

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15, 3 Schedule B, as amended (the “OEB Act);

AND IN THE MATTER OF an Application by Milton Hydro Distribution Inc. under Section 78 of the OEB Act to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of May 1, 2016.

MILTON HYDRO DISTRIBUTION INC. (“Milton Hydro”)

**APPLICATION FOR APPROVAL OF 2016 ELECTRICITY
DISTRIBUTION RATES**

EB-2015-0089

**INFORMATION REQUEST FOR ORAL HEARING
School Energy Coalition**

Filed: March 24, 2016

Cameron McKenzie
Director, Regulatory Affairs
Milton Hydro Distribution Inc.
8069 Lawson Road
Milton, Ontario
L9T 5C4

Tel: (289) 429-5212

cameronmckenzie@miltonhydro.com

Request 1

If any growth factor is being used by the Applicant to assess or support the overall reasonableness of OM&A costs, or any part of OM&A costs (for example, future occupancy costs), the full calculations used by the Applicant to get to that growth factor. Please provide this in live Excel format, if that is how it was calculated.

Response:

Milton Hydro did not use a “growth factor” to determine or calculate its OM&A costs, or any part of OM&A costs.

Milton Hydro uses actual costs when they are known or as set out in Milton Hydro’s response to OEB staff interrogatory 4.0-Staff-47, an inflation factor of 2% is generally used for suppliers and the most current union contract increases for wages.

Milton Hydro compares its required OM&A costs per customer and customers served per employee to its peer group and the industry. Milton Hydro’s OM&A per customer is below the average of both its peer group and the industry. Milton Hydro’s customer growth drives Milton Hydro’s employee compliment, which has increased by twelve employees between 2011 and 2016, and while a significant driver in OM&A costs, Milton Hydro’s customers served per employee continues to be one of the highest in the province.

Request 2

A full, side-by-side comparison of all occupancy costs of the Applicant before and after the new building is put into service. This should include all capital costs, all operating costs to hold or maintain the building or any previous properties used for office, warehouse, storage, or other occupancy purposes, depreciation, cost of capital including PILs impacts, property taxes, and any collateral cost changes (such as new furniture or equipment, build-out costs, write-offs of previous assets, asset retirement costs, energy, water, or similar savings, etc. as well as any related PILs impacts) Please include in the comparison, in addition to the individual data items, a calculation of the total revenue requirement relating to occupancy for the test year, and for the last prior year without the new building.

Response:

Milton Hydro has provided a side-by-side comparison of all occupancy costs before and after the new building is put into service in the following table.

	2015 Unaudited Actuals					2016 Test
	LAWSON	5TH & MAIN	TOTAL Lawson / 5th & Main	CHISHOLM	Total Lawson / 5th & Main / Chisholm	CHISHOLM
DIRECT LABOUR	15,134		15,134		15,134	19,749
MATERIAL	17,621		17,621		17,621	21,935
SNOW REMOVAL	8,736		8,736	3,684	12,420	10,000
LAWN MTCE	6,975		6,975	1,495	8,470	5,600
JANITORIAL SERVICE	25,800		25,800		25,800	45,000
HEATING, FIRE, SEPTIC	14,770		14,770	18,096	32,866	18,000
O/S CONTRACT-MAINTENANCE	24,169		24,169	54,904	79,073	25,000
SECURITY SYSTEM MTCE	2,425		2,425		2,425	2,400
PROPERTY TAXES		32,701	32,701	93,015	125,715	119,949
HYDRO, WATER, SEWAGE	49,287		49,287	27,096	76,383	200,000
Total Building Costs	164,918	32,701	197,618	198,290	395,908	467,634
RENT 8069 LAWSON (incl property tax)	355,273		355,273		355,273	
Total Building Costs Including Rent	520,191	32,701	552,891	198,290	751,181	467,634

As provided in the letter accompanying this filing, Milton Hydro requires additional time to prepare the revenue requirement relating to occupancy for the test year, and for the last prior year without the new building. Expected to be filed on Tuesday March 29, 2016.

Request 3

All appraisals of the new building or any part of the new building or its related land.

Response:

A copy of the appraisal of the new building and related land is provided as ATTACHMENT – Request 3.

Request 4

All estimates obtained by the Applicant of the cost to build a new building, and any reports or analyses of the advantages and disadvantages of doing so.

Response:

Milton Hydro provided rough estimates to build a new building to the Relocation Committee based on reviews of other distributor's administration and operations buildings at pages 743, 756 and 841 to 844. Land evaluation and assessments are provided throughout the documents that may be found in Milton Hydro's interrogatory response ATTACHMENT 1-SEC-14 RELOCATION COMMITTEE DOCUMENTS.

Request 5

A detailed breakdown of the usage of the new building, including square footage by function, with current floorplans and other backup documents. If the Applicant had a space plan prior to acquiring the new building, or any consultants' reports or other assessments relating to the size or usage of the new building, please include those documents. If there is a forecast of future usage based on growth or other factors, please provide that document or documents as well. For each of the functions in the new building, please provide details of how that occupancy function – e.g. general and executive office space, meeting rooms, warehouse, machine shop, vehicle storage, etc. – was satisfied before moving into the new building, including square footages and similar data.

Response:

Milton Hydro visited other distributors that had constructed new buildings and determined that it required 26,000 sq. ft. of administration space of open space design to allow for maximum flexibility with exposure to outdoor light for a minimum of 90% of regularly occupied spaces and 37,000 sq. ft. of warehouse / garage space.

Milton Hydro proposes to hire five employees in 2016 and based on the Town of Milton's growth anticipates the hiring of eight additional employees over the next five years.

In response to OEB staff interrogatory 4 - Staff 62, Milton Hydro separated the office sq. ft. as being 43,618 sq. ft. On March 15, 2016 OEB staff circulated a table which may be used in cross-examination on the building issue. Milton Hydro reviewed the table and realized that the 43,618 sq. ft. referred to as office space in fact included space dedicated to Operations. In order to provide a more appropriate and accurate comparison, Milton Hydro removed the Operations area from the office area such that the Administration sq. ft. is comparable to the distributors used in the OEB staff table. The correct Administration area is 32,800 sq. ft. The following paragraph sets out the appropriate areas and occupancy functions.

Milton Hydro has provided the floor layout for the first floor, second floor and operations area as ATTACHMENT Request 5-1 which provides the occupancy functions. The first floor Administration area is 10,000 sq. ft. and comprised of Engineering, IT, one contractor room, four Manager's offices, Director Engineering, Director Operations, printing/copy area, front entrance and the lunchroom/all staff training room. The second floor Administration area is comprised of

22,800 sq. ft. and is comprised of Billing, Customer Service, customer privacy room, Settlement, Finance, seven Manager's offices, Director Regulatory Affairs, Vice President Finance, Executive Assistant, President & CEO, Boardroom, three meeting rooms, storage room, vault, mailroom and an operations training room. Milton Hydro was required to construct a fire wall as separation between the second floor Administration area and the Operations area and for an incremental cost of \$100,178 the decision was made to enclose the additional 5,000 sq. ft. as roughed-in open space rather than having the 5,000 sq. ft. of open operational space on the second level.

Milton Hydro has provided the 2009 floor plan for Lawson Road as ATTACHMENT Request 5-2.

ATTACHMENT – Request 3
Appraisal and Related Land



Full Narrative Appraisal

Single-Tenant Industrial Building

200 Chisholm Drive

Milton, Ontario

September 22, 2014

PREPARED BY:
Demetri Andros
Managing Director, Toronto
Valuation & Advisory Services

PREPARED FOR:
Frank Lasowski
President & CEO
Milton Hydro Distribution Inc.



Our File: TOR-14-265/67301

September 22, 2014

Milton Hydro Distribution Inc.
8069 Lawson Road
Milton, Ontario L9T 5C4

Attention: Frank Lasowski
President & CEO

Dear Mr. Lasowski;

Re: Full Narrative Appraisal of Single-Tenant Industrial Building
200 Chisholm Drive, Milton, Ontario

In accordance with your request, we have inspected the above property and have carried out an analysis in order to estimate its current market value as is. Based on our investigations, it is our opinion that the current market value as is of the fee simple interest in the property, as at September 15, 2014, is estimated to be as follows:

Seven Million Three Hundred Fifty Thousand Dollars
\$7,350,000

The above value estimate is predicated on an exposure period of three to six months assuming the basis of a transaction involving cash to the vendor. This report describes the methods and approaches to value in support of the conclusion and contains the pertinent data gathered in our investigation of the market.

Should you have any questions, we would be pleased to discuss the valuation further.

Yours very truly,

COLLIERS INTERNATIONAL REALTY ADVISORS INC.

A handwritten signature in blue ink, appearing to be "D Andros".

Demetri Andros, AACI, MRICS
Managing Director, Toronto

A handwritten signature in blue ink, appearing to be "J Markic".

Jozo Markic,
Analyst, Toronto



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Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Executive Summary



Single-Tenant Industrial Building
200 Chisholm Drive
Milton, Ontario

Final Value Estimate
\$7,350,000

Property Information

Property Type	Industrial / Office Warehouse	Size	Occupied (0.0%)	0
Year Built	1991		Vacant (100.0%)	91,828
Quality / Condition	Very Good / Very Good		Total	91,828
			Office Area (21.8%)	20,000
Site Area (acres)	7.00		Clear Height	30 feet
Density	0.3		Loading Dock	Yes
Excess Density	Yes		Grade	Yes
Land Use/Zoning	M2		Rail	No

Value Conclusion

Final Value Estimate	\$7,350,000
Effective Date	September 15, 2014
Value per SF	\$80
Going-In Capitalization Rate	6.76%

Valuation Summary

Direct Comparison Approach	\$7,350,000
Income Approach	
Direct Income Capitalization	\$7,090,000

Direct Income Capitalization

Market Rent	\$5.05 to \$6.35 per SF
Stabilized Net Operating Income	\$496,561
Vacancy Allowance	0.00%
Contingency Allowance	1.00%
Overall Capitalization Rate	7.00%
Stabilized Value	\$7,090,000
Adjustments	\$0
Adjusted Value As Is	\$7,090,000
Value per SF	\$77

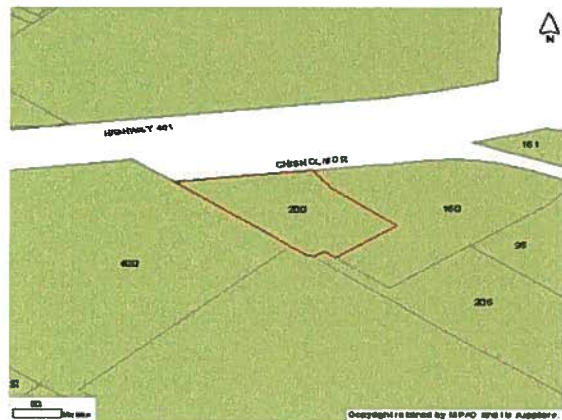
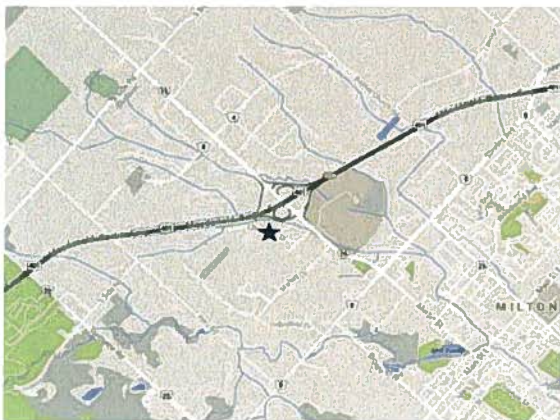
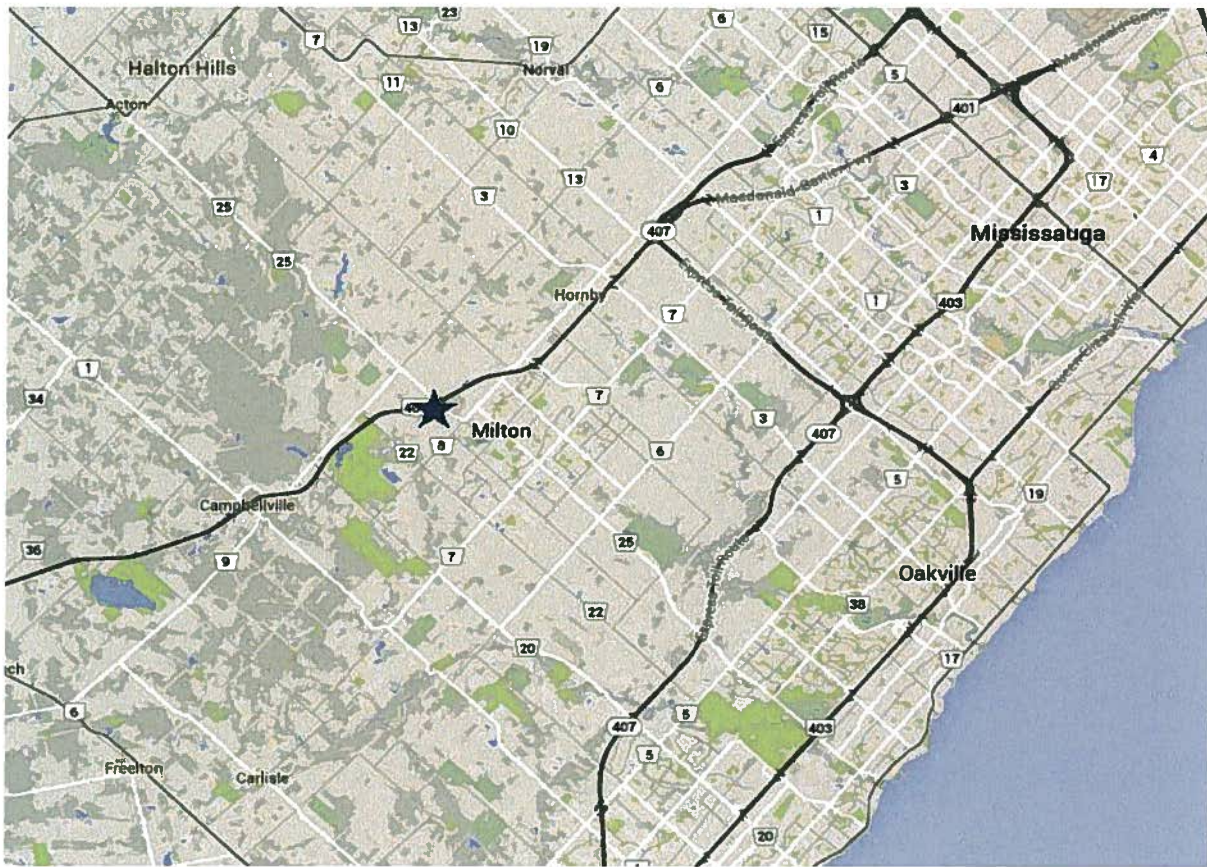
Direct Comparison Approach

Concluded Unit Value Range	\$75 to \$85
Size (SF)	91,828
Initial Value	\$7,350,000
Adjustments	\$0
Adjusted Value As Is	\$7,350,000
Value per SF	\$80

File Reference: TOR-14-265/67301

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Maps



Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Photographs of Subject Property



Front Elevation



West Side of Building



Lobby Entrance



Lobby Staircase



Industrial Warehouse



Cafeteria (Being Renovated)

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario



Interior Finishes (Being Renovated)



Meeting Room



Washroom Finishes



Subject Property Roof



Expansion Land



Rear Shipping Doors

Terms of Reference

Purpose and Intended Use of Report

The purpose of this valuation is to estimate the current market value of the property described herein

This appraisal is provided on a confidential basis and for the sole and exclusive use by Milton Hydro Distribution Inc. for internal and financing purposes only and any third party use of or reliance on this Appraisal Report or any materials prepared by Colliers International Realty Advisors Inc., is strictly prohibited, except to the extent that Colliers International Realty Advisors Inc. has provided prior permission in writing, such permission to be provided or withheld in Colliers International Realty Advisors Inc.'s sole and exclusive discretion. In the event that Colliers International Realty Advisors Inc. has provided said permission Milton Hydro Distribution Inc. shall ensure and be responsible for notifying the third party in writing that it should not rely on the Appraisal Report and any use by such third party of the Appraisal Report or any materials prepared by Colliers International Realty Advisors Inc. shall be at its own risk and that Colliers International Realty Advisors Inc. makes no representations or warranties of any kind. Notwithstanding anything to the contrary, Colliers International Realty Advisors Inc. shall not owe any duty to any third party with respect to the Appraisal Report. Milton Hydro Distribution Inc. shall indemnify, defend and hold harmless Colliers International Realty Advisors Inc. for any and all claims, liabilities, damages, costs and expenses (including court costs and reasonable legal fees) in connection with or arising out of any breach of this Agreement by Milton Hydro Distribution Inc. or any unauthorized use or reliance by third parties of the Appraisal Report or any materials prepared by Colliers International Realty Advisors Inc.

Property Rights

The property rights appraised are those of the fee simple estate. The fee simple estate is defined as "absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Effective Date

The effective date of this valuation is September 15, 2014.

This Appraisal Report is prepared in the context of the market conditions and other factors (including assumptions and/or materials provided by parties and sources outside of the control of Colliers Realty Advisors Inc.) prevailing as of the effective date. Real estate markets and assets are subject to significant volatility and change; and can be affected by numerous economic and political conditions as well as other conditions. The value contained (if any) in this Appraisal Report is made as of the effective date only and should not be relied on as of any other date without receiving prior written authorization from Colliers International Realty Advisors Inc. Colliers International Realty Advisors Inc. cannot be held liable for any errors in the information that was provided by third parties or by Frank Lasowski of Milton Hydro Distribution Inc.. The Appraisal Report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Inspection Date

An interior and exterior inspection of the property was conducted on September 15, 2014 by Demetri Andros, AACI, MRICS.

Market Value Definition

For the purposes of this valuation, market value is defined 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 the specific date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in Canadian Dollars or in financial arrangements comparable thereto; and
5. 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 Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2012 ed., p. 52)

Exposure Time

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

The market value estimated herein is predicated on an exposure period of three to six months.

Marketing Time

Marketing time is an estimate of the amount of time it most likely would require to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal.

Based on discussions with brokers familiar with the local market, an analysis of recent transactions, and the prevailing conditions of the local real estate market, a marketing time of three to six months from the effective date of the appraisal would be required to sell the subject property at its estimated market value.

Scope of the Valuation

This is a ***Full Narrative Appraisal Report*** and complies with the reporting requirements set forth under the Canadian Uniform Standards of the Appraisal Institute of Canada. As such, all relevant material is provided in this report including the discussion of appropriate data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses are retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein.

