

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

-and-

RICHMOND MEDICAL CENTRE INC. and I LOV THIS PLACE 11 INC.

Respondents

**FIRST REPORT TO THE COURT SUBMITTED BY MNP LTD.
RECEIVER**

March 9, 2023

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1.0 Introduction

1.1 Introduction and purpose of report

- 1.1.1** Richmond Medical Centre Inc. (“**Richmond Medical**”) is the owner of the real property and premises municipally known as 1653 Richmond St., London, Ontario (the “**Richmond Street Property**”) and the real property and premises municipally known as 125 Oak Street, Bothwell (the “**Oak Street Property**”). The Richmond Street Property is improved with a four-storey building consisting of commercial space on the main floor and nine residential apartment units on the upper floors. The Oak Street Property is improved with a dilapidated warehouse building.
- 1.1.2** I Lov This Place 11 Inc. (“**I Lov This Place**” and collectively with Richmond Medical the “**Debtors**”) operates a medical clinic under the name “Children’s After Hours Medical Clinic” (“**Children’s Clinic**”) from leased space on the main floor of the Richmond Street Property building.
- 1.1.3** The principal of the Debtors is Elisabetta Jackson (“**Jackson**”).
- 1.1.4** Richmond Medical is indebted to The Bank of Nova Scotia (the “**Bank**”) in the approximate amount of \$7.5 million, plus accruing interest and costs of enforcement. I Lov This Place is indebted to the Bank in the approximate amount of \$160,000, plus accruing interest and continuing costs of enforcement. Richmond Medical guaranteed payment to the Bank of the I Lov This Place indebtedness.
- 1.1.5** As security for their indebtedness to the Bank, the Debtors provided the Bank with the following security:
- first ranking charge/mortgage in the principal sum of \$13.75 million registered over the Richmond Street Property;
 - General Security Agreement dated August 31, 2017 from Richmond Medical; and
 - General Security Agreement dated August 31, 2017 from I Luv This Place
- 1.1.6** Richmond Medical is indebted to 2505151 Ontario Inc. (“**2505151**”) in the approximate amount of \$3.4 million, plus accruing interest and costs of enforcement. Richmond Medical has provided 2505151 with the following security:
- second ranking charge/mortgage in the principal sum of \$3,250,000 registered over the Richmond Street Property; and
 - first ranking charge/mortgage in the principal sum of \$3,250,000 registered over the Oak Street Property.
- 1.1.7** On July 12, 2022, due to various events of default pursuant to the terms of the Debtors financing agreements, the Bank demanded payment and issued Notices of Intention to Enforce Security to pursuant to the *Bankruptcy and Insolvency Act*.
- 1.1.8** On December 9, 2022, on the application of the Bank, the Honourable Mr. Justice Grace issued an Order (the “**Appointment Order**”) appointing MNP Ltd. as receiver (the “**Receiver**”) of the assets, undertakings, and properties of the Debtors, including the Richmond Street Property and Oak Street

Property. A copy of the Appointment Order is attached as **Appendix A**. The Appointment Order is substantially in the form of the Model Receivership Order prepared by the Commercial Court Users Committee for use on the Commercial List.

1.1.9 The Appointment Order authorized, but did not obligate, the Receiver to, among other things:

- Take possession of and exercise control over the Debtors' assets;
- To manage, operate, and carry on the business of the Debtors;
- Market any or all the Debtors' assets and negotiate such terms and conditions of sale as the Receiver may deem appropriate; and,
- Sell, convey, transfer, lease or assign the assets out of the ordinary course of business without Court approval in respect of any single transaction not exceeding \$50,000 or \$150,000 in aggregate.

1.2 Purpose of Receiver's First Report

1.2.1 This constitutes the Receiver's First Report to the Court (the "**First Report**") in this matter and is filed to:

- i. Provide an overview of the Receiver's activities since the date of its appointment and seek approval of those activities;
- ii. Report to the Court with respect to the sale and offer solicitation process ("**SSP**") commenced by the Receiver for the Richmond Street Property and Oak Street Property and seek approval of same;
- iii. Obtain an Order,
 - a) approving the First Report and the confidential supplement thereto, along with the activities of the Receiver detailed therein;
 - b) approving the SSP;
 - c) sealing the Confidential Supplement to the First Report until completion of a sale of the Richmond Street Property and Oak Street Property or further Order of the Court;
 - d) approving the Receiver's Statement of Receipts and Disbursements as at February 28, 2023; and,
 - e) approving the fees and disbursements of the Receiver and its legal counsel.

2.0 Initial Receiver's Activities

2.1 Possession

- 2.1.1 Upon its appointment, the Receiver attended at the Richmond Street Property and met with Jackson who provided access and a tour.
- 2.1.2 The Receiver's counsel registered a copy of the Appointment Order on title to the Richmond Street Property.
- 2.1.3 A notice was sent to all tenants to advise of the receivership, provide contact information for the Receiver and instructions for the payment of all future rents directly to the Receiver. The Receiver has collected all rents since January 1, 2023.
- 2.1.4 The Receiver contacted the Richmond Medical and I Luv This Place insurance provider and has been added to all policies as named insured.
- 2.1.5 The Receiver redirected the mail for both Debtors to its office.

2.2 I Lov This Place

- 2.2.1 I Lov This Place owns and operates the Children's Clinic. I Lov This Place leases space for the Children's Clinic on the main floor of the Richmond Street Property building.
- 2.2.2 I Lov This Place owns a small amount of medical equipment and leases a vehicle from Mercedes-Benz Financial Services Canada Corporation.
- 2.2.3 Due to the expected regulatory requirements and liability concerns, the Receiver has not taken possession of the Children's Clinic. I Love This Place continues to operate the Children's Clinic.

2.3 Leases

- 2.3.1 The Children's Clinic lease appears to be below current market value.
- 2.3.2 There are nine residential apartment units on the upper three floors of the building on Richmond Street Property. At the date of the receivership one of the residential units was vacant, and one tenant had given notice of lease termination.
- 2.3.3 Since the Receiver's appointment three more tenants have terminated their leases.
- 2.3.4 Jackson is working to find new tenants; however, has been unable to do so. Jackson believes potential tenants are concerned about entering into a new lease while the Richmond Street Property is under the possession and control of the Receiver.
- 2.3.5 As discussed below, the Receiver intends to engage a professional property management company to, among other things, assist in securing new residential tenants.

2.4 Property Manager

- 2.4.1 At the date of the Receiver's appointment, Jackson acted as the property manager for the Richmond Street Property. The Receiver continued to use Jackson to provide standard property management tasks to the Receiver for compensation at the rate of \$20.00 per hour.

2.4.2 The Receiver is not satisfied with the information flow from Jackson, or with her efforts to seek replacement tenants for the growing number of vacant units. The Receiver is in the process of obtaining proposals from third party property management companies. The Receiver intends to engage a new professional property manager and will provide an update on same to the Court in our next report.

2.5 Children's Clinic Lease

2.5.1 The lease made between Richmond Medical and I Lov This Place for the Children's Clinic encompasses the entire main floor of the Richmond Street Property building. However, historically the Children's Clinic has only operated from part of the main floor and a portion of the main floor has been leased to a pharmacy. At the date of the Receiver's appointment, the pharmacy had ceased operating.

2.5.2 The Receiver has provided I Lov This Place with an amendment to its lease to reduce the space included within the lease to the space actually occupied by and used for the Children's Clinic. The amendment, if signed, would permit the space historically used as a pharmacy to be leased to another tenant. To date, the amendment has not been signed.

2.5.3 The Children's Clinic lease was signed in November 2016 and called for a rent adjustment in July 2022. The Receiver determined that the rent had not been adjusted. The Receiver has notified the Children's Clinic of the rent adjustment. The Children's Clinic agreed to begin paying the increased rate; however, as of the date of this report has continued to pay at the old rate. The Receiver is pursuing catch up of the short payments.

2.6 Tenant Receivable

2.6.1 260132 Ontario Inc. ("**260132**") leased a portion of the main floor of the Real Property from Richmond Medical for a pharmacy.

2.6.2 Prior to the Receiver's appointment, a dispute arose between Richmond Medical and 260132 regarding the amount of space being leased and the rent payable by 260132. 260132 paid rent on the basis of an occupied space of 1,000 square feet. However, the actual space occupied was determined to be only approximately 339 square feet. In a judgment dated, July 8, 2019, Justice Hockin ordered Richmond Medical to pay \$65,120.73 to 260132 for the rent overpayment. The judgement also set the monthly rent payable at \$1,978.55, inclusive of CAM.

2.6.3 260132 vacated the premises in November 2022, five years into the lease.

2.6.4 In November 2022, 260132 filed a motion seeking an Order requiring the return of a \$96,050 security deposit paid by it to Richmond Medical at the outset of the lease. The motion did not proceed due to the stay of proceedings imposed by the Appointment Order.

2.6.5 There is a dispute over whether the term of the lease is 5 years (and at an end) or 10 years (expiring in November 2027).

2.6.6 Based on a monthly lease rate of \$1,978.55 as determined by Justice Hockin in the 2019 judgment, the total rent payable by 260132 for an additional five years would be \$118,713. As Richmond Medical was paid a deposit of \$96,050 and has an obligation to mitigate its damages, the Receiver has determined that there is no benefit to pursuing a claim for damages against 260132.

2.7 125 Oak Street Bothwell

- 2.7.1 After its appointment the Receiver learned that Richmond Medical owns the Oak Street Property.
- 2.7.2 The Oak Street Property is a 0.15-acre parcel of land improved with a warehouse building that has sustained significant damage. There was a partial roof collapse in 2021 caused by an overloading of shingle bundles and it has not been repaired.

2.8 Government Accounts

- 2.8.1 The Receiver notified the Canada Revenue Agency of the receivership and requested a Harmonized Sales Tax (“HST”) account to report HST collected and paid through the receivership process.
- 2.8.2 CRA has advised there is approximately \$532,000 in HST owing by Richmond Medical, most of which relates to an assessment in 2019 because Richmond Medical did not provide supporting documents for Input Tax Credits claimed on prior returns under audit. HST returns from April 2022 remaining outstanding. The Receiver has requested the information to complete these outstanding returns from Jackson and has not yet received a response.
- 2.8.3 CRA has advised that I Lov This Place has no HST account; however, source deduction remittances are outstanding since 2020. CRA has requested source deduction returns be filed so it can determine the outstanding amount. The Receiver has requested the information to complete these outstanding returns from Jackson and has not yet received a response.

2.9 Receiver’s Banking

- 2.9.1 The Receiver has set up a receivership bank account to administer estate receipts and disbursements.

2.10 Notice

- 2.10.1 The Receiver prepared a notice under Section 245 of the Bankruptcy and Insolvency Act with the office of the Superintendent of Bankruptcy. A copy of the Section 245 Notice is attached hereto as **Appendix B**.
- 2.10.2 The Receiver has requested a complete list of creditors from Jackson and to date has not received same. The Receiver sent the above notice to all known creditors; however, it is likely that there are additional creditors yet to be notified. Once a complete list is received from Jackson, the Receiver will prepare an amended notice and send it to all creditors.
- 2.10.3 The Receiver has setup a website at <https://mnpdebt.ca/en/corporate/corporate-engagements/richmond-medical-centre-inc> to post documents relating to the receivership that should be available to public, including the Appointment Order.

2.11 Independent Counsel

- 2.11.1 The Receiver has retained Miller Thomson LLP (“**Miller Thomson**”) as independent counsel.
- 2.11.2 Miller Thomson has reviewed security documents and registrations against Richmond Medical, the Richmond Street Property and the Oak Street Property in favour of the Bank and 2505151. Subject to the customary assumptions and qualifications, Miller Thomson has provided an opinion that:
- (i) The Bank’s charge against the Richmond Street Property is valid and enforceable;

- (ii) The Bank has a valid and perfected security interest in the leases and rents of the Richmond Street Property;
- (iii) The Bank has a valid and perfected security interest in the personal property of Richmond Medical and I Lov This Place;
- (iv) 2505151's charge against the Richmond Street Property is valid and enforceable; and,
- (v) 2505151's charge against the Oak Street Property is valid and enforceable.

2.11.3 A copy of the Miller Thomson opinion is attached at **Appendix C**.

3.0 Recommended SSP

3.1 Richmond Street Property

- 3.1.1** The Receiver has been provided with appraisals for the Richmond Street Property prepared by Metrix Realty Group and McIver Group Inc. prior to the receivership.
- 3.1.2** The Receiver commissioned an appraisal from Valco Real Estate Appraisers & Consultants (“**Valco**”) and also engaged Valco to complete a peer review of the pre-receivership appraisals.
- 3.1.3** Due to the confidential nature of the appraisals, the Receiver has attached redacted versions of the appraisals to this Report as **Appendix D, E and F** and is providing complete copies of the appraisals to the Court in the Confidential Supplement to the Receiver’s First Report (the “**Confidential Supplement**”).
- 3.1.4** The Receiver has received three listing proposals from local real estate agents, which are described in more detail in the Confidential Supplement.
- 3.1.5** Prior to the Receiver’s appointment, 2505151 had listed the Richmond Street Property for sale with Colliers international London (“**Colliers**”) for a short period of time. Colliers is one of the three real estate agents that was requested to provide a listing proposal.
- 3.1.6** The Receiver recommends the Richmond Street Property be listed with Colliers for sale through the Multiple Listing Service. Prospective purchasers will be provided with a template Agreement of Purchase and Sale in the form attached as **Appendix G**.
- 3.1.7** The suggested opening list price is disclosed in the Confidential Supplement.
- 3.1.8** The Receiver has reviewed the suggested opening list price and sale strategy with the Bank and 2505151, and both are in agreement with same.

3.2 Oak Street Property

- 3.2.1** The Receiver has obtained two listing proposals for the Oak Street Property.
- 3.2.2** Due to the confidential nature of the listing proposals, the Receiver is disclosing them to the Court in the Confidential Supplement.
- 3.2.3** Given the current condition of the warehouse building, the Receiver has not commissioned an appraisal of the Oak Street Property. The Receiver instead recommends listing the Oak Street Property with O’Rourke Real Estate Inc., as discussed in the Confidential Supplement, and testing the market as suggested in the listing proposals. Prospective purchasers will be provided with a template Agreement of Purchase and Sale in the form attached as **Appendix H**.
- 3.2.4** 2505151 holds the first ranking mortgage against the Oak Street Property. 2505151 is in agreement with the listing strategy set out in the Confidential Supplement.

3.3 Sealing Order – Confidential Supplement

- 3.3.1** The Receiver is concerned about the negative market impact and prejudice which would be caused to the SSP of disclosing publicly the appraised values and the listing proposals for the Richmond Street Property and the Oak Street Property before sales of the Richmond Street Property and Oak

Street Property have been completed. Accordingly, the Receiver is requesting a sealing order for the Confidential Supplement.

4.0 Statement of Receipts and Disbursements

- 4.1.1** **Appendix I**, attached, is a summary of the Receiver's Statement of Receipts and Disbursements ("**R&D**") for the period ended February 28, 2023.
- 4.1.2** The Receiver generated receipts of \$61,197 from rental income. All February rents for the residential units have been collected. The Children's Clinic owes \$4,673 to February 28, 2023 for short payment of rent due to the rent adjustment identified by the Receiver, discussed earlier in this report. The Receiver is pursuing collection of this amount.
- 4.1.3** The Receiver has made disbursements of \$17,700 primarily for insurance and the Valco appraisal.
- 4.1.4** The Receiver has net receipts remaining in the receivership estate account of \$42,442.
- 4.1.5** The R&D does not include the professional fees discussed in Section 5.0 of this report.

5.0 Receiver and its Counsel's Accounts

- 5.1.1** Pursuant to paragraph 18 of the Appointment Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Appointment Order. Pursuant to paragraph 19 of the Initial Order, the Receiver and its counsel are required to pass their accounts.
- 5.1.2** As required in the Appointment Order, the Receiver is seeking the approval of its accounts and the accounts of its legal counsel for the receivership period to date.
- 5.1.3** The Receiver has submitted one invoice of \$25,000 before HST, for the period ended February 28, 2023. The invoice, together with the Receiver's affidavit of verification of fees, is attached as **Appendix J**.
- 5.1.4** Miller Thomson, the Receiver's legal counsel, has submitted one invoice for the period December 12 to December 22, 2022 in the amount of \$1,055.60, inclusive of disbursements and before HST. The invoice, together with Miller Thomson's affidavit of verification of fees, is attached as **Appendix K**.
- 5.1.5** It is the Receiver's opinion that the Professional Fees are fair and reasonable and justified in the circumstances and accurately reflect the work done by the Receiver and Miller Thomson in connection with the receivership during the relevant periods. The Receiver recommends approval of the Professional Fees by the Court.

6.0 Order Sought

6.1.1 We submit this First Report to the Court and respectfully request that the Court make an order as requested in paragraph 1.2.1 above.

All of which is respectfully submitted this 9th day of March 2023.

**MNP Ltd.,
in its capacity as Court Appointed Receiver of
Richmond Medical Centre Inc. and I Lov This Place 11 Inc.
and without personal or corporate liability**



Per: Robert W. Smith CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX “A”



Court File No. CV-22-00001571-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

THE HONOURABLE) FRIDAY, THE 9TH
)
JUSTICE GRACE) DAY OF DECEMBER, 2022

THE BANK OF NOVA SCOTIA

Applicant

- and -

RICHMOND MEDICAL CENTRE INC. and I LOV THIS PLACE 11 INC.

Respondents

ORDER
(appointing Receiver)

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing MNP Ltd. as receiver [and manager] (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Richmond Medical Centre Inc. and I Lov This Place 11 Inc. (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including the real property described at Schedule "A" hereto and owned by Richmond Medical Centre Inc. (the "Real Property") was heard this day by judicial videoconference at 80 Dundas Street, London, Ontario.

ON READING the affidavits of Rachel Davies sworn October 14, 2022 and November 14, 2022 and the Exhibits thereto and the Order of the Honourable Justice McArthur dated October 28, 2022 and on hearing the submissions of counsel for the Applicant and the Respondents and counsel to

2505151 Ontario Inc., no one else appearing although duly served as appears from the affidavit of service of Lindsay Ferguson sworn October 18, 2022 and on reading the consent of MNP Ltd. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, MNP Ltd. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including the Real Property, and also including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary

course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating

such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$150,000; and

with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;

- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (ii) all of the Debtors' current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, or any of them, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that

nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors, or any of them, or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors, or any of them, or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may

be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such

personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, including, but not limited to, any illness or bodily harm resulting from a party or parties contracting COVID-19, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing

in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the

payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<https://mnpdebt.ca/en/corporate/corporate-engagements>'.

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true

copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

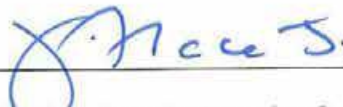
28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors, or any of them.


29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

30. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. THIS COURT ORDERS that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



Justice, Ontario Superior Court of Justice


SCHEDULE "A"

REAL PROPERTY

PART LOT 28, RCP 1029, DESIGNATED AS PART 1, 33R19375; TOGETHER WITH AN EASEMENT OVER PARTS 2, 3, 4, 5 AND 7 33R19479 AS IN ER1063273; SUBJECT TO AN EASEMENT OVER PART 1, 33R19479 IN FAVOUR OF PART LOT 23-27, RCP 1029, PARTS 1,3,5,7, & 9, 33R19435 AS IN ER1063272; CITY OF LONDON (PIN 08066-0197 LT)



SCHEDULE "B"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that MNP Ltd., the receiver (the "Receiver") of the assets, undertakings and properties Richmond Medical Centre Inc. and I Lov This Place 11 Inc. (the "Debtors") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

MNP Ltd., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____
Name:
Title:

THE BANK OF NOVA SCOTIA

-and-

RICHMOND MEDICAL CENTRE INC., et al.

Applicant

Respondents

Court File No. CV-22-00001571-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at
London, Ontario

APPOINTMENT ORDER

HARRISON PENZA ^{LLP}
Barristers and Solicitors
130 Dufferin Avenue, Suite 1101
London, Ontario N6A 5R2

Timothy C. Hogan (LSO #36553S)
Robert Danter (LSO #69806O)

Tel: (519) 679-9660

Fax: (519) 667-3362

Email: thogan@harrisonpensa.com
rdanter@harrisonpensa.com

Solicitors for the Applicant,
The Bank of Nova Scotia

APPENDIX “B”

Notice and Statement of Receiver
(Subsection 245 & 246 (1) of the
Bankruptcy and Insolvency Act)

In the Matter of the Receivership of
Richmond Medical Centre Inc. and I Lov This Place 11 Inc.

The Receiver gives notice and declares that:

1. On the 9th day of December 2022, the undersigned MNP Ltd. became receiver (the “**Receiver**”) of the assets and undertakings of Richmond Medical Centre Inc. and I Lov This Place 11 Inc. (collectively the “**Debtors**”). Property of the Debtors subject to the Receiver’s appointment is described below:

Book Value

Real Property – 1653 Richmond Street, London, ON (the “ Property ”)	\$ Unknown
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2. The undersigned was appointed Receiver of the Debtors by Order of the Ontario Superior Court of Justice dated December 9, 2022 on application by the secured creditor, the Bank of Nova Scotia
3. The Receiver took possession and control of the Property on December 13, 2022.
4. The following information relates to the receivership:
 - (a) Address of the Debtors: 1653 Richmond Street
London ON N6G 2M9
 - (b) Principal Line of Business: Real estate/landlord
 - (c) Location of Business: 1653 Richmond Street
London ON N6G 2M9
 - (d) The estimated amount owing by the Debtors to each creditor who holds security in the Property is as follows:

Bank of Nova Scotia	\$ 7,700,000
2505151 Ontario Inc.	\$ 3,250,000
Mercedes-Benz Financial	\$ TBD
CWB National Leasing	\$ TBD
CLE Capital Inc.	\$ TBD
 - (e) A list of other creditors and the estimated amount due from the Debtors is attached as Schedule “A”.

(f) The Receiver's plan of action, to the extent that such a plan has been determined and subject to Court approval is to engage a commercial realtor to market real property.

(g) Contact person for Receiver:

MNP Ltd.
Court Appointed Receiver of Richmond Medical Centre Inc.
201-557 Southdale Road East
London ON N6E 1A2

Attention: Brendan Hinton
Telephone (519) 964-2203
Facsimile (519) 964-2210
Email: brendan.hinton@mnp.ca

Dated at London, Ontario this 20th day of December 2022.

MNP Ltd.
In its capacity as Court Appointed Receiver of
Richmond Medical Centre Inc. and
I Lov This Place 11 Inc.



Rob Smith CPA, CA, CIRP, LIT
Senior Vice-President

APPENDIX “C”



March 3, 2023

E-mail (rob.smith@mdp.ca)

MNP Ltd.
557 Southdale Rd. East
London, ON N6E 1A2

Attention: Rob Smith, CIRP, LIT, CPA, CA

Dear Rob:

Tony Van Klink

Direct Line: 519.931.3509
tvanklink@millerthomson.com

File: 223176.0015

Re: Richmond Medical Centre Inc. (“Richmond Medical”) and I Lov This Place 11 Inc. (“I Lov This Place” and together with Richmond Medical, the “Debtors”)

By Order of the Honourable Mr. Justice Grace dated December 9, 2022, MNP Ltd. (the “Receiver”) was appointed as receiver of the assets, undertakings and properties of the Debtors.

The following is our report to you and our opinion on the validity and enforceability of the security held by The Bank of Nova Scotia (“BNS”) and 2505151 Ontario Inc. (“250 Ontario”) against the assets of the Debtors, including the following real properties (the “Real Properties”) owned by Richmond Medical:

1. the real property located at 1653 Richmond Street, London improved with a four storey, mixed use, medical office and apartment building (the “Richmond Street Property”); and
2. the real property located at 125 Oak Street, Bothwell improved with a warehouse (the “Oak Street Property”).

ASSUMPTIONS AND QUALIFICATIONS

The opinions expressed in this letter are subject to the qualifications and assumptions set forth on Schedule A to this letter.

SEARCHES

We have conducted the following searches concerning the Debtors:

1. Profile Report - We obtained a profile report with respect to each of the Debtors from the Ministry of Public and Business Service Delivery for the Province of Ontario on March 2, 2023 which confirmed that Richmond Medical was incorporated under the name “Richmond Medical Centre Inc.” on November 8, 2012 and I Lov This Place was incorporated under the name “I Lov This Place 11 Inc.” on July 13, 2007;

2. Certificate of Status – We obtained a certificate of status for each of the Debtors from the Ministry of Public and Business Service Delivery for the Province of Ontario which confirmed that the Debtors had not been dissolved as of March 2, 2023;
3. Land Titles – We performed a sub search of the title to the Richmond Street Property on December 13, 2022 and the Oak Street Property on February 1, 2023, the results of which are summarized on Schedule B. The registrations disclosed by the sub searches included the following:
 - (a) charge in the principal amount of \$13,750,000 in favour of BNS registered on September 11, 2018 as instrument number ER1192076 against title to the Richmond Street Property (the “**BNS Richmond Street Charge**”);
 - (b) charge in the principal amount of \$3,250,000 in favour of 250 Ontario registered on March 30, 2021 as instrument number ER1364652 against title to the Richmond Street Property (the “**250 Ontario Richmond Street Charge**”); and
 - (c) charge in the principal amount of \$3,250,000 in favour of 250 Ontario registered on March 30, 2021 as instrument number CK186390 against title to the Oak Street Property (the “**250 Ontario Oak Street Charge**”).
4. *Planning Act* – We completed an abutting lands search for the Richmond Street Property as of the dates of registration of the BNS charge (September 11, 2018) and the 250 Ontario charge (March 30, 2021) and for the Oak Street Property as of the date of registration of the 250 Ontario charge (March 30, 2021) to ensure compliance of the charges with s. 50 of the *Planning Act*. Based on those searches, the BNS charge and the 250 Ontario charges comply with s. 50 of the *Planning Act*;
5. Executions – We obtained an execution certificate dated March 2, 2023 from the Sheriff of the County of Middlesex and an execution certificate dated March 2, 2023 from the Sheriff of the County of Kent in respect of Richmond Medical and an execution certificate dated March 2, 2023 from the Sheriff of the County of Middlesex with respect to I Lov This Place which confirmed that no active writs of execution, orders or certificates of lien were filed against the Debtors within the electronic database maintained by the said sheriffs in accordance with s. 10 of the *Execution Act* as of that date;
6. *Personal Property Security Act* (Ontario) (“**PPSA**”) – We conducted searches of registrations against the Debtors under the *PPSA* which searches were current as of March 1, 2023. The registrations disclosed by the searches are summarized on Schedule C to this letter; and
7. *Bank Act* (Canada) – We conducted searches of notices of intention to give security under the *Bank Act* registered in the Province of Ontario against the Debtors as of March 2, 2023, which search did not disclose any outstanding registrations against the Debtors as of that date.



SECURITY REVIEWED

(a) BNS

We have reviewed the Application Record of BNS dated October 18, 2022 in Ontario Superior Court of Justice court file number CV-22-00001571-0000 which sets out the particulars of the loans made by BNS to the Debtors and the security provided by the Debtors to BNS. In general terms, BNS made loans totalling approximately \$7.5 million to Richmond Medical pursuant to a commitment letter dated May 14, 2019 and approximately \$160,000 to I Lov This Place pursuant to a commitment letter dated April 29, 2020 and June 1, 2021. Richmond Medical has guaranteed payment of the liabilities of I Lov This Place under a Guarantee dated September 6, 2018.

We have reviewed copies of the following security documents granted by the Debtors to BNS:

1. the BNS Richmond Street Charge;
2. General Assignments of Rents dated September 7, 2018 from Richmond Medical in respect of the Richmond Street Property ("**BNS Richmond Medical AOR**");
3. General Security Agreement dated August 31, 2017 from Richmond Medical (the "**BNS Richmond Medical GSA**"); and
4. General Security Agreement dated September 6, 2018 from I Lov This Place (the "**BNS I Lov This Place GSA**").

The BNS Richmond Street Charge

The BNS Richmond Street Charge was registered electronically in the Middlesex Land Registry Office against title to the Richmond Street Property on September 11, 2018. Elisabetta Jackson, as president of Richmond Medical, signed an Acknowledgement and Direction and an Electronic Document Agreement, each dated September 6, 2018, authorizing the electronic registration of the BNS Richmond Street Charge.

The BNS Richmond Street Charge is a collateral charge securing all present and future debts and liabilities of Richmond Medical to BNS to a maximum principal amount of \$13,750,000, plus interest thereon and costs.

The BNS Richmond Street Charge includes an assignment of the leases and rents for the Richmond Street Property.

There is no apparent defect in the BNS Richmond Street Charge.

The BNS Richmond Medical AOR

As further security for the amounts secured under the BNS Richmond Street Charge, Richmond Medical provided BNS with an Assignment dated September 7, 2018 under the terms of which Richmond Medical assigned to BNS the rents for the Richmond Street Property.



A Notice of Assignment of Rents – General was registered on title to the Richmond Street Property on September 11, 2018 as instrument number ER1192077.

There is no apparent defect in the BNS Richmond Medical AOR.

The BNS Richmond Medical GSA

The BNS Richmond Medical GSA has been executed by Elisabetta Jackson, on behalf of Richmond Medical.

Under the terms of the Richmond Medical GSA, Richmond Medical granted to BNS a security interest in its present and after acquired undertaking and property to secure payment and performance of its obligations to BNS.

There is no apparent defect in the BNS Richmond Medical GSA.

The BNS I Lov This Place GSA

The BNS I Lov This Place GSA has been executed by Elisabetta Jackson, on behalf of I Lov This Place.

Under the terms of the BNS I Lov This Place GSA, I Lov This Place granted to BNS a security interest in its present and after acquired undertaking and property to secure payment and performance of its obligations to BNS.

There is no apparent defect in the BNS I Lov This Place GSA.

(b) *250 Ontario*

The 250 Ontario Richmond Street Charge

The 250 Ontario Richmond Street Charge was registered electronically in the Middlesex Land Registry Office against title to the Richmond Street Property on March 30, 2021. Elisabetta Jackson, as president of Richmond Medical, signed an Acknowledgement and Direction dated March 23, 2021, authorizing the electronic registration of the 250 Ontario Richmond Street Charge.

The 250 Ontario Richmond Street Charge is a collateral charge securing all present and future debts and liabilities of Richmond Medical to 250 Ontario to a maximum principal amount of \$3,250,000, plus interest thereon and costs.

There is no apparent defect in the 250 Ontario Richmond Street Charge.

The 250 Ontario Oak Street Charge

The 250 Ontario Oak Street Charge was registered electronically in the Kent Land Registry Office against title to the Oak Street Property on March 30, 2021. Elisabetta Jackson, as president of Richmond Medical, signed an Acknowledgement and Direction dated March 23, 2021, authorizing the electronic registration of the 250 Ontario Oak Street Charge.



The 250 Ontario Oak Street Charge is a collateral charge securing all present and future debts and liabilities of Richmond Medical to 250 Ontario to a maximum principal amount of \$3,250,000, plus interest thereon and costs.

There is no apparent defect in the 250 Ontario Oak Street Charge.

PPSA REGISTRATIONS

The *PPSA* registrations outstanding against the Debtors as of March 1, 2023 are summarized on Schedule B.

(a) Richmond Medical

BNS registered a financing statement on September 11, 2018 for a period of five years as registration number 20180911 1528 1862 1979 and a financing statement on December 6, 2018 for a period of five years as registration number 20181206 0935 1532 6154 with respect to the BNS Richmond Medical GSA and the BNS Richmond Medical AOR. Both registrations included the collateral classifications of inventory, equipment, accounts and other. A financing change statement was registered on January 4, 2019 to amend the collateral classification in the December 6, 2018 registration to include motor vehicles.

(b) I Lov This Place

BNS registered a financing statement on September 13, 2017 for a period of five years as registration number 20170913 0912 1532 1429, which registration was renewed for an additional period of five years by the registration of a financing change statement (renewal) on August 15, 2022 as registration number 220815 1050 1529 4357, with respect to the BNS I Lov This Place GSA. The registration includes the collateral classifications of inventory, equipment, accounts, other and motor vehicles.

OPINIONS

Subject to the qualifications and assumptions set forth on Schedule A to this letter, we are of the opinion that:

1. The BNS Richmond Street Charge is a valid and enforceable charge against the Richmond Street Property securing the principal sum of \$13,750,000, plus interest and costs;
2. BNS has a valid and perfected security interest in the leases and rents for the Richmond Street Property as further security for the payment of the amounts secured under the BNS Richmond Street Charge;
3. BNS has a valid and perfected security interest in the personal property of Richmond Medical securing the payment and performance of all obligations of Richmond Medical to BNS, including interest and costs;
4. BNS has a valid and perfected security interest in the personal property of I Lov this Place securing the payment and performance of all obligations of I Lov this Place to BNS, including interest and costs;



5. The 250 Ontario Richmond Street Charge is a valid and enforceable charge against the Richmond Street Property securing the principal sum of \$3,250,000, plus interest and costs;
6. The 250 Ontario Oak Street Charge is a valid and enforceable charge against the Oak Street Property securing the principal sum of \$3,250,000, plus interest and costs; and
7. The BNS Richmond Street Charge ranks in priority to the 250 Ontario Oak Street Charge by order of registration.

Yours truly,



Tony Van Klink

TVK/jf

Enclosures



SCHEDULE "A"

Genuineness and Authenticity

We assume the genuineness of all signatures and the authenticity of all documents or copies thereof.

Equity and other Statutory Limitations

The opinions herein expressed are subject to any equities between the parties of which we have no notice or knowledge.

Proper Corporate Authorization

We assume that the security documents described in the attached letter have been executed by proper signing officers of the Debtors duly authorized.

Accuracy of PPSA Register and Public Records

We have assumed the accuracy of all public records, indexes and filing systems which we have searched or have caused inquiries to be made. We also assume that the registrations disclosed by the *PPSA* and *Bank Act* searches which we have conducted accurately reflects the contents of and all registrations affecting the Debtors made by all secured parties.

Laws of Ontario

The opinions expressed herein, insofar as same relate to personal property, are limited to personal property located in the Province of Ontario. The opinions expressed herein are, as well, limited to the laws of the Province of Ontario and all federal laws applicable therein.

Attachment

We assume that the Debtors either owned or had rights akin to ownership to permit the security interests created in the security documents described in this letter to attach within the meaning of the *PPSA*.

Consideration and Outstanding Indebtedness

We assume that consideration was given by the secured creditors to support the granting of the security documents by the Debtors.



SCHEDULE B
SUB SEARCHES OF REAL PROPERTY

PIN #08066-0197(LT) LRO #33 (Richmond Medical Centre Inc.) – December 13, 2022

REGISTRATION NO.	DATE	INSTRUMENT	PARTY
118887	1959/04/09	Bylaw	N/A
286285	1969/05/14	Bylaw	N/A
ER860608	2013/01/04	Transfer	Richmond Medical Centre Inc.
33R19375	2015/12/18	Plan Reference	N/A
33R19479	2016/06/03	Plan Reference	N/A
ER1063272	2016/09/14	Transfer Easement (\$2)	1635 Richmond (London) Corp.
ER1065626	2016/09/28	Notice (\$2)	The Corporation of the City of London
ER1192076	2018/09/11	Charge (\$13,750,000)	The Bank of Nova Scotia
ER1192077	2018/09/11	No Assgn Rent Gen	The Bank of Nova Scotia
ER1364652	2021/03/30	Charge (\$3,250,000)	2505151 Ontario Inc.



PIN #00642-0103(LT) LRO #24 (Richmond Medical Centre Inc.) – February 1, 2023

REGISTRATION NO.	DATE	INSTRUMENT	PARTY
277505	1974/11/04	Notice of Lease	The liquor Control Board of Ontario
297415	1976/04/23	Assignment General (\$1)	McWilliams, Cameron J. McWilliams, Helen M.
354873	1979/11/13	Notice of Lease	The Liquor Control Board of Ontario
486152	1990/02/02	Notice of Lease	Liquor Control Board of Ontario
546484	1994/08/19	Notice of Lease	Liquor Control Board of Ontario
600419	2000/06/12	Notice	Liquor Control Board of Ontario
642988	2005/04/26	Notice of Lease	Liquor Control Board of Ontario
CK92597	2014/02/21	Transfer (\$209,000)	Richmond Medical Centre Inc.
CK92598	2014/02/21	No Assgn Rent Gen	The Toronto-Dominion Bank
CK106735	2015/05/21	Notice of Lease	Liquor Control Board of Ontario
CK186389	2021/03/30	Charge (\$3,250,000)	2505151 Ontario Inc.
CK186390	2021/03/30	No Assgn Rent Gen	2505151 Ontario Inc.



