(\$99,019)	(\$148,619)	\$49,599 lower
PV of Costs to Lease-up Vacant Units (Additional)	(\$768,229)	(\$1,117,381)	\$349,153 lower
Additional Landlord's Work for Les Fanfans Unit	(\$246,365)	(\$246,365)	No Change
Rent Abatement Provided to Tenants	(\$48,129)	(\$60,756)	\$12,626 lower
Lost Rent and Recoveries from Tenants Occupying After Analysis Start	(\$55,287)	(\$174,691)	\$119,403 lower
Present Value from Signage Income	\$63,336	\$63,336	No Change
Present Value from Remaining Solar Income	\$228,172	\$228,172	No Change
<b>Total Adjustments</b>	<b>-\$1,360,808</b>	<b>-\$2,434,067</b>	<b>\$1,073,259 lower</b>
<b>Adjusted Market Value</b>	<b>\$24,133,532</b>	<b>\$22,865,163</b>	<b>\$1,268,370 higher</b>
<b>Final Market Value (rounded)</b>	<b>\$24,130,000</b>	<b>\$22,870,000</b>	<b>\$1,260,000</b>
Value PSF	\$122.82	\$116.41	