During the course of preparing this valuation, the following was completed:

- A personal inspection of the property
- A review of available data regarding the local market
- Verification of current land use and zoning regulations
- A review of sales and listing data on comparable properties
- Interview(s) with market participants

Contingent and Limiting Conditions

The report is subject to the Contingent and Limiting Conditions set forth herein in addition to any specific assumptions that may be stated in the body of the report.

Extraordinary Limiting Conditions

Within the appraisal of the property referred to herein, no Extraordinary Limiting Conditions were invoked.

Extraordinary Assumptions

We have relied on information provided to us by our client with respect to the status of the tenancy and their contractual rights and obligations, physical attributes of the property and environmental condition of the site. The assumptions stated herein are critical to the value estimate contained herein and the authors of this report and Colliers International Realty Advisors Inc. reserve the right to amend our estimates should any of these assumptions be altered in whole or in part.

We have valued the building based on the building condition as-is. We have not undertaken a detailed soil analysis, however a Phase 2 environmental report was provided to us by the client dated July 2014 indicating no atypical soil conditions or contamination. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.

With the exception of the foregoing, there have been no other Extraordinary Assumptions employed in the preparation of this appraisal or report.

Property Data

Municipal Address

200 Chisholm Drive, Milton, Ontario

Legal Description

Part of Lots 2 and 3, Concession 2 (Esquensing), designated as Parts 1 and 4 on Plan 20R-10363, in the Town of Milton, in the Regional Municipality of Halton, and being all of PIN 24975-0100 (LT).

Property Rights

This valuation pertains to the fee simple interest in the property described herein.

Encumbrances

We are not aware of any encumbrances registered against the title of the subject property. For the purposes of this assignment, any encumbrances are assumed not to have any effect on the marketability or market value of the property. A copy of the Geowarehouse Report has been included in the addenda for further reference.

Ownership / Sale History

Ownership of the property last transferred on December 18, 2001. According to the information available, the current owner, H&R REIT (200 CHISHOLM PORTFOLIO INC.), acquired the property from BG PREECO 5 LTD for the reported consideration of \$9,950,000. This transaction was believed to have occurred at arms' length; no atypical conditions were known to have influenced the transaction. There have been no transfers of the property in the last three years. Likewise there have been no listings for sale of the property in the last three years.

According to the information provided or available, the property is not currently offered for sale nor is it subject to any current agreement or option.

Realty Taxes / Assessment

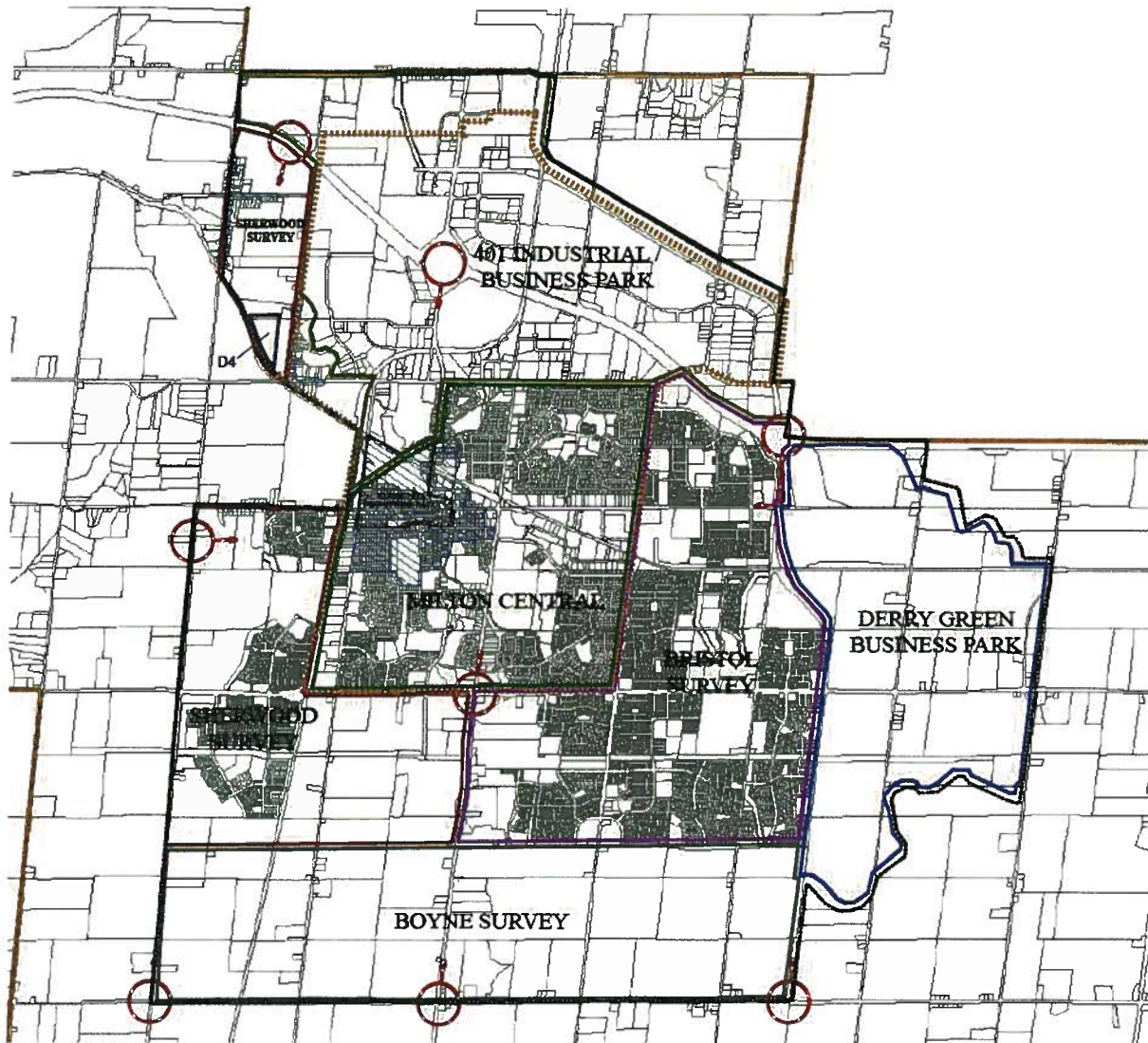
Roll No.	2409010003211050000
Total Assessment	\$7,104,000
per SF	\$77.00
Total Levy	\$204,348
per SF	\$2.23

In order to determine how the realty taxes compare to market levels, a brief realty tax survey has been conducted, the results of which are presented in the following table.

Single-Tenant Industrial Building Assessment / Realty Tax Survey						
	No. 1	No. 2	No. 3	Mean	Subject	Variance
Property Type	Industrial	Industrial	Industrial		Industrial	
Sub-Type	Distribution Warehouse	Manufacturing	Manufacturing		Office Warehouse	
Property Class	B Class	B Class	B Class		B Class	
Location	Hamilton, Ontario	Milton, Ontario	Milton, Ontario		Milton, Ontario	
Size (approx. SF)	113,000	30,000	42,000	62,000	91,828	
Year Built	TBC	TBC	TBC		1991	
Property Record ID	55513	54800	59861		67393	
	2014 Actual	2014 Actual	2014 Actual		2014 Actual	
Total Assessment	\$7,321,500	\$2,841,933	\$3,578,500		\$7,104,000	
per SF	\$65	\$94	\$86	\$82	\$77	(\$4)
Total Realty Tax Levy	\$274,500	\$47,536	\$102,936		\$204,348	
per SF	\$2.43	\$1.57	\$2.47	\$2.16	\$2.23	\$0.07

Relative to the value estimate herein, the above assessment appears to be reasonable. Notwithstanding this, we recommend a full review be conducted on the assessment to ensure both equity and accuracy.

Neighbourhood Overview



The property is situated in the good quality commercial district known as 401 Industrial / Business Park. 401 Industrial / Business Park is located approximately 55 kilometres west of Toronto's central business district.

District Boundaries

North	•	No. 5 Sideroad
South	•	Highway 401, Steeles Avenue, Martin Street
East	•	North Hydro Corridor
West	•	Bronte Street, Sixteen Mile Creek, Peru Road, tributary of Sixteen Mile Creek and Tremaine Road

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Adjacent Districts

North	•	Halton Hills Parkland/Open Space
South	•	Milton Central Mixed Residential/Commercial
East	•	The Halton Hills Premier Gateway Business Park Commercial
West	•	Sherwood Survey Residential

Major Arterials & Access

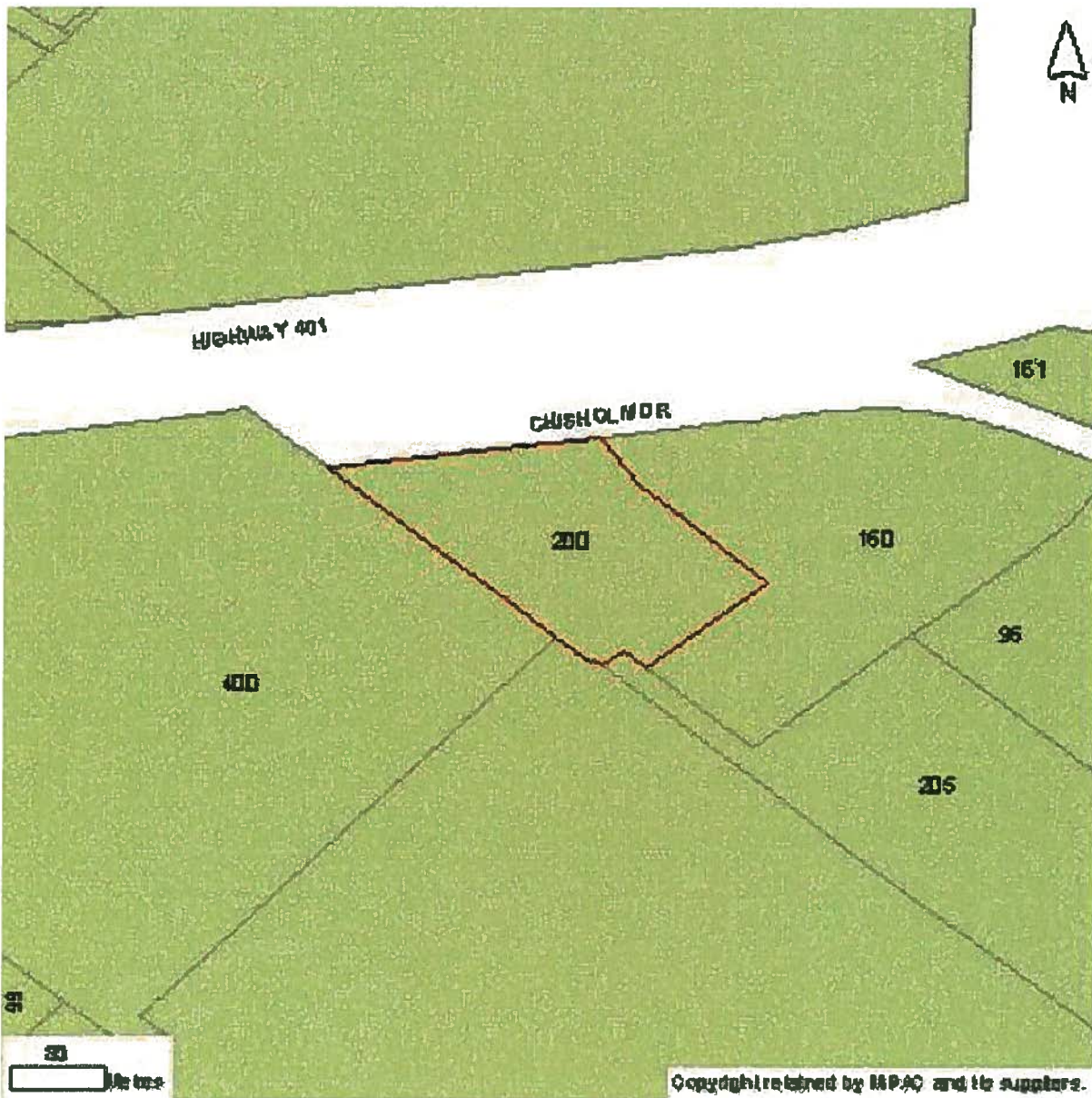
Access	•	General access to the neighbourhood is considered to be very good.
Arterials	•	Highway 401, Regional Road 25, Steeles Avenue
	•	No. 5 Sideroad, James Snow Parkway, Esquesing Line

Summary

The Milton 401 Industrial/Business Park Planning District is located partially in the Existing Urban Area and partially in the Town's Urban Expansion Area. With Highway 401 running through the district, it benefits from great highway access and exposure characteristics.

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Site Description



Area

The site comprises a total area of 7.00 acres, more or less, as per GeoWarehouse

Frontage

571 feet, more or less, onto Chisholm Drive, as per MPAC

Configuration

The site is essentially irregular in its configuration

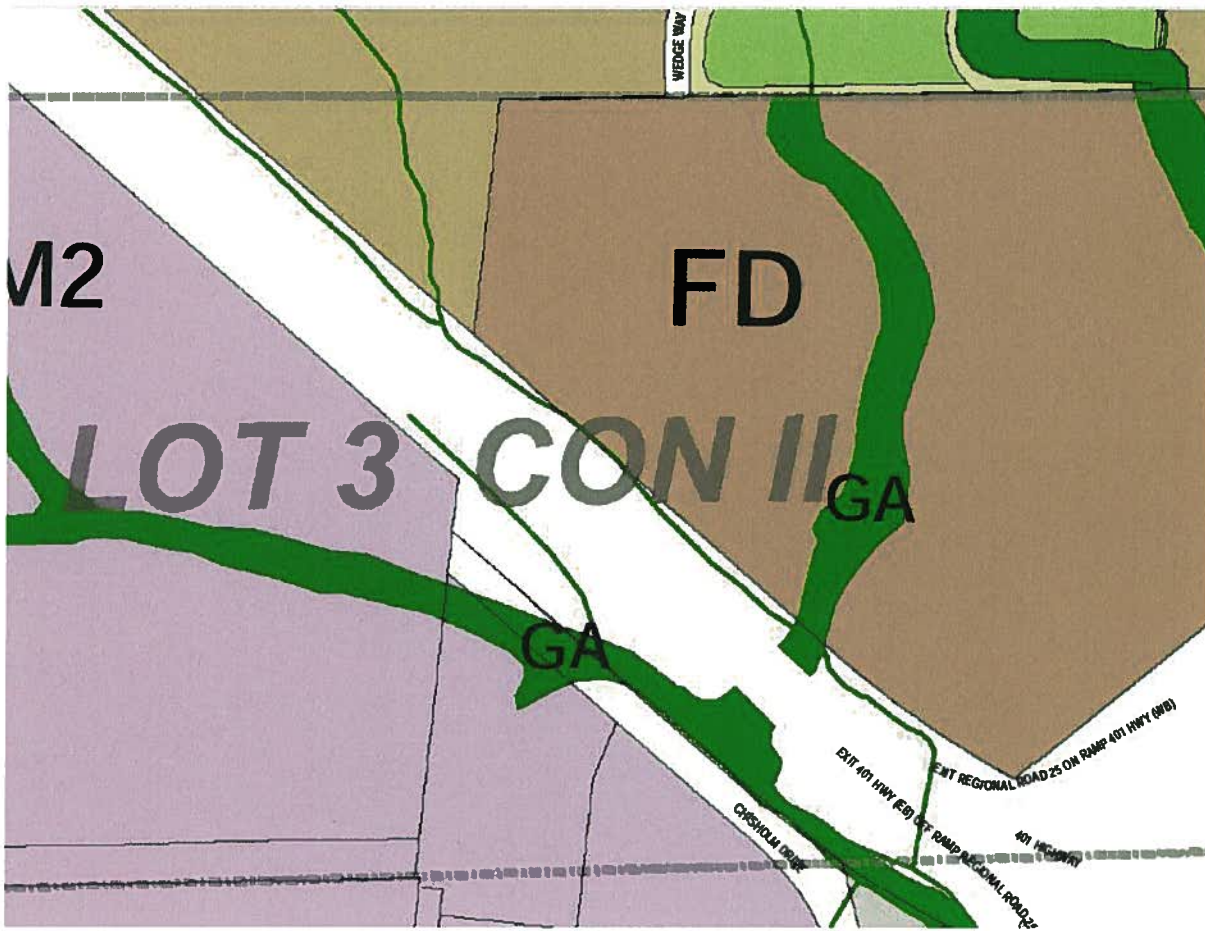
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Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Land Use Classification (Zoning)	The property is currently classified M2
Access	Overall access to the property is considered to be good.
Density/Site Coverage	The site has been developed to a 0.30 times density
Services	The site is fully serviced
Topography	The site's topography is level
Soil Conditions	See Extraordinary Assumptions
Summary	<p>The site provides good access and very good exposure characteristics and no adverse influences are visually apparent. The Subject Property benefits from a zoning designation which permits outdoor storage. Outdoor storage is a desirable characteristic amongst industrial tenants and owner occupiers, as businesses often seek to utilize excess land for storage purposes. We have not undertaken a detailed soil analysis, however a Phase 2 environmental report was provided to us by the client dated July 2014 indicating no atypical soil conditions or contamination. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.</p>

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Land Use / Zoning



SECTION 8 EMPLOYMENT ZONES

No person shall within any of the following Employment Zones use any land, or erect, alter or use any building or structure except in accordance with the following provisions

8.1 PERMITTED USES (109-2004)(12-2005)(47-2005)(104-2008)(105-2009)

Uses permitted in a Zone are noted by the symbol '*' in the column applicable to that Zone and corresponding with the row for a specific permitted use. A number(s) following the symbol '*', Zone heading or identified permitted use, indicates that one or more conditions apply to the use noted or, in some cases, to the entire Zone. Conditions are listed below the Permitted Use Table.