SCHEDULE C**ONTARIO PERSONAL PROPERTY SECURITY ACT SEARCH
IN THE NAME OF RICHMOND MEDICAL CENTRE INC.
FILE CURRENCY: MARCH 1, 2023**

REGISTRATION NO.	SECURED PARTY	COLLATERAL CLASSIFICATION	PPSA (P)/ RSLA (R)
20180911 1528 1862 1979	The Bank of Nova Scotia	Inventory, Equipment, Accounts, Other	P
20181206 0935 1532 6154	The Bank of Nova Scotia	Inventory, Equipment, Accounts, Other	P
Amendment 20190104 1942 1531 4026		Add: Motor Vehicle Classification	
20190114 1017 1462 6039	CLE Capital Inc.	Equipment, Other	P
20190905 1252 6005 3958	CWB National Leasing Inc.	Equipment	P

**ONTARIO PERSONAL PROPERTY SECURITY ACT SEARCH
IN THE NAME OF I LOV THIS PLACE 11 INC.
FILE CURRENCY: MARCH 1, 2023**

REGISTRATION NO.	SECURED PARTY	COLLATERAL CLASSIFICATION	PPSA (P)/ RSLA (R)
20170913 0912 1532 1429	The Bank of Nova Scotia	Inventory, Equipment, Accounts, Other Motor Vehicle Included	P
Renewal 20220815 1050 1529 4357			
20180911 1528 1862 1978	The Bank of Nova Scotia	Accounts, Other	P
20181227 1650 1532 8836	Mercedes-Benz Financial	Equipment, Other, Motor Vehicle Included	P
Renewal 20210126 1725 1532 6922			
20220721 1605 1763 1556	Canada Revenue Agency	Other, Motor Vehicle Included	P



APPENDIX “D”



Property Type : Medical Office / Residential Building

Address : 1653 Richmond Street,
City of London,
Province of Ontario

Appraiser : Matt Telford, BA, AACI, P. App

Client : MNP LLP

Effective Date : January 11, 2023

Report Date : January 25, 2023

Valco File # : 0123-40225/MT



759 Hyde Park Road, Suite 251
 London, Ontario, N6H 3S2
 519.667.9050
 800.305.2650
 F: 519.667.9087
www.valcoconsultants.com

MNP LLP
 557 Southdale Road East, Suite 201
 London, ON
 N6E 1A2

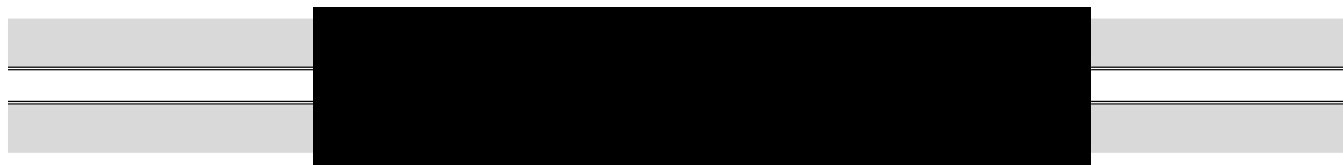
Report Date: January 25, 2023
 Valco File #: 0123-40225/MT

Attention: Mr. Rob Smith | rob.smith@mnp.ca

As requested, I completed an investigation and valuation analysis to estimate the January 11, 2023, Current Market Value of the Leased Fee Interest of a medical office / residential property. The site is improved with a four-storey medical office and residential building, containing a building area of approximately 24,209 square feet (as per plans provided). The main floor of the building is owner occupied, operating as the Children's After Hours Clinic, along with a small pharmacy. Each of the upper floors contains three luxury apartments, for a total of nine apartment units. The Subject site contains 0.52 acres, and is municipally known as:

1653 RICHMOND STREET, LONDON, ONTARIO

I personally inspected the Subject Property on January 11, 2023, and analysed information considered pertinent to the valuation. Data, information, and calculations leading to the value conclusions are incorporated in the report following this letter. The report in its entirety, is an integral part of and inseparable from this letter. Based on this inspection, analyses and subject to all assumptions and limiting conditions found on the 82-page report and addenda, the Current Market Value of the Leased Fee Interest, as at the specified date, is estimated at:



Note to Reader: The valuation estimate above is subject to the Extraordinary Assumption(s) and Hypothetical Condition(s), see page 12.

This is a Narrative Appraisal Report prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP). The report describes the method and approach to value in support of the conclusions and contains pertinent data gathered in our investigation of the market. The client acknowledges that the attached report is confidential and agrees not to disclose the information contained herein to a third party without the expressed authority of the undersigned. If you have any questions, I would be pleased to discuss the valuation further.

Respectfully submitted,
VALCO CONSULTANTS INC.



 Matt Telford, BA, AACI, P. App
 AIC Member # 904290
 (519) 667-9050, Extension 241
mtelford@valcoconsultants.com

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EXECUTIVE SUMMARY

Property Type	:	Medical Office/Residential Property
Municipal Address	:	1653 Richmond Street, London, Ontario
Legal Description	:	The Subject Property municipally addressed as 1653 Richmond Street is legally described as Part Lot 28, RCP 1029, Designated As Part 1, 33R19375 Together With An Easement Over Parts 2, 3, 4, 5 And 7 33R19479 As In ER1063273 Subject To An Easement Over Part 1, 33R19479 In Favour Of Part Lot 23-27, RCP 1029, Parts 1,3,5,7, & 9, 33R19435 As In ER1063272 City of London, Middlesex County, Province of Ontario
Property Identification Number (PIN)	:	08066-0197
Assessment Roll Number	:	39.36.010.680.08803.0000
Registered Owners	:	Richmond Medical Centre Inc.
Client/Intended Users	:	MNP LLP
Inspection Date	:	January 11, 2023
Effective Date	:	January 11, 2023
Type of Report	:	Narrative
Intended Use of the Appraisal	:	The sole intended use of this appraisal and the Current Market Value of the Leased Fee Interest estimate is to assist with potential sale purposes. It was not based on a requested minimal valuation, a specific valuation, or the approval of a loan or investment, nor was the compensation contingent upon the amount of the value reported herein.
Market Value	:	Current Market Value
Property Interest	:	Leased Fee Interest
Site Description	:	The Subject site is basically rectangular in shape, being situated on the southwest corner of Richmond Street and Hillview Boulevard. The site is relatively level, at grade with the adjoining roads and is accessed from Hillview Boulevard. The site has 75.0' of frontage along Richmond Street and secondary frontage of 302.49' along Hillview Boulevard. The total site contains approximately 0.52 acres (22,687 square feet). The site has 16 parking spaces and a rain garden at the rear of the site, as well as access to the underground parking garage.
Description of Improvements	:	The site is improved with a four storey, medical office / residential building. The building is of newer construction (2017) and is in very good condition. The property contains a building area of 24,209 square feet, with approximately 6,108 square feet on the main floor and 6,034 square feet on each of the upper floors. The majority of the main floor is owner

occupied, operating as a medical clinic (5,108 sf). The main floor has a main entrance, main reception, waiting area, hallways, washrooms, staff room, as well as individual exam rooms / offices. There is a rear hallway that accesses a stairwell and elevator which is used by the apartment tenants. The second, third and fourth floors are made up of three residential units each and range from 1,600 square feet to 2,000 square feet – the units on the East side being 1,600 square feet, units on the West side 1,700 square feet and the units in the middle section being 2,000 square feet. The units are large in size, have very good layouts and a high level of finish, being in very good condition. Each unit contains two bedrooms (middle units have a den), two washrooms, open concept kitchen / living room, large windows, fireplace, 12' - 16' ceiling height and a 12' x 6' balcony. The building also features an underground parking garage, with 28 parking spaces and an asphalt-paved above-ground parking lot with 16 parking spaces. The Subject building is in very good condition, being of newer construction, with no significant items of deferred maintenance noted or reported at the time of inspection.

Municipal Services and Utilities	:	The Subject Property reportedly has full municipal services and utilities available to the site are indicated to include storm and sanitary sewers, hydro, municipal water, natural gas and telephone, along with police and fire protection. It has been assumed that the services available to the Subject Property are in adequate quality and quantity to service the Highest and Best Use of the site as if vacant and as improved.
Current Use	:	Medical Office/Residential Property
London Plan	:	Neighbourhoods
Zoning	:	R9-7(23) - Residential R9 Zone
Conservation Authority	:	The Subject Property does not appear to be within a regulated area.
Highest and Best Use as Improved	:	It is the appraiser's opinion the Highest and Best Use for the Subject Property would be represented by a continuation of its current commercial and residential use, in accordance with zoning and market demand within the area. The structure is modern and functional and offers competitive space within the existing level of similar rental accommodations. No economic justification for altering or changing the existing structures appeared to exist at this time, with the exception of continued maintenance as required to maintain the property position within the marketplace.
Highest and Best Use as Though Vacant	:	If the site was vacant and available for development, it is anticipated that a commercial and residential type of development would take place on the site.
Personal Property	:	No personal property is included in this valuation estimate.

ASSET ANALYSIS

LOCATION	
POSITIVE FACTORS	NEGATIVE FACTORS
<ul style="list-style-type: none"> situated in a very good location 	<ul style="list-style-type: none"> none noted
<ul style="list-style-type: none"> good visual exposure and traffic volume along an arterial road (26,000-27,000 vehicles per day) 	
<ul style="list-style-type: none"> commercial amenities in the immediate area, including Masonville Mall 	
<ul style="list-style-type: none"> affluent area of the city, with new residential development to the north ongoing 	
<ul style="list-style-type: none"> corner site 	
IMPROVEMENTS	
POSITIVE FACTORS	NEGATIVE FACTORS
<ul style="list-style-type: none"> building is of newer construction (2017) 	<ul style="list-style-type: none"> none noted
<ul style="list-style-type: none"> the building is in very good condition 	
<ul style="list-style-type: none"> onsite and underground parking 	
<ul style="list-style-type: none"> large residential units, with 12' - 16' ceiling height 	
<ul style="list-style-type: none"> high end interior finish 	
INVESTMENT MARKET	
POSITIVE FACTORS	NEGATIVE FACTORS
<ul style="list-style-type: none"> low interest rates provide attractive leverage to the investor 	<ul style="list-style-type: none"> interest rates have begun to increase
<ul style="list-style-type: none"> good quality projects, such as the Subject, are in demand by investors as well as owner occupiers 	
INCOME CHARACTERISTICS	
POSITIVE FACTORS	NEGATIVE FACTORS
<ul style="list-style-type: none"> residential apartments are fully leased 	<ul style="list-style-type: none"> none noted
<ul style="list-style-type: none"> residential leases are plus utilities 	
<ul style="list-style-type: none"> stable medical tenant in place on the first floor 	

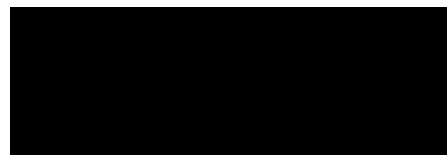
ESTIMATED CURRENT MARKET VALUE

Two approaches to value were utilized in the valuation of the Subject Property. These approaches suggested market supportable values in the following ranges. The ranges of values were then correlated to a most probable single value based on market conditions at date of valuation.

Direct Comparison Approach

Income Approach

Final Estimated Market Value



ANALYSIS SUMMARY	
Final Estimated Market Value	[REDACTED]
Building Area (square feet)	24,209
Market Value Per Square Foot	[REDACTED]
Potential Gross Annual Income (GAI)	[REDACTED]
Gross Income Multiple (GIM)	[REDACTED]
Net Operating Income (NOI)	[REDACTED]
Net Operating Income Per Square Foot	[REDACTED]
Overall Capitalization Rate (Ro)	[REDACTED]

The estimate of value contained in this report is founded on 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 is no reason to doubt its accuracy. Certain empirical data required interpretive 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 Assumptions and Limiting Conditions contained in the Addenda of the attached report, in addition to any which may be contained in the body of the report.

This report has been prepared for the information and guidance of **MNP LLP**. It is not to be referred to or quoted in any prospectus for the sale or exchange of securities, and may not be reproduced, in whole or in part, without prior agreement.

PURPOSE AND INTENDED USE OF APPRAISAL

The purpose and intended use of this appraisal and the estimated Current Market Value, are to assist **MNP LLP**, exclusively. The client acknowledges that the attached report is confidential and agrees not to disclose the information contained herein to a third party, other than for own uses. It is not reasonable for anyone other than the client shown to rely upon this report without first obtaining written authorization from the appraiser and liability is denied to anyone who utilizes this report without authorization.

Purpose : The purpose of this report was to estimate the Current Market Value of the within described Subject Property, as of January 11, 2023.

Intended Use : The sole intended use of this appraisal is to estimate the Current Market Value of the Subject Property to assist with possible sale purposes. The appraisal was not based on a requested specific valuation.

PROPERTY RIGHTS APPRAISED

The property rights being appraised are those of the "Leased Fee Interest", which is defined as:

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

Further, the estimated Market Value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other typical 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 rise there from, have been described and measured in this report.

DEFINITION OF PERSONAL PROPERTY

The Appraisal of Real Estate, Third Canadian Edition distinguishes between Real Estate, Personal Property and Trade Fixtures. The distinction between fixtures and personal property is not always obvious and attempts must be made to read leases to determine how these items are treated. It is sometimes impossible to exclude personal property from an opinion of value. Personal Property is defined as:

“Identifiable portable and tangible objects which are considered by the general public as being personal, e.g. furnishings, artwork, antiques, gems and jewellery, collectibles, machinery and equipment; all property, tangible and intangible, that is not classified as real estate” (CUSPAP)

Personal property is not endowed with the rights of real property ownership. Personal property is not endowed with the rights of real property ownership. Personal property is generally considered in the valuation of hotels, apartment buildings, golf courses, restaurants etc. The value is included in the overall value and has not been segregated.

In this instance Personal Property has no effect on the cash flow and is not considered for valuation purposes.

DEFINITION OF MARKET VALUE

Market Value is defined as:

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after 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.” (Appraisal of Real Estate, Third Canadian Edition)

Implicit in this definition is the consummation of a sale as of a specific 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 open market;
- Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and,
- The price represents the normal consideration for the Property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.”

Market Value is further defined by the International Valuation Standards Committee as:

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.” (Appraisal of Real Estate, Third Canadian Edition)

CURRENT VALUE OPINION

Refers to an effective date contemporaneous with the date of the report, at the time of inspection, or at some other date within a reasonable short period from the date of inspection, when market conditions have not or are not expected to have changed.

A Current Value Opinion has been used in this report.

DEFINITION OF REASONABLE MARKETING TIME

The reasonable marketing time is an estimate of the amount of time it might take to sell a property interest in real estate at the estimated Market Value level during the period immediately after the effective date of an appraisal.

The reasonable marketing time is a function of price, time, use and anticipated market conditions such as changes in the cost and availability of funds; not an isolated estimate of time alone.

The estimate of value assumes a marketing time of three (3) to nine (9) months which allows for required presentation to the market, a due diligence period and legal requirements. Given the nature of the Subject Property, this time frame is considered reasonable under current market conditions. This marketing period is also predicated on the prerequisites to 'Market Value' as more fully developed elsewhere in this report. It is also noted that market conditions can change quite significantly over a relatively short period of time and property values can be impacted accordingly. No such adjustments (favourable or otherwise) are indicated at this time; however, it is beyond the scope of this appraisal to undertake an in-depth, long range analysis of related property value trends.

DEFINITION OF REASONABLE EXPOSURE TIME

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; a retrospective estimate based upon analysis of past events assuming a competitive and open market.

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process; supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between seller and buyer); and the analysis of future income expectancy estimated from the effective date of the appraisal.

The primary difference between Reasonable Marketing Time and Reasonable Exposure Time is that Reasonable Marketing Time refers to the period of time after the Effective Date, while the Reasonable Exposure Time refers to the period of time prior to the Effective Date.

Assuming that the Subject Property would have been listed on the MLS system by a recognized commercial brokerage firm at an asking price that would be about 5% to 10% higher than the Market Value estimate in this report, an 'Exposure Time' of three (3) to nine (9) months prior to the effective date would be reasonable.

DEFINITION OF THE PRINCIPLE OF CONTRIBUTION

The Principle of Contribution is defined in The Appraisal of Real Estate, Third Canadian Edition as:

“The concept that the value of a particular component is measured in terms of its contribution to the value of the whole property or as the amount that its absence would detract from the value of the whole.”

DEFINITION OF CONTRIBUTORY VALUE

The Contributory Value of a particular building improvement, is essentially the reproduction or replacement cost of that improvement minus all forms of depreciation. Again, referencing The Appraisal of Real Estate, Third Canadian Edition:

“The depreciated cost of the improvement can be considered an indication of the improvement’s contribution to the property’s Market Value.”

ASSEMBLAGE

Assemblage is defined in The Appraisal of Real Estate, Third Canadian Edition as follows:

“The combining of two or more parcels, usually but not necessarily contiguous into one ownership or use; the process that creates plottage value.”

Plottage is the increment of value created when two or more sites are combined to create greater utility. For the purchase of a property by an adjacent owner to qualify as an assemblage, the objective of the purchase must be ‘to create greater utility’. This normally involves increasing returns through increasing size.

In the case of the Subject Property, no assemblage or plottage value would be created by an assemblage of adjacent properties.

ANTICIPATED PUBLIC OR PRIVATE IMPROVEMENTS

There are several high rise apartment buildings in the planning stages on the Masonville Place lands to the east of Subject Property. If this planning application gets approved, it will be a strong positive for the Subject Property and the immediate area.

TYPES OF APPRAISAL REPORTS

Narrative:	Comprehensive and detailed.
Short Narrative:	Concise and briefly descriptive.
Form:	A standardized format combining check-off boxes and narrative comments.

The valuation reported herein has been completed within a Narrative Appraisal Report.

EXTRAORDINARY LIMITING CONDITIONS

An extraordinary limiting condition refers to a necessary modification or exclusion of a Standard Rule. The burden is on the appraiser in the report to explain and justify such necessity, and to conclude before accepting an assignment and invoking an extraordinary limiting condition, that the scope of the work applied will result in opinions/conclusions that are credible. Examples include; exclusion of a relevant valuation approach; no interior inspection of the subject improvements; no title search and no liability insurance coverage.

In accordance with the Canadian Uniform Standards of Professional Appraisal Practice, certain conditions are unacceptable in any assignment where they:

- i) compromise an appraiser's impartiality, objectivity, or independence;
- ii) limit the scope of work to such a degree that the results are not credible given the purpose of the assignment and the intended use of the results;
- iii) limit the contents of a report that results in the report being misleading.

The following Extraordinary Limiting Condition(s) apply to this report.

- i) the Cost Approach to Value has not been utilized in this instance. The age and condition of the building was such that the ability to determine the proper depreciation (physical, functional and external) was highly judgmental, thereby restricting the reliability of this Approach. In many instances the asset cost does not indicate the overall value;
- ii) interior inspection of all comparable sales was not possible; the building condition, design and layout have been confirmed through a variety of alternative sources where applicable;
- iii) no Registry Office title search was completed;
- iv) that the Subject site is not contaminated by any hazardous substance, thus there is no negative or adverse effect to the value estimate.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

Extraordinary Assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the Subject Property, or about conditions external to the Subject Property such as market conditions or trends, or the integrity of data used in an analysis. Extraordinary Assumptions (Hypothetical Conditions) presume as fact simulated but untrue information about physical, legal or economic characteristics of the Subject Property or external conditions. Examples would include: that non-existent improvements were already in place and ready to use, as proposed; a change in land use planning; or full occupancy in a development not yet constructed.

The following Extraordinary Assumption(s) and Hypothetical Condition(s) have been identified in the valuation report for the Subject Property:

- i) this report assumes that the main floor commercial lease is in place and at arms length;
- ii) this report assumes that the section of the main floor that was formerly occupied by a pharmacy could be leased to another tenant / pharmacy in the future.

SCOPE OF THE ASSIGNMENT

In the process of preparing this appraisal, I

- viewed and photographed the immediate neighbourhood area surrounding the Subject Property;
- personally inspected the Subject improvements on the exterior and interior, on January 11, 2023. This inspection, however, did not involve a technical investigation such as the structure, roof or mechanical systems which are assumed to be in an operating state of repair, in keeping with the observed appearance of the development; investigated the information and data contained in this report and have the background experience and knowledge to complete this assignment competently. The user of this report should exercise reasonable and proper due diligence and retain such other experts as necessary to make an informed decision with regard to the physical and mechanical/electrical condition of the improvements. The inspection was considered sufficient to describe the real estate, develop an opinion of the Highest and Best Use, and make meaningful comparisons with other market data;
- reviewed the Official Plan and Zoning designations for the Subject Property. A formal review was not conducted and would be required for certainty and property compliance;
- obtained assessment information on the Subject Property through the City of London, the local real estate board, Geowarehouse or MPAC;
- considered the Highest and Best Use of the property as it currently exists;
- reviewed appraisal methodologies and procedures employed in arriving at indications of value, which are more fully described in the body of this report, 'Approaches to Value' section;
- conducted market research with regard to comparable sales of similar type properties. Sources of market evidence included, as appropriate, the local real estate board, Land Title Office transactions - including those reported by 'MPAC', 'Geowarehouse' and 'Realtrack Inc.', real estate agents, vendors and purchasers active in the market;
- exterior inspections and discussions were held with vendors, purchaser or real estate agents of each of the comparable sale transactions utilized where feasible;
- considered physical and economic factors, as well as market conditions and analysed their potential effect on the property;

The analysis set out in this report relied on written and verbal information obtained from a variety of sources considered reliable. Unless otherwise stated herein, I did not verify client supplied information, which I assumed to be correct.

After analysing the data, I estimated the Subject Property's Current Market Value using the Direct Comparison Approach and the Income Approach. The collected data was then reconciled into a single most probable Current Market Value as of the effective date of the appraisal.

AREA AND NEIGHBOURHOOD DESCRIPTION

The Subject Property is located in the north sector of the City of London, on the southwest corner of Richmond Street and Hillview Boulevard.

LOCATION AND FREEWAYS

London is centrally located within the Southwestern Ontario region. The city is strategically situated on the MacDonal-Cartier Freeway (Highway 401) providing direct routes east to Toronto and Montreal, and west to Windsor and Detroit. London is also connected by Highway 402 allowing access to the Sarnia/Port Huron border crossing. London connects to Hamilton via Highway 403 and 401 providing access to the Niagara Falls/Buffalo border crossing. Canada and the US exchange 1.7 billion USD in goods and services daily due to their membership in the most significant free trade agreement (USMCA- Unites States Mexico Canada Agreement). As a result of London's proximity to major freeways and border crossings the city has a high profile along major trade routes.

General access to the city is provided via several major north south transportation routes, including Veterans Memorial Parkway and Highbury Avenue to the east, centrally located Wellington Road the main access route to the Central Business District, and Wonderland and Colonel Talbot Roads to the west. Fanshawe Park Road, Oxford Street, and Dundas Street are major east west transportation routes through the north and central section of the city, while Commissioners, Southdale and Exeter Roads provide east-west access through the southern portion of the community.

TRANSPORTATION

London International Airport (LIA) is the second fastest growing airport in Canada located in the northeast corner of London. LIA services 5 different airlines (Air Canada, Air Transat, West Jet, Sunwing, and Canadian North), and charter flights to various cities in and out of province. Those cities being Toronto, Ottawa, Montreal, Windsor, Edmonton, Calgary, and Vancouver. Internationally the airport reaches the US (Florida, California, New York, etc.), and Mexico.

Commercial goods are transported by 'Canadian National', and 'Canadian Pacific' railways through the city, whereas passenger trains arrive and depart through London VIA rail train station located downtown. The VIA station services connections to Toronto, Windsor, and Sarnia. RobertQ Airbus provides ground transportation to and from Toronto's Pearson International Airport, and to and from Detroit Metropolitan Airport. FlixBus is German electric bus company servicing cheap trips from London to Toronto, departing from Western University in north London.

POPULATION AND GROWTH

In January 1993, the City of London annexed land from adjacent townships to nearly triple in size. The city gained 64,220 acres of land of which approximately 90% was farmland. Primary to the annexation was the almost total absorption of the Town of Westminster, to the south extending to the north boundary of Elgin County and the City of St Thomas. To preclude urban development around the city's new boundaries no development will be allowed without full urban services except for farm related projects. Any development in the designated buffer zone must have the approval not only of the host municipality but also of the adjacent urban municipality. With well planned development policies and the expansion of municipal services, the annexation will permit well defined growth and success of the city.

The census population of the City of London, for 2021, was 422,324. This census figure reflected an increase of 10.0% over the 2016 count, as illustrated below.

2011 Census	2016 Census	2021 Census	% Change London	% Change Ontario	% Change Canada
366,151	383,822	422,324	10.0%	5.8%	5.2%

As noted, the major population increase occurred in 1993, with the annexation of the lands from the surrounding townships. London is the 10TH largest City in the Country and future growth is expected on a stable and constant basis. The city has established its importance as a service centre in Southwestern Ontario, particularly to the seven surrounding counties. According to the City and Macrotrends, it is estimated that in excess of 511,000 people are located in the London Census Metropolitan Area (CMA), 2021.

EDUCATION

London is home to Western University, the fifth largest university in Canada. The main campus is located in northwest London and encompasses approximately 376 acres of land along the banks of the Thames River. Western is home to approximately 3,700 full-time faculty and staff members and approximately 32,000 undergraduate and graduate students. Through its 12 faculties, and three affiliated Colleges, being Huron, Brescia and King's, the University offers more than 400 different majors, minors and specializations. Research is an integral part of the University's mission and external support for research projects to exceed \$200 million per year. Western, which houses nearly 5,800 students in 11 residences on campus, guarantees a room in residence for all first-year students. The university also provides accommodation for single upper-year students in close to 550 units in university owned and operated apartment buildings. There are also 400 apartments and townhouses available on campus for married or partnered students and students with families.



Western announced in early May 2006 that they would be investing \$230 million during the next seven years on 15 major projects aimed at easing a campus space crunch. Most recently completed is the Western Student Recreation Centre, a 20,000 square foot multi-use facility that includes an indoor pool, gymnasium, lounges, café, squash courts, etc.

In addition to the university developed accommodations, several private projects have been developed along Richmond Street, Sarnia Road and Western Road, in response to the demand by students for off campus housing. This market has been very successful, with most modern projects continuing to experience 100 percent occupancy levels

Fanshawe College was established in 1967 and is one of Ontario's largest Colleges, with four campuses, Simcoe, St. Thomas, Woodstock and their primary campus in London. Fanshawe College provides more than 220 degree, diploma, certificate and apprenticeship programs, and has seen its enrollment grow over the years, to more than 43,000 students per year (full and part time). The College has invested significant capital in recent years expanding and improving their facilities. The Centre for Applied Transportation Technologies, a \$31.8 million investment and was completed in 2012. The centre contains approximately 148,000 square feet and is one of the most advanced transportation training centres in the country, accommodating 1,500 students annually. It features state of the art equipment and learning tools and supports a number of 'green initiatives'. The increasing enrollment has also enabled Fanshawe to construct two student residence buildings in the past five years, at a cost of \$42 million, as well as the February 2011 purchase of a 68-unit student housing complex, to better serve their student population.



Fanshawe College has plans for creating a downtown London campus, in the form of a School for Applied and Performance Arts. The City of London is encouraging Fanshawe's presence in the downtown core and is offering a grant program, upwards of \$10 million from the Economic Development Fund. The purchase of the Fanshawe's first downtown building at 137 Dundas Street was announced in September 2011 and opened its doors to students in January 2014. Fanshawe has also purchased the former Kingsmills building along Dundas Street, which has been extensively renovated / constructed (upwards of \$66 million) and opened in 2018. The Canadian Centre for Product Validation was opened in June 2016, being a 25,000 square foot, multi modal developmental test facility, being unique to Canada. Fanshawe purchased the former Jazz Aviation facility at the London International Airport in August 2013 which houses their aviation program. Other major projects include the Student Wellness Centre, as well as new research and science labs in their Centre for Applied Research in Bio-Technology.

Fanshawe College has a strong partnership with the City of London and its diverse employers, being a positive and integral part of the community.

INDUSTRY AND EMPLOYERS

Generally speaking, the strength of London's economy is attributed to its diversity. Various banks, trust and insurance companies including branches, head and regional offices have located in London, as well as over 450 manufacturing and allied firms. Among the larger firms with regional offices in London are 'Great West Life/London Life', 'TD Canada Trust', 'Club House Foods', 'Bell Canada', 'Emco', '3M Canada', 'Labatt Breweries', and 'Lever Industrial'. Certainly, the amalgamation or merger of financial institutions and insurance companies has had an adverse impact on the city, with the closure of several head offices and the downsizing of middle and upper management employees. The impact of several of these corporate moves has been reflected in increased office vacancy levels. New companies recently located to London include 'Brose', 'Starlim-Sterner', 'Transform Automotive', 'Dr. Oetker', 'Arvin Sango Inc.', 'Samsung' and 'Original Cakerie'.

One industry that has moved to the forefront of London's economic service sector, is medical services, led by three teaching and research hospitals 'Victoria', 'University' and 'St. Joseph's'. 'Victoria' and 'University' hospitals recently merged to become the 'London Health Sciences Centre'. The continued growth of medical services in London has resulted in the city gaining a reputation as an international medical centre. The generation of baby boomers continues to have an impact on most segments of the market and will certainly be seen in the medical area as the population ages.

EMPLOYER	INDUSTRY	FULL-TIME EMPLOYEES
London Health Sciences Centre	Health Care	17,174
Thames Valley District School Board (Public)	Education	8,511
St. Joseph's Health Care London	Health Care	4,569
Western University	Education	3,732
TD Canada Trust	Financial	3,200
City of London	Government	3,000
London Life Insurance Co.	Insurance	3,000
Fanshawe College	Education	2,900
CAMI Automotive Inc.	Automotive	2,710
General Dynamics Land Systems Canada	Manufacturing	2,400
London District Catholic School Board	Education	2,252
3M Canada	Manufacturing	1,867
Schulich School of Medicine and Dentistry	Education	1,500
Formet Industries (Cosma Group within Magna International)	Manufacturing	1,500
Lawson Health Research Institute	Healthcare	1,200
Voyageur Transportation Services	Transportation	1,100

Source: Valco Research, 2022

ECONOMIC HEALTH

The economic health of a community can be observed through the issue of building permits and the dollar values of construction over a period of time. The chart below shows the historical construction activity between 2012 and 2021 for London, with the permit values in (\$) millions.

YEAR / TYPE	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
RESIDENTIAL										
SINGLE FAMILY DWELLINGS	768 (\$234.5)	715 (\$231.9)	691 (\$259.9)	628 (\$229.7)	881 (\$344.4)	1,038 (\$426.4)	656 (\$277.2)	688 (\$296.8)	963 (\$414.2)	1,045 (\$473.9)
SEMI DETACHED DWELLINGS	1 (\$0.1)	2 (\$0.5)	2 (\$0.6)	2 (\$1.0)	2 (\$0.2)	0 (\$0.0)	0 (\$0.0)	0 (\$0.0)	1 (\$1.02)	2 (\$0.4)
TOWNHOUSES	142 (\$60.8)	165 (\$88.8)	195 (\$125.9)	139 (\$84.5)	180 (\$123.8)	254 (\$185.7)	207 (\$160.6)	173 (\$157.8)	145 (\$136.9)	237 (\$215.8)
DUPLEX, TRIPLEX, APARTMENT	20 (\$109.0)	15 (\$154.1)	14 (\$165.3)	6 (\$54.1)	21 (\$335.7)	9 (\$143.7)	13 (\$263.4)	20 (\$242.7)	20 (\$626.1)	17 (\$458.2)
ALTERATIONS & ADDITIONS	1,528 (\$72.5)	1,575 (\$44.0)	1,573 (\$49.5)	1,720 (\$63.3)	1,775 (\$67.9)	1,991 (\$66.5)	1,826 (\$61.9)	1,798 (\$58.2)	1,509 (\$60.9)	1,889 (\$83.6)
TOTAL RESIDENTIAL	2,459 (\$485.9)	2,472 (\$519.4)	2,475 (\$601.1)	2,495 (\$432.9)	2,859 (\$872.0)	3,292 (\$822.3)	2,702 (\$763.2)	2,679 (\$755.5)	2,339 (\$1,239)	3,190 (\$1,232.0)
COMMERCIAL	515 (\$126.0)	468 (\$83.7)	411 (\$95.6)	439 (\$130.0)	533 (\$186.0)	435 (\$154.2)	502 (\$141.6)	546 (\$115.3)	390 (\$106.1)	401 (\$117.0)
INDUSTRIAL	83 (\$33.2)	91 (\$43.4)	76 (\$24.0)	68 (\$22.0)	80 (\$53.6)	95 (\$33.2)	81 (\$43.6)	112 (\$385.7)	64 (\$63.0)	64 (\$97.8)
INSTITUTIONAL	172 (\$129.2)	189 (\$81.3)	198 (\$92.8)	169 (\$123.6)	203 (\$289.7)	173 (\$108.4)	236 (\$53.9)	191 (\$97.1)	178 (\$203.6)	144 (\$175.2)
OTHER	1,012 (\$4.4)	1,091 (\$4.2)	1,016 (\$4.9)	876 (\$2.8)	1,037 (\$8.0)	1,019 (\$5.6)	1,049 (\$5.8)	1,003 (\$20.7)	820 (\$9.6)	961 (\$12.2)
TOTAL PERMITS	4,241	4,311	4,176	4,047	4,712	5,014	4,570	4,531	4,091	4,760
% CHANGE	+7.8%	+1.7%	-3.1%	-3.2%	+16.4%	+6.4%	-8.8%	-0.9%	-9.7%	+16.4%
TOTAL\$ AMOUNT	\$778.7	\$732.0	\$818.5	\$711.6	\$1,410.1	\$1,123.8	\$1,008.1	\$1,374.4	\$1,621.5	\$1,634.1
% CHANGE	-22.8%	-6.0%	+11.8%	-15.0%	+98.2%	-20.3%	-10.3%	-36.3%	+18.0%	+0.1%

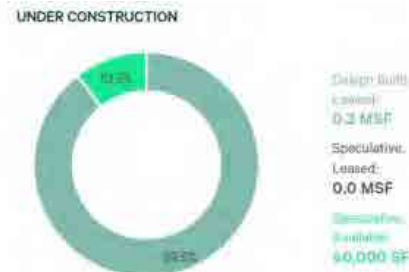
SOURCE: CITY OF LONDON



QUARTER 3: LONDON – INDUSTRIAL

After a brief two-quarter increase, the London industrial market has resumed its recent trend of declining availability. With an increasingly limited amount of available product, pricing and construction levels have seen a noticeable uptick. As a note, the 638,000 sq. ft. Maple Leaf Foods poultry plant completed this quarter.

MARKET STATS	TOTAL	Q/Q
Net Rentable Area	41,186,379	▲
Overall Availability Rate	1.0%	▼
Quarter Net Absorption	854,072	▲
Year-to-Date Net Absorption	3,257,441	
Quarter New Supply	738,022	▲
Year-to-Date New Supply	3,945,245	
Under Construction	387,541	▼
Avg. Net Rent (PSF)	\$4.81	▲
Avg. TMI (PSF)	\$3.62	▲
Avg. Sale Price (PSF)	\$21.78	▲



QUARTER 3: LONDON - OFFICE

City-wide office vacancy improved over the quarter, down 50 bps to 21.2%. In an effort to attract prospective tenants, landlords have had recent success securing tenants at lower rates. Landlords and tenants however are still at odds over lease terms, with many tenants still weary of their space needs aiming for shorter lease terms.

MARKET STATS	DOWNTOWN	SUBURBAN	TOTAL	Q/Q
Net Rentable Area	4,768,881	6,602,485	11,371,366	▲
Overall Vacancy Rate	28.3%	9.3%	21.2%	▼
Direct Space	1,063,888	1,914,230	2,978,118	▼
Sublet Space	140,007	9,247	149,254	▲
Sublet % of Vacant	11.2%	9.2%	11.8%	▲
Class A Vacancy Rate	13.4%	N/A	13.4%	▼
Avg. Class A Net Rent (PSF)	\$14.45	N/A	\$14.45	▼
Quarter Net Absorption	37,502	4,563	42,065	▲
Quarter New Supply	0	0	0	▲
Under Construction	0	0	0	▲



SOURCE: 2022 CBRE LIMITED

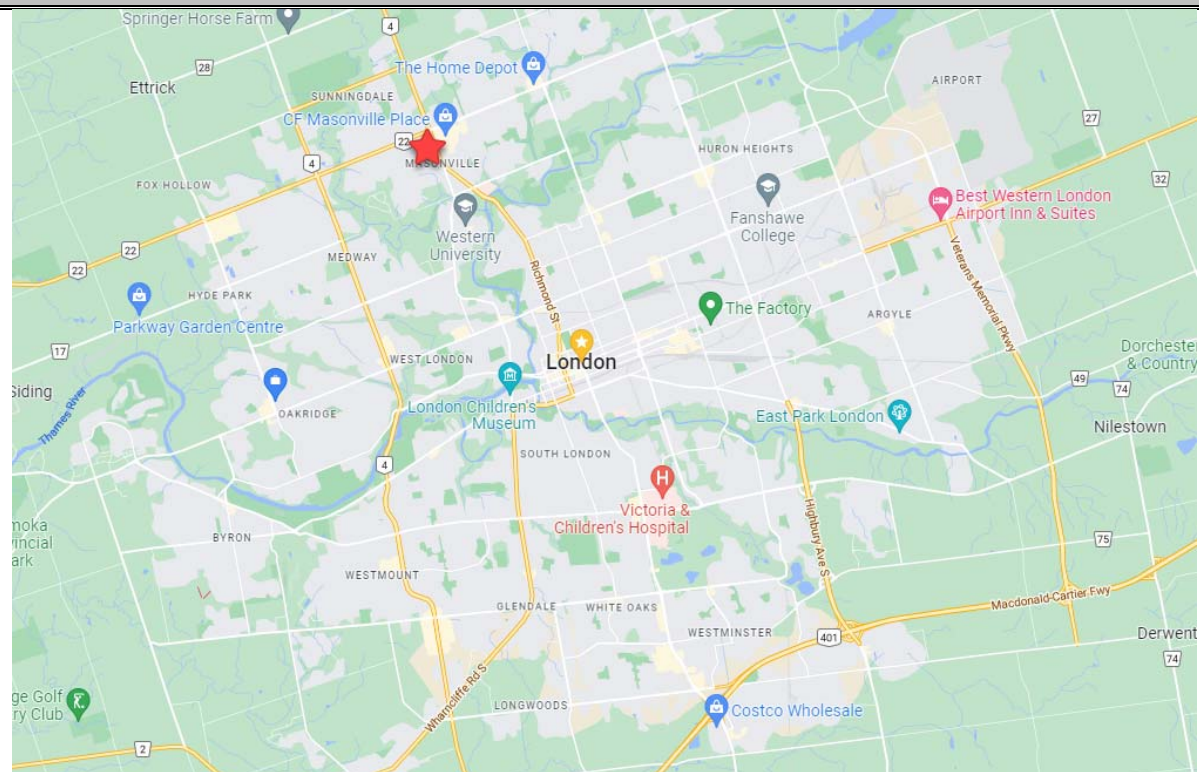
More specifically, the Subject Property is located on the southwest corner of Richmond Street and Hillview Boulevard. The immediate area is mixed in use, being a major commercial node of north London, with a strong residential base nearby.