TABLE 8A

	EMP	M1	M2	MX
	Employment	Business Park	General Industrial	Extractive Industrial
Adult Entertainment Uses				
Adult Entertainment Parlour			• (*1)	
Adult Specialty Store			• (*1)	
Adult Video Store			• (*1)	
Body Rub Parlour			• (*1)	
Other Uses				
Aggregate recycling facility			• (*7)	•
Agricultural operation				•
Asphalt Batching Plant				
Building supply outlet			• (*7)	
Bulk fuel depot			• (*7)	
Bulk propane storage depot			• (*7)	
Commercial School— Skill	•	•	•	
Commercial School— Trade / Profession	•	•	•	
Commercial storage facility			• (*7)	
Concrete Batching Plant			• (*7)	
Conservation use				•
Contractor's Yard			•	
Convenience store	• (*2)	• (*2)		
Convention centre	•	•		
Day nursery	•	•		
Dry cleaning depot	•	•		
Dry cleaning establishment		•	•	

Town of Milton Comprehensive Zoning By-law 144-2003 – February 11, 2014 Consolidation

	EMP	M1	M2	MX
	Employment	Business Park	General Industrial	Extractive Industrial
<i>Equipment sales and rental</i>			• (*3)	
<i>Extractive use</i>				•
<i>Fitness centre</i>	•	•		
<i>Forestry use</i>				•
<i>Funeral home</i>		•		
<i>Hotel</i>	•	•		
<i>Industrial use (*8)</i>	• (*4)(*8)	• (*4)(*8)	• (*7)(*8)	
<i>Medical Clinic</i>	•	•		
<i>Monument Sales Shop</i>			• (*7)	
<i>Motor vehicle body shop</i>			• (*7)	
<i>Motor Vehicle Dealership</i>			•	
<i>Motor vehicle rental agency</i>		•	•	
<i>Motor vehicle repair garage</i>			• (*7)	
<i>Motor vehicle washing establishment</i>			•	
<i>Office Building</i>	•	•		
<i>Office Use</i>	•	•	• (*5)(*6)	
<i>Outdoor storage use</i>			•	
<i>Place of assembly</i>	•	•		
<i>Place of entertainment</i>	•	•		
<i>Place of worship</i>	•	•		
<i>Private Transit Depot</i>			•	
<i>Recreation and athletic facility</i>	•	•		
<i>Recycling facility</i>			• (*7)	
<i>Research & Technology Use</i>	•	•	• (*5)	
<i>Restaurant</i>	•	• (*2)		
<i>Service and repair shop</i>			•	
<i>Towing Yard</i>			•	
<i>Transportation Terminal</i>			• (*7)	
<i>U-Brew Establishment</i>	•	•	•	
<i>Veterinary Clinic- Small Animal</i>	•	•	•	
<i>Veterinary Clinic – Large Animal</i>	•	•	•	
<i>Veterinary Hospital – Small Animal</i>	•	•	•	
<i>Warehouse/distribution centre</i>		•	• (*7)	
<i>Wholesale Operation</i>		• (*8)		

Footnotes to Table 8A Above

- (*1) Permitted only on lots located north of Highway 401;
- (*2) Permitted only in the first storey of an office building or as an accessory use to a hotel, fitness centre, or recreation and athletic facility;
- (*3) Outdoor Display is permitted subject to the provisions outlined in Section 7.3.6;

Town of Milton Comprehensive Zoning By-law 144-2003 – February 11, 2014 Consolidation

- (*4) Only industrial operations within a wholly enclosed *building* are permitted. No *outdoor storage* is permitted;
- (*5) *Office uses* and *research and technology uses*, excluding uses which produce biomedical waste, are permitted within a designated Industrial Zone, provided that they are located within a one to two storey Multi-Unit *building*. A Multi-Unit *Building* shall not include an *Office Building*;
- (*6) Except as otherwise provided herein, an *office use* shall only be permitted *accessory* to a principal use in the M2 Zone and shall be limited to 25% of the *gross floor area*;
- (*7) *Outdoor storage* is permitted *accessory* to a permitted *industrial use* subject to the required *setbacks* and *lot coverage* provisions applicable to the principal use;
- (*8) Up to a maximum of 5% of the *gross floor area* of the principal use or 232.3m², whichever is less, may be used for the retail sale of goods or products produced on the *premises*.

Section 8 –Employment Zones

8-3

The property appears to conform to the requirements of the land use bylaw, however, if specific reliance on this information is required, written confirmation from the municipality should be obtained.

Description of the Improvements

Property Type	Single Tenant Industrial B Class Office Warehouse		
No. of Stories / Buildings	Two Stories / One Building		
Size	Warehouse	71,828 SF	78.2 %
	Office	<u>20,000 SF</u>	<u>21.8 %</u>
	Gross Leaseable Area	91,828 SF	100.0 %
	Mezzanine	Yes (12,800 SF*)	
	Building measurements were taken from the Property Condition Report and other supporting materials supplied by the client.		
Clear Height	The clear height in the warehouse area(s) is estimated at 30 feet clear to the underside of the structural joists.		
Year Built	The improvements to the property were originally constructed in 1991. There have been no known expansions or substantial additions to the improvements since the date of original construction.		
Age/Life Analysis	Actual Age	23 years	
	Effective Age	23 years	
	Economic Life	55 years	
	Remaining Economic Life	32 years	
Quality & Condition	The property represents very good quality construction in very good overall condition.		
Foundation	The subject building was constructed with a slab-on-grade foundation. There are no basement facilities.		
Superstructure	The superstructure consists of a conventional steel structure with insulated concrete pre-cast wall panels.		

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Exterior Walls	The exterior walls of the industrial warehouse space consist of pre-cast concrete insulated panels affixed to the concrete superstructure and tinted glazing in the office component. Exterior cladding of the office portion of the building consists of stucco finish.		
Roof	Flat, steel deck construction on open web steel joists with EDPM membrane.		
Windows / Doors	The doors within the subject consist of a combination of single glazed units in aluminum frames, hollow metal doors within hollow metal frames, insulated sectional metal overhead doors, and hollow core wood doors within metal frames. Windows are fixed insulated glass units within prefinished aluminum frames.		
Interior Finishing	Interior office finishes include, ceramic tile, drywall and suspended tile ceiling with recessed fluorescent lighting. The warehouse areas are generally unfinished and comprise suspended fluorescent lighting, open roofs, and painted concrete walls.		
Heating/Cooling	HVAC is provided by a series of roof top heating and cooling units in the office component. Heating is provided by suspended gas fire heaters in the warehouse component.		
Life Safety / Security	A wet sprinkler system provides fire suppression throughout the building.		
Lighting (Warehouse)	Lighting to the warehouse area(s) is by way of ceiling mounted t5 fixtures.		
Power	3000 Amps, 600/347 Volts. 2500kVA transformer.		
Cranes	2 x 10 ton 1 x 5 ton		
Truck Marshalling	The truck marshalling areas, with respect to size and configuration, are considered to be adequate for the property's current use.		
Loading Doors	Grade	Yes	3



Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Dock	Yes	1
Rail	No	

Parking

130 stalls above ground.

The improvements provide very good overall functional utility.

Design and Functionality

The property is in very good overall condition and free from any visible deferred maintenance that would significantly impact the property's market value or its marketability. A building Condition Report was provided by the client, indicating no major structural issues affecting value or building functionality. The report noted the front Atrium was poorly designed with weather proofing and drainage issues. It is our understanding that the client will be addressing this issue over the next year, as per the renovation schedule on the next page. It is assumed herein that all mechanical equipment is in adequate working condition, has been maintained in a professional manner, and that no atypical capital expenses are required.

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Comments

The premises of the building are generally in base building condition, and are currently being renovated to meet their specific needs. The renovations are set for a completion date of Fall 2015. A rough budget is provided below:

Warehouse roof replacement	\$350,000
Architectural fees and disbursements	\$180,000
Geothermal	\$500,000
Warehouse heating	\$100,000
Yard upgrades (fences, paving, concrete)	\$450,000
Warehouse offices, locker rooms	\$200,000
Main offices 20,000 sq. ft	\$900,000
Generators	\$275,000
Fuel Filling Station	\$100,000
Warehouse upgrades, wash bay, racking etc	\$350,000
Front Atrium replacement	\$150,000
Rain water Harvesting system (Greywater)	\$150,000
Permits, Engineering, legal	\$100,000
Project Management	\$145,000
Office furnishings	\$600,000
Misc. and Contingency	\$200,000
	<u>\$4,750,000</u>

We have not taken these costs into account in this valuation, as the building is being appraised on an as-is basis.

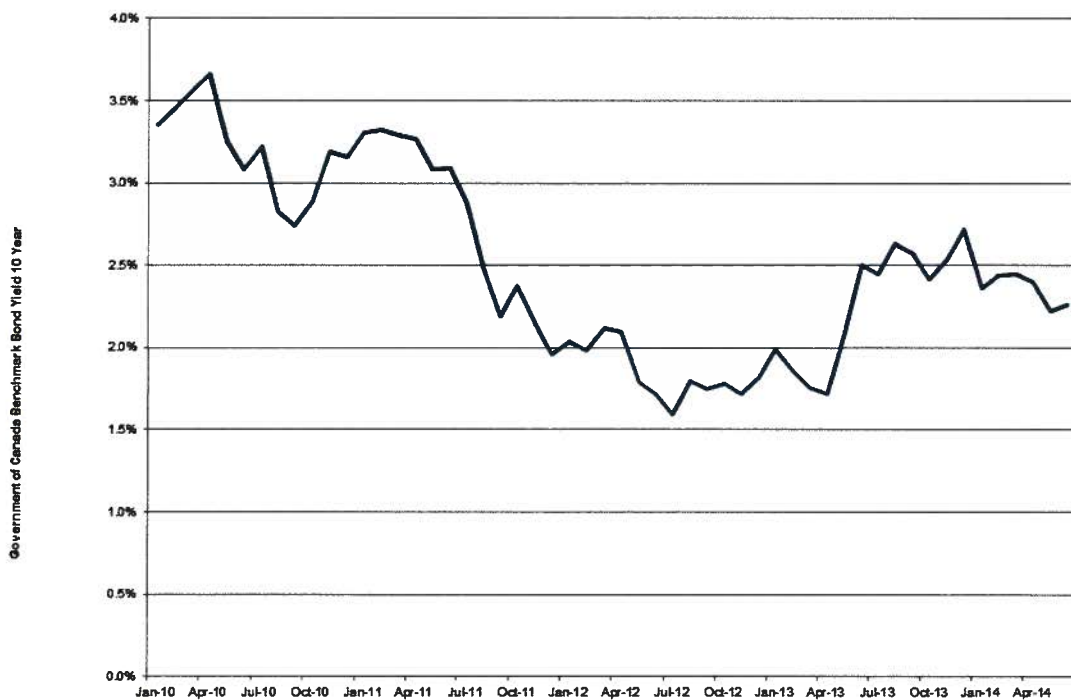
** Already included in GLA*

Market Overview

Q2 14 Canadian Economic Overview

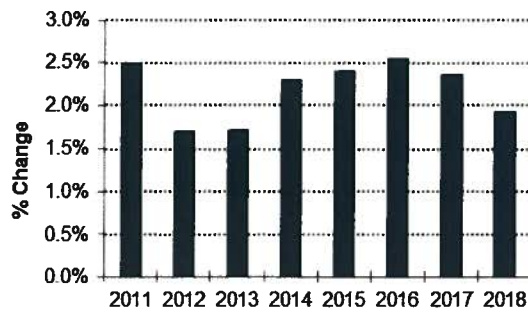
Canada's economic growth is forecast to improve throughout 2014 due to stronger exports. The statistics detailed below summarize current Canadian market conditions based on the most up-to-date information available from the Conference Board of Canada and Statistics Canada for 2014.

Bond Yields



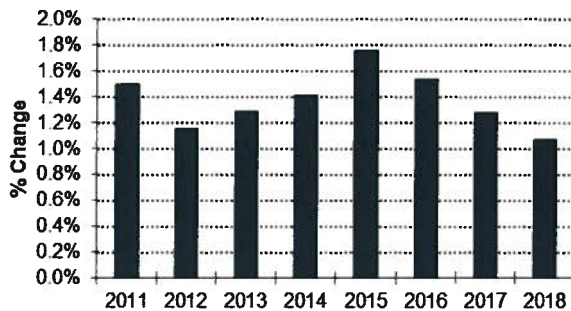
Bond yields have remained historically low and the accelerating global economy should put upside pressure on yields over the coming quarters. The 10 year Government of Canada bond yield has been trending upwards since May 2012 and there are expectations that the rate will end 2014 at around the 3.3% mark.

Real Gross Domestic Product (GDP)



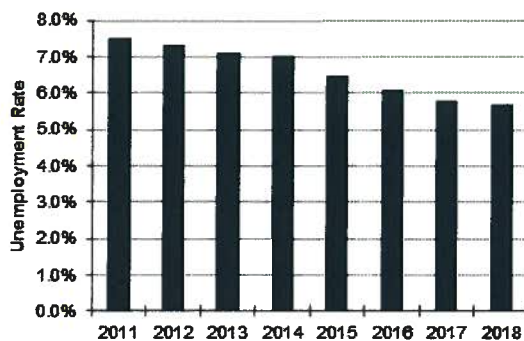
Canada's economy is projected to expand over the mid-term, bolstered by increased U.S. and global exports, improved business investments and stronger consumer confidence. Canada's real GDP is forecast to improve from 1.7% in 2013 to 2.3% in 2014 with continued growth averaging 2.3% from 2015 through 2018.

Employment



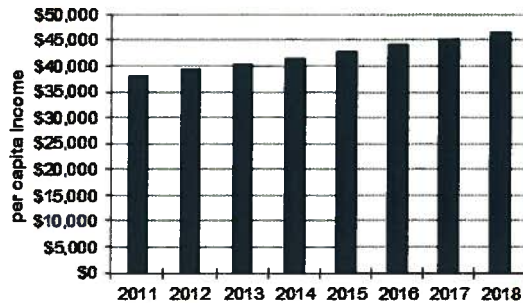
Canada's employment growth has been trending upwards since 2012 and finished 2013 with 1.3% growth. The Canadian labour market is expected to benefit from stronger economic activity. Job growth is forecast to average 1.6% per year between 2014 and 2015. Future employment growth is projected to average 1.3% from 2015 through 2018.

Unemployment



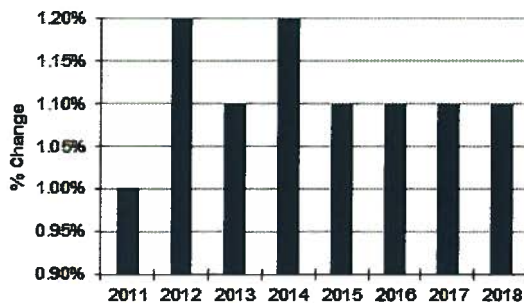
Canada's unemployment rate has been steadily declining since 2011. The unemployment rate is projected to decline further from 7.1% in 2013 to 7.0% in 2014. This is anticipated to be followed by successive improvements over the medium term. By the end of 2018, the unemployment rate is estimated to reach 5.7%. This decline can be partially attributed to elevated global trade and heightened government infrastructure spending.

Personal Income



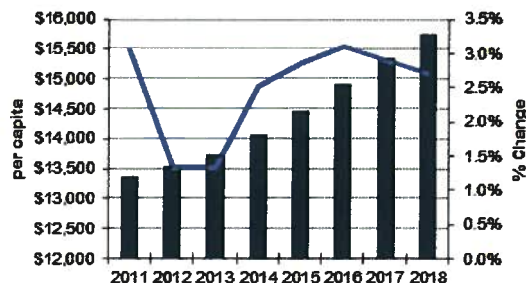
Canadians have received consecutive real wage gains since 2011 averaging 2.9% per annum. Personal income per capita is anticipated to rise another 2.7% in 2014 reaching nearly \$41,500. By 2018, personal income per capita is forecast to exceed \$46,700 with growth averaging 3.0% from 2015 through 2018.

Population Growth



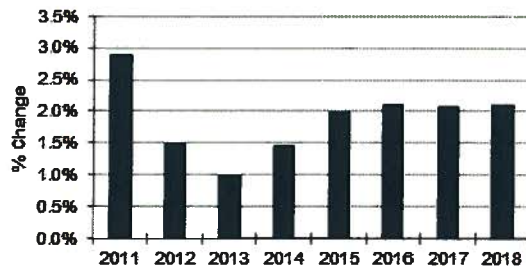
Canada's population growth rate has been averaging 1.1% since 2011. The country's population growth is forecast to maintain this trajectory in 2014 and beyond. Canada's population is expected to grow from 35.5 million in 2014 to over 37.1 million in 2018. Since 1993, net international migration has been the main source of population growth for Canada.

Retail Sales



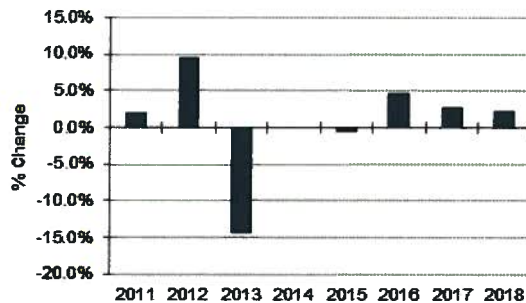
Canada's per capita retail sales are forecast to grow by 2.5% in 2014 with increasing growth averaging 2.9% per year from 2015 to 2018. This anticipated growth will be the result of gains in employment and income. Per capita retail sales are expected to grow from \$14,000 in 2014 to over \$15,700 in 2018.

Consumer Price Index (CPI)



With Canada's mediocre economic performance in 2013, inflation was kept well under wraps at 1.0%. This is below the 10 year annual average increase of 1.8%. 2014's CPI is projected to rise to 1.5% due to rising gasoline, natural gas, and electricity prices. Further advances in the CPI rate are expected to average 2.1% from 2015 through 2018.

Housing Starts



Housing starts are forecast to soften in 2014 and 2015 with 187,000 starts due to rising mortgage rates, increasing housing prices and prudent developers curtailing new home construction. This trend is forecast to reverse as housing starts are projected to increase by 5.1% in 2016 with 196,500 units. Slower growth is projected for 2017 and 2018 at 3.0% and 2.4%, respectfully.

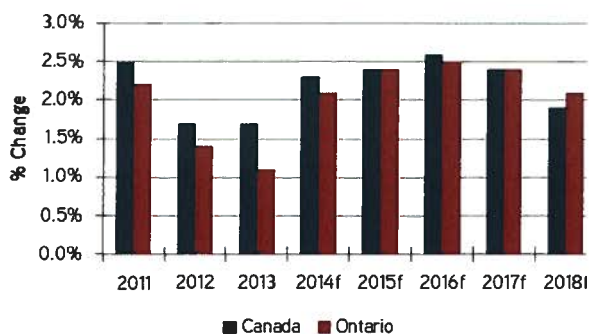
Summary

The Canadian economy is forecast to expand in 2014, driven by stronger external demand from the United States and globally. As external demand for Canada's exports strengthens, the pace of hiring will accelerate leading to improvements in the labour market. Wages and consumer spending are also expected to grow at a stronger pace. Despite these positive economic indicators, housing starts are forecast to soften in 2014 and 2015. Lastly, if the tapering of the U.S. Federal Reserve's bond-buying program does not go smoothly, interest rates on mortgages and other loans will increase quickly, hurting consumer spending and investment.

Q2 14 Ontario Economic Overview

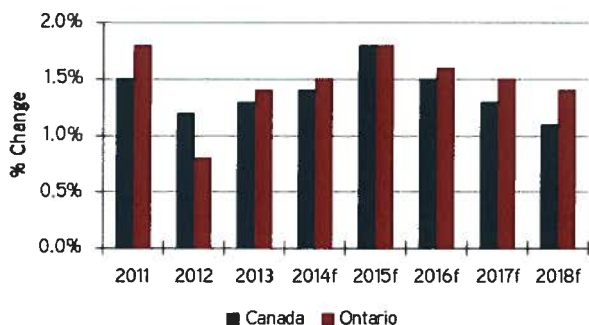
Ontario should benefit from a combination of U.S. expansion and a weaker national currency to increase exports. The statistics detailed below summarize current Canadian market conditions based on information provided by the Conference Board of Canada and Statistics Canada for the second quarter of 2014.

Real Gross Domestic Product (GDP)



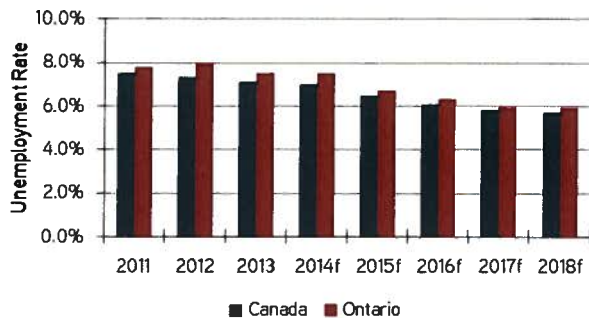
Ontario's real GDP is forecast to increase by 2.1% in 2014 and by 2.4% in 2015, compared to the 1.2% recorded in 2013. This is the first time since 2011 that Ontario's economy will expand more than 2%.

Employment



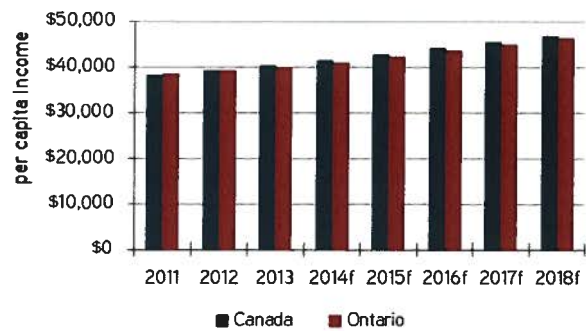
Total employment in Ontario is forecast to increase by a steady and solid 1.5% for 2014 compared to the 1.4% growth recorded in 2013 as its economy added about 100,000 jobs. A further 1.6% increase is expected in 2015.

Unemployment



Despite difficulties facing Ontario's manufacturers and home builders, Ontario has managed to record healthy job growth. Indeed, the unemployment rate in Ontario has declined every year since 2009 falling to 7.5% in 2013. Moreover, the unemployment rate, which stood at 7.5% in January, is expected to finally drop below 7% in early 2015.

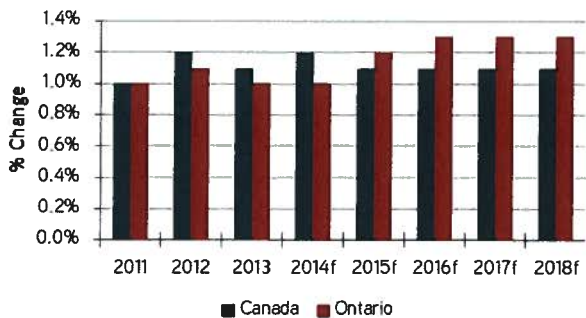
Personal Income



Household income growth was relatively slow in 2013, as a result of job losses in high-paying, goods-producing industries, especially manufacturing.

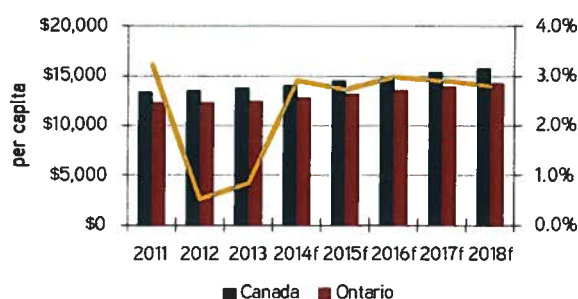
However, increasing employment will help boost household disposable income this year. According to Statistics Canada, personal income per capita is estimated to increase to by 4.4% to \$41,014 for 2014.

Population Growth



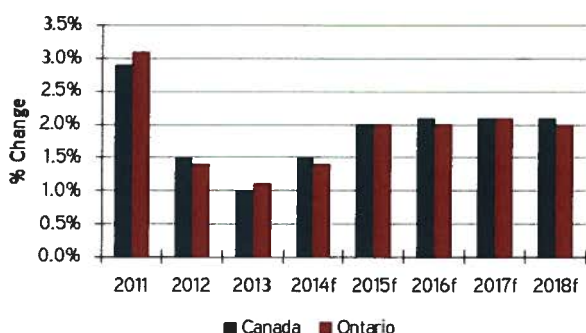
With a total population greater than 13 millions, Ontario is the most populated province in Canada. Immigration will keep the province's overall population growth rate at or just above 1.0% annually. Although interprovincial migration will remain negative through to 2014, net outflow will begin to decrease as the province's labour market is in a stronger position relative to the rest of Canada.

Retail Sales



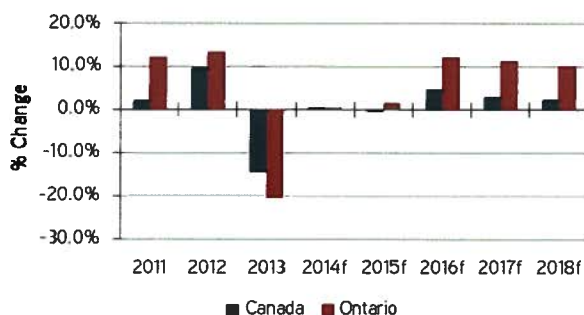
Increases in employment will in turn cause household income and subsequently retail sales to rise. Ontario's retail sales per capita are expected to record a notable 2.9% increase in both 2014 and 2015 compared to a modest 0.8% last year.

Consumer Price Index (CPI)



Ontario's CPI is expected to increase by 1.4% in 2014 compared to the 1.1% recorded in 2013. The rate of inflation remains under 2.0% since there is considerable spare production capacity in the economy. In terms of 12-month % change, Ontario posted the largest increase of CPI last month.

Housing Starts



Total housing starts are forecast to increase by 0.3% in 2014 to 61,300 units. Ontario was the epicentre of the real estate market slowdown last winter: sales of existing properties fell 7.5%. However, the outlook looks better for Ontario as recently released data shows that homebuilding rebounded substantially in the Q2 2014.

Summary

Ontario's economy expanded slowly last year, limited by weak global economic conditions. This year, real GDP is expected to advance by 2.1%, thanks to a rebound in exports and solid growth in commercial and financial services.

Milton Market Overview

Location

The Town of Milton is located in Halton Region, which is located west of Toronto in the western section of the Greater Toronto Area. Along with Milton, the Halton Region includes the City of Burlington and the Town of Oakville. Neighboring Milton to the north is Halton Hills and to the south is Burlington. Cambridge borders it to the west and Oakville and Mississauga to the east.

Transportation

The town is located 40 km (24 miles) west of the City of Toronto, on Highway 401. The town is well connected, forming the western end of the Milton Line commuter train. Milton is very well served by an excellent network of highways. The town has very easy access throughout the Greater Toronto Area by Highways 401, 407 and 25, connecting Oakville, Burlington and Hamilton with the town. The town is located a short distance from the Toronto Pearson International along Highway 401.

Employment

Being located in the western part of the Greater Toronto Area, Milton's economy benefits from a large population and Toronto's large economy. Manufacturing is Milton's leading sector. Along with product distribution and corporate sectors, manufacturing makes up approximately half of Milton's businesses.

Population & Income Analysis

	1km Radius	3km Radius	5km Radius
Daytime Population	622	11,620	56,450
Average Income	\$112,053	\$92,302	\$114,146

Town of Milton Economic Profile			
Population			
Population (est. July 1, 2012)	% of Canadian Total	% Change 2006-2012	Average Annual Growth Rate
78,980	0.23%	40.50%	5.83%
Income			
% Above/Below National Avg.	Total Income 2012 Estimate	% Canadian Total	Per Capita
18% Above	\$3,200,776,353	0.27%	\$40,526
Retail Sales			
% Above/Below National Avg.	Retail Sales 2012 Estimate	% Canadian Total	Per Capita
2% Below	\$1,067,165,351	0.22%	\$13,512
Other Data			
Average Household Expenditures		Building Permits	
Item	Value	Year	Value (\$ 000)
Food	\$9,316	2008	600,169
Shelter	\$21,504	2009	368,811
Clothing	\$3,906	2010	300,834
Transportation	\$14,324		

Source: Financial Post Markets, Canadian Demographics 2012

Second Quarter 2014



The Milton Submarket has a total Industrial inventory of 13,794,179 SF. The population in this submarket is 84,362, with a labour force of 40,008.

Top Sale Transaction		Vendor	Purchaser	Price	Size (Sq)	Price (PSF)
270	Bonnie Street North	102594 Omega Limited	Medison's Industrial	\$2.2M	33,880	\$66

Top Investment Transaction		Vendor	Purchaser	Price	Size (Sq)	Cap Rate
2998	Peddie Road	Cooper Construction	Prologis	\$28.2M	303,200	n/a

Top Lease Transaction		Landlord	Lessee	Rate	Size (Sq)	Term
n/a		n/a	n/a	n/a	n/a	n/a

Triovest continues construction at 100 Chisholm Drive, a 406,485 SF building on spec. SurtLife is planning to build roughly 1,000,000 SF at 8470-8490 Wedge Way in Milton. CREIT & Kylin Developments are planning to build 634,000 SF at 8645 Highway 25.

City	Region	Education	Total DC	Inc
\$3.62	\$9.57	\$1.07	\$14.26	2.85%

€ 100,000 SF	\$6.25	n/a	\$5.31
≥ 100,000 SF	n/a	n/a	\$6.01

The chart displays two data series over time from January 2013 to February 2014. The blue line represents the Sales Transaction Volume in millions, which fluctuates between approximately \$1.5 million and \$3.0 million. The black bars represent the number of sales transactions, with values ranging from 0 to 2.0. The volume peaks in January 2013 and January 2014, while the number of transactions peaks in February 2013 and February 2014.

Month	Sales Transaction Volume (Millions)	# of Sales Transactions
2013:01	~\$3.0	0.0
2013:02	~\$2.5	0.2
2013:03	~\$2.0	0.0
2013:04	~\$2.5	0.0
2013:05	~\$1.5	0.0
2013:06	~\$2.0	0.0
2013:07	~\$2.5	0.0
2013:08	~\$2.0	0.0
2013:09	~\$2.5	0.0
2013:10	~\$2.0	0.0
2013:11	~\$2.5	0.0
2013:12	~\$2.0	0.0
2014:01	~\$3.0	0.0
2014:02	~\$2.5	0.2

The chart displays two metrics over time from 2013 Q1 to 2014 Q2. The left Y-axis represents Absorption in thousands of dollars, ranging from -600 to 600. The right Y-axis represents Asking Rent in dollars per availability percentage, ranging from -8.0 to 16.0. Absorption is shown as blue bars and a black line, while Asking Rent is shown as a light blue line. A horizontal line at 7.5% is marked on the Absorption line.

Period	Absorption (Thousands \$)	Asking Rent (\$ / Availability %)
2013 Q1	~100	~1.0
2013 Q2	~250	~1.5
2013 Q3	~350	~2.0
2013 Q4	~200	~2.5
2014 Q1	~100	~3.0
2014 Q2	~500	~4.0

	Q1 2014	Q2 2014	Trend
Availability Ratio	7.2%	7.5%	▲
Proportion of Sublease	9.2%	7.3%	▼
Total Available (\$F)	999,794	1,031,475	▲
Net Absorption (\$F)	-106,846	532,605	▼
Under Construction (\$F)	406,485	406,485	◀▶
New Supply (\$F)	0	0	◀▶
Average Sale Price (\$PSF)	\$208.70	\$90.31	▼
Average Asking Rent (\$PSF)	\$5.73	\$5.81	▲

RESEARCH SUPPORTED BY THE U.S. DEPARTMENT OF AGRICULTURE

Valuation

Highest and Best Use

The principle of highest and best use is fundamental to the concept of value in real estate. Highest and best use, in general, may be defined as follows:

“The reasonably probable and legal use of vacant land of 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 productive.”

Analysis

Legal Permissibility

The current use is a permitted use within the applicable zoning and/or land use bylaw requirements affecting the property. There are no known private or other restrictions negatively impacting use of the property. Therefore the current use is legally permissible.

Physical Possibility

The site is of a sufficient size to accommodate a wide variety of industrial developments and the soil conditions are assumed to be sufficient in quality to support the same. For these reasons, development of the site with an industrial use similar to the current improvements is considered physically possible.

Financial Feasibility

As improved, the property provides a sufficient return that the property as improved is considered to be financially feasible.

Maximum Productivity

Of the various uses available to the property, the current use is considered to provide maximum productivity.

Conclusion

As vacant

The highest and best use of the site as though vacant is considered to be as a development site for industrial uses.

As improved

The highest and best use of the property is a continuation of the existing use as single-tenant industrial development for the foreseeable future.

Valuation Methodology

Traditionally, there are three accepted methods of valuing real property:

- Cost Approach;
- Direct Comparison Approach; and
- Income Approach

The selection of a relevant methodology depends upon the nature and characteristics of the real estate under consideration.

- 1) **The Cost Approach** to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.
- 2) **The Direct Comparison Approach** examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.
- 3) **The Income Approach** to value is utilized to estimate real estate value of income-producing or investment properties.

The Direct Capitalization Method is based on the conversion of current earnings directly into an expression of market value. The net income for the current or forthcoming fiscal year is capitalized with an overall rate, which reflects the investment characteristics offered by the asset.

The capitalization rate used is based on the analysis of sales and interviews with people active in the market.

Discounted Cash Flow Analysis allows the appraiser to account for the anticipated growth or decline in income over the term of a prescribed holding period.

Two rates must be selected for an application of the DCF process:

- The internal rate of return or discount rate used to discount the projected receivables; and
- An overall capitalization rate used in estimating reversionary value of the asset.

The reversionary capitalization rate utilized is usually similar to the rate that would be applied in present market conditions.

Selection of Relevant Methodology

The property is currently occupied by a tenant on a lease basis, however it is our understanding that the tenant is in the process of purchasing the property with the intent of continuing occupancy. For this reason, we have placed the most emphasis on the Direct Comparison Approach, as it is most appropriate when valuing owner-occupied properties. While the Income Approach is most appropriate when valuing investment properties, we have included it herein as supporting analysis to the Direct Comparison Approach. Investors or analysts do not typically use the Cost Approach to value properties such as the subject. The inherent difficulties in accurately estimating developer's profit and all forms of depreciation restrict the reliability of this approach. For these reasons, we have not utilized the Cost Approach to value the property.

Overall Income Capitalization

Revenue and Expense Analysis

To estimate the market value of a property by the Income Approach, the main criteria for the measurement of value is the property's ability to generate income. To this end, an analysis of the potential income and the probable expenses associated with maintaining this income stream is undertaken in order to estimate the net operating income the property is capable of producing.

The net operating income is then converted into an expression of market value through the application of an appropriate technique. The most commonly utilized methods for valuing real estate such as the subject are the *Overall Income (Direct) Capitalization* and *Discounted Cash Flow* techniques. The Overall Income Capitalization method has been included in our analysis.

Tenancy Summary and Leasing Profile


Area Measurement	The total Gross Leasable Area of the property is 91,828 square feet, more or less.
Occupancy	As of the effective date of the property was 100.0 % occupied.
Tenant Profile	Although the Subject Property is currently vacant, it is our understanding that the property is in the process of being purchased by an owner-occupier. For the purpose of our analysis, we have assumed the property will be occupied at current market rates and the tenant profile is typical and consistent with what would be expected in the marketplace for this type of asset.
Leasing Practice/Status	Leasing within the property is assumed to be effectively on a net basis with the landlord possessing the ability to fully recover all operating expenses and realty/property taxes from the tenant(s).
Market Lease Survey	In order to determine what kind of rental rate the Subject Property could obtain in the marketplace, a lease survey has been conducted. The results of this survey are summarized in the table on the following page.

Single-Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Property Name Address	Tenant GLA Lease Commencement Terms	Base Rent Op. Costs / Taxes Tenant Allowances Free Rent LL's Work Net Effective Rate	Comments
 Multi-Tenant Industrial 35 Brownridge Road Halton Hills, Ontario Office Warehouse / B Class 226,130 SF / 2010	Aitons' Equipment Incorporated New Lease 41,120 SF 1-Aug-14 120 months Yes, see comments	\$6.35/SF 36 months: \$6.35 84 months: \$6.60	
 Single-Tenant Industrial Building 2351 Winston Park Drive Oakville, Ontario Office Warehouse / B Class 64,715 SF / 1999	Comprehensive Logistics Co. Inc. New Lease 64,445 SF 1-Jul-14 54 months No	\$5.75/SF Two Months Net	The base rent is fixed throughout the lease term.
 Multi-Tenant Industrial 2360 Cornwall Road Oakville, Ontario Distribution Warehouse / B Class 197,827 SF / 2006	Legendary Logistics New Lease 53,150 SF 1-Jan-14 60 months TBC	\$5.05/SF \$1.09/SF \$0.73/SF	Clear height: 28 ft
 Multi-Tenant Industrial Building 7975 Heritage Road Brampton, Ontario Office Warehouse / B Class 209,552 SF / 2014	D & H Canada ULC New Lease 80,000 SF 1-Nov-13 60 months Yes, see comments	\$6.25/SF 24 months: \$6.25 36 months: \$6.35	
 Multi-Tenant Industrial 1 Hereford Street Brampton, Ontario Distribution Warehouse / B Class 323,260 SF / 2006	FGL Sports Ltd. New Lease 195,230 SF 1-Oct-13 48 months Yes, see comments	\$5.25/SF 24 months: \$5.25 24 months: \$5.45	



Single-Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

	Property Name	Tenant:	Base Rent:	Comments
	Address	GLA Lease	Op. Costs / Taxes	
	Class / Sub Class	Commencement:	Tenant Allowances	
	GLA (SF) / Year Built	Terms	Free Rent	
		Escalations	LL's Work	
			Net Effective Rate	
			\$5.50/SF	The base rent is fixed throughout the lease term.
	Multi-Tenant Industrial	ProLogis		
	2800 Peddie Road, Unit B	New Lease		
	Milton, Ontario	112,000 SF		
	Distribution Warehouse / B Class	1-Jul-13		
	352,788 SF / 2006	60 months		
		No		

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Market Rent

Based on the foregoing survey, we are of the professional opinion that current market rent for occupancy within the subject property would be in the range of \$5.05 to \$6.35 per square foot per annum, fully net to the landlord. The comps used in this analysis are located in Milton, or other surrounding submarkets in the GTA West with similar highway access and industrial node characteristics. Similar to the Subject, the comparables chosen are modern B class industrial manufacturing and warehousing properties, greater than 50,000 square feet. All comparable leases have a term of 4 years or greater. In general, market rents are projected to vary depending on the size and quality of the premises, the percentage of office space and the clear height of the warehouse space. Giving consideration to the results of our market lease survey, we have assigned a market rental rate of \$5.50 per square foot net per annum to the subject property in base building condition.