Masonville Mall is located to the east of the Subject Property, being a major shopping centre, which houses tenants such as; Apple; American Eagle; Disney; GAP; The Bay; Lululemon; Roots; and Silver City theatres. There are two large scale retail plazas to the north, along Fanshawe Park Road, anchored by Best Buy; Staples, Indigo, Loblaws, Jack Astors, Sport Chek, etc. There is a new development, adjacent to the Subject Property to the south which was recently completed, being mid rise apartment buildings.

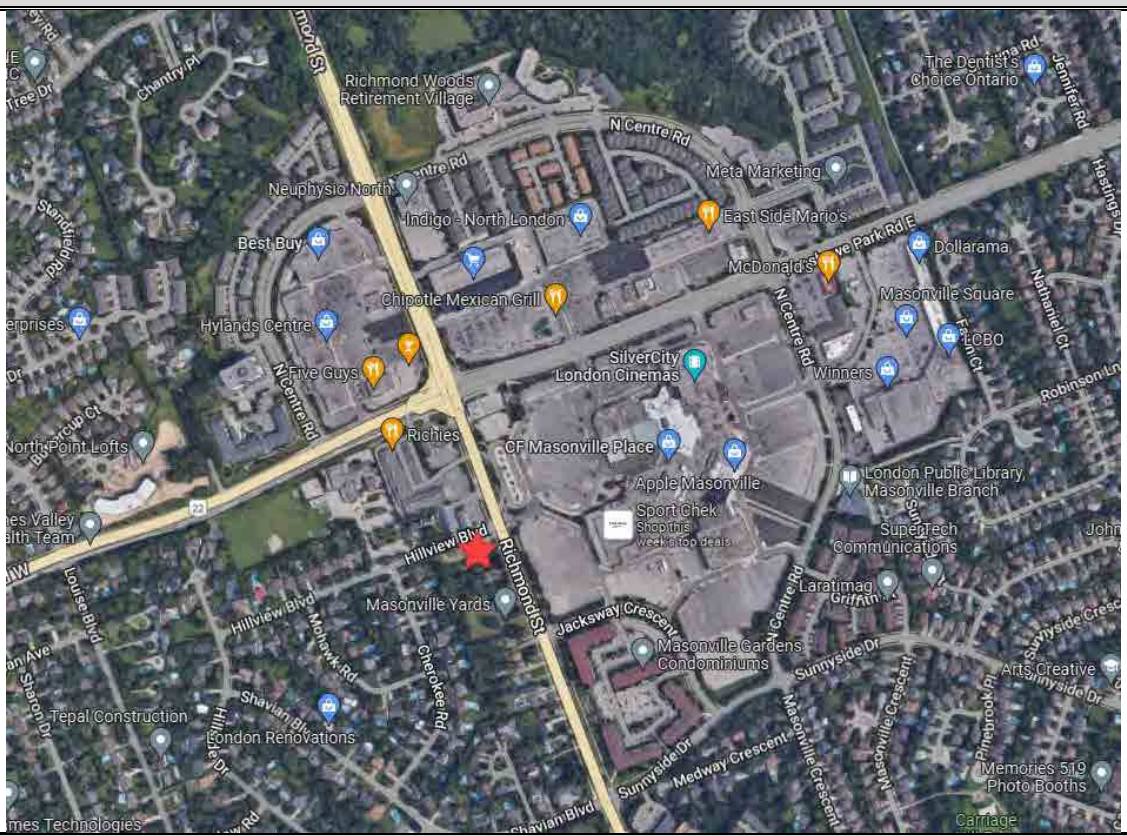
There is a large residential base nearby as well, in all directions. University Hospital and Western University is located further to the south. Areas to the north continue to be developed with higher end residential properties, which is a strong positive for the general area.

In summary, the Subject Property is located in the north sector of London, along an arterial road, in a commercial area. The immediate area is mixed in use, being almost 100% developed with limited infill sites. The area is stable and will continue to be a mixed-use area, with the commercial properties serving the large residential base. The area is close to the downtown core, which has seen a revitalization in recent years, and is projected to continue.

LOCATION MAPS



AREA MAP



NEIGHBOURHOOD MAP

MUNICIPAL SERVICES, ROADS AND UTILITIES

The Subject Property reportedly has full municipal services and utilities available to the site are indicated to include storm and sanitary sewers, hydro, municipal water, natural gas and telephone, along with police and fire protection. It has been assumed that the services available to the Subject Property are in adequate quality and quantity to service the Highest and Best Use of the site.

Richmond Street, in the vicinity of the Subject Property, is a four lane, plus turning lane, asphalt paved road with concrete curbs, sidewalks and overhead street lighting. Hillview Boulevard, in the vicinity of the Subject Property, is a two lane, asphalt paved road with concrete curbs, sidewalks and overhead street lighting.

SUBJECT PROPERTY STREET VIEWS	
	
VIEW ALONG RICHMOND STREET	VIEW ALONG RICHMOND STREET
	
NEARBY PROPERTY (MASONVILLE PLACE)	NEARBY PROPERTY (MASONVILLE PLACE)



NEARBY PROPERTY



NEARBY PROPERTY



NEARBY PROPERTY



NEARBY PROPERTIES

SITE DESCRIPTION

The Subject site is basically rectangular in shape, being situated on the southwest corner of Richmond Street and Hillview Boulevard. The site is relatively level, at grade with the adjoining roads and is accessed from Hillview Boulevard. The site has 75.0' of frontage along Richmond Street and secondary frontage of 302.49' along Hillview Boulevard. The total site contains approximately 0.52 acres (22,687 square feet). The site has 16 parking spaces and a rain garden at the rear of the site, as well as access to the underground parking garage.

The soil conditions observed at the Property appear to be typical of the neighbourhood and adequate for the existing use(s) and/or possible future development. There are no known adverse environmental conditions on the Subject Site. Please reference Limiting Conditions and Assumptions.

The Subject site is well suited to support the current use and is considered to be in conformity with the overall market. Subject Property information was obtained from MPAC, Geowarehouse, the City of London.

AERIAL IMAGE



SOURCE: GEOWAREHOUSE

PROPERTY OWNERSHIP HISTORY

The Subject Property was last purchased by Richmond Medical Centre Inc., with a consideration value recorded as \$595,000, and was registered on January 4, 2013. The Subject Property is not listed for sale, nor subject to a purchase and sale agreement. No registry office search was completed.

Sales History

Sale Date ▼	Sale Amount	Type	Party To
Jan 04, 2013	\$595,000	Transfer	RICHMOND MEDICAL CENTRE INC.;

MUNICIPAL ADDRESS

1653 Richmond Street, London, Ontario

LEGAL DESCRIPTION

The Subject Property municipally addressed as 1653 Richmond Street is legally described as Part Lot 28, RCP 1029, Designated As Part 1, 33R19375 Together With An Easement Over Parts 2, 3, 4, 5 And 7 33R19479 As In ER1063273 Subject To An Easement Over Part 1, 33R19479 In Favour Of Part Lot 23-27, RCP 1029, Parts 1,3,5,7, & 9, 33R19435 As In ER1063272 City of London, Middlesex County, Province of Ontario.

Property Identification Number (PIN) : 08066-0197

Assessment Roll Number : 39.36.010.680.08803.0000

ASSESSMENT AND TAXES

According to municipal records for the City of London, the Subject Property municipally addressed as 1653 Richmond Street is assessed and taxed as follows:

Roll Number	39.36.010.680.08803.0000		
Assessed Value (January 1, 2022)	\$2,307,000.00		
Taxes (2022)	Commercial: \$18,702.78 Residential: \$40,493.97 Total: \$59,196.75		
Building Area (Sq. Ft.)	24,209	\$2.45	Taxes per Sq. Ft.
		\$95.30	Assessed Value per Sq. Ft.

To establish the Assessed Value, MPAC analyzes property sales in the surrounding community. This method is called Current Value Assessment. The Current Value Assessment means, in relation to land, the amount of money the fees simple interest, if unencumbered, would realize if sold at arm's length by a willing seller to a willing buyer. This value excludes any long-term leases and mortgages in place as of the effective date of the valuation. In addition, the Current Value of eligible land is based on current use, not potential use using the Highest and Best Use Principle. This in effect eases the burden to owners of vacant land which has development potential.

DESCRIPTION OF IMPROVEMENTS

The site is improved with a four storey, medical office / residential building. The building is of newer construction (2017) and is in very good condition. The property contains a building area of 24,209 square feet, with approximately 6,108 square feet on the main floor and 6,034 square feet on each of the upper floors. The majority of the main floor is leased to a single tenant, operating as a medical clinic (5,108 sf). The main floor has a main entrance, main reception, waiting area, hallways, washrooms, staff room, as well as individual exam rooms / offices. There is a rear hallway that accesses a stairwell and elevator which is used by the apartment tenants. The second, third and fourth floors are made up of three residential units each and range from 1,600 square feet to 2,000 square feet – the units on the East side being 1,600 square feet, units on the West side 1,700 square feet and the units in the middle section being 2,000 square feet. The units are large in size, have very good layouts and a high level of finish, being in very good condition. Each unit contains two bedrooms (middle units have a den), two washrooms, open concept kitchen / living room, large windows, fireplace, 12' - 16' ceiling height and a 12' x 6' balcony. The building also features an underground parking garage, with 28 parking spaces and an asphalt-paved above-ground parking lot with 16 parking spaces. The Subject building is in very good condition, being of newer construction, with no significant items of deferred maintenance noted or reported at the time of inspection.

Further details of the Subject Property are as follows:

GENERAL CONSTRUCTION	
Year Built:	2017
Building Area:	1: 6,108 SF 2: 6,034 SF 3: 6,034 SF 4: 6,034 SF T: 24,209 SF
# of Storeys:	4
Exterior Walls:	Brick / Decorative Metal
Windows:	Ample windows on each floor, large
Power:	Ample power supply
Roof:	Flat Roof
Heating and Cooling:	Full HVAC per unit; condensing units
Parking:	Underground parking garage – 28 spaces Above-ground parking lot – 16 spaces
Other:	16-person Delta elevator; stairwells; separate hydro and gas meters; fully sprinklered building; heated ramp for underground garage; 12' - 16' ceiling height per floor; rain garden at the rear of the site; LED lighting; balcony for each residential unit.

INTERIOR FINISH

Main Floor

The main floor contains a front reception / waiting area, along with men's and women's washrooms, private offices, staff room, as well as individual exam rooms. There are two hallways that run the length of the building, with a secondary entrance at the rear, as well as a separate entrance for the residential units. The entire main floor has a high level of interior finish, being in very good condition. There is approximately 1,000 square feet of space that is dedicated for use as a pharmacy unit, being open to the waiting room and sharing the washrooms and common areas.

The separate entrance at the rear of the building for the apartment units leads into a hallway, with a stairwell and one elevator.

2nd / 3rd / 4th Floor

The upper three floors contain a total of nine (9) residential apartments, with three on each floor. The units contain two bedrooms, two washrooms, open concept kitchen / living room, in suite laundry, a balcony and very good ceiling height (12' on the 2nd floor, 14' on the 3rd floor and 16' on the 4th floor). The finish is very good, in very good condition. There are three model types, being 1,600 sf, 1,700 sf and 2,000 sf. The units benefit from numerous large windows, providing ample natural light. Each unit has its own laundry facilities, with the master bedroom having a walk in closet and en suite bathroom. The units also benefit from a fireplace and private balcony.

SITE IMPROVEMENTS

- asphalt-paved above-ground parking lot - 16 spaces
- underground parking garage – 28 spaces; concrete construction, sprinklered
- concrete walkways
- rain garden (planted depression that absorbs rainwater runoff, to feed the garden)
- access from Hillview Boulevard
- very good landscaping

COMMENTS

The exterior of the building is aesthetically appealing and would suit a wide range of professional office users. The interior of the building is in very good condition, with a very good layout and high-end finishes. The residential units are of a very good finish, layout, and high quality, with large suite sizes, being able to command a premium rent. The site provides good parking at the rear, along with the underground parking garage.



MAIN ENTRANCE



NORTHEAST ELEVATION



NORTHWEST ELEVATION



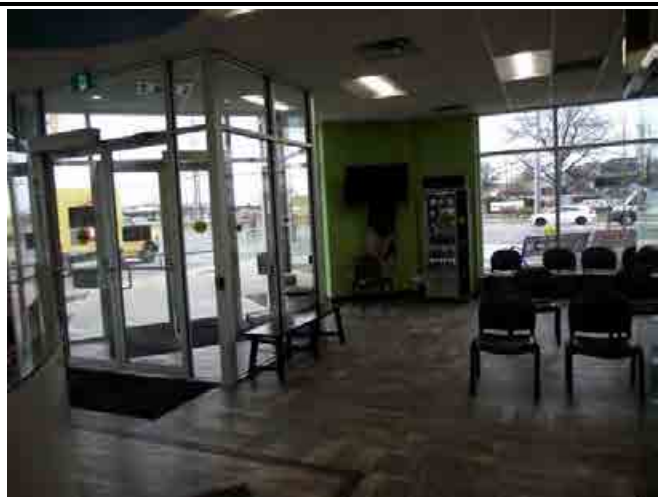
NORTHEAST ELEVATION



SOUTHEAST ELEVATION



SOUTHWEST ELEVATION



MAIN FLOOR ENTRANCE / WAITING ROOM



MAIN FLOOR WAITING ROOM / PHARMACY



MAIN FLOOR



MAIN FLOOR BATHROOM



MAIN FLOOR BATHROOM



MAIN FLOOR EXAM ROOM



MAIN FLOOR EXAM ROOM



MAIN FLOOR EXAM ROOM



MAIN FLOOR HALLWAY



MAIN FLOOR HALLWAY



MAIN FLOOR HALLWAY



STAIRWELL



MAIN FLOOR HALLWAY / ELEVATOR LANDING FOR APARTMENTS



APARTMENT HALLWAY



APARTMENT KITCHEN



APARTMENT BATHROOM



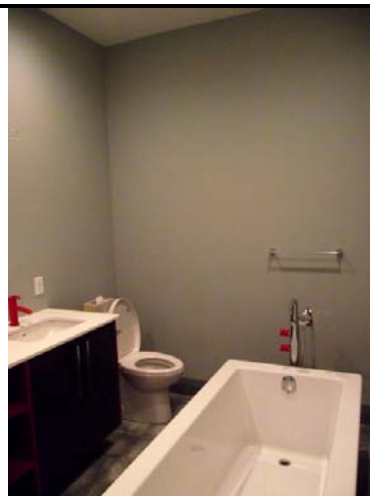
APARTMENT LIVING ROOM



APARTMENT BALCONY



APARTMENT BEDROOM



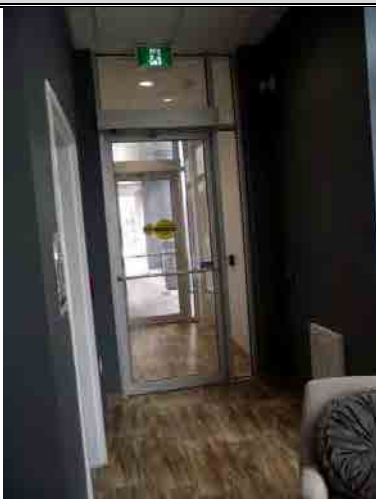
APARTMENT BATHROOM



APARTMENT BATHROOM



APARTMENT LIVING ROOM



APARTMENT HALLWAY



ELEVATOR



UNDERGROUND PARKING GARAGE



UNDERGROUND PARKING GARAGE



UNDERGROUND PARKING GARAGE



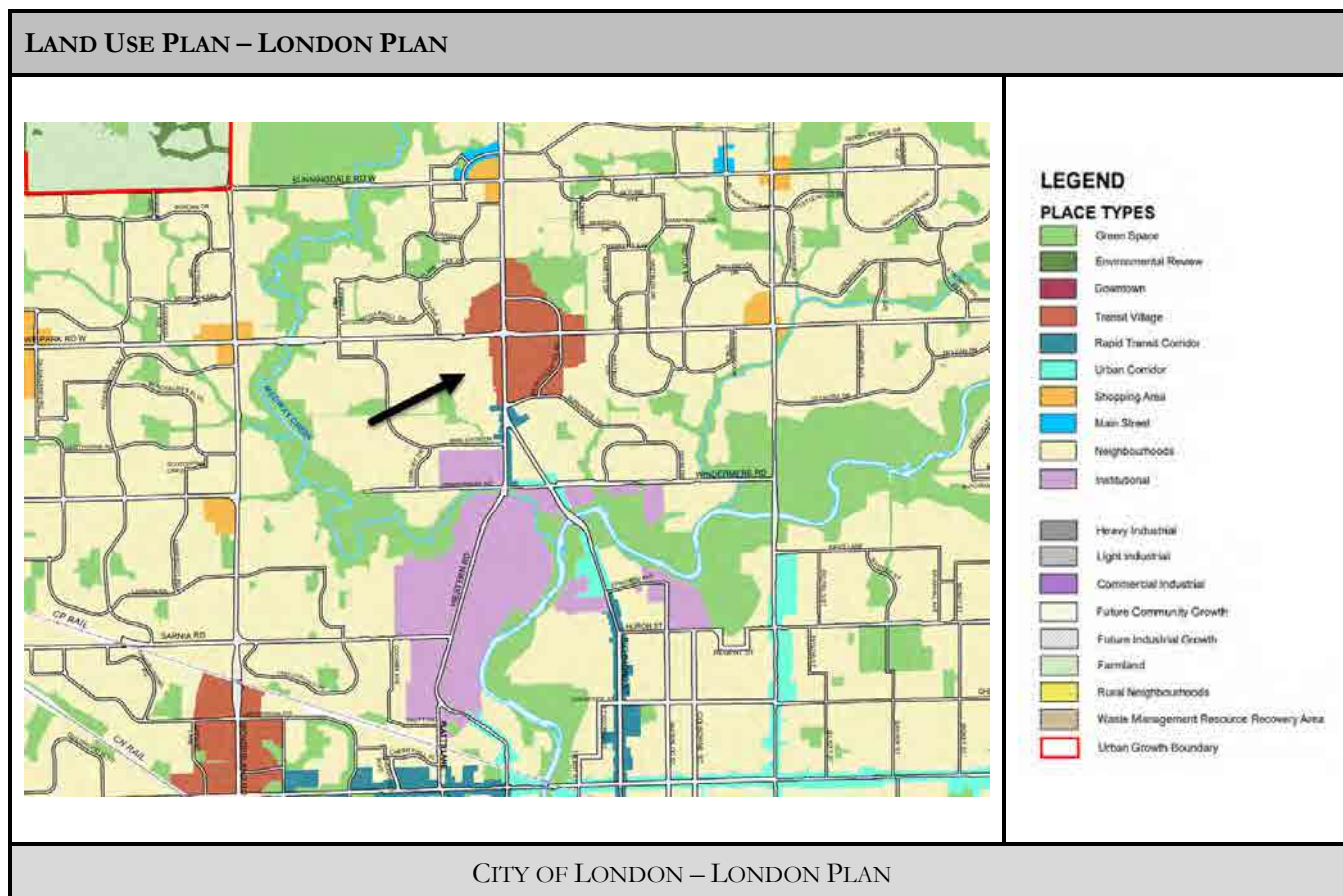
REAR PARKING LOT

LONDON PLAN

On December 28, 2016, the Province approved The London Plan with modifications. A Notice of Decision was issued by the Province on December 30, 2016. There are still numerous site-specific areas within the plan policies that are under appeal.

The London Plan is a 20-year plan that sets out the vision, principles, priorities, strategies, policies and directions to the year 2035. It should be recognized that the Plan is not intended to necessarily reflect the use, intensity or form of development that currently exists today, but rather is intended to plan for what is envisioned over the next 20 years. The need to update the Plan will be reviewed within the first ten years and every five years thereafter to ensure that it is in keeping with changes in the social, economic and environmental context of the city.

The London Plan designates the Subject Property as **NEIGHBOURHOODS**, as illustrated on the map below.



ZONING

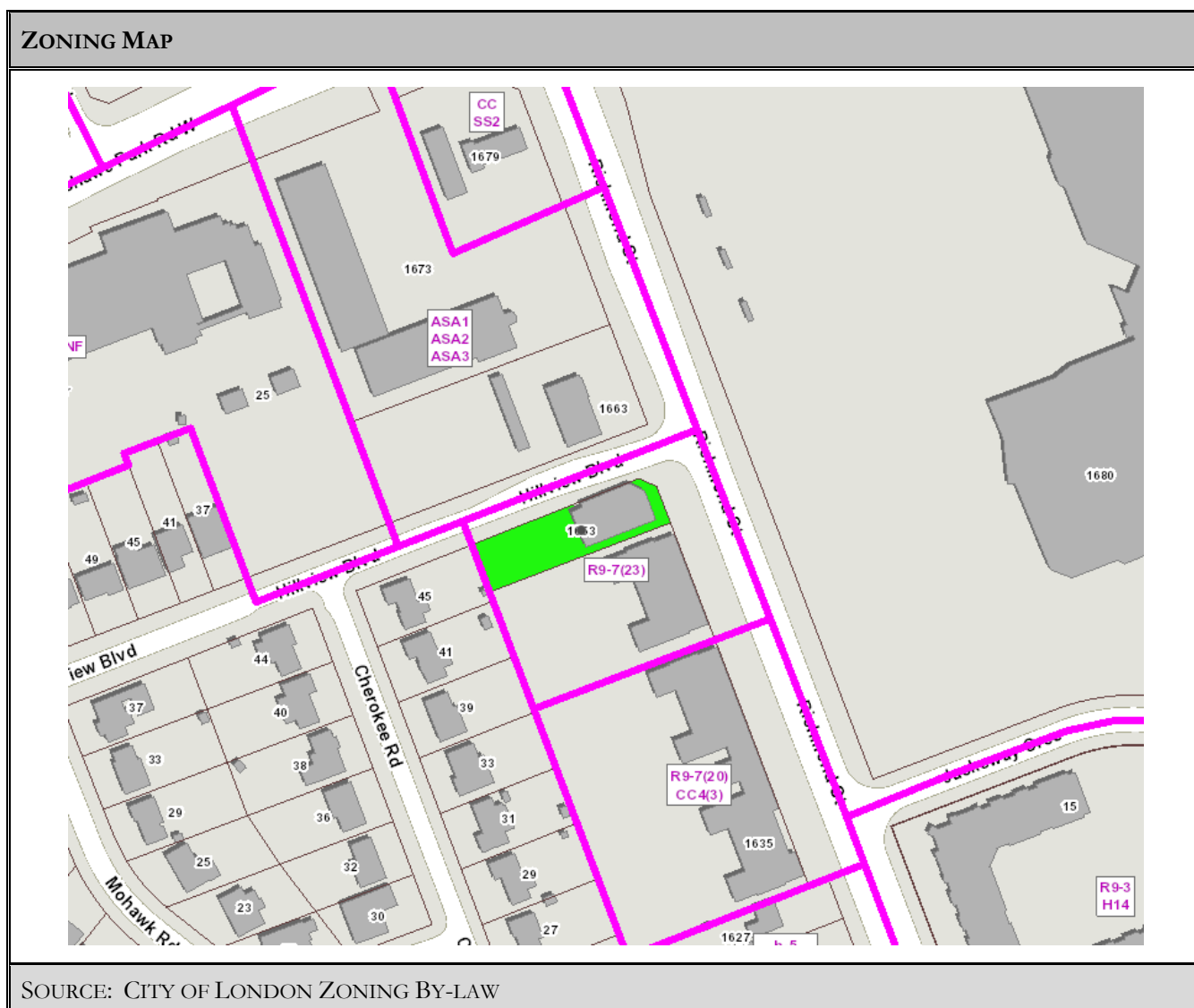
While the Official Plan sets out the general long range policy framework for the future land use, Zoning By-Laws take precedence and put those objectives of the Official Plan into effect and provide for their day-to-day administration.

Unlike the Official Plan, the Zoning By-Law contains very specific and legally enforceable regulations. Any new development or construction that fails to comply with a municipality's Zoning By-Law is not permitted and will be denied a building permit.

Zoning By-Laws define zones for various types of uses and establish the specific type of land use in each zone (i.e. residential, commercial, agricultural, institutional, industrial, etc.). The by-laws will also set standards for erecting buildings (i.e. minimum lot size, frontage, set-backs from streets, side yard clearances, building heights, parking requirements, etc.).

According to the Zoning By-Law for the City of London, the Subject Property is zoned **R9-7(23) – RESIDENTIAL R9 ZONE**. It is not within the scope of this report to determine if all regulations have been met.

A copy of the applicable Zoning map is below followed by the applicable Permitted Uses.



ZONING EXCERPTS

SECTION 13

RESIDENTIAL R9 ZONE

13.1 GENERAL PURPOSE OF THE R9 ZONE

The Zone provides for and regulates a wide range of medium and higher density residential developments in the form of apartment buildings.

13.2 PERMITTED USES

No person shall erect or use any building or structure, or use any land or cause or permit any building or structure to be erected or used, or cause or permit any land to be used, in any Residential R9 Zone variation for any use other than the following uses:

- a) Apartment buildings;
- b) Lodging house class 2; (Z.-1-93172)
- c) Senior citizens apartment buildings;
- d) Handicapped persons apartment buildings
- e) Continuum-of-care facilities. (Z.-1-01915)

R9-7(23) 1643, 1649, and 1653 Richmond Street

- a) Permitted uses for 1643 and 1649 Richmond Street:
 - i) Apartment Buildings
- b) Regulations for 1643 and 1649 Richmond Street:
 - i) Frontage (Minimum): 50 metres (165 feet)
 - ii) Lot Area (Minimum): 0.4 hectares (1 acre)
 - iii) Interior Yard Depth (Minimum): 3 metres (10 feet)
 - iv) No part of any required front yard, required side yard, or required rear yard shall be used for any purpose other than landscaped open space except where a common internal driveway connects to abutting properties located in a required side yard, or where access to an underground parking garage is necessary in a required side yard.
 - v) Height (first 25.0 metres of lot depth) (Maximum): 22.0 metres (72.2 feet)
 - vi) Height (beyond the first 25.0 metres of lot depth) (Maximum): 15.0 metres (49.2 feet)

SOURCE: CITY OF LONDON ZONING

ZONING EXCERPTS

- vii) Setback from Rear Property Line (Minimum): 50.0 metres (164 feet)
- viii) Surface Parking Area Setback from Rear Property Line (Minimum): 28 metres (91.9 feet)
- c) Permitted uses for 1653 Richmond Street:
 - i) Apartment Buildings
 - ii) Medical/Dental Offices on ground floor of an apartment building
- d) Regulations for 1653 Richmond Street:
 - i) Frontage (Minimum): 20 metres (66 feet)
 - ii) Lot Area (Minimum): 0.16 hectares (0.4 acres)
 - iii) Interior Yard Depth (Minimum): 3 metres (10 feet)
 - iv) Exterior Yard Depth (Minimum): 0.0 metres (0.0 feet)
 - v) No part of any required front yard, required side yard, or required rear yard shall be used for any purpose other than landscaped open space except where a common internal driveway connects to abutting properties located in a required interior side yard, where access to an underground parking garage is necessary in a required interior side yard, where a common driveway provides vehicular access to Hillview Boulevard in the required exterior side yard, or where a vestibule structure is required to provide secondary entrance to an underground parking structure in accordance with the Ontario Building Code in the required rear yard.
- e) Additional regulations for Apartment Buildings:
 - i) Height for the first 25.0 metres of lot depth (Maximum): 20.0 metres (65.5 feet)
 - ii) Height beyond the first 25.0 metres of lot depth (Maximum): 17 metres (56 feet)
 - iii) Setback from Rear Property Line (Minimum): 50.0 metres (164 feet)
- f) Additional regulations for Medical/Dental Offices:
 - i) Gross Floor Area (Maximum): 430 metres² (4,630 feet²)
 - ii) Parking: 1 space/15 metres² GFA
- g) Regulations applicable to and measured based on R9-7(23) Zone Boundaries:
 - i) Density (Maximum): 200 units per hectare (80 units per acre)
 - ii) Lot Coverage (Maximum): 45%
 - iii) Front Yard Depth (Maximum): 3 metres (10 feet)
 - iv) Bedrooms per Dwelling Unit (Maximum): 3
 - v) Rear Yard Depth: 15 metres (49 feet)
 - vi) Parking for Residential Uses (Z.-1-142355 replaced by Z.-1-192769): 0.67 spaces/unit

SOURCE: CITY OF LONDON ZONING

HIGHEST AND BEST USE

The term "Highest and Best Use" is generally considered in appraisal terminology as relating to the most profitable, likely use to which a property can be put, which will result in the greatest net return over a given period of time. For an asset to have value, it must be capable of providing some form of beneficial utility or enjoyment to the owner or user. An examination of the Highest and Best or most probable use is, therefore, critical to the appraisal process.

The Highest and Best Use analysis provides a focus for the choice of an appropriate valuation methodology. If a property's current use is its highest and best use, its most probable selling price will ordinarily be a function of the existing use. Should the use of either the land as if vacant, or an alternative use of the land and structures as developed be found to represent the most beneficial use, the Market Value of the asset will likely be governed by this alternative.

There are five basic criteria for determining the Highest and Best Use of a property, which are outlined in *The Appraisal of Real Estate, Third Canadian Edition*. These criteria are:

Legally Permissible:

In order for a use to be the Highest and Best Use, it must be legally permissible, that is it must be in accordance with the Zoning Bylaw and other land use controls.

Physically Possible:

The use must be physically possible, which is dependent on numerous factors, such as, site size, topography, and site configuration. Also considered are the utilities available, including hydro, water, sanitary systems, etc.

Probable:

The probability of a use takes into consideration the existing neighbourhood and how it would fit within that neighbourhood. A certain type of use may be physically possible and legally permissible, however, if it does not conform to the neighbourhood, it would not be probable.

Marketable and Financially Feasible:

This refers to the costs associated with developing the site (construction costs, development charges, etc.) and compares them with the projected revenue (rental revenue from market rents, vacancy rates, etc.). If it produces a positive rate of return, then the use is financially feasible.

Maximally Productive:

This is the final test in determining the Highest & Best Use, to be used when the first four tests have been passed. It compares several different uses and determines which one maximizes the returns while balancing the risk. The use, which produces the greatest Rate of Return, is maximally productive.

ADDITIONAL CONSIDERATION

In addition to the general factors associated with the Highest and Best Use concept, the appraiser gave consideration to the following site-specific items:

- The Subject site is situated in an area which is designated as Neighbourhoods under the London Plan, in which the development of a medical office / residential building is permitted. The Subject site is zoned R9-7(23) Residential R9 Zone, which allows for a wide range of uses which is consistent with the existing development in the surrounding area.
- In order for any use to be considered physically possible, it must first be legally permissible to develop that use on the site. The physically possible uses must also consider various factors about the site as well as factors in the neighbourhood which would prevent development. Compatibility with existing surrounding land uses is also an important physical consideration for harmonious development. Typically, real estate benefits and maintains its value when in conformity with surrounding uses, unless the non-conforming use is compatible with those uses. The Subject Property is located in a commercial and residential node. Based on the legally permitted uses and the land uses surrounding the Subject Property, it appears that the Subject site is well suited for its current use.
- The location of the Subject development is situated along Richmond Street, would suggest that its most probable economic viability would be for commercial uses. The Subject Property is located in an established commercial and residential node.

It is the appraiser's opinion the Highest and Best Use for the Subject Property would be represented by a continuation of its current commercial and residential use, in accordance with zoning and market demand within the area. The structure is functional and offers good accommodations and competitive commercial space within the Subject Property area. No economic justification for altering or changing the existing structures appeared to exist at this time, with the exception of continued maintenance as required to maintain the property position within the marketplace.

If the site was vacant and available for development, it is anticipated that a commercial and residential type of development would take place on the site.

Assemblage

Assemblage is a difficult and probably the least understood Highest and Best Use conclusion to support. There are three (3) elements necessary for an 'assemblage' conclusion of the Highest and Best Use including market value, bilateral monopoly and the reasonably probable aspect of the Highest and Best Use.

An appraisal definition defines assemblage as, "the combining of two or more parcels, usually but not necessarily contiguous into one ownership or use; the process that creates plottage value". Plottage is the increment of value created when two or more sites are combined to create greater utility. For the purchase of property by an adjacent property owner to qualify as an assemblage, the objective of the purchase must be "to create greater utility". This normally involves increasing returns through increasing size.

In the case of the Subject Property, there would be no plottage value created by an assemblage of adjacent properties within the Subject area.

APPROACHES TO VALUE

In estimating the Market Value of a property, there may be three important factors:

- a) The current cost of replacing a property, including the underlying site value, less accrued depreciation from all identifiable sources. Depreciation includes actual physical deterioration as well as functional and economic or locational obsolescence.
- b) The value indicated by market activity including recent sales of comparable properties and the availability of similar facilities offered for sale.
- c) The value that the property's actual or potential net achievable income would support based on a market acceptable capitalization of the net income.

This results in three basic approaches to value:

- a) The Cost Approach
- b) The Direct Comparison Approach
- c) The Income Approach

The three approaches, if all applicable, result in three estimates of value. These estimates are then considered in light of the accuracy, importance and relevancy of the data on which they are based, resulting in a final estimate of value.

The Cost Approach was concluded to have limited or no application in the valuation of the Subject Property. Although the construction costs new of the Subject Building would be available through a variety of methods, the calculation of accrued depreciation from all sources without sufficient market evidence would contribute to the unreliability of this approach. Although the utilization of the Cost Approach in the calculation of 'Feasibility Rent' is often utilized in the valuation of special-use properties, it was concluded that in the Subject case the asset costs would not generally be indicative of value. The Cost Approach is a function of supply conditions, whereas Market Value is merely a function of demand conditions only.

The Direct Comparison Approach involves the analysis of actual market transactions as well as the availability of competitive facilities. It was concluded that the Direct Comparison Approach would provide a reliable indication of value for the Subject Property, providing both physical and economic units of comparison.

The Income Approach to Value was considered and based on the availability of market supportable evidence was considered applicable to the Subject Property. The selection of stabilized rental rates, and under what terms, although subject to potential variation, was considered supportable based on current market activity. The anticipated going-in rate of return and the selection of a capitalization rate from the market is possible.

The Direct Comparison and Income Approaches to Value are more particularly developed on the following pages.

DIRECT COMPARISON APPROACH

The Direct Comparison Approach entails the gathering, analysing and comparison of data on similar properties that have sold, on which offers have been made, or that are available for sale. This approach involves the study of the actions and reactions of buyers and sellers in the marketplace and is basic to the appraisal process. The analysis of sales provides a historic overview of the marketplace which is then updated on the basis of current offers to purchase, and the future predictions suggested by those properties currently offered for sale.

Basically, the Direct Comparison Approach implies the 'Principle of Substitution' which states that a prudent purchaser will not pay more for a property than it would cost to acquire an equally desirable substitute. The properties selected for comparison should be similar in most essential aspects to the Subject Property. In addition to comparing the similar characteristics between the properties, the dissimilar characteristics must also be weighed. The comparable properties may require adjustments to measure the reaction in the market to the differences between the properties.

The underlying basic principle involved in the adjustment process is the 'Principle of Contribution'. Adjustments may be made, where applicable, for influencing factors such as neighbourhood, zoning, time of sale, terms of sale, condition, quality and physical features of the property and any other factors affecting value. In an ideal market situation for applying the Direct Comparison Approach, the following conditions would prevail:

- A reasonable number of sales have occurred between buyers and sellers who are knowledgeable of the local market;
- The sales are closely comparable to the Subject Property;
- The terms of the sale are similar;
- The sales are all very recent; and,
- The sales are 'normally distributed' in a statistical sense.

Unfortunately, even in the best of conditions, there are often insufficient sales that are reasonably comparable. The limits on comparability depend on the types of properties involved. A good comparable is one that would be a reasonable alternative for most prospective buyers who would be interested in the Subject Property.

The market data used was collected from the Valco Consultants Inc. resource library containing real estate facts and data including details of similar sold real property, economic information data files including investment and mortgage rates as well as trends and activity occurring in the real property marketplace. In addition to recorded information, other appraisers, realtors and persons knowledgeable of the subject marketplace were contacted. The actual sale date has been used, where available, for the comparable sales within the Direct Comparison Approach. In the case that the actual sale date was unavailable, the sales registration date has been utilized, with the assumption that it had a typical closing period for that type of property.

Varying sales were considered being primarily commercial building properties with some commercial/residential properties. The data search throughout the general area revealed a limited number of sales involving similar properties. However, the following schedule outlines those transactions considered to provide evidence as to the Subject Property's value by comparison. While none of these properties are the same as the Subject Property, they were considered to lend insight collectively into the market's potential reaction to the Subject Property.

The improved property sales were analysed physically on the basis of:

Price Per Square Foot, Inclusive of Land

This measurement generally reduces the margin of error that can result from differences between the properties being compared.

COMPARABLE SALE #1



Property Identification:		File#: 39957	PIN#: 08245-0093
Address:	782 Richmond Street, London		
Location:	Central sector of London, east side of Richmond Street, north of Oxford Street		
Legal:	Part Lots 4 & 5 East Side Richmond Street Plan 193(W) As In 652427		
Sale Data:	Property Data:		
Vendor:	2481884 Ontario Limited	Site Area (Acres):	0.10
Purchaser:	SAHS Holdings Inc.	Building Area (Sq. Ft.):	4,350
Sale Date:	September 9, 2022	Sale Price Per Square Foot:	\$362.07
Sale Price:	\$1,575,000	Capitalization Rate:	N/A
Zoning:	OC6; RO1; D85; H20	NOI / Sq. Ft.:	N/A

Remarks:

This transaction involves the Fee Simple Interest in a part two, part three storey multi tenant office building. According to the rent roll provided, the property contains a total above grade building area of 4,350 square feet, which does not include an additional 1,578 square feet of lower-level office space in the primarily finished basement which features its own separate rear access. This lower-level office area could function as additional space benefiting the main floor tenant, or as its own potential unit. The lower level is primarily finished, with a typical office layout. There is a glass doorway and vestibule area which provides private access to the lower, main and second floors. The main floor features several office areas, a two (2) – piece bathroom. The main floor area is in good overall condition, with good finishes and a good and typical office layout. The second (2nd) and third (3rd) floors are leased by Blunose Investments in an office capacity until August 2026. They feature a two (2) – piece washroom on the second floor, and a four (4) – piece washroom on the third (3rd) floor. The area is divided into offices, board rooms, a kitchenette and storage areas, respectively. The third floor features an open, loft style space suitable for a staff area, further offices or a board room. This area is in good to very good condition, with very good finishes and a good layout. Overall, the building is in good to very good overall condition, with good to very good finishes and a good to very good layout. There were no significant items of deferred maintenance noted or reported at the date of sale. The site features 7 on site parking spaces.

COMPARABLE SALE #2

**Property Identification:**

File#: 39865

PIN#:08247-0172

Address: 279 Wharncliffe Road North, London

Location: East side of Wharncliffe Road North, just north of Oxford Street West in west central London

Legal: Part of Lot 2, East of Wharncliffe Road Plan 5(W) Designated as Part 1, 33R-4578 and Part of Lot 2 North of Oxford Street, Plan 5(W) Designated as Part 1, 33R-10725; T/W 876921; Part of Lot 3, Plan 43(W) as in 863178; S/T 863178 in the City of London

Sale Data:**Property Data:**

Vendor: 279 Wharncliffe Road Inc.

Site Area (Acres): 1.18

Purchaser: Wharncliffe District Inc.

Building Area (Sq. Ft.): 28,451

Sale Date: June 16, 2022

Sale Price Per Square Foot: \$358.51

Sale Price: \$10,200,000

Cap. Rate: 4.6%

Zoning: NSA5 - Neighbourhood Shopping Area

GIM: 19.9

Land Use: Multi-Tenant Medical Office Building

NOI/SF: \$16.46

Remarks:

This transaction involved the purchase of the Leased Fee Interest in a multi-tenant medical office building. The site is improved with a two-storey structure, 100% leased to nineteen tenants with a total leaseable building area of approximately 28,451 square feet. The building is designed with a front main entrance providing access to both floors, with a common hallway down the centre of each floor, one elevator, washrooms, two stairwells and units lining both sides of the hallways. The building also contains a full basement, which is also leaseable space. The building and units were in good condition, with several units having been updated recently. The site has parking for approximately 152 vehicles, which is pay for use for clients (free for tenants) and generates a significant amount of revenue. There were no significant items of deferred maintenance as of the date of sale.

COMPARABLE SALE #3

**Property Identification:**

File#: 39213

PIN#: 080870382

Address: 1555 Glenora Drive, London

Location: North sector of London, south side of Fanshawe Park Road

Legal: The Subject Property is briefly and legally described as block "A", plan 924 London/London Township, City of London, Middlesex County, Province of Ontario.

Sale Data:**Property Data:**

Vendor: 2225755 Ontario Limited

Site Area (Acres): 0.86

Purchaser: N/A

Building Area (Sq. Ft.): 6,578

Sale Date: November 2021

Sale Price Per Square Foot: \$387.66

Sale Price: \$2,550,000

Capitalization Rate: 5.3%

Zoning: OF3

GIM: 17.7

Land Use: Multi Tenant Office Building

NOI / Sq. Ft.: \$20.51

Remarks:

This transaction involved the purchase of the Leased Fee Interest in a multi tenant office building. The site was improved with a two storey, multi tenant, office building. As per the rent roll provided the above grade building area is 6,578 square feet, divided into seven (7) units, ranging in size between 562 to 1,258 square feet. The building was originally built circa 1973, being in good to very good overall condition with recent upgrades and renovations. The units share a main entrance, hallways, stairwells and washrooms, and have typical layouts that would be suitable to a range of users. There were no significant items of deferred maintenance noted or reported at the date of sale.

COMPARABLE SALE #4

**Property Identification:****File#:** 39014**PIN#:** 082700048

Address: 562 Waterloo Street, London

Location: Central sector of London, in the downtown core

Legal: PT LTS 1 & 2 PLAN 168(E) AS IN LC185757; T/W LC185757 LONDON

Sale Data:**Property Data:**

Vendor: 2328697 Ontario Inc.

Site Area (Acres): 0.40

Purchaser: URLO 212 Inc.

Building Area (Sq. Ft.): 8,050

Sale Date: November 5, 2021

Sale Price Per Square Foot: \$242.24

Sale Price: \$1,950,000

Surface Parking Spaces: 24

Zoning/Use: R3-2; OC2, 3

Use: Multi Tenant Office

Remarks:

This sale involves the purchase of the Leased Fee Interest in a converted, multi tenant office building, located in the downtown core. The two-and-a-half storey building was leased to three tenants, with approximately 50% of the building being owner occupied at the date of sale. The building and units are in very good condition, with high quality finish throughout and having typical layouts. The building also contains a one-bedroom apartment on the 3rd floor. The property is situated in a very good location. The property also features 24 on site parking spaces, being a strong positive.

COMPARABLE SALE #5

**Property Identification:**

File#: 39611

PIN#:082630117

Address: 186 Albert Street, London

Location: Central sector of London, west of Richmond Street

Legal: LT 10 N ALBERT ST PLAN 170(W) LONDON

Sale Data:**Property Data:**

Vendor: Northwood Management Limited

Site Area (Acres): 0.32

Purchaser: Albert Group Inc.

Building Area (Sq. Ft.): 10,455

Sale Date: October 28, 2021

Sale Price Per Square Foot: \$267.81

Sale Price: \$2,800,000

Capitalization Rate: 5.0%

Zoning: R10-3; H24; OC7

NOI / Sq. Ft.: \$13.39

Remarks:

This transaction involves the Leased Fee Interest in a two-storey commercial building in the downtown core of London. The building contains a building area of approximately 10,455 square feet (as per MLS). The building is setup with multiple office units, being primarily professional tenants. It was reported that the roof and HVAC are newer and was in good condition. The property is located in a good location, within the downtown core. The property also benefits from on site parking. Capitalization rate is per the listing agent.

COMPARABLE SALE #6



Property Identification: **File#:**38274 **PIN#s:** 08146-0962 & 08146-0959

Address: 1550 Highbury Avenue, London

Location: East side of Highbury Avenue, between Kilally Road and Edgevalley Road,

Legal: Firstly: Part of Lots 14 & 15, Plan 91 As In ER858433 Save & Except Part 1, Plan 33R-18657 City of London; Secondly: Part of Lots 14 & 15, Plan 91(C) Designated As Part 1, Plan 33R-18608 City of London

Sale Data:		Property Data:	
Vendor:	Sant Real Estate Inc.	Site Area (Acres):	1.13
Purchaser:	781 St. Clair Investments Ltd	Building Area (Sq. Ft.):	8,360
Sale Date:	July 22, 2021	Sale Price per Sq. Ft.:	\$460.50
Sale Price:	\$3,850,000	Capitalization Rate:	5.1%
Zoning:	Highway Service Commercial – HS, HS2, HS3 & Restricted Service Commercial – RSC1, RSC3, RSC4	GIM:	18.0
Property:	Multi Tenant Office Building	NOI Unit:	\$23.34

Remarks: 

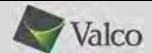
This transaction involved the purchase of the Leased Fee Interest in a newly constructed medical office building, located on the east side of Highbury Avenue, between Kilally Road and Edgevalley Road. The 1.13-acre site was improved with a two-and-a-half storey building, reportedly constructed in 2014, comprised of 8,360 square feet. At the time of writing, the property was fully occupied by two tenants, with an elevator, energy efficient heating/cooling, and benefited from ample surface parking. The building was considered to be in excellent overall condition. The GIM associated with this sale was 18.0, indicating a capitalization rate of 5.1%, and an NOI per square foot of \$23.34.

COMPARABLE SALES - MULTI FAMILY / CONDO UNITS

COMPARABLE SALE #7




PROPERTY IDENTIFICATION:		FILE#: 40135	PIN#: 08386-0039/43
Address:	104 Devonshire Avenue, London		
Location:	Central sector of the City of London, in a popular area known as 'Old South'		
Legal:	Plan 448 Lots 302-304, Part Lot 1, E Wharncliffe, Part Lane RP 33R-4807, Part 3, RP 33R-17629		
SALE DATA:	UNITS OF COMPARISON		
Vendor:	2555596 Ontario Inc.	No. of Units / Beds	25 Units 35 Beds
Purchaser:	N/A	Sale Price / Unit:	\$194,120 per Unit
Sale Date:	November 10, 2022 (Sale Pending)	Sale Price / Bed:	\$138,657 per Bed
Sale Price:	\$4,853,000	GIM:	14.4
Property Use:	Multi Family Building	Going-in Cap Rate:	4.1%
Site Area	0.40 Acres	NOI per Unit	\$7,918

REMARKS:

This transaction involved the purchase of the Leased Fee Interest a five storey, 25 unit, apartment building. The building is of older construction, however, has been well maintained and managed and was in good overall condition. The building consists of 15 - one bedroom apartments, and 10 - two bedroom apartments. The units were of a good size, with typical layouts, contain one - four piece washroom, living room, kitchen, small dining area and bedroom(s), with closets. The units are in good overall condition, with recent upgrades and renovations completed. All of the units have concrete balconies. The building contains one elevator, which access all five floors, plus the lower level.

COMPARABLE SALE #8



PROPERTY IDENTIFICATION:		FILE#: 40135	PIN#: 083750022
Address:	20 Craig Street, London		
Location:	South central sector of London, in the Old South Village		
Legal:	LT 35 , PL 269(4TH) , 270(4TH) ; PT LT 34 , PL 269(4TH) , 270(4TH) AS IN LC82121 ; LONDON		
SALE DATA:		UNITS OF COMPARISON	
Vendor:	Canco Investment Properties Inc.	No. of Units / Beds	25 Units 39 Beds
Purchaser:	20 Craig Apartments Ltd.	Sale Price / Unit:	\$181,890 per Unit
Sale Date:	March 31, 2022	Sale Price / Bed:	\$116,596 per Bed
Sale Price:	\$4,547,255	GIM:	N/A
Property Use:	Multi Family Building	Going-in Cap Rate:	N/A
Site Area	0.41 Acres	NOI per Unit	N/A
REMARKS:			
<p>This transaction involved the purchase of the Leased Fee Interest in a purpose-built residential investment property. The site was situated in the south-central sector of London, in an established residential area, known as Old South Village. The unit mix of the property consisted of 6, one-bedroom units, 12, two-bedroom units, 1, three-bedroom unit and 6 bachelor units.</p>			

COMPARABLE SALE #9



PROPERTY IDENTIFICATION: FILE#: 40225 PIN#: 082290164

Address: 1 Durham Street East, London

Location: East central sector of London

Legal: PART OF LOT 1, PLAN 49 DESIGNATED AS PART 2 ON 33R-17158; LONDON

SALE DATA: UNITS OF COMPARISON

Vendor:	Named Individuals	No. of Units / Beds	4 Units	16 Beds
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Purchaser:	1383266 Ontario Limited	Sale Price / Unit:	\$431,250	per Unit
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Sale Date:	March 28, 2022	Sale Price / Bed:	\$107,813	per Bed
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Sale Price:	\$1,725,000	GIM:	15.4
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Property Use:	Multi Family Building	Going-in Cap Rate:	4.7%
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Site Area	0.14	Acres	NOI per Unit	\$20,229
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REMARKS:

This transaction involved the purchase of the Leased Fee Interest in a purpose-built residential investment property. The site was situated in the east-central sector of London, in an established residential area, along an arterial road. The unit mix of the property consisted of 4, four-bedroom units, each having four bathrooms. The building is of relatively newer construction, built in 2010, being a purpose built building.

COMPARABLE SALE #10



PROPERTY IDENTIFICATION: FILE#: 40225 PIN#: 083260033

Address: 37 – 39 Craig Street, London

Location: South-central sector of London, in the Old South neighbourhood

Legal: PT LTS 28 & 29 , PL 269(4TH) , PT 2, 33R2034, S/T & T/W 455682 ; LONDON

SALE DATA: UNITS OF COMPARISON

Vendor:	Parks Edge (London) Inc.	No. of Units / Beds	4 Units	8 Beds
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Purchaser:	Named Individuals	Sale Price / Unit:	\$400,000	per Unit
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Sale Date:	January 4, 2022	Sale Price / Bed:	\$200,000	per Bed
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Sale Price:	\$1,600,000	GIM:	20.8
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Property Use:	Multi Family Building	Going-in Cap Rate:	3.2%
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Site Area	0.33	Acres	NOI per Unit	\$12,890
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REMARKS: 

This transaction involved the purchase of the Leased Fee Interest in a multi residential investment property. The site was situated in the south-central sector of London, in an established residential area, known as Old South Village. The unit mix of the property consisted of 4, two-bedroom units. The building dates back to the 1800's, however, was extensively renovated and upgraded in 2005/ 2006, being in very good overall condition. The units have very good level of finish, are of a large size, with typical layouts. The units are separately metered for water, gas and hydro.

COMPARABLE LISTING #11



PROPERTY IDENTIFICATION:

FILE#: 40225

PIN#: 082290168

Address: 656 Oxford Street East, London

Location: East sector of London, east of Adelaide Street

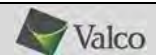
Legal: PART LOT 51, PLAN 7 LONDON TWP DESIGNATED PARTS 1 & 2, PLAN 33R18728 SUBJECT TO AN EASEMENT OVER PART 2, PLAN 33R-18728 IN FAVOUR OF PARTS 3 & 4, PLAN 33R-18728 AS IN ER906105 TOGETHER WITH AN EASEMENT OVER PART 3, PLAN 33R-18728 AS IN ER906115 CITY OF LONDON

SALE DATA:

UNITS OF COMPARISON

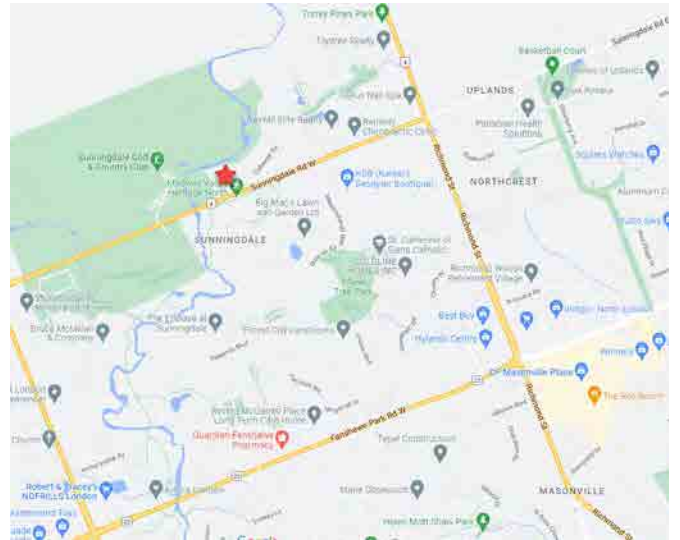
Vendor:	Terranova Homes (London) Inc.	No. of Units / Beds	4 Units	16 Beds
Purchaser:	N/A	List Price / Unit:	\$600,000	per Unit
List Date:	Active Listing	List Price / Bed:	\$150,000	per Bed
List Price:	\$2,400,000	GIM:	26.0	
Property Use:	Multi Family Building	Going-in Cap Rate:	3.0%	
Site Area	0.19 Acres	NOI per Unit	\$17,952	

REMARKS:



This active listing involves the Leased Fee Interest in a purpose-built residential investment property. The site was situated in the east-central sector of London, along an arterial road. The unit mix of the property consisted of 4, four-bedroom units. The building was built circa 2015, with the building and units being in very good condition. Each unit contains 1,800 square feet, being large in size with typical layouts. The units have four bedrooms, four bathrooms, with open concept layout. The tenants pay all of the building utilities.

COMPARABLE SALE #12



PROPERTY IDENTIFICATION:

FILE#: 40225

Address: 460 Callaway Road, London (Suite #901; #508)

Location: North sector of London, north of Sunningdale Road, west of Richmond Street

SALE DATA:

UNITS OF COMPARISON

Sale Date: August 18, 2022
September 26, 2022

of Bedrooms: 2

Sale Price: \$710,000 (#901)
\$638,000 (#508)

of Bathrooms: 2

Building Area: 1,420 sf
1,220 sf

REMARKS:



These two transactions involved the purchase of the Fee Simple Interest of a condominium unit. The property is located at 460 Callaway Road, London, ON. The building is of new construction, being built circa 2022. This building is in very good condition, being built by one of London's premier developers, Tricar. The units contain 1,420 and 1,220 square feet, each having 2 bedrooms, 2 bathrooms, with high end finishes. The unit also includes two underground parking spaces. The property is located along Sunningdale Gold Club, in a prominent north London location.

COMPARABLE SALE #13



PROPERTY IDENTIFICATION:

FILE#: 40225

Address: 1705 Fiddlehead Place, London (Suite #107, 304, 311, 407)

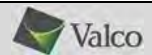
Location: North sector of London, north side of Fanshawe Park Road, west of Richmond Street

SALE DATA:

UNITS OF COMPARISON

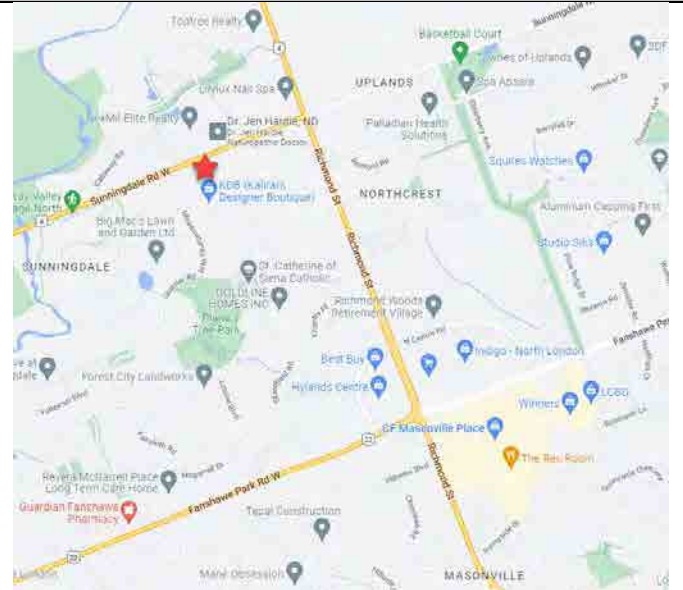
Sale Date:	October 6, 2022	# of Bedrooms:	2
	September 6, 2022		3
	September 29, 2022		2
	September 19, 2022		2
Sale Price:	\$867,000 (#107)	# of Bathrooms:	2.5
	\$860,000 (#304)		2.5
	\$640,000 (#311)		2.0
	\$685,000 (#407)		2.0
		Building Area:	1,980 sf
			1,980 sf
			1,515 sf
			1,730 sf

REMARKS:



These four transactions involved the purchase of the Fee Simple Interest of a condominium unit. The property is located in the north sector of London, in the Masonville area. The building is of new construction, being built circa 2016. This building is in very good condition. The units contain 1,515 to 1,980 square feet, each having 2 or 3 bedrooms, 2 to 2.5 bathrooms, with high end finishes. The unit also includes two underground parking spaces.

COMPARABLE SALE #14



PROPERTY IDENTIFICATION:

FILE#: 40225

Address: 240 Villagewalk Boulevard, London (Suite #1013, 1105, 1108)

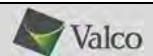
Location: North sector of London, west of Richmond Street, on the south side of Sunningdale Road West

SALE DATA:

UNITS OF COMPARISON

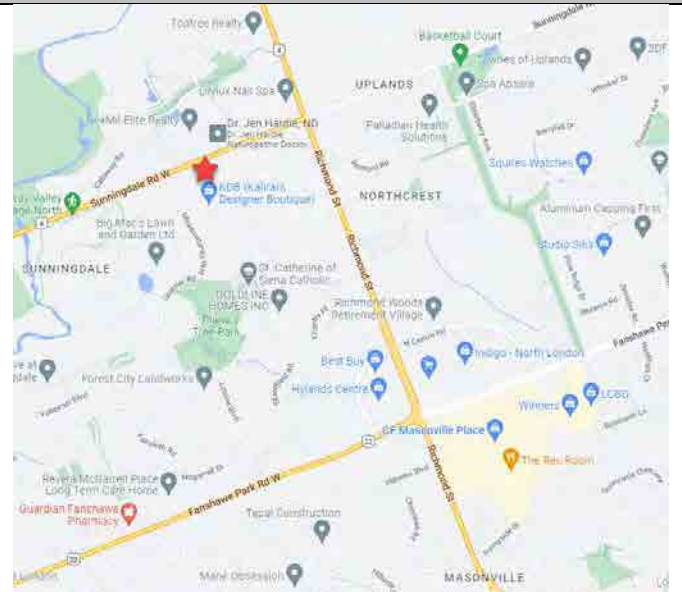
Sale Date:	October 14, 2022		2
	January 17, 2023	# of Bedrooms:	2
	October 26, 2022 - Pending		3
Sale Price:	\$550,000 (#1013)		1
	\$598,000 (#1105)	# of Bathrooms:	2
	\$1,075,000 (#1108)		2.5
		Building Area:	1,111 sf
			1,402 sf
			2,392 sf

REMARKS:



These three transactions involved the purchase of the Fee Simple Interest of a condominium unit. The property is located in the north sector of London, on the south side of Sunningdale Road West, west of Richmond Street. The building is of new construction, being built circa 2016. This building is in very good condition, built by Tricar. The units contain 1,111 to 2,392 square feet, each having 2 or 3 bedrooms, 1 to 2.5 bathrooms, with high end finishes. The unit also includes two underground parking spaces. The building features very good amenities, including an indoor pool, fitness centre, golf simulator, guest suite.

COMPARABLE SALE #15




PROPERTY IDENTIFICATION:

FILE#: 40225

Address: 260 Villagewalk Boulevard, London (Suite #1107)
Location: North sector of London, west of Richmond Street, on the south side of Sunningdale Road West

SALE DATA:		UNITS OF COMPARISON	
Sale Date:	October 26, 2022	# of Bedrooms:	2
Sale Price:	\$1,075,000	# of Bathrooms:	2.5
		Building Area:	2,554 sf

REMARKS:  This transaction involved the purchase of the Fee Simple Interest of a condominium unit. The property is located in the north sector of London, on the south side of Sunningdale Road West, west of Richmond Street. The building is of new construction, being built circa 2018. This building is in very good condition, built by Tricar. The unit contains 2,554 square feet, having 2 bedrooms, 2.5 bathrooms, with high end finishes. The unit also includes two underground parking spaces. The building features very good amenities, including an indoor pool, fitness centre, golf simulator, guest suite.

COMPARABLE SALES CHART 1653 RICHMOND STREET, LONDON, ONTARIO								
#	Sale Date	Property Address	Sale Price	Bldg. Area (SF) / # of Units	Sale Price Per SF / # of Units	GIM	Overall Cap Rate	NOI Per SF / Unit
OFFICE BUILDINGS								
1	September 2022	782 Richmond Street, London	\$1,575,000	4,350	\$362.07	--	--	--
2	June 2022	279 Wharncliffe Road North, London	\$10,200,000	28,451	\$358.51	19.9	4.6%	\$16.46
3	November 2021	1555 Glenora Drive, London	\$2,550,000	6,578	\$387.66	17.7	5.3%	\$20.51
4	November 2021	562 Waterloo Street, London	\$1,950,000	8,050	\$242.24	--	--	--
5	October 2021	186 Albert Street, London	\$2,800,000	10,455	\$267.81	--	5.0%	\$13.39
6	July 2021	1550 Highbury Avenue, London	\$3,850,000	8,360	\$460.50	18.0	5.1%	\$23.34
MULTI FAMILY								
7	November 2022	104 Devonshire Avenue, London	\$4,853,000	25	\$194,120	14.4	4.1%	\$7,918
8	March 2022	20 Craig Street, London	\$4,547,255	25	\$181,890	--	--	--
9	March 2022	1 Durham Street East, London	\$1,725,000	4	\$431,250	15.4	4.7%	\$20,229
10	January 2022	37 – 39 Craig Street, London	\$1,600,000	4	\$400,000	20.8	3.2%	\$12,890
11	Active Listing	656 Oxford Street East, London	\$2,400,000	4	\$600,000	26.0	3.0%	\$17,952
CONDO UNITS								
12	Aug, Sept. 2022	460 Callaway Road, London	\$638,000 \$710,000	1	\$638,000 \$710,000	--	--	--
13	Sept., Oct. 2022	1705 Fiddlehead Place, London	\$867,000 \$860,000 \$640,000 \$685,000	1	\$867,000 \$860,000 \$640,000 \$685,000	--	--	--
14	Oct., 2022, Jan. 2023	240 Villagewalk Boulevard, London	\$550,000 \$598,000 \$1,075,000	1	\$550,000 \$598,000 \$1,075,000	--	--	--
15	October 2022	260 Villagewalk Boulevard, London	\$1,075,000	1	\$1,075,000	--	--	--

The documented transactions have been summarized below on the bases of the high and low benchmarks of comparison, as well as the truncated mean of each category:

Range	Building Area	Sale Price Per SF	GIM	Adj. Overall Cap Rate	NOI / SF
LOW	4,350	\$242.24	14.4	3.0%	\$13.39
HIGH	28,451	\$460.50	26.0	5.3%	\$23.34
TRUNCATED MEAN	8,361	\$344.01	18.4	4.5%	\$18.49

ANALYSIS OF SALES

The sales utilized were situated in London Ontario. The foregoing sales data was analysed physically on the basis of sale price per unit. This measurement generally minimizes the margin of error that can result from differences between the properties being compared.

The foregoing sales that occurred between July 2021 and January 2023 are considered to be the best data available from which the Direct Comparison Approach can be used to estimate a value for the Subject Property.

As can be noted, the comparable transactions ranged from \$242.24 to \$460.50 per square foot. The range in selling price is primarily a direct reflection of the size of the properties, the quantity/quality of the building improvements, together with location and the motivation on the part of the buyer.

While it would have been desirable to have a greater number of sales the same size and having the same type and quality of building improvements as the Subject Property, and in the same general area, such was not the case. Therefore, the foregoing data has to be utilized and adjustments made in comparison to the Subject Property.

Sales Analysis Procedure

In order to adjust the sales, a unit of comparison must be established. In valuing the Subject Property, the sales were analysed on a sale price per square foot basis which is considered to be the most appropriate method of estimating a final value for the Subject Property.

Adjustments

In considering adjustments to comparable sales, the appraiser must acknowledge the influence of the presence or absence of factors being considered on the probable price of the Subject Property. The actual sale price of each comparable is known. The element being sought in each adjustment is the estimated sale price at which the comparable would have sold were it identical to the Subject Property.

Some of the most critical elements of comparison have been addressed as follows:

Property Rights Conveyed

The property rights conveyed for the comparable sales used, were both Fee Simple or Leased Fee Interest.

Financing Terms

The sale price of one property may differ from that of an identical property due to the financial arrangements provided. This is particularly the case where the comparable has a preferable financing package as contrasted to that which is available in the prevailing market. It should be noted that interest rates have been increasing amongst lenders in recent months, in response to the Bank of Canada's benchmark interest rate increases. This rate was 4.25% as of December 7, 2022, which is a significant increase from its recent low of 0.25%. Although these increased rates will certainly have an impact on slowing down the recent rapid increase in Market Values, the demand in place for these properties remains strong. Therefore, where required, adjustments were made for financing terms.

Conditions of Sale

Adjustments for conditions of sale typically reflect the motivation of buyer and the seller. No adjustments were applied for this factor.

Market Conditions

The date of sale identifies market conditions prevailing at the time the transaction occurred. Market conditions may change between the date of sale of the comparable, and the effective date of the appraisal. The comparable sales analysed transacted from a period between July 2021 and January 2023. Real estate values have trended upwards in most areas throughout Ontario during the past several years, with the major reasons being the lowering of mortgage interest rates and an increase in demand across most property types. However, with all of that being said, it should also be noted that interest rates have been increasing amongst lenders in recent months, in response to the Bank of Canada's benchmark interest rate increases. This rate was 4.25% as of December 7, 2022, which is a significant increase from its recent low of 0.25%. Although these increased rates will certainly have an impact on slowing down the recent rapid increase in Market Values, the demand in place for these properties still remains strong. Therefore, where required, adjustments were made for time.

Location

Market Value is highly sensitive to location. The Subject Property is located along Richmond Street, in an established area of London, in a very good location of north London. The improved comparable sales identified and used as at the effective date were located in areas that were either superior, similar, or inferior to the Subject's location. I have considered the foregoing within the analysis of each comparable transaction. Where applicable, adjustments were made.

Economic Characteristics

This item includes all the attributes of a property that affect its net operating income and is usually an element of comparison applied to income-producing properties. Where applicable, adjustments were made.

Physical Characteristics

This is a term that includes the physical differences between the comparable and the Subject. With regard to comparison of commercial/residential buildings, factors included under physical items would be condition, building age/updates, building size, layout, etc.

The Subject Property is improved with a mixed use commercial/residential building in good to very good condition, being of newer construction. Where applicable, adjustments were made.

Site Size (Acres)

This is a term that includes the physical differences between the comparable and the Subject. With regard to comparison of commercial/residential buildings, factors included site size, parking, etc.

The Subject Property contains a total of 0.52 acres. Where applicable, adjustments were made.

Expenditures Made After Purchase

This item can be seen with properties which will require extensive capital expenditures (Cap Ex) by the purchaser in order to re-position the property or up-grade the improvements to maintain the properties position within the market. Generally associated with a reduction in the potential value of the property. No adjustments were necessary to the comparable sales.

Zoning and Land Use

Properties may exhibit similar locational and physical attributes but have different zoning or land use classifications. The comparable sales had a similar commercial zoning designation and London Plan land use designation as the Subject Property. Where applicable, adjustments were made.

PHYSICAL - ECONOMIC PROPERTY ANALYSIS

The physical analysis on the basis of sale price per square foot of building area inclusive of land has a direct relationship to the income potential of the property. In this method of comparison, the individual sales have been reduced to a common unit of comparison - sale price per square foot of building area inclusive of land area. The stabilized economic capabilities of the property is also reduced to a common unit of comparison. The economic factors have generally been adjusted by the market participants for such factors as location, condition as well as supply and demand. The physical-economic analysis of the property is based on the following process:

- The Net Operating Income (NOI) derived by the Subject Property is divided by the total area of the building to arrive at the net income on a per square foot basis as shown in Column C.
- The unit price provided by the Subject Property is then divided into the comparable sales net operating income per square foot to arrive at a multiple as shown in Column D. This represents the relationship between the comparable and the Subject Property and provides guidance with regards to the adjustment required to reflect the Subject Property's anticipated market value relative to the economic capabilities of the comparable property.
- The factor arrived at is then multiplied by the sale price per square foot of the respective comparables (Column A) to arrive at an adjusted sale price per square foot (Column E).

The Subject Property revealed an average Net Operating Income of approximately \$18.70 per square foot based on the Net Operating Income divided by the overall leasable area (\$452,696 NOI / 24,209 square feet).

The following chart outlines the analysis utilized and the adjusted values suggested for the Subject Property:

Physical Economic Value Adjustments					
	A	B	C	D	E
Sale #	Sale Price per S. F.	NOI Per S. F.	Subject's NOI Per S. F.	Multiple (C / B)	Adjusted Sale Price Per S. F. (A x D)
2	\$359	\$16.46	\$18.70	1.14	\$408
3	\$388	\$20.51	\$18.70	0.91	\$354
5	\$268	\$13.39	\$18.70	1.40	\$374
6	\$461	\$23.34	\$18.70	0.80	\$369
Average					\$376

All of these transactions involved the acquisition of commercial related building transactions throughout London Ontario. The comparables were analysed physically on the basis of Sale Price Per Square Foot of Building Area, inclusive of land. Prior to the adjustment process taking place, the comparable sales indicated a range of square foot rates from a low of approximately \$268 per square foot to a high of \$461 per square foot. When adjusted for average Net Operating Income per square foot the range narrows resulting in an overall range between \$354 and \$408 per square foot with an average unit price of \$376 per square foot of building area, inclusive of land.

The Market Conditions would be considered reasonably stable for this type of property. The location of the properties generally in good quality commercial locations would be considered comparable locations relative to the Subject Property requiring various adjustments relative to the Subject Property. The zoning designation for the comparable properties would be considered similar to the Subject Property requiring limited adjustment.

After carefully weighing all available information, a square foot rate between [REDACTED] is considered to be applicable for the Subject Property. This value range reflects the condition and age of the building, location, quality of the tenants and the length of the leases. Applying this unit range to the Subject Property's leaseable building area of 24,209 square feet provides a value range as follows.

DIRECT COMPARISON APPROACH VALUE RANGE	
Building Area (Sq. Ft)	[REDACTED]
Rate Per Sq. Ft.	[REDACTED]
Indicated Value Range	[REDACTED]
Rounded Value Range	[REDACTED]

INCOME APPROACH

The Income Approach involves an analysis of the actual and/or estimated income potential of the Subject Property which is rendered into an estimate of value by a capitalization process. The process provides an indication of present worth of the future benefits of the income stream. The rate at which the net income is capitalized is consistent with its quality, quantity and durability. These returns generally fall into two categories. First, there is the annual net income stream receivable during the investment period or cycle. Second, there is the residual value of the assets at the end of the investment cycle.

The investment cycle is the period of time over which an investor commits capital. Except for speculative investments, this time period is generally related to the anticipated remaining productive life of a property and the term over which the property will satisfy the investor's objectives. The location; trends; age and condition of site improvements; cost of the investment capital; ability to provide security and tax shelter; and the availability of alternative investment vehicles are the basic factors on which an investment cycle is determined. The investor's tax position is often a major influencing factor.

The probability of a property increasing in value over the investment cycle is also an important consideration in the selection of an appropriate rate. First, if there is little or no probability of real growth or gain in value, the investor must look to the income stream to provide a full return on investment. This will result in a relatively high capitalization rate when alternative investments offer real growth potential. Second, in the case of an investment property that may or will decline in value (depreciate) in value, the investor must recover from the income stream the full return on the investment capital plus recapture of the depreciation. This situation also results in a high capitalization rate including both return on and return of the investment. The third alternative is where the real value of a property is expected to increase over the investment cycle. This results in a lower capitalization rate because no recapture of depreciation is required and part or all of the return on the capital invested is achieved by way of the growth or gain in value. This gain (capital gain) may be taxed at a lower effective rate resulting in a further benefit to the investor in the way of a greater after tax return.

Lease Analysis

The following definitions have been outlined as provided by the Appraisal of Real Estate; Third Canadian Edition and has been used throughout this report.

Rent

Seven different types of rent can affect income; namely, contract rent, market or economic rent, effective rent, excess rent, deficient rent, percentage rent and overage rent.

- i) Contract Rent is the actual rental income specified in a lease. It is the rent agreed on by the landlord and the tenant and may be higher than, less than or equal to market rent.
- ii) Market Rent or Economic Rent is the rental income a property would most probably command in the open market. It is indicated by the current rents that are either paid or asked for comparable space with the same division of expenses as of the appraisal.
- iii) Effective Rent (or actual occupancy cost) is an analytical tool used to compare leases with different provisions and develop an estimate or market value. Effective rent may be defined as the total of base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, e.g., free rent, excessive tenant improvements, moving allowances, lease buyouts, cash allowances and other leasing incentives.
- iv) Excess Rent is the amount by which contract rent exceeds market rent at the time of the appraisal. Excess rents created by a lease that is favourable to the lessor and may reflect superior management or a lease that was negotiated in a stronger rental market.
- v) Deficient Rent represents the amount by which market rent exceeds contract rent at the effective date of the appraisal. It is created by a lease favourable to the tenant and may reflect uniformed parties, inferior management, or a lease executed in a weaker rental market.

- vi) Percentage Rent is the rental income received in accordance with the terms of a percentage clause in a lease. Percentage rent is typically derived from retail tenants and is based on a certain percentage of their sales revenue. It is usually paid at the end of each year and may be more difficult to collect than other forms of rent paid on a more regular basis.
- vii) Overage Rent is the rent paid and above the guarantee minimum rent or base rent. The level of sales at which a percentage clause is activated is specified in a lease called a “breakpoint”.

Leases

- i) Gross Lease is a lease in which the landlord received stipulated rent and is obligated to pay all or most of the operating expenses and real estate taxes.
- ii) Net Lease is a lease in which the tenant pays all property charges in addition to the stipulated rent.

Level and Schedule of Rental Payment

- i) Flat Rental Lease or Level Payment is the lease that has a specified level of rent that continues throughout the lease term. In a stable market, this type of lease is typical and acceptable.
- ii) Variable Rental Lease is common, particularly when an owner anticipates periodic changes in market rent. This type of lease may specify a periodic percentage change, at other times, the change may be tied into a specific index such as the ‘Consumer Price Index’.
- iii) Step-up or Step-down Lease provides for a certain rent for an initial period followed by an increase or decrease in rent overstated periods during the term of the lease.
- iv) Annual Increase Lease is one of the most common leases which simply increases the rent annually by a dollar amount specified in the lease.
- v) Revaluation Lease provided for the rent adjustments at periodic intervals based on the revaluation if the market rent under prevailing market conditions. If a short term lease with a renewal option cannot agree on the rent, revaluation through appraisal or arbitration may be stipulated in the lease.
- vi) Percentage Leases in some or all gross leases is based on a specified percentage of the volume of business, productivity or use achieved by the tenant. They may be short or long and are most frequently used in retail properties.