Projected Base Rent

Based on current market data and assuming full occupancy of any presently vacant areas at market rental rates, base rental revenue is projected to be **\$505,054** in Year One.

Recovery Revenue

The leasing within the subject property is on a fully net basis. Based on the nature of the leases in place, Year One Recovery Revenue is estimated at **\$344,253**.

Total Potential Gross Income

Adding all the sources of revenue described above results in a Year One Potential Gross Income forecast of **\$849,307**.

General Vacancy

Within our analysis we have not incorporated a stabilized vacancy allowance of the Potential Gross Income. As a single tenant, owner occupied property, no allowance for vacancy has been included in our analysis. It is noted under such circumstances investors typically consider the risk of vacancy in their rate of return or yield criteria.

Effective Gross Income

Effective Gross Income in Year on is estimated at **\$849,307**.

Expense Analysis

Operating Expense Survey

In the absence of detailed budgets outlining current operating expenses, we have conducted an operating expense survey of comparable properties located in similar markets to that of the Subject Property in order to determine appropriate operating expenses. The results of the survey are detailed as follows:

Operating Expense Survey Single-Tenant Industrial Building						
	No. 1	No. 2	No. 3	No. 4	Mean	Subject
Property Type	Industrial	Industrial	Industrial	Industrial		Industrial
Sub-Type	Manufacturing	Warehouse	Manufacturing	Manufacturing		Office Warehouse
Location	Mississauga, Ontario	Mississauga, Ontario	Scarborough, Ontario	Etobicoke, Ontario		Milton, Ontario
Size (approx. SF)	76,000 SF	86,000 SF	69,000 SF	180,000 SF		91,828 SF
Year Built	2006	1998	1988	1981		1991
Property Record ID	66390	53836	56045	64401		67311
Utilities	\$0.67	\$0.10	\$0.07	\$0.11	\$0.24	\$0.24
Repairs & Maintenance	\$1.15	\$0.50	\$0.45	\$0.36	\$0.62	\$0.62
Insurance	\$0.14	\$0.10	\$0.06	\$0.06	\$0.09	\$0.09
Administration & Management	\$0.44	\$0.26	\$0.29	\$0.13	\$0.28	\$0.28
Other	\$0.61	\$0.00	\$0.00	\$0.60	\$0.30	\$0.30
Total Op. Exp.	\$2.99	\$0.96	\$0.87	\$1.26	\$1.52	\$1.52

Operating Expense Summary

The above survey was used to determine operating expenses detailed in the below chart:

Operation Expense Summary Single-Tenant Industrial Building		
		per SF
Utilities	\$21,819	\$0.24
Repairs & Maintenance	\$56,517	\$0.62
Insurance	\$8,210	\$0.09
Administration & Management	\$25,694	\$0.28
Other	\$27,665	\$0.30
Sub-Total	\$139,905	\$1.52
Realty Taxes	\$204,348	\$2.23
Total Occupancy Costs	\$344,253	\$3.75

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Contingency/Structural Allowance	In addition to the operating expenses above, investors typically include an allowance for ongoing structural repairs or other non-recoverable expenses. In this respect, a Contingency Allowance equal to 1.00 % of the Effective Gross Income has been deducted within our Pro Forma Income Projection. In Year One this allowance has been forecast at \$8,493 .
Total Expenses	Adding the expenses as described above results in forecast Year One Operating Expenses in an amount equal to \$352,746 .
Net Operating Income	Based on the foregoing, Year One Net Operating Income is projected at \$496,561 .
Pro Forma Income Statement	Based on the foregoing, a Pro Forma Income statement for the property is presented on the following page.

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Pro Forma Income Statement

Single-Tenant Industrial Building

(Twelve months forthcoming as of Sep-15-14)

Base Rent	\$505,054
Recoveries	344,253
Storage	0
Parking	0
Signage	0
Percentage Rent	0
Other	0
Potential Gross Income	<u>\$849,307</u>
Less: Vacancy/Collection Loss Allowance @ .00% PGI	<u>\$0</u>
Effective Gross Income	\$849,307
Operating Expenses	
Realty Taxes	\$204,348
Utilities	21,819
Repairs / Maintenance	56,517
Insurance	8,210
Administration / Management	25,694
Other	27,665
Contingency/Structural Allowance @ 1.00% EGI	<u>8,493</u>
Total Operating Expenses/Allowances	<u>\$352,746</u>
Net Operating Income	<u>\$496,561</u>

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Significant Investment Characteristics of Subject

The following summarizes the major investment attributes of the property that potential investors would consider when determining an appropriate return and yield when making a purchase decision.

Location The property offers a very good overall location with good access and very good exposure characteristics. The location of the property is considered to be good relative to typical market competitors. Its site specific location affords for good access and exposure and no negative influences are noted.

Physical Attributes The improvements to the property were originally constructed in 1991 and represent very good quality construction in very good overall condition, providing very good functional utility. No known deficiencies exist. The property appears to be in very good overall condition and no significant capital expenditures or maintenance is considered to be required in the short term. The property benefits from excess land which can be used as outside storage (as permitted by the zoning bylaw), or potential expansion land.

Operational The property is assumed to be occupied by a good quality tenant at rental rates that are reflective of market levels. The forecast operating expenses are consistent with those of competitive properties. There are no apparent atypical risks associated with the forecast income of the property.

Conclusions

Positive Aspects The property is well located within Milton and represents good quality construction in good overall condition. The property is located in a community with strong economic and real estate growth prospects. The property possesses excess land which can be utilized as outdoor storage or used for a future building expansion.

Negative Aspects There are no significant negative influences of note.

Investment Analysis

Investment Alternatives Following are current investment yields with respect to various alternative investments.

Investment Alternatives	
	Current
Prime Rate	3.00%
Long Term Canada Bond	2.65%
REIT Units (CREIT)	3.66%
REIT Units (RioCan)	5.24%
Source: Bank of Canada, Globe Investor Last Updated August 7, 2014	

Real Estate Surveys Following are the results of the most recent commercial real estate return surveys, as expressed by overall capitalization rates.

Q2 2014 Investment Parameters - Toronto		
Investment Type	Overall Capitalization Rates	Discount Rates
Industrial		
Single	5.50% - 6.00%	6.30% - 9.00%
Multi	6.25% - 7.00%	6.50% - 9.00%
Office		
Downtown - Class 'AA'	5.00% - 5.80%	5.30% - 8.00%
Suburban - Class 'A'	6.25% - 6.50%	6.30% - 8.30%
Retail		
Regional/Power	5.00% - 5.50%	6.30% - 7.00%
Strip Plaza	5.75% - 6.50%	6.30% - 8.00%
Multi-Residential		
High Rise	4.50% - 5.00%	
Low Rise	4.25% - 5.00%	
Hotel		
Urban Full Service	6.75% - 8.00%	
Select Service	7.00% - 8.50%	
Limited Service	9.25% - 11.50%	
Source: Colliers International Realty Advisors (OCR), Altus Insite (Discount Rates)		

Comparable Transactions The most appropriate method of determining an appropriate overall capitalization rate is best served through an analysis of current market activity. In consideration of the characteristics described above, the transactions summarized in the table on the following page have been selected and analyzed.

Single-Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Industrial Investment Transactions & Analysis Single-Tenant Industrial Building

Subject		Transaction One		Transaction Two		Transaction Three		Transaction Four		Transaction Five	
Property Name	Address	Single-Tenant Industrial Building	Single-Tenant Industrial Building	Single-Tenant Industrial Building	Multi-Tenant Industrial	34/3 Wolfedale Road	Mississauga, Ontario	1 Summerlea Road	Brampton, Ontario	1900 Steeles Avenue	Milton, Ontario
Transaction Date	-----	17-Jul-14	10-Jul-14	Closed	Closed	29-May-14	Closed	2-Dec-13	Closed	21-May-13	Closed
Transaction Price	-----	\$3,800,000	\$10,400,000	\$76	\$7,200,000	\$7,200,000	\$20	\$61	\$7,650,000	\$9,800,000	\$79
Transaction Price per SF	-----	\$72	\$76	\$76	\$72	\$72	\$20	\$61	\$76	\$79	\$79
Property Type	-----	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial
Sub-Type	-----	Office Warehouse	Office Warehouse	Office Warehouse	Office Warehouse	Office Warehouse	Office Warehouse	Office Warehouse	Office Warehouse	Office Warehouse	Office Warehouse
Rentable Area (SF)	91828	53,000	137,459	137,459	60,000	60,000	60,000	125,810	123,750	123,750	123,750
Actual Occupancy	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Overall Capitalization Rate ⁽¹⁾	-----	7.20%	7.30%	7.30%	7.20%	7.20%	7.20%	7.10%	7.10%	6.60%	6.60%
NOI/SF	-----	\$5.11	\$5.45	\$5.45	\$5.11	\$5.11	\$5.11	\$4.25	\$4.25	\$5.20	\$5.20
Transaction & Adjustments		Description		Adj.		Description		Adj.		Description	
Property Rights Conveyed		Leased Fee		None		Leased Fee		None		Leased Fee	
Financing		Market (Assumed)		None		Market (Assumed)		None		Market (Assumed)	
Conditions of Sale		Arms Length		None		Arms Length		None		Arms Length	
Market Conditions (Time)		60 days		None		109 days		287 days		482 days	
Location		Very Good		Upward		Very Good		Very Good		Very Good	
Access		Excellent		None		Very Good		Very Good		Very Good	
Physical Characteristics		Site		None		Site		None		Site	
Size		2,980 Acres		None		2,700 Acres		6,410 Acres		3,770 Acres	
Topography		Level		None		Level		Level		Level	
Configuration		Irregular		None		Irregular		Irregular		Irregular	
Density		0.41		None		0.51		0.47		0.21	
Excess Density		Yes		None		No		No		Yes	
Zoning/Land Use		M2		None		E2- Employment		M3A-335		(H)(M7)	
Access		Good		None		Very Good		Very Good		Very Good	
Exposure		Excellent		None		Very Good		Very Good		Very Good	
Improvements		None		None		None		None		None	
Size (SF)		91828		None		60,000		125,810		123,750	
Design/ Layout		Very Good		Downward		Very Good		Very Good		Very Good	
Year Built		1991		Downward		2005		1988		1997	
Quality		Very Good		None		Very Good		Very Good		Very Good	
Condition		Good		None		Excellent		Very Good		Very Good	
Economic Characteristics		None		None		None		None		None	
Income Growth Potential		Excellent		None		Very Good		Very Good		Excellent	
Tenancy Strength		Very Good		None		Very Good		Very Good		Excellent	
Income Stability		Very Good		None		Very Good		Very Good		Very Good	
Non-Ready		None		None		TBC		None		None	
Overall Comparability & Adjust.		Inferior		Downward		Inferior		Inferior		Superior	
Conclusion		Lower Than		Lower Than		Lower Than		Lower Than		Higher Than	
		7.20%		7.30%		7.20%		7.10%		6.60%	

(1) The stabilized overall capitalization rates summarized above have been analyzed with the same vacancy and contingency provisions as the subject property. It is of note that the stabilized overall capitalization rates presented within the Sale Summary Sheets in the Addenda to this report may differ from those within the above analysis due to differences in the vacancy and contingency provisions included therein.

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Capitalization rates tend to vary between properties depending to some extent on such factors as location, size and type of development, quality and condition of improvements, and amenities provided. Combining all of these features with considerations of leasing history and trends, strength of tenancy and income security, the overall capitalization rate tends generally to reflect the perceived quality and durability of the property's income earning capacity.

Analysis

The selected transactions pertain to activity that occurred between May 2013 and July 2014. The properties vary in size from 53,000 square feet to 137,459 square feet and were originally constructed between 1977 and 2005. These transactions represent capital investments that range from a low of \$3,800,000 to \$10,400,000 at the upper end of the range. The stabilized overall capitalization rates indicated by these transactions vary from a low of 6.60% to a high of 7.30%.

Transaction No. 1 pertains to the July 17, 2014 sale of a industrial development located at 1225-1231 Kamato Road, Mississauga, Ontario at a price of \$3,800,000, and indicating a stabilized overall capitalization rate of 7.20%. This transaction involved the transfer of the owner's interest in the leased fee estate and therefore no adjustment was required for the property rights conveyed in this transaction. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. In the time spanning the date of this transaction and the effective date of this valuation, market conditions have been stable. As such, no adjustment is required for changing market conditions. This property occupies a very good overall location and possesses excellent regional access characteristics. Relative to the locational attributes of the subject property an upward adjustment is required. The site area totals 2.98 acres, offers level topography, is irregular in its configuration, and based on the gross leaseable area of the improvements, has been developed to a 0.41 times site area density. Relative to the characteristics of the subject site, these attributes are thought to be similar by comparison and therefore no adjustment for site characteristics is required. This property has a total gross leaseable area of 53,000 square feet, was constructed in 1977 and is considered to represent good quality construction in good overall condition. Relative to the improvements to the subject property, this comparable is inferior and therefore a downward adjustment to the indicated overall capitalization rate is required. This property is considered to provide very good income growth potential, very good tenancy strength, and very good income stability. Therefore, and relative to the subject property, a downward adjustment is warranted. Overall, Index No. 1 is considered to be inferior to the subject property and therefore, an overall capitalization rate lower than 7.20% is considered appropriate for the subject property.

Located at 8000 Lawson Road, Milton, Ontario, Transaction No. 2 relates to the sale of a 137,459 square foot industrial development at a price of \$10,400,000, and reflecting an overall capitalization rate of 7.30%. The property rights transferred relate to those of the leased fee estate and therefore no adjustment was required for

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

the property rights that were transferred. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. Market conditions have been stable between the date that this transaction occurred and the effective date of this valuation. Therefore, no adjustment is required for changing market conditions. With regard to location, this property occupies a very good overall location with very good access characteristics. When compared to the subject property, no adjustment is thought to be warranted. This property's site is irregular in its configuration, is level with respect to topography, comprises a total area measuring 9.43 acres, and has been developed to a density of 0.33 times its area. When compared to the attributes of the subject site, these qualities are thought to be superior and an upward adjustment has been made. The improvements to this property were originally constructed in 1988 and represent very good quality construction in very good overall condition, providing very good functional utility and/or layout. The gross leaseable area of this property is 137,459 square feet, more or less. When compared to the subject property, the improvements to Transaction No. 2 are considered to be inferior and therefore a downward adjustment is warranted. This property is considered to provide excellent income growth potential, very good tenancy strength, and very good income stability. Therefore, and relative to the subject property, no adjustment is warranted. In terms of overall comparability, this property is thought to be inferior to the subject and therefore a downward overall adjustment is warranted, suggesting that an appropriate overall capitalization rate for the subject property should be lower than 7.30%.

An industrial development comprising a total gross leaseable area of 60,000 square feet, Transaction No. 3 is located in Mississauga, Ontario at 3413 Wolfedale Road and pertains to a sale at a price of \$7,200,000, and suggesting a capitalization rate of 7.20%. Involving the transfer of the owner's interest in the leased fee estate, no adjustment was required for the property rights conveyed in this transaction. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. In the time between the date of this transaction and the valuation date of subject property the market for real estate similar to the subject property has been stable and as a consequence no adjustment to this transaction has been made. Occupying a very good overall location with very good access, no adjustment is required for overall locational characteristics relative to those offered by the subject property. Regular in its configuration and offering level topography, this site comprises a total area of 2.70 acres, more or less. Based on the gross leaseable area of the improvements, the site has been developed to a 0.51 times density. These characteristics are, in general, similar to those of the subject and therefore no adjustment has been made. Comprising a gross leaseable area of 60,000 square feet, more or less, and originally constructed in 2005, the improvements to this property represent very good quality construction in excellent overall condition, providing very good overall design/layout characteristics. When these attributes are considered, an upward adjustment is warranted, reflecting the superior nature of the improvements when compared to the subject. This property is considered to provide very good income growth potential, very good tenancy strength, and very good income stability. Therefore, and relative to the subject property, a downward adjustment is warranted. In summary, this property is considered to be inferior to the subject and consequently a downward overall adjustment is required, indicating that an appropriate overall capitalization for the subject should be lower than 7.20%.

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Transaction No. 4 pertains to sale of a industrial development located at 1 Summerlea Road, Brampton , Ontario at a price of \$7,650,000, and indicating a 7.10% overall capitalization rate. The property rights transferred relate to those of the leased fee estate and therefore no adjustment was required for the property rights that were transferred. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. In the time spanning the date of this transaction and the effective date of this valuation, market conditions have been stable. As such, no adjustment is required for changing market conditions. With regard to location, this property occupies a very good overall location with very good access characteristics. When compared to the subject property, no adjustment is thought to be warranted. Irregular in its configuration and offering level topography, this site comprises a total area of 6.14 acres, more or less. Based on the gross leaseable area of the improvements, the site has been developed to a 0.47 times density. These characteristics are, in general, similar to those of the subject and therefore no adjustment has been made. This property has a total gross leaseable area of 125,810 square feet, was constructed in 1988 and is considered to represent very good quality construction in very good overall condition. Relative to the improvements to the subject property, this comparable is inferior and therefore a downward adjustment is required to the overall capitalization rate indicated by this transaction. This property is considered to provide very good income growth potential, very good tenancy strength, and very good income stability. Therefore, and relative to the subject property, a downward adjustment is warranted. In terms of overall comparability, this property is thought to be inferior to the subject and therefore a downward overall adjustment is warranted, suggesting that an appropriate overall capitalization rate for the subject property should be lower than 7.10% as indicated by this transaction.

Located at 11000 Steeles Avenue, Milton, Ontario, Transaction No. 5 relates to the sale of a 123,750 square foot industrial at a price of \$9,800,000 and reflecting an overall capitalization rate of 6.60%. Involving the transfer of the owner's interest in the leased fee estate, no adjustment was required for the property rights conveyed in this transaction. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. Market conditions have deteriorated between the date that this transaction occurred and the effective date of this valuation. Therefore, an upward adjustment is required for changing market conditions. Occupying a very good overall location with very good access, no adjustment is required for overall locational characteristics relative to those offered by the subject property. The site area totals 13.77 acres, offers level topography, is irregular in its configuration, and based on the gross leaseable area of the improvements, has been developed to a 0.21 times site area density. Relative to the characteristics of the subject site, these attributes are thought to be similar by comparison and therefore no adjustment for site characteristics is required. The improvements to this property were originally constructed in 1997 and represent very good quality construction in very good overall condition, providing very good functional utility and/or layout. The gross leaseable area of this property is 123,750 square feet, more or less. When compared to the subject property, the improvements to Transaction No. 5 are considered to be similar and therefore no adjustment is warranted. This property is considered to provide excellent income growth potential, excellent tenancy strength, and very good income stability. Therefore, and relative to the subject property, an upward adjustment is warranted. In summary, this property is considered to be superior to the subject and consequently an upward overall adjustment is required, indicating that an appropriate capitalization rate for the subject should be higher than 6.60%.