Building Area

- i) Gross Living Area (GLA) is the total area of finished, above-grade residential space, calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-ground living space. Finished basements and attic areas are not generally included in gross living area.
- ii) Gross Building Area (GBA) is the total area of building, excluding unenclosed areas, measured from the exterior of the walls; includes both the superstructure floor area and the substructure or basement area.
- iii) Gross Leasable Area (GLA) is the total area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the centre of the joint partitioning to the outside wall surfaces.
- iv) Rentable area is described as the usable area of the tenanted space plus allocation of floor common area. (e.g., lobby, janitorial areas, washrooms). The rentable area is normally used as the basis for determining base and additional rent.

Note: The acronym GLA can stand for two different area measurements. Residential appraisers use it for the Gross Living Area while commercial appraisers use it for Gross Leasable Area.

POTENTIAL GROSS INCOME

The Subject Property contains a total of 24,209 square feet, with two (2) commercial units on the main floor and nine (9) residential units on the upper floors. The majority of the main floor is owner occupied and setup as a medical clinic, along with an approximate 1,000 square foot area that is designated for use as a pharmacy. This unit/area is currently vacant, however, anticipated that a pharmacy tenant will occupy this space moving forward. The primary commercial unit was owner occupied as of the Effective Date, with the residential apartments being fully leased (two units are leased, however, are vacating in February 2023 and will be re-leased). The commercial lease is projected to be on a Net basis, with the tenant being responsible for the majority of the operating expenses, including the commercial portion of the property taxes, building insurance, utilities, etc. The residential tenants are on a Semi Gross basis, with the tenants paying their base rent and utilities. The property owner is responsible for the residential portion of the property taxes, insurance, repairs and maintenance.

A market rental rate has been inserted for the owner occupied commercial unit, and pharmacy units, as well as the two residential units that are set to be re-leased in February 2023.

There is currently a lease in place (non arms length) for the main floor medical clinic, which will be factored into this report, as requested by the Client. The lease runs from November 21, 2016 to November 20, 2026, at a rate of [REDACTED] per month [REDACTED] per annum; [REDACTED] f). For the purposes of this report, the remainder of this lease has been used (45 months) and stabilized with a market rent of [REDACTED] / sf (75 months), for a ten (10) year investment horizon. A market rent of [REDACTED] per square foot has been inserted for the pharmacy unit.

The Income Approach is most meaningful when market leasing is in effect for the subject building and operating statements are available, whereby the revenue and operating expenses actually being experienced can be analysed and interpreted. In this instance, the basis of the Income Approach is to utilize the contract rents and current operating expenses. Adjustments are made for recoverable expenses and any other sources of ancillary income that may be present. This income stream is used to determine a net income which is then capitalized into a present value as an investment. Under this assumption, the economic aspect of the real estate holdings must be developed on the basis of estimates or projections that are considered to apply. Market rent is defined as the most probable rent the Property would command on the open market, as indicated by current market rentals being paid for comparable space. Appropriate adjustments must be made for building size, building age, quality of finish, location, etc.

1653 RICHMOND STREET, LONDON, ON GROSS REVENUE SUMMARY				
Unit	Tenant	Unit Size	Rent per Sq. Ft. / Month	Annual Revenue
COMMERCIAL UNIT				
Main Floor	Children After Hours Clinic (owner occupied)	5,108	(1	
Main Floor	Pharmacy (vacant)	1,000		
RESIDENTIAL UNIT				
Apartment #1	Named Individuals	2 BR		
Apartment #2	Named Individuals	2 BR		
Apartment #3	Named Individuals	2 BR		
Apartment #4	Named Individuals	2BR		
Apartment #5	Named Individuals	2 BR		
Apartment #6	Named Individuals	2 BR		
Apartment #7	Named Individuals	2 BR		
Apartment #8	Named Individuals	2 BR		
Apartment #9	Named Individuals	2 BR		
Total	--	--		



MARKET RENTAL STUDY

A rental study was conducted to determine the most appropriate market rent for the Subject Property. The study indicated a range from a low of \$10.00 to a high of \$50.00 per square foot on a Net lease basis, for comparable office buildings, both downtown and suburban locations. Office rental rates have remained fairly stable over the past few years, due in large part to the relatively high vacancy rate. Throughout the pandemic, there was a slow decrease in rental rates, with very limited activity in the downtown core. There was an increase in activity in 2022, however, any changes in vacancy rates and rental rates have remained small.

The Subject Property is considered to be superior to the majority of the office space within the city, being above the outlined range of comparable market rents. The Subject Property is located in a very good area of north London. The property also provides on site parking, which is a strong positive and will also be reflected in the rental rate.

Based on these points, a rate above the range appears to be reasonable. A copy of the rental study is located on the following pages, outlining core area office buildings, as well as suburban office buildings.

MARKET RENTAL STUDY DOWNTOWN CLASS A & B OFFICE BUILDINGS						
#	Address	Class of Building	Total Building Area (Sq. Ft.)	Vacancy	Net Rent / Sq. Ft.	Gross Rent / Sq. Ft.
1	255 Queens Avenue	A+	382,000	8.4%	\$19.75 - \$23.25	\$35.31
2	140 Fullarton Street	A	205,663	18.8%	\$14.00	\$27.28
3	148 Fullarton Street	A	206,166	12.3%	\$14.00	\$27.18
4	465 Richmond Street	A	33,838	7.0%	\$14.00	\$27.46
5	114 Dundas Street	B+	18,539	80.0%	\$10.00	\$18.81
6	150 Dufferin Avenue	B+	149,389	26.7%	\$12.00	\$24.97
7	244 Pall Mall Street	B+	28,353	6.5%	\$10.00	\$24.56
8	252 Pall Mall Street	B+	32,614	0.0%	\$10.00 - \$13.60	\$23.60
9	254 Pall Mall Street	B+	23,538	32.2%	\$10.00	\$26.10
10	256 Pall Mall Street	B+	24,336	7.8%	\$10.00	\$24.30
11	200 Queens Avenue	B	87,000	12.6%	\$11.00	\$24.33
12	495 Richmond Street	B	66,750	39.9%	\$11.00	\$23.43
Averages			104,849	21.0%	\$12.74	\$25.61

As of January 2023

Rental rates have remained fairly stable over the past several years, with limited movement across downtown rental rates. However, several properties and real estate agents are reporting that property owners are increasing the amount of tenant inducements that are offered to prospective tenants, with rental rates holding steady. There has been some upward movement among suburban office rental rates, with an increased demand outside of the downtown core.

Discussions were held with two major real estate brokerage firms who are active in the marketplace. Their feedback and input has been considered and confirms our assumptions. Some of the recent leases are confidential and cannot be published at the tenants and/or brokers request.

SUBURBAN OFFICE - MARKET RENTAL STUDY

The following rental study outlines commercial leases throughout the areas surrounding the Subject Property, which provide a good cross section of the marketplace. The following table substantiates the market rent selected at the Subject Property, which appear to be within current market levels.

MARKET RENTAL STUDY			
Address	Area (Sq. Ft.)	Rate/Sq. Ft.	Comments
Fanshawe Park Road, London	1,000 – 3,000	\$25 - \$35	- Net lease, long term lease - High profile location in northwest London
Fanshawe Park Road / Richmond Street, London	Various	\$40 - \$50	- Net lease, leases commenced in 2021/2022 - Office and retail leases - New construction
1701 Richmond Street, London	8,082	\$24.95	- Net lease, active listing - New construction office space, 2 nd floor
Hyde Park Road, London	2,000	\$31.00	- Net lease, 10 year term - Lease commenced in 2018 - New construction medical building
Southdale Road, London	Various	\$28 - \$30	- New lease, 10 year term - New construction medical office building
North Centre Road, London	Various	\$12.50 - \$18.00	- Multi tenant office building - Well maintained, good condition
Oxford Street West, London	4,000	\$21.00	- Net lease - Newer construction, single tenant building
1065 Valetta Street, London	4,000	\$26.00	- Net lease, active listing - To be built office building - Suburban location
1555 Glenora Drive, London	957	\$26.00	- Net lease, active listing - Multi tenant office building, older construction
735 Fanshawe Park Road West, London	3,000	\$29.50	- Net lease, active listing - Retail / office space - Multi tenant plaza
Wharncliffe Road North, London	Various	\$12.00 - \$25.00	- Net leases - Older construction office building
Kilally Road, London	2,000	\$24.00	- Net lease, medical office space - multi tenant retail plaza
1550 Highbury Avenue North, London	Various	\$24.00	- Net leases - two storey medical office building

LUXURY RESIDENTIAL - MARKET RENTAL STUDY

The following rental study outlines residential leases throughout the areas surrounding the Subject Property, which provide a good cross section of the marketplace. The following table substantiates the contract rents and market rents selected at the Subject Property, which appear to be within current market levels.

MARKET RENTAL STUDY			
Address	Area (Sq. Ft.)	Rate/Month	Comments
1705 Fiddlehead Place, Unit #201	1,515	\$2,900	- 2 bedrooms, 2 bathrooms - Leased November 2022 - Mid rise, new construction apartment building
260 Villagewalk Boulevard, London	1,403	\$2,650	- 2 bedrooms, 2 bathrooms - Leased November 2022 - new construction, high rise apartment building
460 Callaway Road, Unit #809	1,435	\$2,500	- 2 bedrooms, 2 bathrooms - Leased December 2022 - New construction, high rise apartment building
240 Villagewalk Boulevard, Unit #812	1,512	\$2,700	- 2 bedrooms, 2 bathrooms - Leased September 2022 - New construction, high rise apartment building
240 Villagewalk Boulevard, Unit #910	1,761	\$2,900	- 2 bedrooms, 2 bathrooms - Leased September 2022 - New construction, high rise apartment building
695 Richmond Street, Unit #1605	1,322	\$2,500	- 2 bedrooms, 2 bathrooms - Leased August 2022 - Older construction, high rise apartment building

London's Office Market - Quarter 3 – 2022

According to the 'CBRE Limited's' Market View 3rd Quarter 2022 Report London's Office Market vacancy rate has decreased to 25.3% in the downtown core and 21.2% overall. Suburban office vacancy levels are at a reported 9.3%. There is some indication that companies are choosing to relocate from the downtown core into the suburban market, with slight increase in demand for the suburban office market. There has been a slight increase in downtown leasing, with a slight decrease in net asking rents as well, to \$13.42 per square foot. Net asking rents for suburban office space has been fairly level, averaging \$12.91 per square foot. There is a strong demand for suburban office space, most notably in the north and west sectors of the city.

FIGURE 3: Historical Rental Rates (\$PSF)



Source: CBRE Research, Q3 2022

FIGURE 4: Q3 2022 Office Market Statistics

Submarket	Inventory (SF)	Vacancy Rate (%)	Under Construction (SF)	Quarterly Net Absorption (SF)	Avg. Net Asking Lease Rate (\$PSF)
Core	4,766,661	25.3%	0	31,522	\$13.42
Suburban	1,605,465	9.3%	0	-4,543	\$12.91
London Total	6,372,126	21.2%	0	26,979	\$13.36

CBRE – Q4 – 2022: INVESTMENT TRENDS

Q4 2022 Cap Rates

Downtown Office		Δ Q/Q	Multifamily		
AA	N/A		High Rise A	3.75% - 5.00%	▲
A	6.75% - 8.00%	◀▶	High Rise B	4.00% - 5.25%	▲
B	7.50% - 8.75%	◀▶	Low Rise A	4.00% - 5.75%	▲
			Low Rise B	4.25% - 6.00%	▲
Suburban Office			Seniors Housing		
A	6.25% - 7.25%	◀▶	Independent/Assisted Living A	6.25% - 6.75%	▲
B	6.50% - 8.00%	◀▶	Independent/Assisted Living B	7.50% - 8.25%	▲
Industrial			Long Term Care A	7.00% - 7.50%	◀▶
A	5.50% - 6.25%	▲	Hotel		
B	6.00% - 7.00%	▲	Downtown Full Service	8.00% - 9.25%	▲
Retail			Suburban Limited Service	9.00% - 9.75%	▲
Regional	6.25% - 7.00%	◀▶	Focused Service	8.50% - 9.25%	▲
Power	6.00% - 7.00%	◀▶			
Neighbourhood	6.00% - 7.50%	◀▶			
Strip	5.50% - 6.75%	▲			
Strip (non-anchored)	5.75% - 7.25%	◀▶			
Urban Streetfront	7.00% - 8.50%	◀▶			
High Street	N/A				



Operating Expenses

Vacancy and Collection Loss

During the investment cycle, most properties will experience a loss in their potential income due to vacancy or collection problems. The calculation of this aspect of the stabilized operating statement takes into consideration published market reports, a general review of the immediate Subject area, or the market in which it competes and the past operating history of the Subject investment.

After carefully considering all available information, it is the appraiser's opinion that a vacancy and collection loss of 2.0% is applicable on a stabilized basis.

Insurance

As per our stabilized projection, the landlord is responsible for the residential portion of the building insurance. The building insurance has been stabilized at [REDACTED] per annum.

Realty Taxes

The property owner is responsible for the residential portion of the property taxes, which have been reported to be [REDACTED] per annum, as per the City of London. The commercial tenants pay their proportionate share of the property taxes.

Utilities

All of the tenants (commercial and residential) pay 100% of the buildings/units utilities.

Maintenance and Repairs

This item takes into account common area and structural repair, exterior maintenance and mechanical repair/replacement, where applicable, which may not be the responsibility of the tenant. This does not take into account replacement of building components which are considered a capital cost and not an expense. Based on the age and condition of the improvements and the level of current maintenance, a stabilized annual rate of [REDACTED] was considered to be reasonable for the Subject Property.

Property Management

The amount included as a management fee has been based on normal market standards. A survey of property management companies suggests that on average these fees range from approximately 3.0% to a high of 6.0% for buildings which are in good overall condition and which do not have vacancy or maintenance problems. Therefore, an overall average rate of 2.5% of the Effective Gross Income (EGI) was utilized based on current competitive market rates for this type and size of building.

The stabilized income and expense summary for the Subject Property is shown below.

Stabilized Income and Expense Summary		
1653 Richmond Street, London, ON		
24,209 Sq. Ft. of Total Building Area		
<u>INCOME</u>		Per Annum Per Sq. Ft.
Main Floor - Medical Clinic		
Main Floor - Pharmacy		
Residential Apartments		
Total Potential Gross Income		
Less: Vacancy & Collection Loss @	2.00%	
Effective Gross Income (EGI)		
<u>EXPENSES</u>		
Property Taxes - Residential		
Building Insurance - Residential		
Repairs & Maintenance - Residential		
Property Management, Misc., Structural	2.50%	
Total Expenses		
NET OPERATING INCOME (NOI)		

Capitalization

This is the process of converting into a Present Worth a series of anticipated future annual instalments of income. The formula is as follows:

$$V = \frac{I}{R_o} \quad \text{In Which:} \quad \begin{array}{l} I = \text{Annual Income} \\ R_o = \text{Overall Composite Rate} \\ V = \text{Value} \end{array}$$

Investors purchasing properties similar to the Subject Property tend to be seeking returns above the average, with the ultimate rate usually dependent upon the age and conditions of the improvements, its location, liquidity and the positive or negative leverage which results from financing, as well as the availability of competitive investments.

Ideally, the capitalization rate would be derived from actual market sales of similar properties. This requires a number of comparable property sales and a knowledge of the income and expenses as well as the debt service and equity capital positions. There is sufficient sales data of properties similar to the Subject Property wherein a range of capitalization rates can be found below. This study revealed overall capitalization rates typically in the range of 3.0% to 5.3% for similar types of investment real estate. Projects similar to the Subject are almost always purchased with borrowed funds. Consequently, it follows that the availability and terms of borrowed capital will have an influence upon the value of the real estate.

It should be noted that there was limited investment information available in the immediate area of the Subject Property. Therefore, the appraiser expanded the search area to include sufficient market evidence of investor requirements.

There has been a lack of recent investment sales, as there remains a gap between vendors and purchasers expectations in the current marketplace. The recent interest rate hikes are the primary cause for this situation. The increasing cost of financing is expected to lead to an increase in capitalization rates.

	Overall Capitalization Rate
Low	3.0%
High	5.3%

Selection of Capitalization Rates

The selection of the most appropriate discount rate or capitalization rate is a process whereby the characteristics of the property being valued are ranked against the investment features of comparable properties in the marketplace which have transacted at known rates of return. The salient investment features of the Subject Property are also interpreted in light of the prevailing rate structure which the investment community would use in pricing comparable investments.

The second area considered is the interest yields available to the investor through alternative investments. These rates are historically higher than those acceptable by the real estate investor due to the ability of real estate to shelter income from taxation. Bond rates have remained fairly constant while other rates have tended to fluctuate considerably. Investors generally follow the stable bond rates as opposed to the more volatile short term rates. Major variables associated with the most applicable rate for the Subject Property would include the following:

- The location of a property will have a positive or negative impact on the capitalization rate and the end value of the Subject Property. The Subject Property is located on Richmond Street, being a very good area of north London. The location of the Subject Property is considered to be very good. The location on a provincial basis would be considered very good. London is a stable market with good demand for this type of product.
- The security and stability of the income will obviously impact value. As of the effective date of this report, the main floor was owner occupied, with the apartments being fully leased.
- The on site parking is a strong positive, with above grade and below grade.
- The physical condition of the improvements, which takes into consideration age and maintenance, is a significant variable. The improvements at the Subject Property were considered to be in good to very good overall condition, being of newer construction.
- Time, with regard to the date of a transaction is an important consideration. This is often associated with the market and can move from an over-supplied market to an under supplied situation which will impact pricing. The impact can be felt throughout the various units of comparison including rental rates, mortgage rates and risk rates. It was concluded, based on the availability of product, the amount of market activity and discussion with participants in the market that the downward pressure being exerted on rates over the past year would appear to have stabilized with some upward movement anticipated primarily due to the instability of financial markets and the upward movement in rates and the increased underwriting concerns by the lending community. There however, continues to be a generally strong commercial investment market.
- Interest rates have been increasing amongst lenders in recent months, in response to the Bank of Canada's benchmark interest rate increases. This rate was 4.25% as of December 7, 2022, which is a significant increase from its recent low of 0.25%. Conversations with several major banks reveal that typical commercial lending interest rates have increased significantly in recent months.

Taking all matters into consideration as well as its location and site area, it was concluded that the most applicable capitalization or discount rate for the Subject Property's net income before debt service, would be 4.50% to 5.00%. Our calculations are as follows:

DIRECT CAPITALIZATION OF NET OPERATING INCOME	
Estimated Net Operating Income	[REDACTED]
Selected Capitalization Rates	
Indicated Capitalized Values	
Rounded Values	

CORRELATION AND FINAL ESTIMATE OF VALUE

The Direct Comparison Approach and Income Approach to Value were investigated resulting in the following indications of value:

VALUATION RANGE SUMMARY			
Direct Comparison Approach			
Income Approach			

The Direct Comparison Approach utilized an overall comparison of improved commercial building properties. All of the sales used in the report required some type of adjustment for time, site and building size, zoning, etc. The strength of this method of analysis is linked directly to the various adjustments. It is felt that site improvements all of the adjustments made are reasonable. It would be desirable to have a greater volume of more recent sales but such are not available, as a result of our extensive inquiries. Accordingly, the available sales data has been used and weighted allowances made in comparison to the Subject Property.

The economic information used in the Income Approach is primarily derived from our knowledge of the actions of investors and their required rate of return on capital employed. Therefore, the actions of typical investors and their market demand can be interpreted for utilization in the economic analysis of the Subject Property. The historic findings can then be tempered by current investment yields, trends and mortgage interest rates that are kept on file in our office. The economic analysis in the Income Approach involved the 'Direct Method' with capitalization rates derived from market sales. It provides a range of investment criteria that translates to a value range by using the recognized capitalization process. The resulting values are considered to properly reflect a range in which a property would most likely sell if exposed for sale in an open market.

The estimate of current value assumes a marketing time of three (3) to nine (9) months which allows for required presentation to the market, a due diligence period and legal requirements. Given the nature of the Subject Property, this time frame would be considered reasonable under the market conditions of the current effective date. This marketing period is also predicated on the prerequisites to 'Market Value' as more fully defined elsewhere in this report.

Considering the data investigated and market conditions in general, the most probable single Current Market Value of the Leased Fee Interest of the Subject Property, as of January 11, 2023, is estimated to be:

NINE MILLION FIVE HUNDRED THOUSAND DOLLARS

Note to Reader: The valuation estimate above is subject to the Extraordinary Assumption(s) and Hypothetical Condition(s), see page 12.

This is a Narrative Appraisal Report prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP). The report describes the method and approach to value in support of the conclusions and contains pertinent data gathered in our investigation of the market. The client acknowledges that the attached report is confidential and agrees not to disclose the information contained herein to a third party without the expressed authority of the undersigned.

Respectfully submitted,
VALCO CONSULTANTS INC.


Matt Telford, BA, AACI, P. App
AIC Member # 904290
(519) 667-9050, Extension 241
mtelford@valcoconsultants.com



APPRAISER'S CERTIFICATION

I hereby certify that to the best of our knowledge and belief:

- the statements and opinions contained in this appraisal report are true and correct;
- that I personally inspected the Subject Property as described in this report, located at 1653 Richmond Street, London, Ontario on January 11, 2023, and investigated the information and data contained in this report;
- I have no present or prospective interest in the property being appraised and I have no personal interest or bias with respect to the parties involved. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event;
- the reported analyses, opinions and conclusions, limited only by the reported assumptions and limiting conditions (Addenda) and are my personal, unbiased, professional analyses, opinions and conclusions;
- my analyses, opinions and conclusions developed within this report have been prepared in conformity with the requirements of the Code of Professional ethics and the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute of Canada;
- the Appraisal Institute of Canada has a mandatory continuing Professional Development Program, which I have fulfilled the requirements for;
- that it is my opinion that, as of January 11, 2023, the Current Market Value of the Leased Fee Interest of the Subject Property is estimated to be:

NINE MILLION FIVE HUNDRED THOUSAND DOLLARS

Note to Reader: The valuation estimate above is subject to the Extraordinary Assumption(s) and Hypothetical Condition(s), see page 12.

This is a Narrative Appraisal Report prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP). The report describes the method and approach to value in support of the conclusions and contains pertinent data gathered in our investigation of the market. The client acknowledges that the attached report is confidential and agrees not to disclose the information contained herein to a third party without the expressed authority of the undersigned.

Dated January 25, 2023, in London, Ontario

Respectfully submitted,
VALCO CONSULTANTS INC.


Matt Telford, BA, AACI, P. App
AIC Member # 904290
(519) 667-9050, Extension 241
mtelford@valcoconsultants.com



ADDENDA

Assumptions, Limiting Conditions, Disclaimers and Limitations of Liability
Resume of Qualifications

ASSUMPTIONS, LIMITING CONDITIONS, DISCLAIMERS AND LIMITATIONS OF LIABILITY

The certification that appears in this report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice (“CUSPAP”) and the following conditions:

1. This report is prepared only for the client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the authors. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the appraisal fee has no effect on liability. Reliance on this report without authorization or for an unauthorized use is unreasonable.
2. Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author(s).
3. The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. No registry office search has been performed and the author assumes that the title is good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
4. Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the appraiser. Any information provided by the appraiser is for informational purposes only and any reliance is unreasonable. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
5. No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
6. This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to: adequate time to review the report and related data, and the provision of appropriate compensation.
7. Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighboring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.

8. The author is not qualified to comment on detrimental conditions 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 which may include but are not limited to: moulds or mildews or the conditions that might give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any detrimental condition, past, present or future, that might affect the market value of the property appraised. If a party relying on this report requires information about detrimental conditions, that party is cautioned to retain an expert qualified in such issues. The author expressly denies any legal liability relating to the effect of detrimental conditions on the market value of the subject property.
9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.
10. The term “inspection” refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.
11. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.
12. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The author acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the author’s privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author's privacy policy and in accordance with the PIPEDA.
13. The author has agreed to enter into the assignment as requested by the client named in this report for the use specified by the client, which is stated in this report. The client has agreed that the performance of this report and the format are appropriate for the intended use.
14. This report, its content and all attachments/addendums and their content are the property of the author. The client, authorized users and any appraisal facilitator are prohibited, strictly forbidden, and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.
15. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the author can be reasonably relied upon.
16. Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending, underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower’s demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.

RESUME OF QUALIFICATIONS
MATTHEW TELFORD, BA, AACI, P.APP

EDUCATION & PROFESSIONAL DESIGNATIONS

- AACI Accredited Appraiser Canadian Institute
- P.App Professional Member of the Appraisal Institute of Canada
- BA Bachelor of Arts Degree: M.I.T. – University of Western Ontario
- Pg. D. Post Graduate Diploma: Human Resources Management – Sheridan College

MEMBERSHIPS & ASSOCIATIONS

AIC Appraisal Institute of Canada (AIC)
AACI Accredited Appraiser Canadian Institute
O.E.A. Ontario Expropriation Association, member through Valco Consultants Inc.

AIC – London Chapter

- Member of the Executive Committee

EDUCATION & EXPERIENCE HISTORY

2015 to Present	Partner/Real estate appraiser with Valco Consultants Inc.
2005 to 2014	Real estate appraiser with Valco Consultants Inc.
2006 to 2012	University of British Columbia, AIC Education Program.
2003 to 2004	English teacher in South Korea, with ECC Changwon.
2002 to 2003	Human Resources Management – Post Graduate Diploma – Sheridan College.
1998 to 2001	BA, M.I.T. – University of Western Ontario.

AREAS OF PRACTICE

INDUSTRIAL BUILDINGS

Within this category, buildings ranging in size from 1,000 to 700,000+ square feet have been analyzed. These single and multi-tenant structures were occupied by a wide range of occupants including general manufacturing, warehousing and automotive related manufacturing.

RETAIL BUILDINGS

Valuations within this segment of the market have included newly built/to be built retail developments, older core area and neighbourhood mixed-use structures, retail strip malls and single-tenant structures.

OFFICE BUILDINGS

Reports have been completed on existing single-storey owner-occupied buildings as well as high-rise, single and multi-tenant structures in the core area of various municipalities as well as suburban structures. Unusual situations have included buildings developed on leased land or constructed with a head lease agreement for the entire structure.

MULTI-FAMILY RESIDENTIAL BUILDINGS

Projects ranging in size from 3 to 180 units have been valued, including those with a mixture of unit types including lower level retail or office accommodation.

VACANT LAND

This would include residential sites available for single family dwellings, townhouse or apartment buildings. Industrial sites and sites available for construction of a wide range of retail, office or commercial developments.

SPECIAL USE PROPERTIES

These would include public and private golf courses, fast food restaurants, service stations, car washes, mini-storage warehousing, car dealerships, owner-occupied and lease-back arrangements, restaurants, motels, hotels taverns, schools and churches.

APPENDIX “E”

Appraisal Report of the

RICHMOND MEDICAL CENTRE MIXED-USE PROPERTY
1653 RICHMOND STREET,
LONDON, ONTARIO



Prepared For:
RICHMOND MEDICAL CENTRE INC. c/o REFCIO & ASSOCIATES

Prepared By:
METRIX
REALTY GROUP



February 11, 2022
File No: 48756

RICHMOND MEDICAL CENTRE INC. C/O REFCIO & ASSOCIATES
380 York Street,
London ON
N6B 1P9

Attention: Rod R. Refcio
CEO, Senior Lawyer

Re: **RICHMOND MEDICAL CENTRE**
1653 RICHMOND STREET
LONDON, ONTARIO

In accordance with your request, I have inspected the above captioned property for the purpose of estimating its Current Market Values as of January 30, 2022. As per the client's request, a Current Market Value estimate of "*Leased Fee Interest*", "as if completed", was completed. The property was appraised on an "all cash" basis, as if free and clear of any existing financing. The intended user of this report is the client, *Richmond Medical Centre Inc. c/o Refcio & Associates*. The property was inspected on January 30, 2022.

The following report was prepared in accordance with the *Canadian Uniform Standards of Professional Appraisal Practice* for the **APPRAISAL INSTITUTE OF CANADA**.

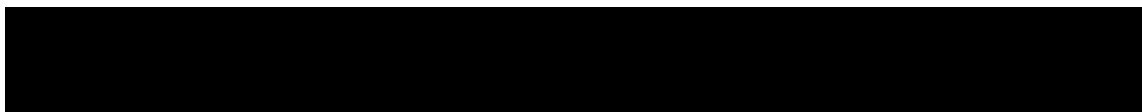
The subject property is situated in the north sector of the City of London. More specifically it is located on the southwest corner of Richmond Street North and Hillview Boulevard. The site has an area of 22,766 Sq.Ft. and is zoned R9-7(23) - *Residential Zone*. The site is improved with a four-storey, mixed-use, medical office and luxury apartment building containing a total of approximately 25,400 sq. ft. of gross building area.

285 King Street, Suite 204,
London, Ontario N6B 3M6
Telephone: 519-672-7550
Fax: 519-672-9321

The ground floor contains approximately 6,400 square feet of medical office space fully leased to five tenants. Tenants include *Masonville Optometry, IDA Pharmacy, the Children's After Hours Clinic*, as well as five exam rooms leased to two separate doctors. The upper floors contain nine residential apartment units, ranging in size from 1,500 to 1,800 square feet. The subject apartment units contain luxury amenities and high-end finishes and are considered best-in-class in terms of quality. All apartment units are leased. The building also contains underground parking. The subject property's Highest and Best Use is for the continuation of its existing mix of medical office and residential rental apartment uses.

A more detailed description of the property, together with the reasoning leading to the valuation estimate reported herein, has been outlined in the accompanying report.

As a result of investigation, and after taking all pertinent factors into consideration, it is my opinion that the estimated Current Market Value of the subject property, in the "*Leased Fee Interest*", as complete, as if free and clear of any financing and on an "all cash" basis, as of January 30, 2022, is:



"As per the following Extraordinary Limiting Conditions"

Extraordinary Limiting Condition: *Due to the Coronavirus pandemic, local health authorities are strongly advising (or mandating) limited exposure to or contact with other people. Entering certain building interiors for inspection purposes is contrary to local health authority advice and is not possible at this time. This appraisal assignment was completed without physical access to the interior of this property. Property details have been identified and collected through other means as noted in this report.*

Extraordinary Assumption: *Because of the inability to access and view the interior/exterior of this property, information and details concerning the interior/exterior finishing, quality and condition are taken from sources deemed reliable. If any of these details are subsequently determined to be inaccurate, the appraiser reserves the right to amend the appraisal and the value herein.*

Extraordinary Limiting Conditions:

Values contained in this appraisal are based on market conditions as at the time of this report. This appraisal does not provide a prediction of future values. In the event of market instability and/or disruption, values may change rapidly, and such potential future events have NOT been considered in this report. As this appraisal does not and cannot consider any changes to the

property appraised or market conditions after the effective date, readers are cautioned in relying on the appraisal after the effective date noted herein.

As of the date of this report Canada and the Global Community is experiencing unprecedented measures undertaken by various levels of government or curtailed health related impacts of Covid-19 Pandemic. The duration of this event is not known. While there is potential for negative impact with respect to micro and macro-economic sectors, as well as upon various real estate markets, it is not possible to predict such impact at present, or the impact of current and future government countermeasures. There is some risk that as the Covid-19 Pandemic increases the likelihood of a global recession, however without knowledge of further anticipated government countermeasures at the national and global levels it is not possible to predict any impact at this point in time. Accordingly, this point in time valuation assumes the longer term market conditions remain unchanged. Given the market uncertainties of the Covid-19 Pandemic, a force majeure event, we reserve the right to revise the value estimation set out in this report for a fee, with an update appraisal report under a separate appraisal engagement, incorporating market information available at that time.

The coronavirus pandemic is causing a significant degree of uncertainty in capital markets, and could have an effect on real estate values depending on the duration and severity of the crisis. At present, it is too early to predict how values may be affected, but it may be likely that market demand is adversely affected in the short term.

The undersigned reserves the right to revise the opinions set out herein, including the final estimate of value, in light of any facts and conditions that become known subsequent to the date of the report, which have an impact on the conclusions reached. The value reported above is subject to the qualifications, limiting conditions and underlying assumptions set out herein. This report contains 104 pages plus Addendums, and is not valid unless it contains an original signature. Should you require any further information or clarification with respect to this matter, please contact the undersigned.

Respectfully submitted,

METRIX SOUTHWEST INC.



Paula Busch, Hons. B.A., AACI, P.App
pbusch@metrixrealty.com

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EXECUTIVE SUMMARY

PURPOSE OF APPRAISAL: Current Market Value

FUNCTION OF APPRAISAL: Asset Valuation for Mortgage Financing

EFFECTIVE DATE: January 30, 2022

INSPECTION DATE: January 30, 2022

INTEREST APPRAISED: Leased Fee Interest

PROPERTY TYPE: Medical Office/Residential

ADDRESS/LOCATION: 1653 Richmond Street, London, Ontario

LEGAL DESCRIPTION: Part of Lot 28 on Registered Plan 1029, designated as Part 1, Reference Plan 33R-19375 together with an easement over Parts 2, 3, 4, 5 and 7 Reference Plan 33R-19479 as in ER1063273, subject to an easement over Part 1, Reference Plan 33R-19479 in favour of Lot 23-27, Registered Plan 1029, Parts 1,3,5,7,& 9, Reference Plan 33R-19435 as in ER1063272 City of London, County of Middlesex

REPORTED OWNER: Richmond Medical Centre Inc.

OVERALL SITE AREA: 22,766 sq. ft.

BUILDING AREA (SQ. FT.): 25,400 sq.ft. – gross building area
21,100 sq. ft. – total leasable area

LONDON PLAN: Transit Village

ZONING: Residential R9-7(23)

**ESTIMATED EXPOSURE/
MARKETING TIME:** 9-12 months/
9-12 months

HIGHEST AND BEST USE: For the continuation of its existing mix of medical office and rental apartment uses.

DIRECT COMPARISON APPROACH:	
INCOME APPROACH:	
COST APPROACH:	Not Developed
FINAL ESTIMATE OF VALUE:	

OVERVIEW OF THE ASSIGNMENT

PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate the Current Market Value of the subject property located at 1653 Richmond Street, London, Ontario

FUNCTION OF APPRAISAL

Asset Valuation for Mortgage Financing

CLIENT

Richmond Medical Centre Inc. c/o Refcio & Associates

INTEREST APPRAISED

Leased Fee Interest

EFFECTIVE DATE OF APPRAISAL

January 30, 2022

INSPECTION DATE

Paula Busch inspected the exterior only of the property on January 30, 2022.

SCOPE OF VALUATION AND REPORTING PROCESS

An inspection of the exterior only of the subject property on January 30, 2022, by Paula Busch, Hons. B.A., AACI, P.App. The interior of the subject property was last inspected on November 12, 2020.

The findings and conclusions outlined in this report were based upon:

- an inspection of the surrounding neighbourhood;
- a review of the pertinent Official Plan guidelines, Zoning By-law and Regulations;
- a confirmation of all data relied upon in the valuation process;
- a determination of Highest and Best Use;
- a registry office search to confirm title details was not conducted;
- comparable property sales searched through MLS records and statistics, GeoWarehouse™, Realtrack™ and the records of the Land Registry Office. Photocopies of this data are available in the appraiser's file. Other published statistical data as relating to economic indicators was reviewed, and where necessary, has been discussed in some detail; and
- a detailed valuation analysis of the subject utilizing the Sales and Income Approaches.

Extraordinary Limiting Condition: Due to the Coronavirus pandemic, local health authorities are strongly advising (or mandating) limited exposure to or contact with other people. Entering certain building interiors for inspection purposes is contrary to local health authority advice and is not possible at this time. This appraisal assignment was completed without physical access to the interior of this property. Property details have been identified and collected through other means as noted in this report.

Extraordinary Assumption: Because of the inability to access and view the interior/exterior of this property, information and details concerning the interior/exterior finishing, quality and condition are taken from sources deemed reliable. If any of these details are subsequently determined to be inaccurate, the appraiser reserves the right to amend the appraisal and the value herein.

Extraordinary Limiting Condition: *The Cost Approach was not utilized in this instance, due to the difficulties in accurately estimating accrued depreciation. Furthermore, although purchasers are aware of this method, little relevance is placed upon the Cost Approach.*

Extraordinary Limiting Condition

Values contained in this appraisal are based on market conditions as at the time of this report. This appraisal does not provide a prediction of future values. In the event of market instability and/or disruption, values may change rapidly, and such potential future events have NOT been considered in this report. As this appraisal does not and cannot consider any changes to the property appraised or market conditions after the effective date, readers are cautioned in relying on the appraisal after the effective date noted herein.

As of the date of this report Canada and the Global Community is experiencing unprecedented measures undertaken by various levels of government or curtailed health related impacts of Covid-19 Pandemic. The duration of this event is not known. While there is potential for negative impact with respect to micro and macro-economic sectors, as well as upon various real estate markets, it is not possible to predict such impact at present, or the impact of current and future government countermeasures. There is some risk that as the Covid-19 Pandemic increases the likelihood of a global recession, however without knowledge of further anticipated government countermeasures at the national and global levels it is not possible to predict any impact at this point in time. Accordingly, this point in time valuation assumes the longer term market conditions remain unchanged. Given the market uncertainties of the Covid-19 Pandemic, a force majeure event, we reserve the right to revise the value estimation set out in this report for a fee, with an update appraisal report under a separate appraisal engagement, incorporating market information available at that time.

The coronavirus pandemic is causing a significant degree of uncertainty in capital markets, and could have an effect on real estate values depending on the duration and severity of the crisis. At present, it is too early to predict how values may be affected, but it may be likely that market demand is adversely affected in the short term.

APPRAISAL REQUIREMENTS

MARKET VALUE

“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 specified 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 terms of financial arrangements comparable thereto;*
- 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.¹*

AS COMPLETE

PROPERTY RIGHTS APPRAISED

The property rights appraised are those of the *“Leased Fee Interest”*, as if free and clear of any existing financing.

PROPERTY RIGHTS DEFINED

“An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the right of the lessor (the leased fee owner) and leased fee are specified by contract terms contained within the lease.”²

¹ (Canadian Uniform Standards of Professional Appraisal Practice, Appraisal Institute of Canada, 2022)

² The Appraisal of Real Estate, (Third Canadian Edition, 2010)

EXPOSURE TIME

Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical sale at the estimated Current Market Value on the effective date of the appraisal. Reasonable exposure encompasses not only adequate, sufficient and reasonable “time”, but also adequate, sufficient and reasonable effort.

In addition to price, exposure time is a function of use and type of real estate. The subject comprises a mixed-use property containing ground floor medical office uses and upper level luxury rental apartments. The building is considered best-in-class with high end, luxury interior finishes and amenities resulting in quality tenancies. The property is located within one of the Cities busiest commercial nodes. Based on statistical data regarding days on market, discussions with brokers and information derived through analysis of comparable data, my opinion that a reasonable exposure time for the subject would be approximately 9-12 months.

MARKETING TIME

“Marketing time is an opinion of the amount of time it might take to sell a property interest in real estate at the concluded market value level during the period immediately after the effective date of an appraisal.”³

It is my opinion that a reasonable marketing time for the subject property is approximately 9-12 months.

³ (Canadian Uniform Standards of Professional Appraisal Practice, Appraisal Institute of Canada, 2022)

TIMEFRAME OF VALUE OPINION

1. **Current Value Opinion** refers to an effective date contemporaneous with the date the report, at the time of inspection or at some other date within a reasonably short period from the date of inspection when market conditions have not or are not expected to have changed.
2. **Retrospective Value Opinion** refers to an effective date prior to the date of the report. The use of clear language and consistent terminology in a retrospective report (i.e. past tense throughout) is necessary for the reader not to be misled and to understand market conditions as of the retrospective effective date. Data subsequent to the effective date may be considered as confirmation of trends evident at that date. It is up to the appraiser to determine an appropriate cut-off date. In the absence of such data, the effective date is the cut-off date.
3. **Prospective Value Opinion** refers to an effective date following the date of the report; it is a forecast. The use of clear language and consistent terminology in a prospective report (i.e. future tense throughout) is necessary for the reader not to be misled and to understand market conditions as of the prospective effective date. Prospective value opinions are intended to reflect the current perceptions of market participants as to the future. These opinions should be judged on the market support for the forecasts when made, not whether in hindsight they in fact occurred. An Extraordinary Assumption must be clearly stated in the report citing the market conditions from which the prospective value opinion was developed and absolving the appraiser from responsibility for unforeseeable events that alter market conditions prior to the effective date.
4. **Updated Value Opinion** refers to an extension of an original appraisal, changing the effective date. In the update, any changes in the status of the subject, in market conditions or in any respect affecting value since the prior appraisal must be reported, with analyses of these changes in developing an updated opinion. The updated report must clearly show that it can only be relied upon by a reader familiar with the original.

The timeframe of the subject property appraisal was a Current Value Opinion.

LOCATION OVERVIEW

CITY OF LONDON ECONOMIC BASE

Population (2016 Census)

- ❑ According to the *2016 Census of Canada*, the London CMA has a population of approximately 494,069 representing a 4.1% increase over the 2011 population of approximately 474,786, making London the 11th largest City in Canada and sixth in Ontario.
- ❑ The City of London has a population of approximately 383,822 persons, representing a 4.8% increase over the 2011 population of approximately 366,151 persons.
- ❑ According to the *City of London Planning & Development Department*, the London CMA population is expected to rise by approximately 133,000 persons from 2011-2041 and the City of London population is expected to rise by approximately 115,000 persons during the same period.
- ❑ The City of London population currently accounts for approximately 78% of the population within the London CMA.

Transportation

- ❑ Well serviced by major transportation linkages including Highway #401, Ontario's major service highway extending from Windsor to Quebec.
- ❑ Highway #402 borders the southwest section of the City, extending to an international crossing point at Point Edward, Ontario and Port Huron, Michigan.
- ❑ Situated midway between Detroit and Toronto.
- ❑ London is serviced by air, bus and rail with Greyhound Bus Lines, London International Airport, London Transit and Via Rail.

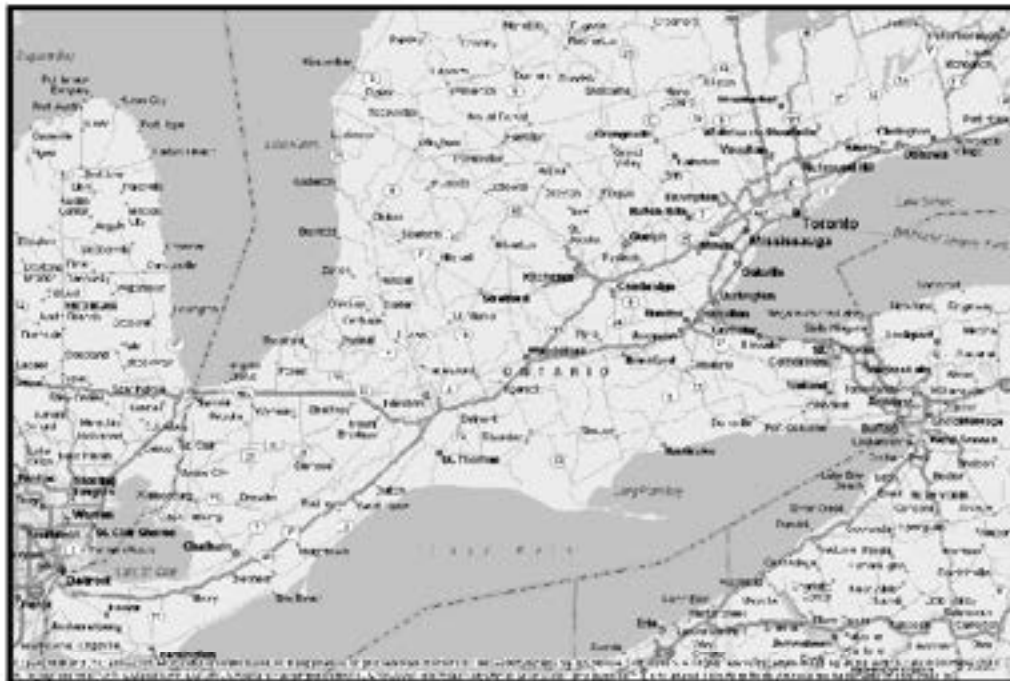
Education

- ❑ London elementary and secondary schools are under the control of four boards.
- ❑ Internationally recognized educational institutions including *Western University and Fanshawe College*.
- ❑ Western University also has three affiliated University Colleges; Brescia, Huron and King's College.

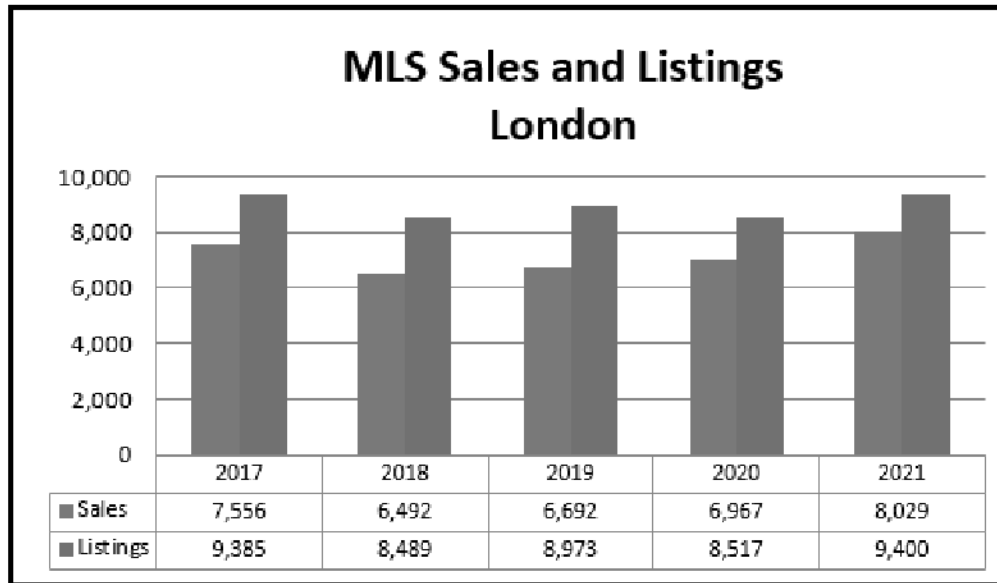
Employment

- ❑ Major administrative centre for both Federal and Provincial government agencies.
- ❑ Strong propensity towards the service, medical and education economic sectors.
- ❑ Major firms represented by corporate centres and regional offices include London Life, 3M Canada, TD-Canada Trust and the Thames Valley School Board.
- ❑ Major medical and research sectors include the London Health Sciences Centre and St. Joseph's Health Care Centre, plus 15 hospitals within the local region. London's university and hospitals are among its top ten employers.
- ❑ Home to some of the fastest growing companies in Canada as recognized by Deloitte. London's digital creative sector is creating solutions for customers locally and around the world. London's 350+ digital creative companies employ over 9,000 people.
- ❑ The largest manufacturing employers in the London area are General Dynamics Land Systems Canada, 3M Canada and CAMI Automotive Inc.
- ❑ The city hosts a number of musical and artistic exhibits and festivals, which contribute to its tourism industry, but its economic activity is centered on education, medical research, insurance, and information technology.

REGION MAP



REAL ESTATE MARKET

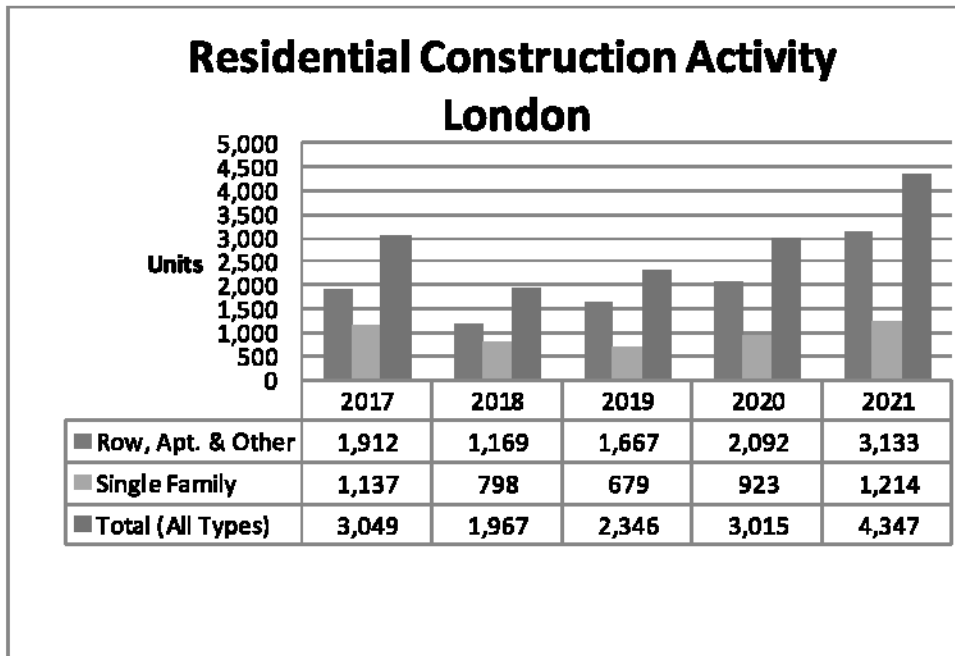


London St. Thomas Association of Realtors - Q4 2021

Activity	2021	2020	Indicated Change
Sales Volume	\$5,102,629,173	\$3,442,353,901	48.2%
Average Sale Price	\$635,525	\$494,236	28.6%

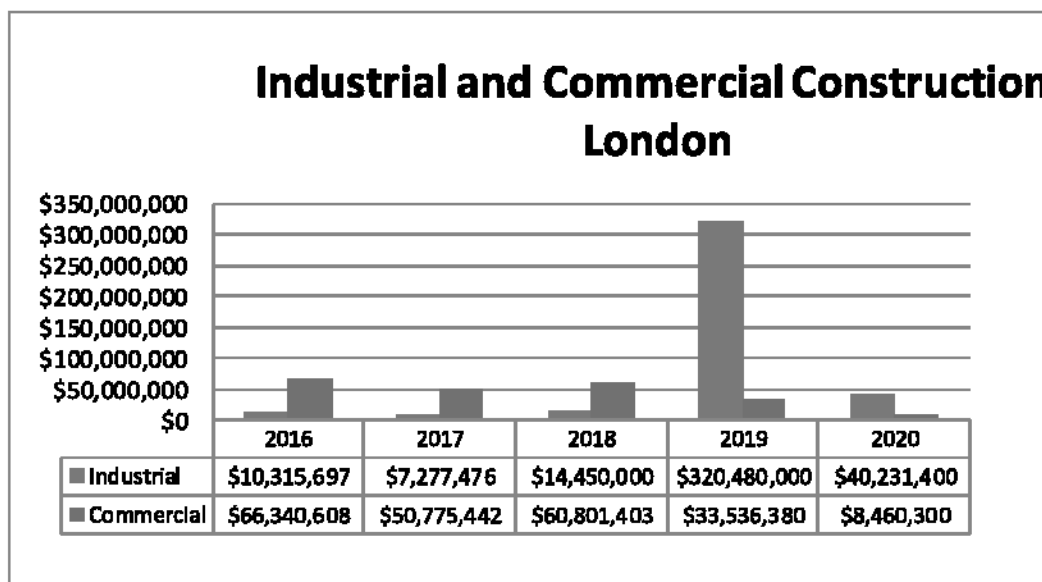
London St. Thomas Association of Realtors - Q4 2021

- There were 9,400 listings in 2021, compared to 8,517 listings in the previous year.
- There were 8,029 sales in 2021, compared to 6,967 in the previous year.
- The sales-to-listings ratio in 2021 was 85.0% compared to 82.0% in the previous year.
- A sales-to-listings ratio of greater than 60% indicates a “sellers” market, whereas, a ratio less than 40% indicates a “buyers” market.



City of London - December 2021

- There were 1,214 new home starts in 2021, compared to 923 in previous year.
- New single-family home construction is currently trending upward.
- There were 3,133 multi-family construction starts in 2021, compared to 2,092 in the previous year.
- New multi-family construction is trending upward.
- Semi, Row, Apt. values are based on number of units built.



City of London Q3 2021

- There were \$11,519,400 of commercial permits issued Year-To-Date (YTD) September 2021, compared to \$7,160,300 in the previous year, reflecting an increase of 61%
- There were 22 commercial permits issued Year-To-Date (YTD) September 2021, compared to 9 in the previous year, reflecting an increase of 144%
- There were \$45,227,409 of industrial permits issued Year-To-Date (YTD) September 2021, compared to \$8,286,700 in the previous year, reflecting an increase of 446%
- There were 12 industrial permits issued Year-To-Date (YTD) September 2021, compared to 5 in the previous year, reflecting an increase of 140%
- Commercial construction slowed in 2019 and 2020 over the previous four years. New construction in the commercial sector was restricted to smaller-scale infill and/or intensified uses along arterial roads. Future commercial development is anticipated to continue to occur in Southwest London.
- The industrial sector was very active in 2019. One significant contributor to the industrial market was an industrial permit issues for new construction at 1577 Wilton Grove Road totalling \$300,000,000 for the new Maple Leaf food processing plant.
- In addition to this one extraordinary permit, remaining permits of \$20,480,000 exceeded the dollar values observed over the last few years

AREA/NEIGHBOURHOOD SUMMARY

The subject property is situated in the northerly sector of the City of London. More specifically, it is located on the southwest corner of Richmond Street North and Hillview Boulevard in the developed neighbourhood of *Masonville*, opposite *CF Masonville Place* regional shopping Centre.

LOCATION MAP



IMMEDIATE AREA

Abutting use to the North:	Hillview Boulevard/TD Canada Trust branch
Abutting use to the South:	Newly-constructed, mid-rise rental apartment
Abutting use to the East:	CF Masonville Place regional shopping centre
Abutting use to the West:	Single family residential

The immediate area consists of a mix of residential, commercial, and institutional uses. North of the property is a *TD Canada Trust* branch, a strip plaza with anchor tenants *Dominos Pizza*, *the UPS Store*, *M&M Meat Shop*, and a *Petro Canada* gas station. Further north and northeast of the subject are two commercial plazas, *Hylands Centre* and *Rio Can Centre*. Anchor tenants in the *Hylands Centre* include: *Best Buy*, *National Sports*, *The Beer Store*, *Quiznos Sub*, *Five Guys*, *Libro Credit Union*, *Staples*, and *Moore's*. Anchor tenants in the *Rio Can Centre* include: *Loblaws*, *Indigo*, *Starbucks Coffee*, *Petsmart*, *East Side Marios*, *Harvey's*, *Swiss Chalet*, an *RBC Bank* branch and a *BMO Bank* branch. The lands to the south are improved with a recently-constructed rental apartment development. Further south is largely institutional uses, including *University Hospital*, a large teaching hospital, part of the *London Health Science Centre*; and *Western University* which has an enrollment of over 30,000 students, *Kings College*, *Huron College*, and *Brescia College*.

Opposite the subject property, on the east side of Richmond Street, is *CF Masonville Place*, an enclosed regional shopping centre with 190 stores and services. There also is a bus terminal for the *London Transit Commission* opposite the subject property within the mall parking lot. West of the subject is a neighbourhood comprising largely single detached residential homes.

Overall, the subject property is considered stable and desirable, within close proximity to major transportation linkages, neighbourhood amenities, *Western University* and its affiliated Colleges, *University Hospital*, and with direct access to the City's core area.

NEIGHBOURHOOD AERIAL MAP



 **Subject Property**

PROPERTY DATA

LEGAL INFORMATION

Address/Location	1653 Richmond Street, London, Middlesex County
Legal Description	Part of Lot 28 on Registered Plan 1029, designated as Part 1, Reference Plan 33R-19375 together with an easement over Parts 2, 3, 4, 5 and 7 Reference Plan 33R-19479 as in ER1063273, subject to an easement over Part 1, Reference Plan 33R-19479 in favour of Lot 23-27, Registered Plan 1029, Parts 1,3,5,7,& 9, Reference Plan 33R-19435 as in ER1063272 City of London, County of Middlesex
PIN	08066-0197
Current Owner	Richmond Medical Centre Inc.

ASSESSMENT AND TAXES

According to Municipal Officials, the subject property is currently assessed as follows:

Roll Number	39-36-010-680-088-03-0000
Assessed Value (2021)	\$2,307,000
Total Taxes (2021)	\$47,054
Assessment Code	472 - Retail or office with residential unit(s) above or behind - greater than 10,000 s.f. GBA, street or onsite parking, with 7 or more apartments, older downtown core

Currently, the assessed value is based on a January 1, 2016 valuation date. Market increases in assessed value between the January 1, 2012 and January 1, 2016 legislated valuation dates will be phased in over four years (2017-2020). The phased-in values for the property are indicated on the Property Assessment Notice. The phase-in program does not apply to decreases in assessed value, which are applied immediately.

SALES HISTORY

According to Land Registry records, the subject property most recently transferred from *Purveen & Suman Kashyap* to *Richmond Medical Centre Inc.* on January 4, 2013 for a total consideration of \$595,000.

As of the effective date, the subject owner reported that the subject is not under a Purchase Agreement or option, nor is it listed for sale on the open market.

PHYSICAL CHARACTERISTICS OF THE SITE

The following site information is based on a physical viewing of the property and site characteristics on January 30, 2022 as well as upon a review of various site plans and aerial maps. The property was inspected by Paula Busch, Hons. BA., AACI, P.App.

Total Site Area: 22,766 sq. ft. (0.52 acres)

Frontage / Street: 74.54 feet along Richmond Street

Shape of Tract: Rectangular

Topography: Level

Parking: There is a double driveway providing ingress and egress to and from Hillview Boulevard. There are 12 surface parking spaces in west (rear) portion of site. There are two handicap and one regular parking space along building's west (rear) elevation. The building also contains underground parking for approximately 23 vehicles. Access to underground parking is via a ramp along south side of site adjacent to the building's south elevation.

Signage: On building

Landscaping: The site appears to be professionally landscaped. The most westerly (rear) portion of the site will be green space retaining the existing trees to screen properties to the west.

Fencing: Wood fencing along west limit

Lighting: Building mounted

Easements/Restrictions: As identified in the legal description for the subject property, the subject site is encumbered by an easement over a portion of its driveway and parking garage ramp in favour of the abutting property to the south. In addition, the subject property benefits from a right-of-way over lands on the abutting site to the south comprising the parking garage ramp.

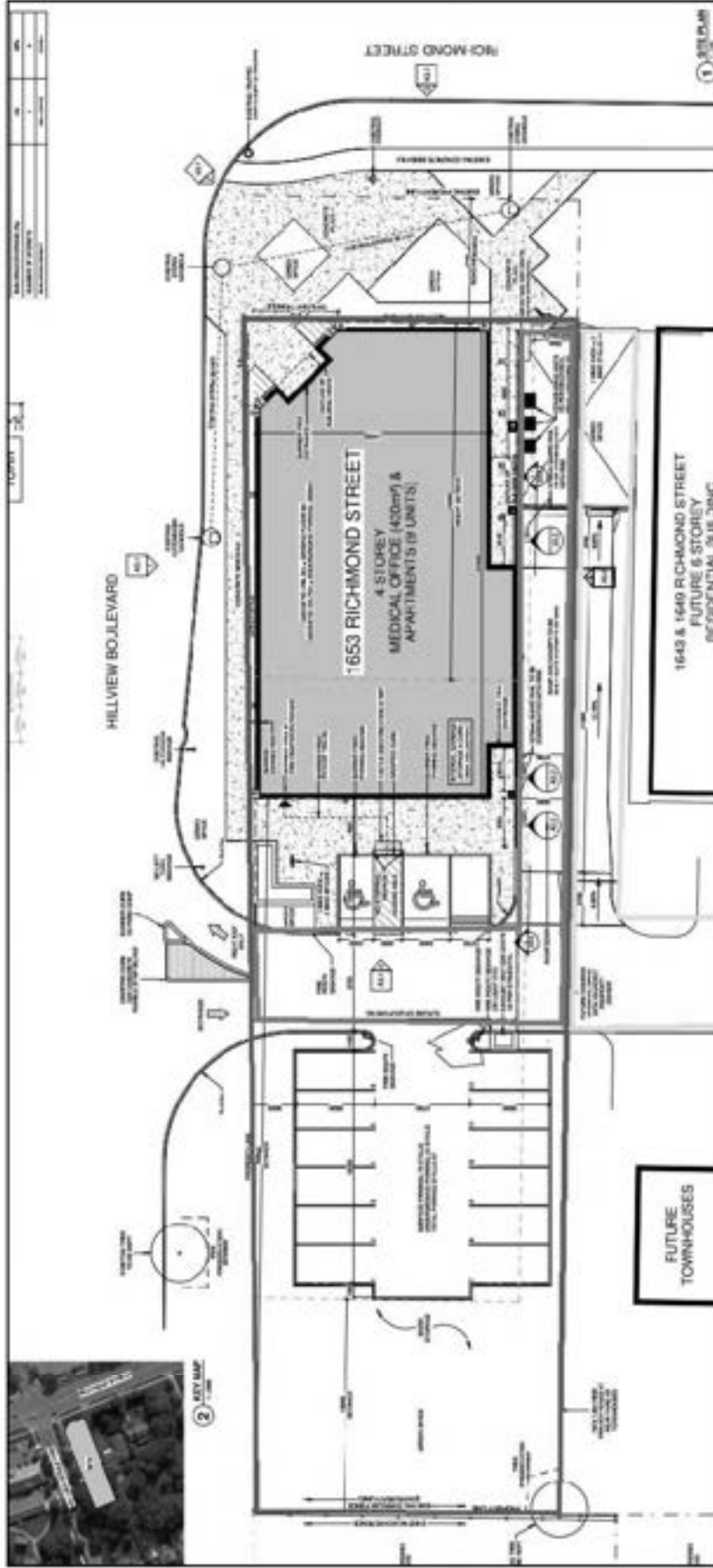
Environmental Issues: None noted

Subsurface Conditions: No on-site soil investigations were conducted by designated soil/geotechnical engineers, nor is the appraiser aware of any test results obtained in the past by others. The appraiser assumes there are no unusual subsurface conditions or hazardous contaminants which would adversely affect the existing building improvements or any future expansion on, or use of this site, and no warranty or representation is made as to the environmental integrity of the property.

AERIAL MAP



SITE PLAN



SITE PHOTOGRAPHS



View looking south along subject driveway from Hillview Boulevard



View looking east across subject surface parking lot



View looking west toward parking ramp



View looking east down parking ramp

SERVICES/UTILITIES

Electric:	London Hydro
Natural Gas:	Available
Sanitary Sewer:	Sanitary sewers
Water:	Municipal water
Storm Water Management:	Stormwater management sewers

MUNICIPAL ROADS

RICHMOND STREET

Road Type:	Arterial
Road Surface:	Asphalt paved
# of Lanes:	Four
Type of Access:	Pedestrian only
Quality of Access:	Fair
Street Lighting:	Yes
Sidewalks:	Yes
Curbs & Gutters:	Yes

HILLVIEW BOULEVARD

Road Type:	Collector
Road Surface:	Asphalt paved
# of Lanes:	Two
Type of Access:	Full ingress and egress
Quality of Access:	Good
Traffic Light Controlled:	Yes
Street Lighting:	Yes
Sidewalks:	Yes
Curbs & Gutters:	Yes

STREET VIEWS



View looking north along Richmond Street



View looking south along Richmond Street



View looking west along Hillview Boulevard



View looking east along Hillview Boulevard

IMPROVEMENTS DESCRIPTION

The following site information is based on a physical viewing of the property on January 30, 2022. The exterior of the property was inspected by Paula Busch, Hons. B.A., AACI, P.App. The interior of the property was most recently inspected on November 12, 2020. *The appraiser is not a professional engineer or building inspector. The building inspection was carried out to identify areas and items that relate to the marketability of the structure. A detailed or professional analysis of the structure and equipment has not been carried out as part of this appraisal. This report relies upon the observed condition of the building as supported only by a cursory inspection undertaken by the appraiser.* The salient construction specifics are summarized as follows:

GENERAL DESCRIPTION

Building Design & Style	A four storey building total of 25,400 sq. ft. The first floor will consist of 6,400 sq. ft. medical center. It is reported that four tenants will be occupying the space: <i>Masonville Optometry, Children's After Hours Clinic, IDA Pharmacy</i> and two doctor clinics. Floors two, three and four will contain a total of 9 residential units, (3 units per floor). Unit sizes range from 1,500 to 1,800 square feet. Each unit contains 2 bedrooms.
Number of Buildings:	1
Basement:	One level containing underground parking.
Gross Building Area:	25,400 square feet
Source of Building Measurements:	Provided by client
Site Coverage Ratio:	26.0 %

EXTERIOR PHOTOGRAPHS



Northeast elevation



Northwest elevation



Southeast elevation



Southwest elevation

EXTERIOR CONSTRUCTION DETAIL

Footings:	Poured concrete
Foundation Walls:	Poured concrete
Framing:	Wood and steel frame construction
Exterior Wall Material:	Combination of stucco, glass and metal
Roof Style:	Flat

Roof Construction:	Built-up membrane on open web steel joists
Windows:	Pre-finished aluminum frames with insulating glazing
Exterior Doors:	Metal with glass inserts
Overall Exterior Condition:	Newly constructed utilizing good quality materials and workmanship

INTERIOR PHOTOGRAPHS – GROUND FLOOR MEDICAL OFFICE USES – NOVEMBER 2020



Clinic reception



Optometry



Exam Room



Washroom



Exam Room



Rear entrance

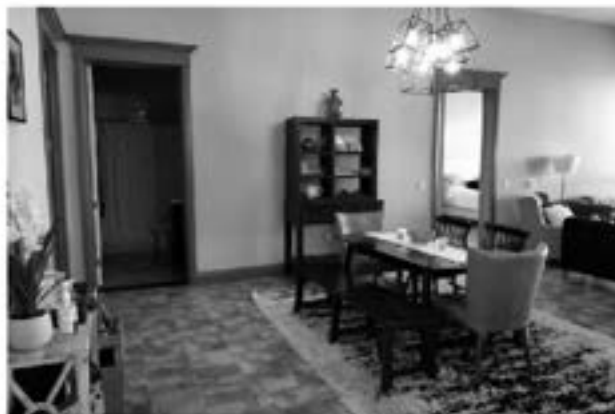
INTERIOR PHOTOGRAPHS - UPPER LEVEL APARTMENT UNITS - NOVEMBER 2020



Ground floor lobby



Upper level hallway







INTERIOR CONSTRUCTION DETAILS

Building Layout:

The subject building comprises a 4-storey structure with a single elevator and two stairways in the central corridor servicing all floors.

The ground floor features a main ground floor vestibule leading to the medical office uses, as well as a secondary entrance off the rear parking lot. The building also contains a third entrance on the south side of the building with controlled entry leading to the main lobby and elevator for the apartment component of the building. Upper levels contain apartment units, all of which include balconies.

Floor Cover :	Combination of broadloom, ceramic, porcelain or marble tile.
Interior Walls:	Painted drywall.
Interior Doors:	Solid core doors with fire-rating.
Lighting:	Combination of halogen pot lighting, decorative incandescent sconces and recessed overhead fluorescent lighting.
Overall Quality:	Excellent

DESCRIPTION OF TYPICAL APARTMENT UNIT (TWO BEDROOMS)

The three distinct unit layouts range in size from 1,500 to 1,800 square feet and contain two bedrooms, as well as a front foyer, open concept kitchen/dining area/living area, laundry room, and at two 4-piece bathroom. The units have 16' ceilings and high-end, designer finishes. Finishes will include carpet, marble or porcelain tile, modern European cabinetry, granite countertops, stainless steel kitchen sinks, porcelain bathroom fixtures and painted drywall. There are six appliances – stainless steel fridge, stove, microwave and dishwasher and washer and dryer. Each unit has an exterior balcony.

MECHANICAL SYSTEMS

Heating System:	Water tank ERVS Systems
Cooling System:	Air conditioning units
Plumbing:	Copper and PVC
Electrical Service:	600 ampere main disconnect
Fire/Safety Systems:	Sprinkler system, fire extinguishers

Elevator: One

PHYSICAL CONDITION

Actual Age: 6 - 2018

Effective Age: 5

Expected Useful Life: 50-60

Remaining Useful Life: 50-60

Deferred Maintenance: None noted

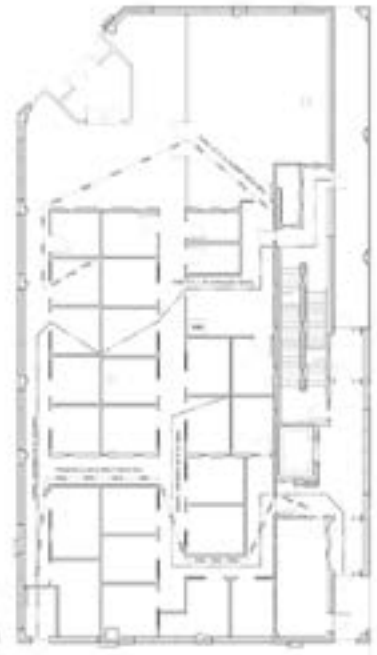
Functional Utility: Excellent

BUILDING PLANS



LIFE SAFETY LEGEND

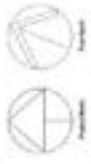
SYMBOL	DESCRIPTION
(Symbol)	EXIT
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(Symbol)	EXIT DOOR
(Symbol)	EXIT LIGHT
(Symbol)	EXIT PANEL
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(Symbol)	EXIT LIGHT (REVERSE)
(Symbol)	EXIT PANEL (REVERSE)



srsm
 1653 RICHMOND STREET,
 LONDON ON
 N6B 1R8
 RICHMOND MEDICAL
 CENTRE INC.
 LIFE SAFETY PLANS

A2.1

PRELIMINARY



GENERAL NOTES
1. REFER TO THE ARCHITECTURAL DRAWINGS FOR THE LOCATION OF ALL EXISTING AND PROPOSED EQUIPMENT.
2. REFER TO THE ELECTRICAL DRAWINGS FOR THE LOCATION OF ALL EXISTING AND PROPOSED ELECTRICAL EQUIPMENT.
3. REFER TO THE MECHANICAL DRAWINGS FOR THE LOCATION OF ALL EXISTING AND PROPOSED MECHANICAL EQUIPMENT.
4. REFER TO THE PLUMBING DRAWINGS FOR THE LOCATION OF ALL EXISTING AND PROPOSED PLUMBING EQUIPMENT.
5. REFER TO THE STRUCTURAL DRAWINGS FOR THE LOCATION OF ALL EXISTING AND PROPOSED STRUCTURAL ELEMENTS.
6. REFER TO THE FINISH SCHEDULE FOR THE LOCATION OF ALL EXISTING AND PROPOSED FINISHES.
7. REFER TO THE SCHEDULE OF WORK FOR THE LOCATION OF ALL EXISTING AND PROPOSED WORK ITEMS.
8. REFER TO THE SPECIFICATIONS FOR THE LOCATION OF ALL EXISTING AND PROPOSED MATERIALS AND METHODS OF CONSTRUCTION.
9. REFER TO THE GENERAL NOTES FOR THE LOCATION OF ALL EXISTING AND PROPOSED NOTES.