Direct Capitalization

On the basis of our Revenue and Expense Analysis, the Stabilized Net Operating Income for the forthcoming 12 months is projected to be **\$496,561**.

As summarized on the previous page, capitalization rates for properties similar to the subject are trading at "going-in" returns of 6.60 % to 7.30 %. Taking into consideration the investment characteristics of the property including its location, size, building quality and security of income, it is our opinion that an overall capitalization rate of between 7.00 % and 7.50 % would be appropriate. Applying this rate to the projected Year One net operating income results in the following estimate of value, adjusted for holding and lease up costs and capital expenses, if required.

Value Matrix - Direct Overall Capitalization Single-Tenant Industrial Building

OCR	Stabilized NOI	Value ⁽¹⁾
6.75%	\$496,561	\$7,360,000
7.00%	\$496,561	\$7,090,000
7.25%	\$496,561	\$6,850,000

(1) Rounded to nearest \$10,000

Summary

The foregoing analysis indicates an estimated value by way of Direct Income Capitalization of between **\$6,850,000** and **\$7,360,000** (rounded) as of the effective date of this valuation. Given the current vacancy in the property and imminent purchase by an owner-occupier, for the purpose of this analysis we have assumed any potential leasing costs have already been incurred.

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 what it would cost to purchase a suitable alternative property that 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 for sale and are considered to be relatively similar to the subject property. Typically, a unit of comparison is used to facilitate the analysis. In the case of properties similar to the subject, the sale price per square foot of gross leaseable area is the most commonly used unit of comparison.

In valuing the subject property, it has been compared to each of the index sales. The basis for comparison included the consideration of the following:

The basis for comparison included the consideration of the following:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions
- Location
- Physical Characteristics
- Zoning/Use
- Economic Characteristics

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Industrial Transactions & Analysis

Subject		Transaction One		Transaction Two		Transaction Three		Transaction Four		Transaction Five	
Property Name	Address	Single-Tenant Industrial Building	8000 Lanes on Road	Single-Tenant Industrial Building	801 Steeles Avenue East	Single-Tenant Industrial	2360 Mirrore Court	Single-Tenant Industrial	11000 Steeles Avenue	Single-Tenant Property	2228 South Service Road West
Transaction Date	---	Milton, Ontario	10-Jul-14	Milton, Ontario	1-Nov-13	Mississauga, Ontario	12-Jul-13	Milton, Ontario	21-May-13	Oakville, Ontario	24-Apr-13
Transaction Status	---	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed
Transaction Price	---	\$10,400,000	\$10,400,000	\$7,500,000	\$7,500,000	\$8,740,000	\$8,740,000	\$9,800,000	\$9,800,000	\$6,500,000	\$6,500,000
Property Type	---	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial	Industrial
Sub-Type	---	Office Warehouse	Office Warehouse	Distribution Warehouse	Distribution Warehouse	Office Warehouse	Office Warehouse	Distribution Warehouse	Distribution Warehouse	Distribution Warehouse	Distribution Warehouse
Rentable Area (SF)	91,828	137,459	137,459	96,009	96,009	88,375	88,375	123,750	123,750	79,174	79,174
Actual Occupancy	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Sale Price/SF	---	\$76	\$76	\$78	\$78	\$76	\$76	\$79	\$79	\$82	\$82
NOI/SF	\$8	\$6	\$6	\$0	\$0	\$0	\$0	\$5	\$5	\$0	\$0
Transaction & Adjustments		Description		Description		Description		Description		Description	
Property Rights Conveyed		Leased Fee		Leased Fee		Leased Fee		Leased Fee		Leased Fee	
Financing	Fee Simple	None	None	None	None	None	None	None	None	None	None
Conditions of Sale	---	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)
Market Conditions (Time)	---	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Location	15-Sep-14	67 days	318 days	430 days	430 days	430 days	430 days	430 days	430 days	430 days	430 days
Access	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good
Physical Characteristics	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good
Site	7.000 Acres	9.430 Acres	9.430 Acres	8.520 Acres	4.260 Acres	4.260 Acres	13.770 Acres	13.770 Acres	3.520 Acres	3.520 Acres	3.520 Acres
Topography	Level	Level	Level	Level	Level	Level	Level	Level	Level	Level	Level
Configuration	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular	Irregular
Density	0.3	0.33	0.33	0.26	0.48	0.48	0.21	0.21	0.52	0.52	0.52
Excess Density	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Zoning/Land Use	M2	M1	M1	M1	E2-29	E2-29	(H)(M7)	(H)(M7)	E1	E1	E1
Access	Good	Very Good	Very Good	Very Good	Good	Good	Very Good	Very Good	Very Good	Very Good	Very Good
Exposure	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good
Improvements	---	---	---	---	---	---	---	---	---	---	---
Size (SF)	91,828	137,459	137,459	96,009	96,009	88,375	88,375	123,750	123,750	79,174	79,174
Design / Layout	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good
Year Built	1991	1988	1988	1988	1988	1981	1981	1986	1981	1981	1981
Quality	Very Good	Good	Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good
Condition	Very Good	Good	Good	Very Good	Very Good	Good	Good	Very Good	Very Good	Good	Good
Economic Characteristics	---	---	---	---	---	---	---	---	---	---	---
Income Growth	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good
Tenancy Strength	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good
Income Stability	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good	Very Good
Non-Rec'd	---	None	None	None	None	None	None	None	None	None	None
Overall Comparability & Adjust.	---	Higher Than	Higher Than	Similar to	Similar to	Higher Than	Higher Than	Similar to	Similar to	Similar to	Similar to
Conclusion	---	\$76/SF	\$76/SF	\$78/SF	\$78/SF	\$76/SF	\$76/SF	\$79/SF	\$79/SF	\$82/SF	\$82/SF

Analysis

The selected transactions pertain to activity that occurred between April 2013 and July 2014. The properties vary in size from 79,174 square feet to 137,459 square feet and were originally constructed between 1981 and 1998. These transactions represent capital investments that range from a low of \$6,500,000 to \$10,400,000 at the upper end of the range. The unit prices per square foot indicated by these transactions vary from a low of \$76 per square foot to a high of \$82.

Transaction No. 1 pertains to the July 10, 2014 sale of a industrial development located at 8000 Lawson Road, Milton, Ontario at a price of \$10,400,000, or \$76 per square foot. This transaction involved the transfer of the owner's interest in the leased fee estate and therefore no adjustment was required for the property rights conveyed in this transaction. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. In the time spanning the date of this transaction and the effective date of this valuation, market conditions have been stable. As such, no adjustment is required for changing market conditions. This property occupies a very good overall location and possesses very good regional access characteristics. Relative to the locational attributes of the subject property no adjustment is required. The site area totals 9.43 acres, offers level topography, is irregular in its configuration, and based on the gross leaseable area of the improvements, has been developed to a 0.33 times site area density. Relative to the characteristics of the subject site, these attributes are thought to be similar by comparison and therefore no adjustment for site characteristics is required. This property has a total gross leaseable area of 137,459 square feet, was constructed in 1988 and is considered to represent good quality construction in good overall condition. Relative to the improvements to the subject property, this comparable is inferior and therefore an upward adjustment is required. This property is considered to provide very good income growth potential, very good tenancy strength, and very good income stability. Therefore, and relative to the subject property, no adjustment is warranted. Overall, Index No. 1 is considered to be inferior to the subject property and required upward adjustments. Therefore, a unit value per square foot higher than \$76 is considered appropriate for the subject property.

Located at 901 Steeles Avenue East, Milton, Ontario, Transaction No. 2 relates to the sale of a 96,009 square foot industrial development at a price of \$7,500,000, or \$78 per square foot. The property rights transferred relate to those of the leased fee estate and therefore no adjustment was required for the property rights that were transferred. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. Market conditions have been stable between the date that this transaction occurred and the effective date of this valuation. Therefore, no adjustment is required for changing market conditions. With regard to location, this property occupies a very good overall location with very good access characteristics. When compared to the subject property, no adjustment is thought to be warranted. This property's site is irregular in its configuration, is level with respect to topography, comprises a total area measuring 8.52 acres, and has been developed to a density of 0.26 times its area. When compared to the attributes of the subject site, these qualities are thought to be superior and a downward adjustment has been made. The improvements to this property were

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

originally constructed in 1988 and represent very good quality construction in very good overall condition, providing very good functional utility and/or layout. The gross leaseable area of this property is 96,009 square feet, more or less. When compared to the subject property, the improvements to Transaction No. 2 are considered to be similar and therefore no adjustment is warranted. This property is considered to provide very good income growth potential, very good tenancy strength, and very good income stability. Therefore, and relative to the subject property, false adjustment is warranted. In terms of overall comparability, this property is thought to be similar to the subject and therefore no overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be similar to \$78 per square foot.

A industrial development comprising a total gross leaseable area of 88,375 square feet, Transaction No. 3 is located in Mississauga, Ontario at 2360 Millrace Court and pertains to a sale at a price of \$6,740,000, or \$76 per square foot. Involving the transfer of the owner's interest in the leased fee estate, no adjustment was required for the property rights conveyed in this transaction. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. In the time between the date of this transaction and the valuation date of the subject property the market for real estate similar to the subject property has been stable and as a consequence no adjustment to this transaction has been made. Occupying a very good overall location with very good access, no adjustment is required for overall locational characteristics relative to those offered by the subject property. Regular in its configuration and offering level topography, this site comprises a total area of 4.26 acres, more or less. Based on the gross leaseable area of the improvements, the site has been developed to a 0.48 times density. These characteristics are, in general, inferior to those of the subject and therefore an upward adjustment has been made. Comprising a gross leaseable area of 88,375 square feet, more or less, and originally constructed in 1981, the improvements to this property represent very good quality construction in good overall condition, providing very good overall design/layout characteristics. When these attributes are considered, an upward adjustment is warranted, reflecting the inferior nature of the improvements when compared to the subject. This property is considered to provide very good income growth potential, very good tenancy strength, and very good income stability. Therefore, and relative to the subject property, false adjustment is warranted. In summary, this property is considered to be inferior to the subject and consequently an upward overall adjustment is required, indicating that an appropriate unit value for the subject should be higher than \$76 per square foot of gross leaseable area.

Transaction No. 4 pertains to a sale of a industrial development located at 11000 Steeles Avenue, at a price of \$9,800,000, or \$79 per square foot. The property rights transferred relate to those of the leased fee estate and therefore no adjustment was required for the property rights that were transferred. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. In the time spanning the date of this transaction and the effective date of this valuation, market conditions have been stable. As such, no adjustment is required for changing market conditions. With regard to location, this property occupies a very good overall location with very good access characteristics. When compared to the subject property, no adjustment is thought to be warranted. Irregular in its configuration and offering level topography, this site comprises a total area of 13.77 acres, more or less. Based on the gross leaseable area of the improvements, the

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site has been developed to a 0.21 times density. These characteristics are, in general, superior to those of the subject and therefore a downward adjustment has been made. This property has a total gross leaseable area of 123,750 square feet, was constructed in 1998 and is considered to represent very good quality construction in very good overall condition. Relative to the improvements to the subject property, this comparable is similar and therefore no adjustment is required. This property is considered to provide very good income growth potential, very good tenancy strength, and very good income stability. Therefore, and relative to the subject property, false adjustment is warranted. In terms of overall comparability, this property is thought to be similar to the subject and therefore no overall adjustment is warranted, suggesting that an appropriate unit value for the subject property should be similar to \$79 per square foot.

Located at 2226 South Service Road West, Oakville, Ontario, Transaction No. 5 relates to the sale of a 79,174 square foot industrial development at a price of \$6,500,000, or \$82 per square foot. Involving the transfer of the owner's interest in the leased fee estate, no adjustment was required for the property rights conveyed in this transaction. Financing is not believed to be a factor influencing this transaction. As such, no adjustment has been made. Market conditions have been stable between the date that this transaction occurred and the effective date of this valuation. Therefore, no adjustment is required for changing market conditions. Occupying a very good overall location with very good access, no adjustment is required for overall locational characteristics relative to those offered by the subject property. The site area totals 3.52 acres, offers level topography, is regular in its configuration, and based on the gross leaseable area of the improvements, has been developed to a 0.52 times site area density. Relative to the characteristics of the subject site, these attributes are thought to be superior by comparison and therefore a downward adjustment for site characteristics is required. The improvements to this property were originally constructed in 1981 and represent very good quality construction in good overall condition, providing very good functional utility and/or layout. The gross leaseable area of this property is 79,174 square feet, more or less. When compared to the subject property, the improvements to Transaction No. 5 are considered to be inferior and therefore an upward adjustment is warranted. This property is considered to provide very good income growth potential, very good tenancy strength, and very good income stability. Therefore, and relative to the subject property, false adjustment is warranted. In summary, this property is considered to be similar to the subject and consequently no overall adjustment is required, indicating that an appropriate unit value for the subject property should be similar to \$82 per square foot.

Based on the preceding analysis, an appropriate unit value per square foot for the subject property should be similar to Transaction Nos. 2 (\$78), 4 (\$79), and 5 (\$82); and higher than Transaction Nos. 1 (\$76) and 3(\$76). Based on the preceding analysis, we are of the professional opinion that an appropriate unit value range for the subject property would be between \$75 per square foot and \$85 per square foot. Applying such unit values to the total leaseable area of the property results in a range in estimated values as summarized in the table below.

Value Matrix - Direct Comparison Single-Tenant Industrial Building		
Size	\$/SF	Value ⁽¹⁾
91,828 SF	\$75	\$6,890,000
91,828 SF	\$80	\$7,350,000
91,828 SF	\$85	\$7,810,000

(1) Rounded to nearest \$10,000

Summary

The Direct Comparison Approach indicates an estimated value of between **\$6,890,000** and **\$7,810,000** (rounded) as of the effective date of this valuation.

Reconciliation and Final Estimate of Value

The approaches used in this valuation provide the following values:

Valuation Summary

Single-Tenant Industrial Building

Income Approach

<i>Overall Capitalization</i>	\$6,850,000 to \$7,360,000
Direct Comparison Approach	\$6,890,000 to \$7,810,000
Cost Approach	Not Completed

For owner occupied properties such as the subject, potential purchasers would place considerable emphasis on functional utility of the property for their own purposes rather than for it's the income earning potential. In this regard, the Direct Comparison Approach would be the favoured method of valuation.

Notwithstanding the owner occupied nature of the subject property, it does possess attributes that would appeal to a tenant(s) and therefore we also considered the Income Approach within our analysis.

Based on the foregoing, and with most weight applied to the Direct Comparison Approach it is our opinion that the market value of the property, subject to the assumptions set forth herein, and as at September 15, 2014, was:

Seven Million Three Hundred Fifty Thousand Dollars
\$7,350,000

The above value estimate is predicated on an exposure period of three to six months and assumes a sale on the basis of cash being paid to the vendor.

Appendices

Appendix A Contingent and Limiting Conditions

Appendix B Definitions

Appendix C GeoWarehouse Report

Appendix D Comparable Sales

Appendix E Certification

Appendix A

Contingent and Limiting Conditions





Contingent and Limiting Conditions

1. This report has been prepared at the request of **Frank Lasowski of Milton Hydro Distribution Inc.** for the purpose of providing an estimate of the market value of **200 Chisholm Drive Milton, Ontario**. It is not reasonable for any person other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from **Frank Lasowski of Milton Hydro Distribution Inc.** 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 at the request of **Frank Lasowski of Milton Hydro Distribution Inc.** and for the exclusive (and confidential) use of, the recipient 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 **Frank Lasowski of Milton Hydro Distribution Inc..** 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. 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 report, 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.
3. The estimated market value of the real estate that is the object of this appraisal pertains to the value of the **fee simple interest** in the real property. The property rights appraised herein exclude mineral rights, if any.
4. The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort, but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).
5. 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 interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside



the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to the following Contingent and Limiting conditions.

6. The property has been valued on the basis that title to the real estate herein appraised is good and marketable.
7. The author of this report is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.
8. The legal description of the property and the area of the site were obtained from the Ontario Land Registry (GeoWarehouse). Further, the plans and sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.
9. The property has been valued on the basis that the real estate is 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, liens or special assessments outstanding against the property other than as stated and described herein.
10. 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.
11. 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. Further, the summaries of these contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
12. 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 has 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. (It is recognized there may be work orders or other notices of violation of law outstanding with

respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).

13. 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 subject 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.
14. The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate herein appraised.
15. 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.
16. The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the share could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
17. Should title to the real estate 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. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
18. 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.
19. Unless otherwise noted, the estimated market value of the property referred to herein is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

20. Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made beforehand, including provisions for additional compensation to permit adequate time for preparation and for any appearances that may be required. However, neither this, nor any other of these assumptions or 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.
21. 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 of any other date without subsequent advice of the author of this report.
22. The value expressed herein is in Canadian dollars.
23. This report is only valid if it bears the original signature(s) of the author(s).
24. These Contingent and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.

Appendix B

Definitions



Definitions

Property Interests

Fee Simple

- Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government.

Leased Fee Estate

- An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of lessor or the leased fee owner and leased fee are specified by contract terms contained within the lease.

Leasehold Estate

- The right to use and occupy real estate for a stated term and under certain conditions; conveyed by a lease.

General Definitions

Adjusted or Stabilized Overall Capitalization Rate is usually derived from transactions with excessive vacancy levels or contract rents over/under market levels. In such cases, net operating income is "normalized" to market levels and the price adjusted to reflect expected costs required to achieve the projected net operating income.

The Cost Approach to value is based upon the economic principle of substitution, which holds that the value of a property should not be more than the amount by which one can obtain, by purchase of a site and construction of a building without undue delay, a property of equal desirability and utility.

Direct or Overall Capitalization refers to the process of converting a single year's income with a rate or factor into an indication of value.

The Direct Comparison Approach examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.

Discount Rate is a yield rate used to convert future payments or receipts into a present value.

Discounted Cash Flow Analysis offers an opportunity to account for the anticipated growth or decline in income over the term of a prescribed holding period. More particularly, the value of the property is equivalent

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

to the discounted value of future benefits. These benefits represent the annual cash flows (positive or negative) over a given period of time, plus the net proceeds from the hypothetical sale at the end of the investment horizon.

Two rates must be selected for an application of the DCF process:

- the internal rate of return or discount rate used to discount the projected receivables;
- an overall capitalization rate used in estimating reversionary value of the asset.

The selection of the discount rate or the internal rate of return is based on comparing the subject to other real estate opportunities as well as other forms of investments. Some of the more common bench marks in the selection of the discount rate are the current yields on long term bonds and mortgage interest rates.