LIFE SAFETY LEGEND	
FIRE EXTINGUISHERS	
1	1.00
2	2.00
3	3.00
4	4.00
5	5.00
6	6.00
7	7.00
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(2) - 2000, CURR LIFE SAFETY PLAN

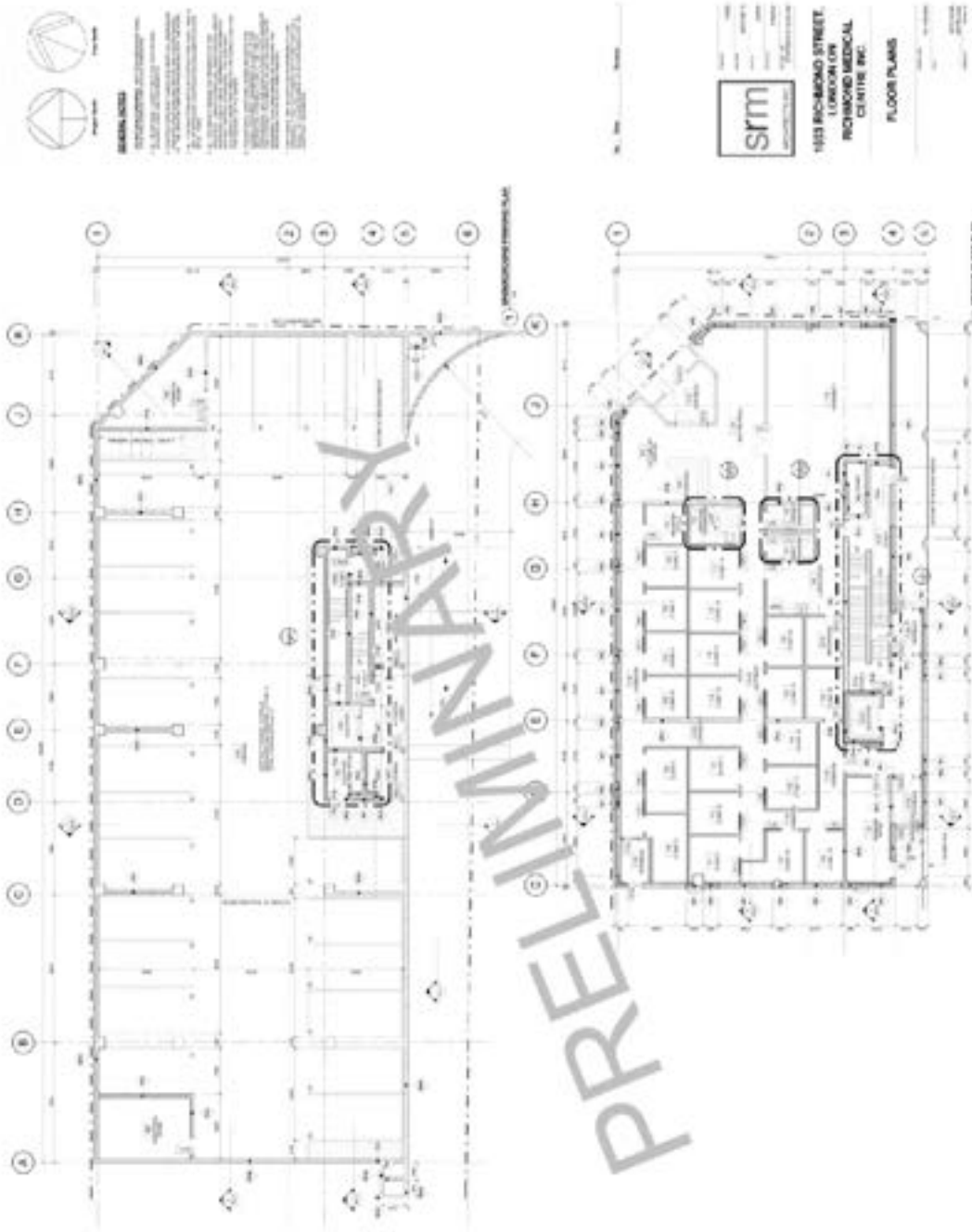
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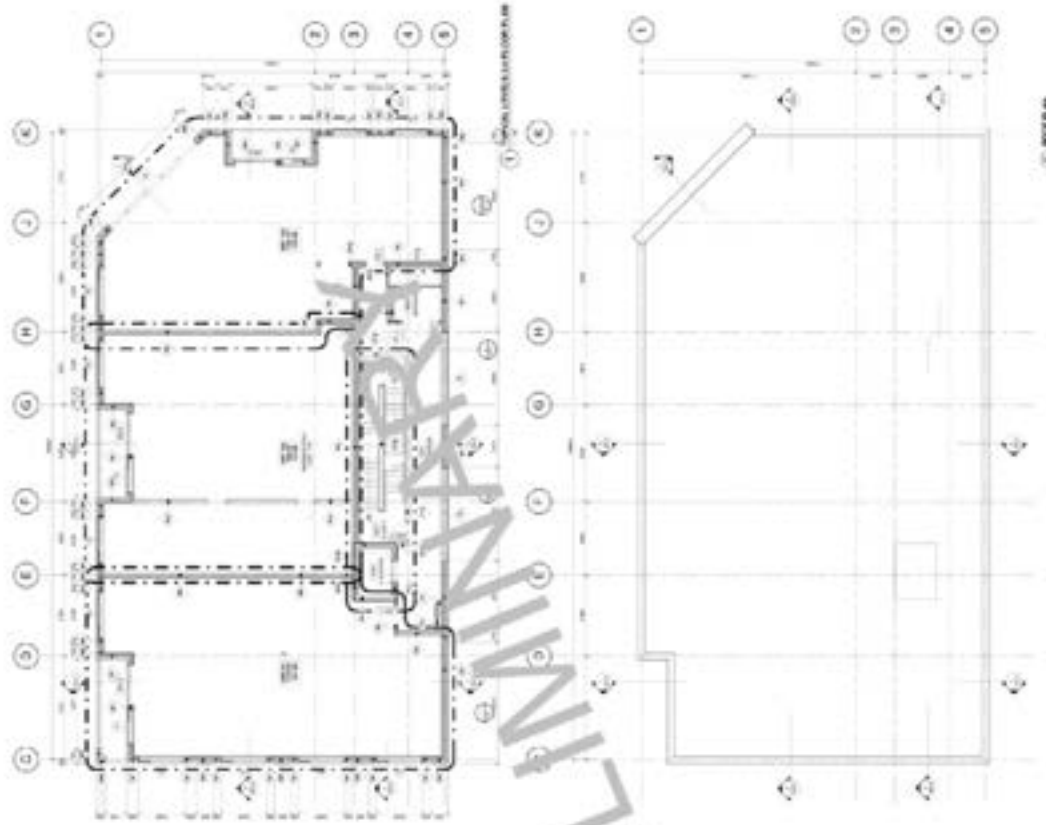


1653 RICHMOND STREET,
LONDON ON
RICHMOND MEDICAL
CENTRE INC.

LIFE SAFETY PLANS

PROJECT NO. 48756
DATE 11/11/11
DRAWN BY [Name]
CHECKED BY [Name]
SCALE AS SHOWN
SHEET NO. A2.2





LAND USE CONTROLS

LONDON PLAN

According to the London Plan, as amended, the subject property is designated as *Transit Village* and identified as a Special Policy area, which is described as:

"Our Transit Villages will be exceptionally designed, high-density mixed-use urban neighbourhoods connected by rapid transit to the Downtown and each other. They will be occupied by extensive retail and commercial services and will allow for substantial office spaces, resulting in complete communities. Adding to their interest and vitality, Transit Villages will offer entertainment and recreational services as well as public parkettes, plazas and sitting areas. All of this will be tied together with an exceptionally designed, pedestrian-oriented form of development that connects to the centrally located transit station."

Permitted uses within the *Transit Village Place Type* are:

1. *A broad range of residential, retail, service, office, cultural, institutional, hospitality, entertainment, recreational, and other related uses may be permitted in the Transit Village Place Type.*
2. *Mixed-use buildings will be encouraged.*
3. *Where there is a mix of uses within an individual building, retail and service uses will be encouraged to front the street at grade.*
4. *The full range of uses described above will not necessarily be permitted on all sites within the Transit Village Place Type.*

Specific policies for the *Transit Village Place Type* are:

"The Richmond Street-Old Masonville area is located on the west side of Richmond Street between Shavian and Hillview Boulevards on lands that are municipally known as 1607, 1609, 1611, 1615, 1619, 1623, 1627, 1631, 1635, 1639, 1643, 1649, and 1653 Richmond Street. These lands are situated along an important gateway into the City of London from the north, along an important transit corridor, and are adjacent to Masonville Mall, a regional activity centre and major node. Given the prominent location, it is desirable to increase the net residential density of these lands to facilitate the development of an aesthetically pleasing, functional, and transit-supportive residential development while simultaneously preserving the residential amenity of the abutting low density residential lands to the west and south, and providing for a limited amount of accessory commercial space intended to service the day-to-day convenience needs of the future residents and immediate neighbourhood. Future development of these lands shall be in accordance with the Richmond Street-Old Masonville Master Plan and Urban Design Guidelines."

For the lands located at 1643, 1649 AND 1653 RICHMOND STREET

"The subject lands are located on the west side of Richmond Street, south of Hillview Boulevard, including the lands that are municipally known as 1643, 1649 and 1653 Richmond Street. These lands are situated along an important gateway into the City of London from the north, along a future rapid transit corridor, and are adjacent to Masonville Mall, a regional activity and employment centre. Given the prominent location of the subject lands, it is desirable to increase the scale of development and range of uses permitted on these lands. It is intended that the following site-specific policies will facilitate the development of an aesthetically pleasing, functional and transit-supportive development which simultaneously preserves the residential amenity of the abutting low density residential lands to the west. A limited amount of medical/dental office space within a mixed-use building may be provided to service surrounding neighbourhoods and provide an effective pedestrian-oriented interface with the corner of Richmond Street and Hillview Boulevard. Future development of these lands shall be generally in accordance with a conceptual block development plan developed in support of a zoning by-law amendment application which meets the Intensification policies."

LONDON PLAN MAP



ZONING CLASSIFICATION

According to the Zoning By-Law for London, as amended, the subject property is zoned **R9-7(23) - Residential Zone**. The site-specific zone provisions applicable to the subject property include the following:

Permitted uses for 1653 Richmond Street:

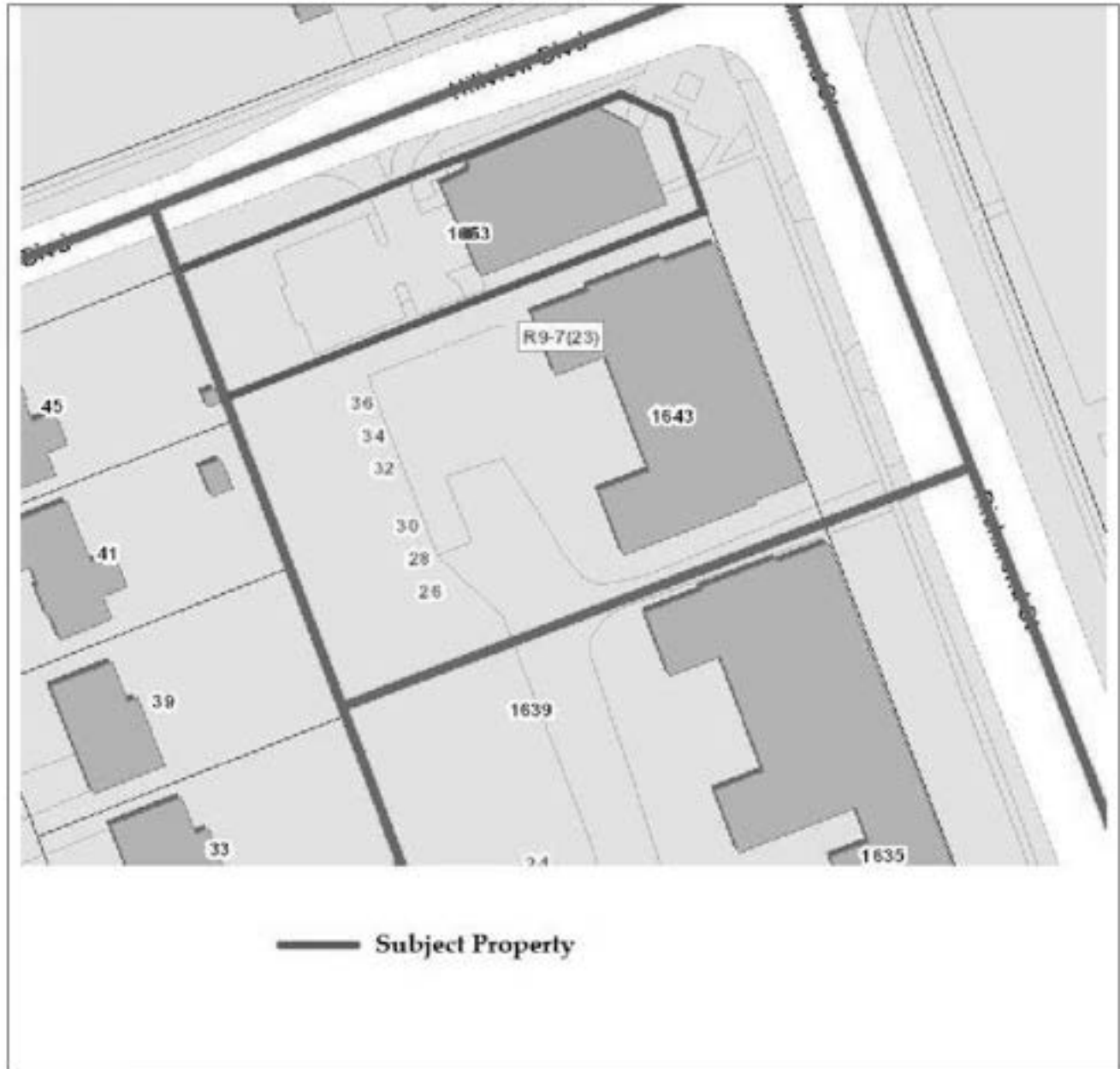
- i) *Apartment Buildings*
- ii) *Medical/Dental Offices on ground floor of an apartment building*

Regulations for 1653 Richmond Street:

- i) *Frontage 20 metres (66 feet) (Minimum)*
- ii) *Lot Area 0.16 hectares (0.4 acres) (Minimum)*
- iii) *Interior Yard Depth 3 metres (10 feet) (Minimum)*
- iv) *Exterior Yard Depth 0.0 metres (0.0 feet) (Minimum)*
- v) *No part of any required front yard, required side yard, or required rear yard shall be used for any purpose other than landscaped open space except where a common internal driveway connects to abutting properties located in a required interior side yard, where access to an underground parking garage is necessary in a required interior side yard, where a common driveway provides vehicular access to Hillview Boulevard in the required exterior side yard, or where a vestibule structure is required to provide secondary entrance to an underground parking structure in accordance with the Ontario Building Code in the required rear yard.*

The relevant sections of the Zoning By-law are in the appraiser's work file and available upon request.

ZONING MAP



HIGHEST AND BEST USE

Real estate is valued in terms of its Highest and Best Use. Highest and Best Use is defined as:

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

Source: The Dictionary of Real Estate Appraisal Fourth Edition, 2002 Appraisal Institute

To properly analyse highest and best use, two determinations must be made. Firstly, the highest and best development of the site as though vacant and available for use is made. Second, the highest and best use of the property as improved is analysed and estimated. The highest and best use of both the land as vacant and the property as improved must meet the four aforementioned criteria. Of the uses that satisfy the first three tests, the use that produces the highest price or value consistent with the rate of return warranted by the market is the maximally productive use.

SUBJECT PROPERTY – AS THOUGH VACANT

Real estate as valued in terms of its Highest and Best Use for the land or a site, as though vacant, is defined as:

"Highest and Best use of land or a site is the use among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labour, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."

Source: ¹ (Canadian Uniform Standards of Professional Appraisal Practice, Appraisal Institute of Canada, 2022)

The Highest and Best Use of land must meet the four aforementioned criteria. Of the uses that satisfy the first three tests, the use that produces the highest price or value consistent with the rate of return warranted by the market is the maximally productive use.

LEGALLY PERMISSIBLE

- With the subject site being vacant and available for development, the current zoning and Official Plan designations would be the legal restraint on what improvements could be placed on the site.
- According to the *London Plan*, the subject site is designated *Transit Village*.
- According to the *Zoning By-Law*, as amended, the subject property is zoned *Residential R9-7 (23)*.

PHYSICALLY POSSIBLE

- Analysis of the site characteristics and nearby improvements in the area indicates the subject site could adequately support physical development.
- The property is clearly visible, and accessibility to the site is considered to be none.
- Based on investigations with the local planning department, the subject site size 22,766 sq. ft. is sufficient to allow physical development of the site. The subject site's physical aspects do not impose limitations on development for the aforementioned legally permissible uses.

FINANCIALLY FEASIBLE

- Once the physically possible and legally permissible potential land uses have been determined, the next step in estimating the highest and best use is to determine which of these uses is likely to produce an income, or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. Financially feasible essentially refers to legal uses that are physically possible and have a sufficient demand to produce a positive return.
- The subject property is located in an area characterized by primarily very good.
- The subject market for those uses that are Legally Permissible is good.

MAXIMALLY PRODUCTIVE

- Of the financially feasible uses, the use that produces the highest residual land value consistent with the rate of return warranted by the market for that use is the highest and best use.

COMMENTARY

- It is my opinion that the Highest and Best Use of the subject property is for with its ultimate development with uses permitted within the current land use controls when market forces dictate.

SUBJECT PROPERTY – AS IMPROVED

Real estate as valued in terms of its Highest and Best Use as improved is defined as:

“The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.”

Source: The Dictionary of Real Estate Appraisal

LEGALLY PERMISSIBLE

- The current zoning and Official Plan designations would be the legal restraint on what improvements could be placed on the site.
- According to the *London Plan* designation, the subject site is designated *Transit Village*. The improvements conform with the *London Plan* designation.
- According to the *Zoning By-Law*, as amended, the subject property is zoned *Residential R9-7 (23)*. The subject improvements comply with the zoning designation.

PHYSICALLY POSSIBLE

- The property’s site coverage ratio is 26%, and the maximum permitted under the zoning designation is 31.4%.
- The physical characteristics of the subject improvements were discussed in the *“Improvements Description”* section of this report. The subject property is to be improved with a new four-storey medical/residential building totaling 25,400 sq. ft of space. The building systems are contemporary and functional, and finishes are considered to be top-of-market and luxury in nature. It is estimated to have a remaining useful life of 50-60 years.

- It is to be noted, however, that the description is based on the appraiser's interpretation of the information provided by the client that was ongoing and only preliminary.

FINANCIALLY FEASIBLE

- Once the physically possible and legally permissible potential land uses have been determined, the next step in estimating the highest and best use is to determine which of these uses is likely to produce an income, or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. Financially feasible essentially refers to legal uses that are physically possible and have a sufficient demand to produce a positive return.
- The subject property is located in an area characterized by primarily residential and commercial uses.
- The demand for multi-tenant medical office buildings is good. Combining related medical professions within one location is attractive to prospective tenants. Similarly, the presence of ample on-site parking is attractive to both tenants and their patients. Furthermore, the site is within a very desirable London area, proximate to University Hospital, Masonville Mall, and Western University, and many desirable residential neighbourhoods.
- According to the London Q3 2021 *Quarterly Statistics Report* for London indicated that the current vacancy rate for suburban office properties is 7.2%. According to the *CMHC Market Rental Report - Fall 2020* (most recently published) for the London CMA revealed an overall average vacancy rate for apartment properties of 3.5%. The subject property is currently 100% occupied.
- The subject property medical office rents and apartment rents fall to the top end of the market in terms of rental rates. The subject space offers top-of-class accommodation, with built-to-suit interior features and luxury finishes.
- A strong demand for high-rise apartments for the mid and upper income renter market exists. The City of London has seen significant apartment development in both the downtown core and suburban areas.

MAXIMALLY PRODUCTIVE

- Of the financially feasible uses, the use that produces the highest residual land value consistent with the rate of return warranted by the market for that use is the highest and best use.

COMMENTARY

It is my opinion that the Highest and Best Use of the subject property is for the continuation of its existing mix of medical office and luxury residential rental uses.

VALUATION

VALUATION PREMISE

The market for any real estate consists of those entities that can benefit from the highest and best use of a particular property and, accordingly, are willing and able to pay a competitive price. In most cases, for any particular property, the market is represented by a fairly clearly defined group of individuals or financial entities. In the case of the subject property, the purchaser profile would likely be an owner acquiring the property in accordance with its Highest and Best Use. The valuation contained in this document attempts to replicate the analysis that a prospective purchaser would likely use.

Traditionally, three approaches are used in the valuation of real property: the Cost Approach, the Income Approach, and the Direct Comparison (Market) Approach.

The Cost Approach is based on the principle of substitution, which states that no rational person would pay more for a property than the amount for which he can obtain, by purchase of a site and construction of improvements without undue delay, a property of equal desirability and utility. The basic steps of the Cost Approach are to estimate land value as if vacant, to estimate the replacement or reproduction cost new of the basic improvements and minor structures (excluding any that were included as part of the land value), and then to estimate, in dollar amounts, the accrued depreciation caused by the physical deterioration, functional deficiencies, super adequacies, or any adverse economic influences. The next step is to deduct the accrued depreciation from the improvement's estimated replacement or reproduction cost new to arrive at a present depreciated cost estimate. Then, by adding the land value estimate, the result is an indicated value for the property by the Cost Approach. The Cost Approach was not utilized in this instance, due to the difficulties in accurately estimating accrued depreciation. Furthermore, although purchasers are aware of this method, little relevance upon the Cost Approach to value.

The Income Approach concerns the present value of any future benefits of property ownership. Future benefits are generally indicated by the amount of net income the

property will produce during its remaining useful life. After comparison of interest yields and characteristics of risk for investments of similar types and classes of property, this net income is then capitalized into an estimate of value. The value indicated by the Income Approach is usually the most indicative value for properties that are generally held for income production, or investment type properties in general. As the subject property is an income producing property, the use of the Income Approach to Value was applicable.

The Direct Comparison (Market) Approach is based on the proposition that an informed purchaser would pay no more for a property than the cost of acquiring an equally desirable substitute property with the same or similar utility. This approach is applicable when an active market provides sufficient quantities of reliable data that can be verified from authoritative sources. On the other hand, the Direct Comparison Approach is relatively unreliable in an inactive market or in an estimate of value related to properties for which no real comparable sales are available. As sufficient Comparable Sales have occurred, the Sales Approach was utilized.

The opinions of value were formed on the basis of procedures of investigation that included a personal inspection to examine the physical attributes of the property that have a bearing on the operating performance, and a review of the legal restraints on its use. Investigations external to the property included the analysis of market and locational factors that affect the productivity of the subject, the current investment performance attitudes of typical buyers, competitive properties, market rents, recent similar property sales, prevailing capitalization and discount rates, and other general influences on value.

Details of the estimate of value for the subject property are summarized on the following pages of this report.

DIRECT COMPARISON APPROACH

The Direct Comparison Approach is the process in which a market value estimate is derived by analyzing the market for similar properties and comparing the properties to the subject property. Through this process of adjustment for any differences that are determinants of value, the comparables provide a basis or benchmark for indicating the market value of the property appraised. The subject property comprises a unique mix of high-end land uses, including medical office uses and luxury residential rental apartments. Given the uniqueness of the subject uses, and a lack of direct peer sales within the local market, a break-out of uses for comparison purposes was conducted to observe and analyze the two separate components of the subject property.

UNITS OF COMPARISON

The Residential Component of the subject property was considered on the basis of a selling price per unit basis, from a rental perspective. In addition, although the subject units do not currently have condominium status, the potential exists for future condominium status designation and ultimate retail sale of individual units. As such, a secondary review of individual luxury condominium units within North London was also conducted.

The Medical Office Component of the subject property was considered on a selling price per square foot of building basis. This measurement generally minimizes the dispersion in selling prices that can result from differences between the properties being compared.

THE ADJUSTMENT PROCESS

The underlying principle in terms of which adjustments are made is the Principle of Contribution or Marginal Productivity. In relating this principle, the appraiser must acknowledge the influence of the presence or absence of a factor being considered, on the probable sale price. It is also necessary to raise the question, *"what difference does a varying amount of the factor make in the probable sale price or value?"* The actual sale price of each

comparable is known. The element being sought in each adjustment is the estimated price at which the comparable would have sold if it was identical to the subject property. Various analytical techniques may be used to identify and measure adjustments when relating the surveyed properties to the subject. The techniques of comparative analysis can be grouped into two categories: *Quantitative* and *Qualitative*.

When the *Quantitative Technique* is applied, mathematical processes are used to identify which elements of comparison require adjustment, and to measure the amount of these adjustments. The *Paired Data Set Analysis* is a process in which two or more market properties are compared to derive an indication of the size of the adjustment for a single characteristic. Ideally, the properties being compared will be identical in all respects except for the element being measured. Although *Paired Data Set Analysis* is a theoretically sound method, it is sometimes impractical because only a narrow sampling of sufficiently similar properties may be available, and it is difficult to quantify the adjustments to all the variables present.

The *Qualitative Technique*, utilizing a method called the *Relative Comparative Analysis*, is often used because it reflects the imperfect nature of real estate markets. Moreover, a *Qualitative Technique*, utilizing a greater degree of narrative explanation, is often more effective in deriving a value rate estimate when analyzing a number of comparable properties. For the purpose of this analysis, a *Qualitative Technique* was utilized.

In this instance, an array of sales, indexed in ascending order by sale price per unit, are adjusted for the elements of comparison. The adjustments are identified as **Upward** for an inferior characteristic or **Downward** for a superior characteristic. The degrees of adjustment are considered, and weighted accordingly, with a Net Upward or Net Downward adjustment being applied. Ultimately, a value range is bracketed between a transaction with a Net Upward adjustment and a transaction with a Net Downward adjustment. Emphasis is then placed on the analysis of those two comparable properties, to estimate where the market value estimate lies within the two value rates.

Occasionally, an ideal comparable will result in an “Offsetting” adjustment, and is considered a “benchmark” property. Conversely, an array of comparable properties may all be inferior or superior to a subject property, thus warranting particular attention to those elements deemed inferior or superior.

ELEMENTS OF COMPARISON

The elements of comparison represent the characteristics of properties that cause prices to vary. These represent component parts of a transaction that may require adjustment for the differences between the comparable and the subject property. The more common elements of comparison to be considered include property rights conveyed, financing terms, conditions of sale, market conditions, location, physical characteristics, economic characteristics, zoning/land use designations, and non-realty components of value.

In this analysis, the following critical elements of comparison have been addressed:

Property Rights Conveyed: The subject property was appraised in the “Leased Fee”. Any comparable transactions that also sold in the “Leased Fee” did not warrant adjustments for property rights conveyed. Any properties that did not sell with the same rights as the subject property warranted the appropriate adjustment.

Financing Terms: The sale price of one property may differ from that of an identical property due to the financial arrangements provided. In some cases, buyers pay higher prices for properties to obtain below market financing. Conversely, interest rates at above-average market levels often result in lower sale prices. Most sales generally involve terms by which the seller received cash or its equivalent at a typical market interest rate and term mortgage. The subject property’s value estimate is free and clear of any financing and on an all cash basis. Adjustments to comparable sales are therefore appropriate where financing may have influenced the sale price.

Conditions of Sale: Adjustments for conditions of sale usually reflect the motivation of the buyer and seller. Although conditions of sale are often perceived as applying only to sales that are not arm’s length transactions, some arm’s length sales may reflect atypical

motivation or sale conditions due to unusual tax considerations, lack of exposure on the open market, or the complexity of expropriation proceedings.

Market Conditions: The date of sale identifies market conditions prevailing at the time the transaction occurred. Market conditions may change between the date of sale of the comparable, and the date at which the appraisal of the subject property is being completed.

The sales relied upon in this analysis are the most recent, relevant sales available. Comparable properties that sold under different market conditions than those applicable to the subject on the effective date of this report may require adjustments for any differences that have a significant impact on value. The degree of adjustment should reflect the change in market conditions since the date of the comparable property sale. The date of sale identifies market conditions prevailing at the time the transaction occurred. All of the sales warrant a degree of adjustment for market conditions as market values have generally trended upward in recent years.

Location: Market value is highly sensitive to location. An adjustment may be required for locational characteristics of comparable properties that are significantly different from those of the subject. The relationship is relative, because the location of a property can be judged only in relation to that of others. The location of a comparable property is considered to be inferior, equal, or superior to the subject. The comparable sales are generally located in the local market area.

Physical Characteristics: This item includes the physical differences between the comparables and the subject property. The features of comparison considered are those that influence buyer behaviour and include variables such as size, shape, frontage, access, depth, topography, drainage, servicing, easements or restrictive covenants of the site. With respect to building size, the specific individual subject unit areas were not available, however, they are generally assumed to be approximately 2,000 square feet with two bedrooms. Therefore, the individual unit areas were considered typical for luxury apartment units. Also, unit finishes were also estimated to be representative of the luxury apartment units. The comparable properties are selected for similar size, condition, and utility compared to the subject property.

Economic Characteristics: This item includes all the attributes of a property that affect its net operating income, including operating expenses, quality of management, tenant mix, rent concessions, lease terms, lease expiration dates, renewal options, lease provisions such as expense recovery clauses, and the existing vacancy and financial condition at the time of sale. Appraisers must take care not to attribute differences in real property rights conveyed or changes in market conditions to different economic characteristics. Caution must also be exercised in regard to units of comparison such as net operating income per unit. NOIs per unit reflect a mix of interactive economic attributes, many of which should only be analyzed in the income capitalization approach. The Direct Comparison Approach must not be presented simply as a variation of the Income Approach, applying the same techniques to reach an identical value indication

Comparables with superior or inferior economic characteristics were adjusted accordingly.

Zoning/Land Use Designations: Properties may exhibit similar locations and physical attributes and be designated for similar uses, but carry different zoning designations or land use classes. Adjustments will therefore be required to account for factors such as varying uses. Generally speaking, greater flexibility of use results in greater value.

The current Official Plan Designation is *Transit Village* and zoning is *R9-7(23) - Residential Zone*. Comparable sales with superior or inferior land use designations were adjusted accordingly. The comparable properties are selected for similar zoning and permitted uses.

Non-Realty Components of Value: This item includes chattels, business concerns, or other items that do not constitute real property, but are included in the sale price of either the comparable or subject property. These items should be analyzed separately from the actual real estate. In most cases the economic lives, associated investment risks, rate of return criteria, and collateral security for such non-realty components differ from those of the real estate. Comparable sales which include non-realty components of value were adjusted accordingly.

IDENTIFICATION OF COMPARABLE PROPERTIES –LUXURY APARTMENT ANALYSIS

A thorough search for recent sales and listing activity revealed the following comparable apartment rental sales. Emphasis was given to the local London market, as well as to the broad Southern Ontario market area for new or nearly-new luxury apartment properties. In addition, a survey of individual condominium apartment unit sales within comparable north London properties was conducted to provide a secondary selling price per square foot analysis of apartment accommodation.

The following sales were considered to be a sufficient sample to adequately prepare a market value estimate for the subject property. Details of the individual properties are outlined on the following pages and analyzed thereafter.

COMPARABLE MULTI-FAMILY RESIDENTIAL PROPERTIES					
No.	Address	Sale Date	Sale Price	# of Units	Price/ Unit
1	100 Greenway Boulevard St. Thomas	2-Jul-21	\$10,600,000	36	\$294,444
2	280 Wesley Boulevard Cambridge	28-Sep-20	\$12,260,000	36	\$340,556
3	430 Ferndale Drive South Barrie	1-Sep-20	\$24,000,000	64	\$375,000
4	1505 Ottawa Street North Kitchener	20-Apr-20	\$58,922,000	148	\$398,122
5	140 Main Street West Hamilton	20-Apr-20	\$142,366,000	321	\$443,508
6	220A & 220B Ira Needles Boulevard Kitchener	29-Jul-21	\$156,500,000	344	\$454,942
7	2333 Taunton Road Oakville	5-Dec-19	\$164,000,000	284	\$577,465
8	492 Parliament Street Toronto	15-Jun-20	\$5,500,000	5	\$1,100,000
		Range-Low	\$5,500,000	5	\$294,444
		Range-High	\$164,000,000	344	\$1,100,000
		Averages	\$71,768,500	155	\$498,005

100 GREENWAY BOULEVARD, ST. THOMAS



Sale Information

Sale Price:	\$10,600,000	Sale Price/Unit:	\$294,444
Sale Date:	July 02, 2021	Sale Date Information:	RealTrack
Vendor:	New Wave Home Designs Inc.	PIN:	Multiple
Purchaser:	2707884 Ontario Ltd.	Sale Status:	Closed
Financing Description:	cash		
Legal Description:	Units 1 through 36 on Elgin Standard Condominium Plan 36 and its appurtenant interest subject to easement as set out, with underlying land identified as Part of Block 62 on Plan 11M-60, designated as Parts 2, 3 & 6 on Reference Plan 11R-9793, City of St. Thomas, County of Elgin		

Location Information

Located in north St. Thomas, at the end of Greenway Boulevard.

Property Information

Building Type:	Three-storey apartment	Unit Mix:	36 2-bedroom
No. Units:	36	Number of Storeys:	3
Building Condition:	Excellent	Elevator:	Yes
Year Built:	2018	Site Size (Acres):	2.42
# Parking Spaces:	65	Parking Type:	Surface
Amenities:	Secured entry, common areas, each unit has its own laundry room, heating/cooling system and breaker panel.		
Official Plan:	Residential		
Zoning:	R3A-23 - Third Residential		
Zoning Description:	Permits the use of the land for apartment dwelling.		

Comments

The 2.42 acre site is improved with a three storey, 36 unit luxury apartment building. The site backs and sides onto open space lands. The units are 1,362 square feet in size. The quality of finish within both common areas and individual units is considered to be above average, as are the provided amenities, particularly for rental accommodation in the City of St. Thomas. Rental fees range from \$1,600/month to \$1950/month.

280 WESLEY BOULEVARD, CAMBRIDGE



Sale Information

Sale Price:	\$12,260,000	Sale Price/Unit:	\$340,556
Sale Date:	September 28, 2020	Sale Date Information:	RealTrack
Vendor:	D.D. 280 Wesley Ltd. (Starlight Investments Ltd)	PIN:	038450881
Purchaser:	Boardwalk REIT Properties Holdings Ltd	Sale Status:	Closed
Financing Description:	Cash		
Legal Description:	Block 96, Plan 58M543 Subject To An Easement As In WR961893, City of Cambridge, Regional Municipality of Waterloo		

Location Information

Located on the west side of Wesley Boulevard, south of Maple Bush Drive

Property Information

Building Type:	Mid-Rise Apartment Building	Unit Mix:	8 - 1 Bedroom 16 - 2 Bedroom 12 - 3 Bedroom
No. Units:	36	Number of Storeys:	3
Building Condition:	Good	Elevator:	No
Year Built:	2016	Site Size (Acres):	1.22
# Parking Spaces:	12 / 44	Parking Type:	surface level / Underground
Amenities:	In-suite laundry, underground and surface parking, balcony		
Official Plan:	Low/Medium Density Residential		
Zoning:	Medium High Density Residential (RM3)		
Zoning Description:	Permits the use of the land for medium to high density multiple unit dwellings.		

Comments

This sale comprises a three storey apartment building. The building features 8 - 1 bedroom units, 16 - 2 bedroom units & 12 - 3 bedroom units. This property is part of a portfolio acquisition. Asking rents were reported at \$1,799 for 1 bedroom units, \$1,899 for 2 bedroom units, and \$2,099 for 3 bedroom units.

430 FERNDALE DRIVE SOUTH, BARRIE



Sale Information

Sale Price:	\$24,000,000	Sale Price/Unit:	\$375,000
Sale Date:	September 01, 2020	Sale Date Information:	RealTrack
Vendor:	Pinemount Developments Ltd.	PIN:	589110317, 589110318, 589170168
Purchaser:	Starlight Investments	Sale Status:	Closed
Financing Description:	Cash		
Legal Description:	589110317: Block 16, Plan 51M642, Barrie; Subject To An Easement As In SC1599821 589110318: Block 17, Plan 51M642, Barrie; Subject To An Easement As In SC1599821 589170168: Parcel Plan-1 Section 51M526; Block 223 Plan 51M526 Barrie; Subject To An Easement As In SC1599821; City of Barrie, Simcoe County		

Location Information

Located southwest of Barrie, on the south side of Ferndale Drive South; east of Hawthorne Crescent & west of Cumming Drive.

Property Information

Building Type:	Apartment Building	Unit Mix:	1 & 2 Bedroom units
No. Units:	64	Number of Storeys:	4
Building Condition:	Excellent	Elevator:	Yes
Year Built:	2019	Site Size (Acres):	1.92
# Parking Spaces:	96	Parking Type:	Surface
Amenities:	On-site staff, fitness studio, social room, pet SPA, in-suite laundry, secure entry		
Official Plan:	Residential		
Zoning:	Multi-Family Residential (RM2)		

Comments

The property contains a 4 storey apartment building built in 2019. The building features a host of modern amenities including a fitness studio, social room, pet SPA, in-suite laundry, and secure entry. The site additionally features 96 surface level parking spaces.

1505 OTTAWA STREET NORTH, KITCHENER



Sale Information

Sale Price:	\$58,922,000	Sale Price/Unit:	\$398,122
Sale Date:	April 20, 2020	Sale Date Information:	RealTrack
Vendor:	DD 1505 Ottawa Ltd (Starlight Investments)	PIN:	227135473
Purchaser:	1505 Ottawa Street Holdings Inc.	Sale Status:	Closed
Financing Description:	Cash		
Legal Description:	Part Lot 120 German Company Tract Being Part 1 On Reference Plan 58R-17585 Subject To An Easement as in WK752754; City of Kitchener, Regional Municipality of Waterloo		

Location Information

Located on the northeast corner of the Ottawa Street North and Lackner Boulevard

Property Information

Building Type:	High-Rise Apartment	Unit Mix:	1-1 bedroom, 38-2 bedroom, 87-3 bedroom and 24-4 bedroom
No. Units:	148	Number of Storeys:	9
Building Condition:	Excellent	Elevator:	Yes
Year Built:	2014	Site Size (Acres):	2.50
# Parking Spaces:	Multiple	Parking Type:	Surface & Underground
Amenities:	Controlled Access, Wood Floors, Balcony, Fridge, Cable TV Ready, Hobby Workshop, Fitness Centre, Camera Surveillance		
Official Plan:	Medium Rise Residential		
Zoning:	Residential (R-8)		

Comments

This sale property comprises a newly-constructed high-rise apartment building. At the time of its sale, the property was reportedly 93% occupied and generated an NOI of \$12,096 per unit. A GIM of 14.51 was indicated. This sale was part of a portfolio purchase of three properties, of which the two others were 140 Main Street West, Hamilton comprising a 3321 unit, 26 storey apartment building for \$142,366,000 and 245 Lena Crescent.

140 MAIN STREET WEST, HAMILTON



Sale Information

Sale Price:	\$142,366,000	Sale Price/Unit:	\$443,508
Sale Date:	April 20, 2020	Sale Date Information:	Geowarehouse
Vendor:	140 Main Hamilton Ltd.; Starlight Investments Ltd	PIN:	185430053
Purchaser:	140 Main Street Holdings Inc.	Sale Status:	Closed
Financing Description:	Cash: \$142,366,000		
Legal Description:	Unit 53, Level 1, Wentworth Standard Condominium Plan Number 543 And Its Appurtenant Interest Subject To And Together With Easements As Set Out In Schedule A As In WE1153285; City Of Hamilton, Hamilton-Wentworth		

Location Information

This property is located on the north side of Main Street West, east of Caroline Street South.

Property Information

Building Type:	Apartment Building	Unit Mix:	107-1bdrm, 144-1bdrm(+den), 38-2bdrm, 8-2bdrm(+den), 4-3bdrm, 20-3bdrm(+den)
No. Units:	321	Number of Storeys:	26
Building Condition:	Good - Excellent	Elevator:	Yes
Year Built:	2017	Site Size (Acres):	1.61
# Parking Spaces:	187	Parking Type:	Underground
Amenities:	Multi-level indoor parking garage, fitness facility, rooftop patio with pavilion and water feature, 4K cinema, games room, and social room		
Official Plan:	Minor Urban Centres		
Zoning:	Downtown Central Business District (D1)		

Comments

This property, known as Regency Suites, comprises an apartment building containing 1, 2, and 3 bedroom suites. Suite features include granite counter-tops, in-suite laundry, large windows, laminate flooring, and stainless steel appliances. The subject property complements Starlight Investment's previous purchase of the adjacent 10-storey apartment building located at 150 Main Street West.

220A & 220B IRA NEEDLES BOULEVARD, KITCHENER



Sale Information

Sale Price:	\$156,500,000	Sale Price/Unit:	\$454,942
Sale Date:	July 29, 2021	Sale Date Information:	Geowarehouse
Vendor:	Gakena Towers Limited	PIN:	226982205, 226982208, 226982210, 226982193
Purchaser:	Highland Squares Ltd.	Sale Status:	Closed
Financing Description:	cash: \$131,999,820; other consideration \$24,500,180		
Legal Description:	See addendum		

Location Information

Located at the northeast corner of Iran Needles Boulevard and Highland Road West.