Exposure Time is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

Highest and Best Use - The purpose of a highest and best use analysis is to provide a basis for valuing real property. Highest and best use is defined by the Appraisal Institute of Canada as:

***"that use which is most likely to produce the greatest net return over a period of time."
The highest and best use must be legally permissible, physically possible, financially feasible and maximally productive.***

The Income Approach to value is utilized to estimate real estate value of income-producing or investment properties.

Internal Rate of Return is the yield rate that is earned or expected over the period of ownership. It applies to all expected benefits including the proceeds of sale at the end of the holding period. The IRR is the Rate of Discount that makes the net present value of an investment equal zero.

Market Value - The Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Market Value" (The Appraisal Institute of Canada, Canadian Uniform Standards of Professional Appraisal Practice, 2014 Pages 62-63) as:

"The most probable price, as of a specified date, in cash, or in term equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after

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reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

Implicit in this definition are the consummation of a sale as of the 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 what they consider their best interests;
- a reasonable time is allowed for exposure in the market;
- payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto;
- 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.

Net Operating Income is the actual or anticipated net income remaining after all operating expenses are deducted from effective gross income before debt service and depreciation. Net Operating Income is usually calculated for the current fiscal year or the forthcoming year.

Overall Capitalization Rate is an income rate that reflects the relationship between a single year's net operating income expectancy and the total property price. The Overall Capitalization Rate converts net operating income into an indication of a property's overall 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."

A Yield Rate is applied to a series of individual incomes to obtain a present value of each.

Appendix C

GeoWarehouse



Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario



GEOWAREHOUSE® REPORT

This Report was prepared for:

Property Detail Report

09/08/2014 10:31 AM

200 CHISHOLM DR

MILTON

PIN 249750100

D Andros

Managing Director

Colliers International

One Queen Street East

Toronto, Ontario

M5C2Z2

Phone

4166433775

Email

demetri.andros@colliers.com

Property Details - PIN: 249750100

Address	200 CHISHOLM DR				
Municipality	MILTON	LRO	20	Land Registry Status	ACTIVE
Registration Type	LT	Area	28,463 m2	Perimeter	739 m
Short Description	PT LT 2 & 3, CON 2 ESQ, PART 1 & 4, 20R10363, T/W "364168"; S/T 405922,772238,772240 MILTON/ESQUE...				

Aerial View of Property



Street View



Sales History

DATE	TYPE	AMOUNT
12/18/2001	T	\$9,950,000
09/26/1991	T	\$8,350,921

Full Property Description

PT LT 2 & 3, CON 2 ESQ, PART 1 & 4, 20R10363, T/W "364168"; S/T 405922,772238,772240 MILTON/ESQUESING "AMENDED 01.03.07 JO"



GEOWAREHOUSE® REPORT

Reports Not the Official Record. Reports, other than the Parcel Register, obtained through Geowarehouse are not the official government record and will not necessarily reflect the current status of interests in land.

Currency of Information. Data contained in the Geowarehouse reports are not maintained real-time. Data contained in reports, other than the Parcel Register, may be out of date ten business days or more from data contained in POLARIS.

Coverage. Data, information and other products and services accessed through the Land Registry Information Services are limited to land registry offices in the areas identified on the [coverage map](#).

Completeness of the Sales History Report. Some Sales History Reports may be incomplete due to the amount of data collected during POLARIS title automation. Subject properties may also show nominal consideration or sales price (e.g. \$2) in cases such as transfers between spouses or in tax exempt transfers.

Demographic Information. Demographic Information is obtained from Environics Analytics. Environics Analytics acquires and distributes Statistics Canada files in accordance with the Government of Canada's Open Data Policy. No information on any individual or household was made available to Environics Analytics by Statistics Canada. PRIZM and selected PRIZMC2 nicknames are registered trademarks of The Nielsen Company (U.S.) and are used with permission.

The Property Information Services, reports and information are provided "as is" and your use is subject to the applicable Legal Terms and Conditions. Some information obtained from the Land Registry Information Services is not the official government record and will not reflect the current status of interests in land. Use of personal information contained herein shall relate directly to the purpose for which the data appears in land registry records and is subject to all applicable privacy legislation in respect of personal information. Such information shall not be used for marketing to a named individual.

Parcel Mapping shown on the site was compiled using plans and documents recorded in the Land Registry System and has been prepared for property indexing purposes only. It is not a Plan of Survey. For actual dimensions of property boundaries, see recorded plans and documents.

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Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Appendix D

Comparable Transactions

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Single Tenant Industrial

1225-1231 Kamato Road, Mississauga, Ontario



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Distribution Warehouse
Property Class	B Class
Construction	Concrete/Concrete Block/Steel
Year Built	1977
Rentable Area	53,000 SF
Density (Excess)	0.41 (No)
No. of Buildings	One Building
Office Build-Out (%)	TBC
Clear Height (feet)	21
Loading	
Dock	
Grade	
Rail	No

Transaction Details

Sale Price (100% Equivalent)	\$3,800,000	\$72 per SF
Leasing / Capital Adjustments	\$0	
Analysis Price	\$3,800,000	\$72 per SF
Interest Transferred	100 %	
Status	Closed	
Date	17-Jul-14	
Occupancy	100 %	
Vendor	Navisc Investments Inc.	
Purchaser	IAM Real Estate Group (GPM (12)	
Document No.		
Rights Conveyed	Leased Fee	

Comments

Record No. 66057

Location / Legal / Land Use

Address	1225-1231 Kamato Road
Municipality	Mississauga
Province	Ontario
District	
Roll No.	TBC
Legal	Part of Lot 3, Concession 3
Zoning / Land Use	E2-19 Employment

Tenant Profile(s)

Tenant Name	Leaseable Area	Expiry
Kafko	---	---
---	---	---
---	---	---

Income Analysis

Base Rent	\$273,600
Recovery Income	\$0
Other Income	\$0
Potential Gross Income	\$273,600
Vacancy Allow. (0.0 %)	\$0
Effective Gross Income	\$273,600
Less: Operating Expenses	\$0
Less: Realty Taxes	\$0
Less: Structural Allowance. (0.0 %)	\$0
Net Operating Income	\$273,600
NOI per SF	\$5.16

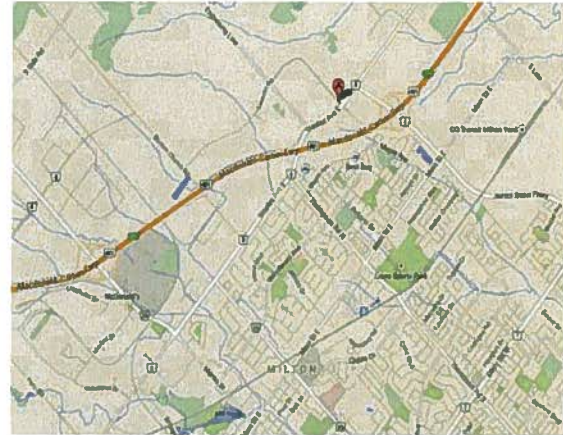
Return / Yield

OCR - Stabilized	7.20 %
OCR - Actual	7.20 %

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Single-Tenant Industrial Building

8000 Lawson Road, Milton, Ontario



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Office Warehouse
Property Class	B Class
Construction	Concrete/Concrete Block/Steel
Year Built	1988
Rentable Area	137,459 SF
Density (Excess)	0.33 (Yes)
No. of Buildings	—Select—
Office Build-Out (%)	TBC
Clear Height (feet)	TBC
Loading	
Dock	
Grade	
Rail	

Transaction Details

Sale Price (100% Equivalent)	\$10,400,000	\$76 per SF
Leasing / Capital Adjustments	\$0	
Analysis Price	\$10,400,000	\$76 per SF
Interest Transferred	100 %	
Status	Closed	
Date	10-Jul-14	
Occupancy	100 %	
Vendor	Nexans Canada Inc.	
Purchaser	Menkes Development	
Document No.		
Rights Conveyed	Leased Fee	

Comments

Record No. 67546 There were no known factors influencing this transaction; further confirmation may be required.

Location / Legal / Land Use

Address	8000 Lawson Road
Municipality	Milton
Province	Ontario
District	
Roll No.	TBC
Legal	PLAN M451 PT LOT 6 RP 20R8662 PARTS 3,4 PLAN
Zoning / Land Use	M1

Tenant Profile(s)

Tenant Name	Leaseable Area	Expiry
Nexans Canada Inc.	---	---
---	---	---
---	---	---

Income Analysis

Base Rent	\$756,025
Recovery Income	\$0
Other Income	\$0
Potential Gross Income	\$756,025
Vacancy Allow. (0.0 %)	\$0
Effective Gross Income	\$756,025
Less: Operating Expenses	\$0
Less: Realty Taxes	\$0
Less: Structural Allowance. (0.0 %)	\$0
Net Operating Income	\$756,025
NOI per SF	\$5.50

Return / Yield

OCR – Stabilized	7.27 %
OCR – Actual	7.27 %

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Multi Tenant Industrial

3413 Wolfedale Road, Mississauga, Ontario



Property Description

Tenancy Type	Multi-Tenant
Property Type	Industrial
Property Sub-Type	Distribution Warehouse
Property Class	B Class
Construction	Concrete/Steel
Year Built	2005

Rentable Area	60,000 SF
Density (Excess)	0.51 (No)
No. of Buildings	One Building
Office Build-Out (%)	TBC
Clear Height (feet)	TBC
Loading	
Dock	0
Grade	12
Rail	0

Transaction Details

Sale Price (100% Equivalent)	\$7,200,000	\$120 per SF
Leasing / Capital Adjustments	\$0	
Analysis Price	\$7,200,000	\$120 per SF
Interest Transferred	100 %	
Status	Closed	
Date	29-May-14	
Occupancy	100 %	
Vendor	1219503 Ontario Inc.	
Purchaser	2419349 Ontario Inc.	
Document No.	13362-0007	
Rights Conveyed	Leased Fee	

Comments

Record No. 63230 There were no known factors influencing this transaction; further confirmation may be required.

Location / Legal / Land Use

Address	3413 Wolfedale Road
Municipality	Mississauga
Province	Ontario
District	
Roll No.	TBC
Legal	Part of Lot 21, Concession 1, North of Dundas Street, as described in Instrument No. TT126457, TT126458 & E2- Employment
Zoning / Land Use	

Tenant Profile(s)

Tenant Name	Leaseable Area	Expiry
Cycle World West	---	---
Mississauga Soccer	---	---
Seva Food Bank	---	---

Income Analysis

Base Rent	\$518,400
Recovery Income	\$0
Other Income	\$0
Potential Gross Income	\$518,400
Vacancy Allow. (2.0 %)	(\$10,368)
Effective Gross Income	\$508,032
Less: Operating Expenses	\$0
Less: Realty Taxes	\$0
Less: Structural Allowance. (0.5 %)	\$2,540
Net Operating Income	\$505,492
NOI per SF	\$8.42

Return / Yield

OCR - Stabilized	7.02 %
OCR - Actual	7.20 %

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Single Tenant Industrial

1 Summerlea Road, Brampton , Ontario



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Distribution Warehouse
Property Class	B Class
Construction	Concrete/Steel
Year Built	1988
Rentable Area	125,810 SF
Density (Excess)	0.47 (None)
No. of Buildings	One Building
Office Build-Out (%)	TBC
Clear Height (feet)	24 feet
Loading	
Dock	4
Grade	12
Rail	

Transaction Details

Sale Price (100% Equivalent)	\$7,650,000	\$61 per SF
Leasing / Capital Adjustments	\$0	
Analysis Price	\$7,650,000	\$61 per SF
Interest Transferred	100 %	
Status	Closed	
Date	2-Dec-13	
Occupancy	100 %	
Vendor	Morguard Investments Limited	
Purchaser	Menkes Development	
Document No.		
Rights Conveyed	Leased Fee	

Comments

Record No. 57293

Location / Legal / Land Use

Address	1 Summerlea Road
Municipality	Brampton
Province	Ontario
District	
Roll No.	TBC
Legal	PLAN M643 PT BLK 13 RP 43R14199 PART 1
Zoning / Land Use	M3A-335

Tenant Profile(s)

Tenant Name	Leaseable Area	Expiry
AluminArt Products	125,810	---
---	---	---
---	---	---

Income Analysis

Base Rent	\$540,000
Recovery Income	\$0
Other Income	\$0
Potential Gross Income	\$540,000
Vacancy Allow. (0.0 %)	\$0
Effective Gross Income	\$540,000
Less: Operating Expenses	\$0
Less: Realty Taxes	\$0
Less: Structural Allowance. (0.0 %)	\$0
Net Operating Income	\$540,000
NOI per SF	\$4.29

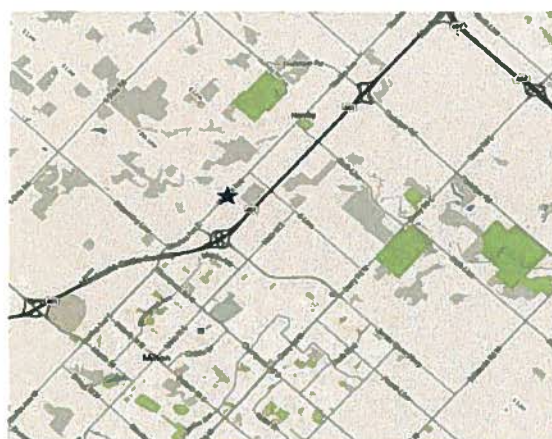
Return / Yield

OCR - Stabilized	7.06 %
OCR - Actual	7.06 %

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Single Tenant Industrial

11000 Steeles Avenue, Milton, Ontario



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Distribution Warehouse
Property Class	B Class
Construction	Steel frame with metal cladding
Year Built	1998
Rentable Area	123,750 SF
Density (Excess)	0.21 (Yes)
No. of Buildings	Two Buildings
Office Build-Out (%)	4.0 %
Clear Height (feet)	24 feet
Loading	
Dock	8
Grade	6
Rail	No

Transaction Details

Sale Price (100% Equivalent)	\$9,800,000	\$79 per SF
Leasing / Capital Adjustments	\$0	
Analysis Price	\$9,800,000	\$79 per SF
Interest Transferred	100 %	
Status	Closed	
Date	21-May-13	
Occupancy	100 %	
Vendor	2334189 Ontario Ltd	
Purchaser	PIRET	
Document No.		
Rights Conveyed	Leased Fee	

Comments

Record No. 47636 There were no known factors influencing this transaction; further confirmation may be required.

Location / Legal / Land Use

Address	11000 Steeles Avenue
Municipality	Milton
Province	Ontario
District	Boston
Roll No.	2415090100111550000
Legal	PT LT 15, CON 5 TRAF NS DES AS PT 1 ON
Zoning / Land Use	(H)(M7)

Tenant Profile(s)

Tenant Name	Leaseable Area	Expiry
---	---	---
---	---	---
---	---	---

Income Analysis

Base Rent	\$649,740
Recovery Income	\$0
Other Income	\$0
Potential Gross Income	\$649,740
Vacancy Allow. (0.0 %)	\$0
Effective Gross Income	\$649,740
Less: Operating Expenses	\$0
Less: Realty Taxes	\$0
Less: Structural Allowance. (0.0 %)	\$0
Net Operating Income	\$649,740
NOI per SF	\$5.25

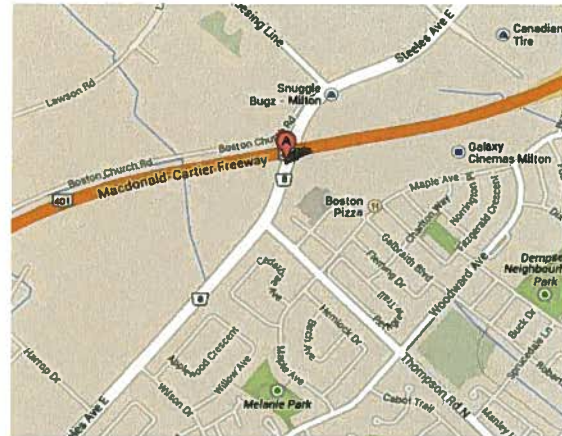
Return / Yield

OCR - Stabilized	6.63 %
OCR - Actual	6.63 %

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Single Tenant Industrial Building

901 Steeles Avenue East, Milton, Ontario



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Distribution Warehouse
Property Class	B Class
Construction	Concrete/Concrete Block/Steel
Year Built	1988
Rentable Area	96,009 SF
Density (Excess)	0.26 (Yes)
No. of Buildings	One Building
Office Build-Out (%)	6.2 %
Clear Height (feet)	34 feet
Loading	
Dock	9
Grade	1
Rail	No

Transaction Details

Sale Price (100% Equivalent)	\$7,500,000	\$78 per SF
Leasing / Capital Adjustments	\$0	
Analysis Price	\$7,500,000	\$78 per SF
Interest Transferred	100 %	
Status	Closed	
Date	1-Nov-13	
Occupancy	100 %	
Vendor	Greiner Pacaud Management	
Purchaser	1517579 Ontario Limited	
Document No.		
Rights Conveyed	Leased Fee	

Comments

Record No. 60776

Location / Legal / Land Use

Address	901 Steeles Avenue East
Municipality	Milton
Province	Ontario
District	
Roll No.	TBC
Legal	Parcel 1-13, Section E-4, being Part of Lot 1,
Zoning / Land Use	M1*49- Industrial

Tenant Profile(s)

Tenant Name	Leaseable Area	Expiry
---	---	---
---	---	---
---	---	---

Income Analysis

Base Rent	\$0
Recovery Income	\$0
Other Income	\$0
Potential Gross Income	\$0
Vacancy Allow. (0.0 %)	\$0
Effective Gross Income	\$0
Less: Operating Expenses	\$0
Less: Realty Taxes	\$0
Less: Structural Allowance. (0.0 %)	\$0
Net Operating Income	\$0
NOI per SF	\$0.00

Return / Yield

OCR - Stabilized	0.00 %
OCR - Actual	0.00 %

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Single Tenant Industrial

2360 Millrace Court, Mississauga, Ontario



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Office Warehouse
Property Class	B Class
Construction	Concrete/Steel
Year Built	1981
Rentable Area	88,375 SF
Density (Excess)	0.48 (None)
No. of Buildings	One Building
Office Build-Out (%)	TBC
Clear Height (feet)	22 feet
Loading	
Dock	9
Grade	1
Rail	No

Transaction Details

Sale Price (100% Equivalent)	\$6,740,000	\$76 per SF
Leasing / Capital Adjustments	\$0	
Analysis Price	\$6,740,000	\$76 per SF
Interest Transferred	100 %	
Status	Closed	
Date	12-Jul-13	
Occupancy	100 %	
Vendor	Atlantis Real Estate Corporation	
Purchaser	Real Facilities Inc. (2360 Millrace)	
Document No.		
Rights Conveyed	Leased Fee	

Comments

Record No. 67544 There were no known factors influencing this transaction; further confirmation may be required.

Location / Legal / Land Use

Address	2360 Millrace Court
Municipality	Mississauga
Province	Ontario
District	
Roll No.	TBC
Legal	Blocks A & B, PL 947; S/T 235074VS, TT32
Zoning / Land Use	E2-29

Tenant Profile(s)

Tenant Name	Leaseable Area	Expiry
---	---	---
---	---	---
---	---	---

Income Analysis

Base Rent	\$0
Recovery Income	\$0
Other Income	\$0
Potential Gross Income	\$0
Vacancy Allow. (0.0 %)	\$0
Effective Gross Income	\$0
Less: Operating Expenses	\$0
Less: Realty Taxes	\$0
Less: Structural Allowance. (0.0 %)	\$0
Net Operating Income	\$0
NOI per SF	\$0.00

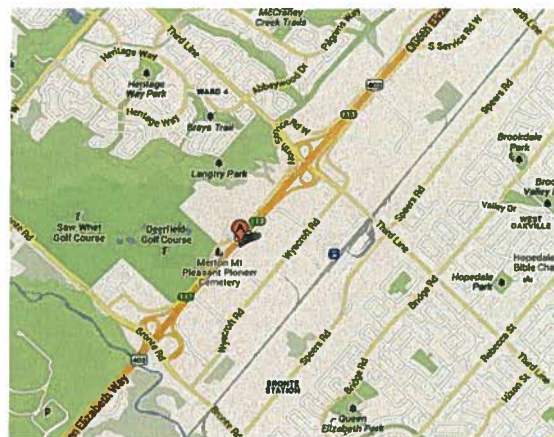
Return / Yield

OCR - Stabilized	0.00 %
OCR - Actual	0.00 %

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario

Single Tenant Property

2226 South Service Road West, Oakville, Ontario



Property Description

Tenancy Type	Single Tenant
Property Type	Industrial
Property Sub-Type	Distribution Warehouse
Property Class	B Class
Construction	Concrete/Steel
Year Built	1981
Rentable Area	79,174 SF
Density (Excess)	0.52 (None)
No. of Buildings	One Building
Office Build-Out (%)	5.0 %
Clear Height (feet)	22 feet
Loading	
Dock	12
Grade	Yes
Rail	No

Transaction Details

Sale Price (100% Equivalent)	\$6,500,000	\$82 per SF
Leasing / Capital Adjustments	\$0	
Analysis Price	\$6,500,000	\$82 per SF
Interest Transferred	100 %	
Status	Closed	
Date	24-Apr-13	
Occupancy	100 %	
Vendor	CanFirst Capital Management Inc.	
Purchaser	Dundee Industrial REIT (DIR)	
Document No.		
Rights Conveyed	Leased Fee	

Comments

Record No. 67545 There were no known factors influencing this transaction; further confirmation may be required.

Location / Legal / Land Use

Address	2226 South Service Road West
Municipality	Oakville
Province	Ontario
District	
Roll No.	TBC
Legal	CON 3 SDS PT LOT 28 PLAN M167 LOT 6
Zoning / Land Use	E1

Tenant Profile(s)

Tenant Name	Leaseable Area	Expiry
Wallace & Carey Inc.	---	---
---	---	---
---	---	---

Income Analysis

Base Rent	\$0
Recovery Income	\$0
Other Income	\$0
Potential Gross Income	\$0
Vacancy Allow. (0.0 %)	\$0
Effective Gross Income	\$0
Less: Operating Expenses	\$0
Less: Realty Taxes	\$0
Less: Structural Allowance. (0.0 %)	\$0
Net Operating Income	\$0
NOI per SF	\$0.00

Return / Yield

OCR - Stabilized	0.00 %
OCR - Actual	0.00 %

Single -Tenant Industrial Building, 200 Chisholm Drive, Milton, Ontario



Appendix E

Certification

File Reference: TOR-14-265/67301



Certification

Single -Tenant Industrial Building 200 Chisholm Drive, Milton, 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 Contingent and Limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions;
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved;
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- Our engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client;
- 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;
- A personal inspection of the property that is the subject of this report was made on September 15, 2014;
- We have the knowledge and experience to complete the assignment competently.
- No one provided significant professional assistance in the preparation of this report;
- As of the date of this report the undersigned have fulfilled the requirements of The Appraisal Institute of Canada's Continuing Professional Development Program for designated and candidate members; and
- We are licensed to practice in the province of Ontario.

Final Estimate of Value

Based upon the data, analyses and conclusions contained herein, the current market value of the fee simple interest in the property described herein, as at September 15, 2014, is estimated to be as follows:

Seven Million Three Hundred Fifty Thousand Dollars
\$7,350,000

This value is based on an exposure time of three to six months.



Demetri Andros, AACI, MRICS
Managing Director, Toronto



Jozo Markic,
Analyst, Toronto



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March 5, 2015

Our File No. TOR-15-199

Milton Hydro Distribution Inc.
8069 Lawson Road
Milton, Ontario L9T 5C4

Attention: Frank Lasowski, President & CEO

Dear Mr. Lasowski;

RE: RETROSPECTIVE VALUE UPDATE LETTER – LAND VALUE to the Full Narrative Appraisal Report of Single-Tenant Industrial Property located at 200 Chisholm Drive, Milton, Ontario

The Toronto Valuation and Advisory Services Division of Colliers International Realty Advisors Inc. completed an appraisal of the above referenced property as of an effective date of September 15, 2014 (Our File No. TOR-14-265/67301). The referenced appraisal concluded with a property market value estimate of \$7,350,000 based upon the Direct Comparison Approach, supported by an Income Approach using Direct Capitalization. On February 5, 2015 (Our File No. TOR-15-199), you requested an update Letter to include the Land valuation for your property.

This Retrospective Update Letter will amend the Full Narrative report as requested to conclude a Retrospective Land market value (as vacant) estimate of **\$4,040,000** as September 15, 2014. The original appraisal must be read in conjunction with the update letter.

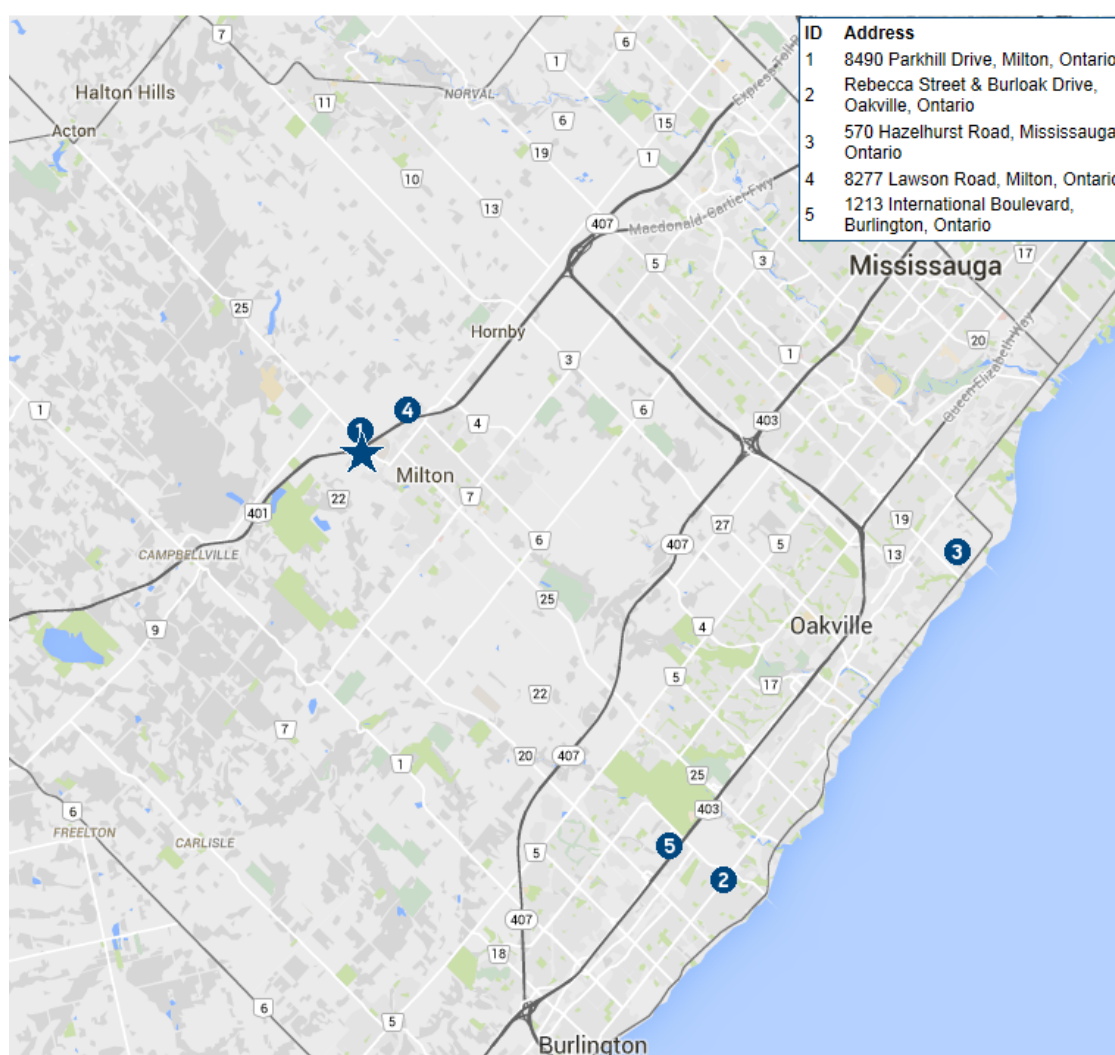
As per your request, we have not reviewed the referenced appraisal in order to consider any interim changes to the property and/or its operations, as well as any changes in the market, and to any potential impact on the value of the property which may have resulted. It must be noted that this represents an update letter to the original report reflection, the value of the land "as vacant" only, and must not in any way be construed to be an update appraisal of the property and its appraised value. Furthermore, this letter must be read in conjunction with the referenced appraisal report, a copy of which is assumed to be in your possession, and cannot be understood nor relied upon without such inclusion. The extraordinary and general assumptions and limiting conditions detailed in the referenced appraisal apply equally to this review.

In conducting this Land valuation, we have not conducted a cursory exterior inspection of the property and it is assumed herein that there are no material physical changes to the property, including any change in site area from the original appraisal, which would impact its value.

Furthermore, the Retrospective Land Valuation is estimated with an effective date of September 15, 2014.

Land Valuation – Industrial Zoning

In determining the value of the site “as vacant”, the most appropriate method of valuation is the Direct Comparison Approach. In analyzing the comparable land sales or listing relative to the subject site, of particular relevance are characteristics such as location, site size, topography, development potential, and land use regulations. In this regard, the sales/listing summarized in the following table are considered to be reasonably comparable to the subject site and to provide a reliable indication as to its current market value. The map below positioned the sales or listings versus the property subject.



All sales and listings are assumed to be of a fee simple interest and to have market financing and were arm's length transactions. Given the assumptions stated in this valuation regarding the subject property and its property rights, no adjustment for the previous characteristics were applied to the sales.

Land Transactions & Analysis

Industrial

	Subject	Transaction One		Transaction Two		Transaction Three		Transaction Four		Transaction Five	
Property Name	200 Chisholm Drive	Vacant Land		Vacant Land		Vacant Land		Vacant Land		Vacant Land	
Address	200 Chisholm Drive	8490 Parkhill Drive		Rebecca Street & Burloak Drive		550-570 Hazelhurst Road		8277 Lawson Road		1213 International Boulevard	
	Milton, Ontario	Milton, Ontario		Oakville Ontario		Mississauga, Ontario		Milton, Ontario		Burlington, Ontario	
Transaction Date	-----	1-Mar-13		7-Mar-14		5-Jun-14		23-Sep-14		1-Oct-14	
Transaction Status	-----	Closed		Closed		Closed		Closed		Closed	
Transaction Price	-----	\$1,668,750		\$6,979,500		\$2,575,000		\$8,538,870		\$6,500,000	
Land Use/Zoning	M2 - General Industrial	EMP-2 - Employment Zone		E1 - Employment Zone		E3-12 - Employment Zone		M2 - General Industrial		GE1 - General Employment Zone	
Allowable Density	TBC	TBC		TBC		TBC		TBC		TBC	
Site Area (Acres)	7.033	2.682		14.100		3.784		18.549		11.296	
Price Per Acre	-----	\$622,204		\$495,000		\$680,497		\$460,341		\$575,425	
Transaction & Other Adjustment		Description	Adj.	Description	Adj.	Description	Adj.	Description	Adj.	Description	Adj.
Property Rights Conveyed	Fee Simple	Fee Simple	None	Fee Simple	None	Fee Simple	None	Fee Simple	None	Fee Simple	None
Financing	-----	TBC	None	TBC	None	TBC	None	TBC	None	TBC	None
Conditions of Sale	-----	Arm's Length	None	Arm's Length	None	Arm's Length	None	Arm's Length	None	Arm's Length	None
Market Conditions (Time)		TBC	None	TBC	None	TBC	None	TBC	None	TBC	None
Location	Very Good	Very Good	} None	Very Good	} None	Excellent	} Downward	Very Good	} None	Excellent	} Downward
Access	Very Good	Very Good		Very Good		Very Good		Very Good		Very Good	
Physical Characteristics											
Site											
Size (Acres)	7.033	2.682	} Downward	14.100	} Upward	3.784	} Downward	18.549	} Upward	11.296	} Upward
Topography	Level	Level		Level		Level		Level		Level	
Configuration	Irregular	Regular		Regular		Regular		Irregular		Irregular	
Density	0.3	TBC		TBC		TBC		TBC		TBC	
Zoning/Land Use	M2 - General Industrial	EMP-2 - Employment Zone		E1 - Employment Zone		E3-12 - Employment Zone		M2 - General Industrial		GE1 - General Employment Zone	
Access	Very Good	Very Good		Very Good		Very Good		Very Good		Very Good	
Exposure	Excellent	Very Good		Very Good		Very Good		Very Good		Very Good	
Non-Realty		None	None		None		None		None		None
Overall Comparability & Adjust.		Superior	Downward	Inferior	Upward	Superior	Downward	Inferior	Upward	Similar	Insignificant
Conclusion		Lower Than \$622,204 / acre		Higher Than \$495,000/ acre		Lower Than \$680,497 / acre		Higher Than \$460,341 / acre		Similar to \$575,425 / acre	

Based on the preceding table, and due to the inverse relationship between size and rate per acre, Index Nos. 2, 4 and 5 would require an upward adjustment for their larger site size. A downward adjustment would be required for Index Nos. 1 and 3 for their smaller site size.

A downward adjustment would be required for Index Nos. 3 and 5 for their superior location, whereas an upward adjustment would be required for Index No. 1, 2, 3, 4 and 5 for their none Highway frontage.

Properties Nos. 1 and 2 have an employment zoning that allow industrial uses but do not allow outside storage, nor warehouse/distribution. As a result, an upward adjustment would be required for those two properties. No adjustment would be required for Index Nos. 3, 4 and 5, as their industrial or general employment zoning allow both industrial uses and outside storage.

Given the aforementioned, a unit value of between \$565,000/acre and \$585,000/acre is considered to be appropriate for the subject property. Applying these rates per acre to the area of the property results in the estimates of value as seen in the chart below. Taking into consideration the location and the size of the subject, it is our opinion that the subject's land value is approximately \$575,000/acre.

Value Matrix - Land Valuation		
Land at 200 Chisholm Drive, Milton (Industrial)		
Size (Acres)	\$/acre	Value ⁽¹⁾
7.033	\$565,000.00	\$3,970,000
7.033	\$575,000.00	\$4,040,000
7.033	\$585,000.00	\$4,110,000

(1) Rounded to nearest \$10,000



Based upon our previously completed Full Narrative Report and our present Retrospective Land Valuation with our review of current market conditions, the following valuation parameters, are indicated:

Full Narrative Report (September 15, 2014)

Value by Direct Income Capitalization:	\$7,090,000
Value by Direct Comparison Approach:	\$7,350,000
Reconciled Value Estimate:	\$7,350,000

RETROSPECTIVE UPDATE LETTER (September 15, 2014)

Land Value "As Vacant" by Direct Comparison Approach:	\$4,040,000
Reconciled Value Estimate:	\$4,040,000

Trusting this is sufficient for your requirements.

Yours sincerely,

COLLIERS INTERNATIONAL REALTY ADVISORS INC.

A handwritten signature in blue ink, appearing to be "D. Andros", written over a light blue horizontal line.

Demetri Andros, AACI, MRICS
Managing Director, Toronto

ATTACHMENT – Request 5-1
200 Chisholm Drive Floor Layouts

GENERAL NOTES	
FABRIC FINISH:	N/A
SURFACE FINISH:	N/A
TRIM FINISH:	N/A
CLIENT SIGNATURE:	

[illegible]

DO NOT USE THIS DRAWING, DIMENSIONS OR DRAWING ARE FOR ESTIMATING PURPOSES ONLY. ALL DISCREPANCIES IN DIMENSION AND DETAIL MUST BE REPORTED IMMEDIATELY TO ENVIRONMENTAL OFFICE SYSTEMS. IT IS THE RESPONSIBILITY OF EACH CONTRACTOR AND SUBCONTRACTOR TO CHECK AND VERIFY ALL DIMENSIONS AND CONDITIONS ON SITE.

THIS DRAWING IS THE EXCLUSIVE PROPERTY OF ENVIRONMENTAL OFFICE SYSTEMS AND MAY NOT BE REPRODUCED OR DISTRIBUTED WITHOUT PERMISSION FROM ENVIRONMENTAL OFFICE SYSTEMS.



PROJECT TITLE:
MILTON HYDRO
200 CHISHOLM CRESCENT
MILTON, ON L9T 3G9

DRAWING TITLE:
FURNITURE INSTALLATION PLAN
1ST FLOOR

PLOT DATE: 11/03/2015	DRAWING NO:
SCALE: N.T.S.	FP-1
DRAWN BY: T.T.	
CHECKED BY: X.X.	
DWG FILENAME: MH - 1ST FLR (151102) PB.dwg	

GENERAL NOTES	
FABRIC FINISH:	N/A
SURFACE FINISH:	N/A
TRIM FINISH:	N/A
CLIENT SIGNATURE:	

[illegible]

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Envirotech
OFFICE SYSTEMS

7345 EAST DAWBRO CRESSENT
MISSISSAUGA, ON, CANADA L5N 6P8
TEL: 905.363.4799 FAX: 905.363.4788

MILTON HYDRO
200 CHISHOLM CRESCENT
MILTON, ON L9T 2G9

DRAWING TITLE:

FURNITURE INSTALLATION PLAN
2ND FLOOR

PLOT DATE: 11/03/2015	DRAWING NO:
SCALE: N.T.S.	FP-2
DRAWN BY: T.T.	
CHECKED BY: X.X.	
DWG FILENAME: MH - 2ND FLR (151102).Pb.dwg	

ATTACHMENT – Request 5-2
8069 Lawson Road Floor Layout 2009