Property Information

Building Type:	Apartment buildings	Unit Mix:	126 - 1 bedroom, 123 - 2 bedroom, 95 - 3 bedroom
No. Units:	344	Number of Storeys:	16 / 17
Building Condition:	Brand new	Elevator:	Yes
Year Built:	2020	Site Size (Acres):	3.77
# Parking Spaces:		Parking Type:	Surface and underground
Amenities:	Fitness Centre, Yoga Room, Party Room and Social Lounge, Business Centre, Children's Play Area and Basketball Half-Court.		
Official Plan:	High Rise Residential		
Zoning:	R-9 - Residential Nine		

Comments

The subject property is an upscale urban rental residence in Kitchener with condo-style amenities. Towers A and B opened July 1, 2021. The property is easily accessible by major highways and public transit. Rents range from \$1,729/month to \$2,440/month; parking ranges from \$100/month (outdoor) to \$140/month (indoor).

2333 TAUNTON ROAD, OAKVILLE



Sale Information

Sale Price:	\$164,000,000	Sale Price/Unit:	\$577,465
Sale Date:	December 05, 2019	Sale Date Information:	RealTrack
Vendor:	Taunton Road 2333 Property Inc.	PIN:	249110936
Purchaser:	Taunton Apartments Limited	Sale Status:	Closed
Financing Description:	Cash		
Legal Description:	Part Lot 13, Concession 1 SDS & Part Lots 9 & 10, Plan 473, Part 1, 20R20353, S/T An Easement In Gross Over Part 1 20R20665 As In HR1425580, City of Oakville, Halton Region		

Location Information

Located on the southeast corner of Oak Park Road and Taunton Road

Property Information

Building Type:	Apartment Building	Unit Mix:	All units are 2 bedrooms with 2 bathrooms
No. Units:	284	Number of Storeys:	6 & 12
Building Condition:	New	Elevator:	Yes
Year Built:	2019	Site Size (Acres):	1.86
# Parking Spaces:		Parking Type:	Surface and underground parking
Amenities:	Concierge, lounge, parcel lockers, fitness centre, pet spa		
Official Plan:	Mixed-Use		
Zoning:	Mixed Use Zones, MU2		

Comments

This property comprises a newly built (2019) luxury condo development. There are 2 residential rental buildings, with 13,364 sf of commercial space. The buildings combined have 284 apartments, plus 2 guest suites and they share surface and contiguous underground parking. The building offers numerous amenities including concierge, fitness centre, pet spa and roof top terrace.

492 PARLIAMENT STREET, TORONTO



Sale Information

Sale Price:	\$5,500,000	Sale Price/Unit:	\$1,100,000
Sale Date:	June 15, 2020	Sale Date Information:	RealTrack
Vendor:	Pottery Road Holdings LTD.	PIN:	210870372
Purchaser:	2758575 Ontario Inc.	Sale Status:	Closed
Financing Description:	Cash		
Legal Description:	Part of Lots 11 & 12, Plan 31 Designated As Part 1 On Plan 66R-23838, City of Toronto		

Location Information

Located in the Cabbagetown district of Toronto, on the southwest corner of the intersection of Aberdeen Avenue & Parliament Street.

Property Information

Building Type:	Mixed use	Unit Mix:	1 - Commercial unit 2 - 1 Bedroom 3 - 2 Bedroom
No. Units:	5	Number of Storeys:	3.5
Building Condition:	Good	Elevator:	No
Year Built:	2008	Site Size (Acres):	0.07
# Parking Spaces:	3	Parking Type:	Surface
Amenities:			
Official Plan:	Mixed Use Areas		
Zoning:	Commercial Residential (CR 2 (C1; R2*2362))		

Comments

The property contains a 10,687 sq.ft. mixed-use building. The building features 1 commercial unit on the main floor and 5 apartments above. Of the 5 apartments 2 are 1 bedroom units & 3 are 2 bedroom units. At time of sale the 1,580 sq.ft. of commercial space was fully leased to a cannabis store at a reported \$58 per sq.ft. The 2 bedroom apartments reportedly rent for \$3,700 per month.

220A & 220B IRA NEEDLES BOULEVARD, KITCHENER

226982205: Part Block 66, Plan 58M403, Parts 5, 33 To 40, Plan 58R17222; Subject To An Easement As In WR587144; Subject To An Easement In Gross Over Part 3, Plan 58R136793 As In WR552560; Together With An Easement Over Part Of The Common Elements Of Waterloo Standard Condominium Plan No. 527 As In WR646822; Subject To An Easement Over Parts 5, 34, 36, 37, 38, 39, Plan 58R17222 In Favour Of Waterloo Standard Condominium Plan No. 527 As In WR646822; Together With An Easement Over Part Of The Common Elements Of Waterloo Standard Condominium Plan No. 527 As In WR659749; Subject To An Easement Over Parts 5, 34, 36, 37, 38, 39, Plan 58R17222 In Favour Of Waterloo Standard Condominium Plan No. 527, As In WR659749; Subject To An Easement In Gross Over Part 1, Plan 58R19716 As In WR1097413; City of Kitchener, Waterloo Region.

226982208: Part Lot 38 German Company Tract, Part 22 Plan 58R17222; Subject To An Easement As In WR552560; Subject To An Easement As In WR587144; Together With An Easement Over Part Of The Common Elements Of Waterloo Standard Condominium Plan No. 527 As In WR646822; Subject To An Easement Over Part 22, Plan 58R17222 In Favour Of Waterloo Standard Condominium Plan No. 527 As In WR646822; Together With An Easement Over Part Of The Common Elements Of Waterloo Standard Condominium Plan No. 527 As In WR659749; Subject To An Easement Over Part 22, Plan 58R17222 In Favour Of Waterloo Standard Condominium Plan No. 527 As In WR659749; City of Kitchener, Waterloo Region.

226982210: Part Lot 38 German Company Tract, Parts 24 To 32, Plan 58R7222; Subject To An Easement As In WR587144; Subject To An Easement As In WR552560; Subject To An Easement Over Parts 24, 25, 26, 27, 28, 29, 31 Plan 58R17222 In Favour Of Waterloo Standard Condominium Plan No. 527 As In WR646822; Together With An Easement Over Part Of The Common Elements Of Waterloo Standard Condominium Plan No. 527 As In WR646822; Subject To An Easement Over Parts 24, 25, 26, 27, 28, 29, 31 Plan 58R17222 In Favour Of Waterloo Standard Condominium Plan No. 527 As In WR659749; Together With An Easement Over Part Of The Common Elements Of Waterloo Standard Condominium Plan No. 527 As In WR659749; City of Kitchener, Waterloo Region.

226982193: Part of Lot 38 German Company Tract, Part 5, Plan 58R17192; Subject To An Easement As In WR587144; Together With An Easement Over Part Of The Common Elements Of Waterloo Standard Condominium Plan No. 527, As In WR646822; Together With An Easement Over Part Of The Common Elements Of Waterloo Standard Condominium Plan No. 527, As In WR659749; City of Kitchener, Waterloo Region.

ADJUSTMENT ANALYSES

In relating the following properties to the subject property, adjustments were applied to recognize the various differences. The individual adjustments are itemized below:



- **Upward Adjustment** - is warranted if an element of the comparable sale is inferior relative to the Subject Property.
- **Downward Adjustment** - is warranted if an element of the comparable sale is superior to the Subject Property
- **Offsetting** - should the foregoing Upward and Downward adjustments balance, or "offset", no Net adjustment is warranted for the comparable sale.



Adjustment Summary						
No.	Address	Units	Price/Unit	Adjustments		Net Adjustment
				Upward	Downward	
1	100 Greenway Boulevard St. Thomas	36	\$294,444	Inferior location Larger no. of units Inferior amenities Lack of underground parking Inferior market conditions Larger no. of units Inferior physical condition	None	Upward
2	280 Wesley Boulevard Cambridge	36	\$340,556	Inferior market conditions Larger no. of units Inferior physical condition	None	Upward
3	430 Ferrdale Drive South Barrie	64	\$375,000	Inferior market conditions Larger no. of units	Superior GTA location	Upward
4	1505 Ottawa Street North Kitchener	148	\$398,122	Inferior market conditions Significantly larger no. of units Inferior physical condition	None	Upward
5	140 Main Street West Hamilton	321	\$443,508	Inferior market conditions Significantly larger no. of units Inferior physical condition	None	Upward
6	220A & 220B Ira Needles Boulevard Kitchener	344	\$454,942	Significantly larger no. of units	None	Upward

No.	Address	Units	Price/Unit	Adjustment Summary		Net Adjustment
				Upward	Downward	
7	2333 Taunton Road Oakville	284	\$577,465	Inferior market conditions Significantly larger no. of units	Superior GTA location	Upward
8	492 Parliament Street Toronto	5	\$1,100,000	Inferior market conditions	Superior GTA location Smaller no. of units	Downward
Subject	1653 Richmond Street London	9 units				
	Range-Low	5	\$294,444			
	Range-High	344	\$1,100,000			
	Averages	155	\$498,005			

SALES ADJUSTMENT SUMMARY – RESIDENTIAL COMPONENT

The foregoing rental apartment property sales indicated an average selling price of \$498,005 per unit, over an average unit count of 155 units. The subject property offers a significantly smaller unit count than the majority of comparable properties reviewed. It also offers a significantly higher level of quality of interior finish and unit size than most of the comparable sales. In addition, the analysis of individual condominium apartment unit sales that occurred over the last six months within the following two newer competitive apartment buildings in north London.

North Point Condos 1705 Fiddlehead Place, London					
					
PROPERTY INFORMATION					
Legal Description:		Various Units, Various Levels, Middlesex Standard Condominium Plan No. 876			
Location:		Located on Fiddlehead Place, backing onto Fanshawe Park Road West, west of Richmond Street.			
INDIVIDUAL UNIT INFORMATION					
Unit #	Sale Date	# of Beds	Sale Price	Unit Size (SF)	Sale Price/SF
		Low	\$680,000	1,730	\$353.54
		High	\$1,350,000	1,980	\$692.31
		Average	\$835,460	1,824	\$455.10
COMMENTS					
Comprises a 4-storey condominium apartment building, built in 2016. Unit amenities include high-end finishes, large balconies, floor to ceiling loft-style windows, ensuite laundry and storage. Building amenities include fitness facility, bicycle storage, covered parking, City views.					

Village North Condos					
260 Villagewalk Boulevard, London					
					
PROPERTY INFORMATION					
Legal Description:		Various Units, Various Levels, Middlesex Standard Condominium Plan No. 906.			
Location:		Located on the south side of Sunningdale Road, west of Richmond Street North.			
INDIVIDUAL UNIT INFORMATION					
Unit #	Sale Date	# of Beds	Sale Price	Unit Size (SF)	Sale Price/SF
		Low	\$535,000	1,074	\$388.33
		High	\$852,000	1,915	\$601.26
		Average	\$706,668	1,606	\$446.07
COMMENTS					
Comprises a 14-storey condominium apartment building, completed in 2018. Unit amenities include: ensuite laundry, balconies and storage. Building amenities include indoor pool, exercise facility, hospitality suite, games room, etc.					

After considering the available comparables and making the necessary weighted adjustments for the various influencing factors, it is concluded that an adjusted value rate of [REDACTED] per unit was most appropriate for the subject property. This rate reflects a selling price rate of [REDACTED] per square foot of rentable area, which is supported by the local condominium apartment market. As the subject property has 9 units, the Current Market Value of the subject Residential Component, by the Direct Comparison Approach, as of January 30, 2022, in the "Leased Fee Interest", is [REDACTED] (rounded).

IDENTIFICATION OF COMPARABLE PROPERTIES – MEDICAL OFFICE COMPONENT

A thorough search for recent sales and listing activity revealed the following comparables medical office properties within the local market. The subject medical office component comprises a new 6,400 square foot, 5 unit medical facility. The property is very well located and is fully leased at top-of-market rental rates. This type of property has no peer in the local market, therefore, a broader search to include the GTA market was considered as the subject property has comparable investment profile and income characteristics to properties in that market. They were considered to be a sufficient sample to adequately prepare a market value estimate for the subject property.

COMPARABLE MEDICAL OFFICE PROPERTIES					
#	Address	Sale Date	Sale Price	Building Size (sq.ft.)	Sale Price/Sq.ft.
1	267 Fanshawe Park Rd W London	31-Jan-17	\$2,200,000	5,486	\$401.02
2	1550 Highbury Avenue North London	22-Jul-21	\$3,850,000	8,050	\$478.26
3	215 Fanshawe Park Road West London	28-Oct-16	\$15,050,000	29,999	\$501.68
4	183 Central Avenue London	2-Aug-18	\$2,139,500	4,022	\$531.95
5	115 Lakeshore Road East Mississauga	23-Oct-20	\$5,165,000	8,493	\$608.15
6	737 Belmont Avenue West Kitchener	28-Sep-20	\$2,000,000	3,000	\$666.67
7	4411 King Street East Kitchener	2-Mar-21	\$1,187,500	1,450	\$818.97
8	126 Scollard Street & 33 Hazelton Avenue Toronto	15-Apr-20	\$19,000,000	22,000	\$863.64
Range-Low			\$1,187,500	1,450	\$401.02
Range-High			\$19,000,000	29,999	\$863.64
Averages			\$6,324,000	10,313	\$608.79

267 FANSHAWE PARK RD W, LONDON



Sale Information

Sale Price:	\$2,200,000	Sale Price/Sq.Ft.:	\$401.02
Sale Date:	January 31, 2017	Sale Date Information:	RealTrack
Vendor:	1781994 Ontario Inc	PIN:	080690751
Purchaser:	LTS Holding Company Inc	Sale Status:	Closed
Financing Description:	Cash		
Legal Description:	Part Lot 30, RCP 1028, Designated as Part 1, 33R-15043; Together With Easement Over Part 7, Plan 33R15344 As In ER236786; Together With Easement Over Part 6 Plan 33R15344 As In ER236786; Together With Easement Over Part 8, Plan 33R-15344 As In ER236786; London/Middlesex		

Location Information

Located on the north side of Fanshawe Park Road West east of Wonderland Rd, North and west of Richmond Street in the northern sector of the city of London, County of Middlesex

Property Information

Building Type:	Office Building	Gross Building Area(SF):	5,486
Building Condition:	Good	Building Area Source:	Geowarehouse
Occupancy Status:	Vacant	Year Built:	2013
Site Size (Acres):	0.52	Parking:	30 Surface
Official Plan:	Neighbourhoods		
Zoning:	Restricted Office (R02)		
Zoning Description:	Permits the use of the land for medical and dental, offices, laboratories or clinics.		

Comments

The property contains 5,486 sq.ft. office building. The property was to be occupied by the purchaser. The property is currently occupied by The Aim Health Group. AIM Health Group is a complimentary alternative service provider.

1550 Highbury Avenue North, London



Sale Information

Sale Price:	\$3,850,000	Sale Price/Sq.Ft.:	\$478.26
Sale Date:	July 22, 2021	Sale Date Information:	RealTrack
Vendor:	Sant Real Estate Inc.	PIN:	081460959, 081460962
Purchaser:	781 St. Clair Investments Ltd.	Sale Status:	Closed
Financing Description:	Cash		
Legal Description:	PIN 081460959: Part of Lots 14 & 15, Plan 91(C) Designated as Part 1, Reference Plan 33R-18608; City of London, Middlesex County, PIN 081460962: Part of Lots 14 & 15, PLAN 91 as in ER858433 Save & Except Part 1, Reference Plan 33R-18657; City of London, Middlesex County.		

Location Information

Located in northeast London, on the east side of Highbury Avenue North; north of Kilally Road & south of Edgevalley Road.

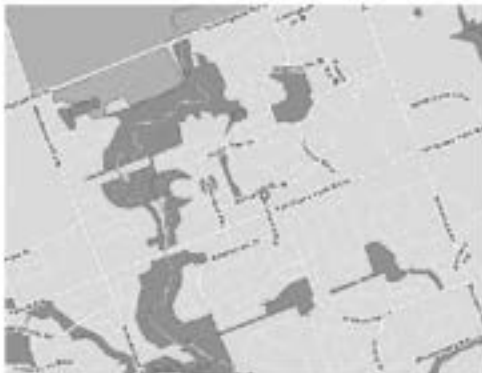
Property Information

Building Type:	Medical office building	Gross Building Area(SF):	8,050
Building Condition:	Good	Building Area Source:	Geowarehouse
Occupancy Status:	Fully leased	Year Built:	2014
Site Size (Acres):	1.13	Parking:	53 Surface level parking spaces
Official Plan:	Shopping Area		
Zoning:	Highway Service Commercial Zone (HS, HS2, HS3) Restricted Service Commercial Zone (RSC1, RSC3, RSC4)		
Zoning Description:	Permits the use of the land for a variety of commercial/retail purposes including medical offices.		

Comments

The property contains a 2 storey, 8,050 sq.ft. medical office facility. The site is comprised of 2 parcels of land; PIN 081460962 (0.38 acres) which fronts Highbury Road North and 0814602959 (0.76 acres) along the back of the property. Additionally the property features 53 surface level parking spaces.

215 FANSHAWE PARK ROAD WEST, LONDON



Sale Information

Sale Price:	\$15,050,000	Sale Price/Sq.Ft.:	\$501.68
Sale Date:	October 28, 2016	Sale Date Information:	RealTrack
Vendor:	1749261 Ontario Inc; Copia Developments	PIN:	080691538
Purchaser:	2502108 Ontario Ltd	Sale Status:	Closed
Financing Description:	Cash		
Legal Description:	1stly: Lot 45 RCP 1029 2ndly: Part Lot 46 RCP 1029 Designated As Part 2, Plan 33R-3337 3rdly: Part Lot 46 RCP 1029 Designated As Part 1, Plan 33R-3337 4thly: Lot 31 RCP 1028; Together With Ease Over Part 1, Plan 33R-15344 As In ER236786; Together With Ease Over Part 2, Plan 33R-15344 As In ER236786; City Of London, Middlesex County		

Location Information

The sale property is located on the north side of Fanshawe Park Road West, east of Wonderland Road North

Property Information

Building Type:	Medical office	Gross Building Area(SF):	29,999
Building Condition:	Excellent	Building Area Source:	Reported
Occupancy Status:	Partially Leased	Year Built:	2015
Site Size (Acres):	1.77	Parking:	~75 Open Surface
Official Plan:	Neighbourhoods		
Zoning:	Restricted Office: RO2(24)		
Zoning Description:	Permits the use of the land for Medical/ dental offices or laboratories		

Comments

The sale property was known as Fanshawe Family Medical Centre, a facility comprised of several clinics with different specializations. The building was constructed using the "tilt-up wall" method of construction. The property had a reported NOI of \$837,547 with a cap rate of 5.7%.

183 CENTRAL AVENUE, LONDON



Sale Information

Sale Price:	\$2,139,500	Sale Price/Sq.Ft.:	\$531.95
Sale Date:	August 02, 2018	Sale Date Information:	RealTrack
Vendor:	Farhi Holdings Corp.	PIN:	082630108
Purchaser:	London Language Holdings Inc.	Sale Status:	Closed
Financing Description:	Cash		
Legal Description:	Lot 4 RCP 1032 Together With LC139517; City of London; County of Middlesex		

Location Information

Sale property is located in core area of downtown London on the south side of Central Avenue, west of Richmond Street

Property Information

Building Type:	Office Building	Gross Building Area(SF):	4,022
Building Condition:	Average	Building Area Source:	Geowarehouse
Occupancy Status:	Owner-Occupied	Year Built:	1993
Site Size (Acres):	0.20	Parking:	10 On-site surface
Official Plan:	1989 OP: Multi-Family, Medium Density Residential London Neighbourhoods Plan:		
Zoning:	h5,R3-1,R4-1,R8-4,OC7,R03		
Zoning Description:			

Comments

This property is comprised of a downtown London office building with approximately 2,051 sq. ft. on main level and 1,971 sq. ft. on second level. Ample on site parking. This property was purchased by London Language Holdings Inc., which was the existing tenant.

115 LAKESHORE ROAD EAST, MISSISSAUGA



Sale Information

Sale Price:	\$5,165,000	Sale Price/Sq.Ft.:	\$608.15
Sale Date:	October 23, 2020	Sale Date Information:	RealTrack
Vendor:	Padana Holdings Inc.	PIN:	134860021
Purchaser:	Lake Horizon Holdings Inc.	Sale Status:	Closed
Financing Description:	Cash		
Legal Description:	Part Lot 6 South Side Toronto Street ECR Plan PC2 Port Credit As In RO767665; City of Mississauga, Peel Region		

Location Information

Located in southeast Mississauga, on the northeast corner of the intersection of Lakeshore Road East & Helene Street South.

Property Information

Building Type:	Medical Office Buildings	Gross Building Area(SF):	8,493
Building Condition:	Good	Building Area Source:	RealTrack
Occupancy Status:	Fully leased	Year Built:	1971
Site Size (Acres):	0.19	Parking:	16 Surface
Official Plan:	Mixed-use		
Zoning:	Main Street Commercial (C4-66)		
Zoning Description:	Permits the use of the land for a variety of multi tenanted commercial/residential uses with an additional medical offices uses.		

Comments

The property contains a 2 storey 8,493 sq.ft. medical office building with 12 units, with 16 surface parking spots at the rear of the building. At time of sale all 12 units were fully leased to tenants, and the property was purchased as an investment.

737 BELMONT AVENUE WEST, KITCHENER



Sale Information

Sale Price:	\$2,000,000	Sale Price/Sq.Ft.:	\$666.67
Sale Date:	September 28, 2020	Sale Date Information:	Geowarehouse
Vendor:	Shiraz Investments Inc.	PIN:	224210036
Purchaser:	LPMR (735-737 Belmont) GP Inc.	Sale Status:	Closed
Financing Description:	n/a		
Legal Description:	Part Lot 8 Plan 343 Kitchener As In 786046; City of Kitchener, Waterloo Region		

Location Information

Located in northwest Kitchener, on the west side of Belmont Avenue West; north of Claremont Avenue & south of Union Boulevard.

Property Information

Building Type:	Multi-tenant commercial	Gross Building Area(SF):	3,000
Building Condition:	Average	Building Area Source:	Altus
Occupancy Status:	Fully leased	Year Built:	1970
Site Size (Acres):	0.16	Parking:	7 surface level parking spaces
Official Plan:	Mixed Use		
Zoning:	Mixed Use (MIX-2)		
Zoning Description:	Permits the use of the land for a variety of commercial/retail purposes with residential purposes also permitted.		

Comments

The property contains a 1-1.5 storey multi tenant commercial building. The building contains a single unit building on the south side that is currently leased and being utilized as a bistro, while the northern building contains multiple units within a 1.5 storey building. The site additionally features 7 surface level parking spaces.

4411 KING STREET EAST, KITCHENER



Sale Information

Sale Price:	\$1,187,500	Sale Price/Sq.Ft.:	\$818.97
Sale Date:	March 02, 2021	Sale Date Information:	Geowarehouse
Vendor:	Debbie Lynn Stoewen	PIN:	226270057
Purchaser:	12707594 Canada Corp	Sale Status:	Closed
Financing Description:	Cash		
Legal Description:	Part Lot 8 Concession Beasley's Broken Front Township of Waterloo As In 1180676; City of Kitchener, Waterloo Region		

Location Information

Located in southeast Kitchener, on the south side of King Street East; east of Sportsworld Drive & west of Cressman Avenue.

Property Information

Building Type:	Animal Hospital	Gross Building Area(SF):	1,450
Building Condition:	Average	Building Area Source:	Geowarehouse
Occupancy Status:	Vacant	Year Built:	1948
Site Size (Acres):	0.57	Parking:	7 surface level parking spaces
Official Plan:	Commercial		
Zoning:	Commercial Campus (COM-3)		
Zoning Description:	Permits the use of the land for a variety of commercial/retail purposes, including medical clinic uses.		

Comments

The property contains a 1,450 sq.ft. animal hospital. The clinic is a single storey converted dwelling building. The site has a coverage ratio of 8% providing ample room for expansion of the current facility. The site additionally features 8 surface level parking spaces. At time of sale the building was vacant.

126 SCOLLARD STREET & 33 HAZELTON AVENUE, TORONTO



Sale Information

Sale Price:	\$19,000,000	Sale Price/Sq.Ft.:	\$863.64
Sale Date:	April 15, 2020	Sale Date Information:	RealTrack
Vendor:	1203840 Ontario Ltd.	PTN:	211960128
Purchaser:	7928033 Canada Inc. (LDC Logistics Development Corp)	Sale Status:	Closed
Financing Description:	Cash: \$4,000,000 VTB Debt: \$15,000,000		
Legal Description:	Part Lot 13-14 Plan 302 Yorkville As In CA436212; City of Toronto		

Location Information

Located in Yorkville neighbourhood of Toronto, on the northeast corner of the intersection of Hazelton Avenue & Scollard Street.

Property Information

Building Type:	Medical Office Buildings	Gross Building Area(SF):	22,000
Building Condition:	Good	Building Area Source:	RealTrack
Occupancy Status:	Partially Leased	Year Built:	1892
Site Size (Acres):	0.15	Parking:	4 tandem surface
Official Plan:	Mixed Use		
Zoning:	Main Street Commercial (CR 1.5)		
Zoning Description:	Permits the use of the land for a variety of multi tenanted commercial/residential uses with an additional medical offices uses.		

Comments

The property contains a 3.5 storey 22,000 sq.ft. medical office building. The building features 1 elevator, and 4 tandem parking spaces at the rear of the property. At time of sale 6 tenants occupying 15,654 sq.ft. of space were fully leased & an additional 6,346 sq.ft. of vacant space.

ADJUSTMENT ANALYSES

In relating the following properties to the subject property, adjustments were applied to recognize the various differences. The individual adjustments are itemized below:

- **Upward Adjustment** - is warranted if an element of the comparable sale is inferior relative to the Subject Property.
- **Downward Adjustment** - is warranted if an element of the comparable sale is superior to the Subject Property
- **Offsetting** - should the foregoing Upward and Downward adjustments balance, or "offset", no Net adjustment is warranted for the comparable sale.

ADJUSTMENT SUMMARY						
No.	Address	Building Area (sq.ft.)	Price/Sq.Ft.	Adjustments		Net Adjustment
				Upward	Downward	
1	267 Fanshawe Park Rd W London	5,486	\$401.02	Inferior market conditions Inferior physical characteristics Inferior economic characteristics Inferior parking amenities	Slightly smaller building area	Upward
2	1550 Highbury Avenue North London	8,050	\$478.26	Inferior physical characteristics Inferior economic characteristics Larger building area	None	Upward
3	215 Fanshawe Park Road West London	29,999	\$501.68	Inferior market conditions Larger building area Inferior economic characteristics Inferior parking amenities	None	Upward
4	183 Central Avenue London	4,022	\$531.95	Inferior market conditions Inferior physical characteristics Inferior economic characteristics Inferior parking amenities	Smaller building area	Upward
5	115 Lakeshore Road East Mississauga	8,493	\$608.15	Larger building area Inferior physical characteristics Inferior economic characteristics Inferior parking amenities	Superior GTA location	Upward

ADJUSTMENT SUMMARY						
No.	Address	Building Area (sq.ft.)	Price/Sq.Ft.	Adjustments		Net Adjustment
				Upward	Downward	
6	737 Belmont Avenue West Kitchener	3,000	\$666.67	Inferior market conditions	None	Upward
				Inferior physical characteristics		
7	4411 King Street East Kitchener	1,450	\$818.97	Inferior economic characteristics	Smaller building area	Upward
				Inferior parking amenities		
8	126 Scollard Street & 33 Hazleton Avenue Toronto	22,000	\$863.64	Inferior physical characteristics	Superior redevelopment potential	Upward
				Inferior economic characteristics		
Subject	1653 Richmond Street (office component) London	6,400	sq.ft.	Inferior parking amenities	Superior GTA location	Upward
		Range-Low	1,450	\$401.00		
		Range-High	29,999	\$864.00		
		Averages	10,313	\$609.00		

ADJUSTMENT SUMMARY – MEDICAL OFFICE COMPONENT

The foregoing comparable sales indicated an average selling price of \$609.00 per square feet over an average building area of 10,313 square feet. The subject property comprises a fully leased medical office property located within a desirable north London location, near one of London’s largest hospital campuses. The property tenant mix comprises a mix of private and public medical office uses. The building appears to be very well maintained, and the site offers ample on-site parking. Taking into consideration the subject’s relatively small size, newly constructed, high-end physical condition, and top-of-market, long-term lease rates, the subject was considered to be superior to all of the foregoing comparable sales. As a result, further analysis of high end, smaller-scale, ground floor commercial space across the broad Southern Ontario market was conducted. The following ground floor commercial condominium units located within new or newer mixed-use properties within the City of Toronto were considered:

GROUND FLOOR COMMERCIAL CONDOMINIUM UNIT SALES					
#	Address	Sale Date	Sale Price	Building Size (sq.ft.)	Sale Price/ Sq.ft.
1	106-330 Phillip Street Waterloo	10-Dec-19	\$774,795	1,645	\$471.00
2	112-280 Lester Street Waterloo	1-Mar-19	\$658,500	1,250	\$526.80
3	2803 Dundas Street West Toronto	23-Apr-20	\$5,900,000	6,400	\$921.88
4	53 Hayden Street Toronto	5-May-20	\$3,000,000	2,884	\$1,040.22
5	88-94 Cumberland Street Toronto	6-Aug-20	\$16,500,000	5,280	\$3,125.00
		Range-Low	\$658,500	1,250	\$471.00
		Range-High	\$16,500,000	6,400	\$3,125.00
		Averages	\$5,366,659	3,492	\$1,216.98

While the subject property does not currently have condominium status, the ground floor medical office component does comprise similar physical characteristics to the foregoing sales in terms of age and position below residential condominium towers.

After considering the available comparables and making the necessary weighted adjustments for the various influencing factors, it is concluded that an adjusted value rate of \$ [REDACTED] per sq. ft. of building area including land, toward the median rate of the recent ground floor commercial condominium property sales, was reasonable for the subject property. As the subject property has a gross building area of 6,400 sq.ft., the Current Market Value of the subject property, by the Direct Comparison Approach, as of January 30, 2022, in the "Leased Fee Interest", is \$ [REDACTED] (rounded).

VALUATION SUMMARY - DIRECT COMPARISON APPROACH

Total Indicated Value Estimate - \$ [REDACTED] (rounded)

INCOME APPROACH

The Income Approach was applied in the valuation of the subject property as it is an income producing investment. This approach leading to a value estimate has its economic basis in the present worth of future potential benefits that may result from the ownership of the premises appraised. Basically, it is a process of capitalizing the net income stream. The rate at which the income stream is capitalized should be consistent with its quantity, quality and durability.

As the subject building comprises two components, separate medical office and residential analyses were prepared.

COMMERCIAL TENANCY SCHEDULE

Income information was provided by the client in the form of a current rent roll and copies of all leases. The following is an outline of the existing tenancy schedule as extrapolated from the provided information. All the office tenancies are reportedly on a net lease basis.

1653 Richmond Street, London						
Tenancy Schedule - Medical Office Component						
Unit #	Tenant	Area (Sq.Ft.)	Rate Per Sq.Ft.	Lease Start Date	Lease Terms	Annual Rent
				Lease Expiry Date		
1	Masonville Optometry	1,000		11/1/2015	Net	
				12/1/2025		
2	Children After Hours Clinic	2,000		11/1/2015	Net	
				12/1/2025		
3	IDA Pharmacy	1,000		11/1/2015	Net	
				12/1/2025		
4	Dr. Lovett (3 exam rooms)	1,440		1/1/2020	Net	
				2/1/2030		
5	My MD (2 exam rooms)	960		1/1/2020	Net	
				2/1/2030		
Total Revenue		6,400				

MEDICAL OFFICE MARKET RENTAL STUDY

To apply the income valuation model, it was necessary to research the marketplace for comparative rental information to determine the reasonableness of the contract agreements and to estimate a fair market rent for the subject vacant space. It appears that the use of absolute net terms in commercial office property leases is firmly entrenched in the local market. Most new space contracts or renewals of existing leases are being negotiated on this basis. The enclosed rental study was completed to estimate market rents for the rentable area of the subject property.

Comparable Lease Rate Transactions/Listings - Medical Office Accommodation - London						
#	Address	Leaseable Area (SF)	Lease Start Date	Term	Rental Rate/SF	Comments
A	131 Wharncliffe Road South	various	contract and asking	5	\$9.00 to \$12.00	Net rent for upper level office space. Additional rent \$13.00 psf.
B	1 Commissioners Road East	various	contract	5	\$12.00 to \$18.00	Net rent for upper level office space. Additional rent \$12.25 psf.
C	746 Base Line Road East	various	contract	5	\$12.00 to \$20.00	Net rent for upper level office space. Additional rent \$11.68 psf.
D	267 Fanshawe Park Road West	various	contract	5 to 10	\$17.90 to \$32.00	Net rent for new medical office space. Additional rent \$15.00 psf.
E	510 Southdale Road	various	contract	5 to 10	\$11.00 to \$78.00	Net rent for new medical office space. Additional rent \$12.00 psf.
F	472 Springbank Drive	various	contract	5 to 15	\$12.00 to \$85.00	Net rent for new medical office space. Additional rent \$14.00 psf.
G	140 Oxford Street	various	contract	5 to 10	\$7.00 to \$40.00	Net rent for medical office and specialized space in older building. Additional rent \$12.00 psf.
H	785 Wonderland Road South	32,360	contract	15	\$22.00 to \$28.00	Gross rent for specialized medical office space in Westmount Shopping Centre.

The comparable rentals were selected based on their similarity to the subject in locational and physical characteristics, particularly with respect to their age/condition, quality of construction, size, and general location. The rental rates varied from \$9.00 per square foot to \$85.00 per square foot across all medical office space types. The

lower end of the market range reflects typical, established office space, while the upper end of the range reflects more specialized medical office space or new pharmacy tenancies. All comparisons were based on annual rent per square foot, and unless indicated, on an absolute net basis.

For the purpose of this appraisal, the subject contract rents were considered at market levels and adopted for valuation purposes. The information already reviewed, and the following information was utilized in the reconstruction of a pro-forma income and expense report.

RESIDENTIAL GROSS INCOME PROJECTION

A current rent roll was provided by the client indicating the following breakdown:

1653 Richmond Street, London						
Tenancy Schedule - Luxury Rental Apartment Component						
Potential Gross	Est. Avg. Unit Size	# Units	Avg. Rent/Mo.	Rent/ Sq.Ft.	Net Projected	Projected
Rental Revenues					Monthly Rent	Net Income
Residential Condo Apartment Units						
1	1,600	1				
2	1,800	1				
3	1,500	1				
4	1,600	1				
5	1,800	1				
6	1,500	1				
7	1,600	1				
8	1,800	1				
9	1,500	1				
Total Potential Apartment Revenue	14,700	sq.ft.				

APARTMENT RENTAL SURVEY

As per the CMHC Rental Market Report released in Fall 2020 (most recently published), the majority of private rental apartments in London are one and two-bedroom units. They account for approximately 94% of the total rental universe.

According to the CMHC Rental Market Report released in Fall 2020, within Zone 3 - North, the average rent for a two-bedroom apartment increased to \$1,474 in 2020 from \$1,304 in 2019. The subject rents are above the average market rental rates; however, the subject represents a significantly superior rental property. As a newer luxury apartment building it will command premium rents. Further it was noted that according to CMHC statistics, the average rents within buildings constructed in 2005+ have increased significantly since 2013 with one bedroom rents having increased by 17.8% over 4 years, two bedroom rents having increased by 7.7% over 4 years and three bedroom units having increased 48.4% over 4 years.

1.1.1.2 Private Apartment Average Rents (\$), by Zone and Bedroom Type - London CMA												
Zone	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total			
	Oct-19	Oct-20	Oct-19	Oct-20	Oct-19	Oct-20	Oct-19	Oct-20	Oct-19	Oct-20		
Zone 1 - Downtown North	693	745	920	1,064	1,311	1,404	1,434	1,542	1,083	1,210		
Zone 2 - Northeast	692	687	820	891	940	1,022	1,123	1,257	897	973		
Zone 3 - North	749	828	1,028	1,132	1,304	1,474	1,846	1,878	1,202	1,346		
Zone 4 - Northwest	804	865	992	1,080	1,193	1,292	1,335	1,336	1,098	1,191		
Zone 5 - Southwest	707	803	936	1,059	1,166	1,282	1,308	1,368	1,084	1,200		
Zone 6 - Central South	687	782	862	945	1,082	1,208	1,423	1,432	980	1,067		
Zone 7 - South	744	859	923	959	1,038	1,149	1,215	1,323	999	1,084		
Zone 8 - East	580	607	819	850	890	944	917	907	853	894		
London City (Zones 1-8)	711	785	925	1,012	1,118	1,221	1,341	1,399	1,035	1,131		
Zone 9 - St. Thomas	568	643	725	799	957	988	**	**	863	912		
Zone 10 - Stratroy-Caradoc	**	**	857	938	1,081	1,270	**	**	990	1,168		
Zone 11 - Remainder of CMA	**	**	**	**	919	822	**	**	930	785		
London CMA	697	774	915	1,001	1,107	1,207	1,322	1,379	1,024	1,116		

The subject rents fall well above the average market rental rates; however, the subject represents a significantly superior rental property. As a newly constructed luxury apartment building it commands premium rents. Further it was noted that according to CMHC statistics, the average rents within buildings constructed in 2005+ have increased significantly since 2013 with one bedroom rents having increased by 17.8% over 4 years, two bedroom rents having increased by 7.7% over 4 years and three bedroom units having increased 48.4% over 4 years. Given the broad sample utilized within CMHC's *Annual Rental Market Report*, a survey of market-area luxury rental units was conducted. The appraiser surveyed the market for competitive new and almost new one- and two-bedroom units in high-rise apartment and low-rise luxury apartment properties in London. The variation in the rents is primarily due to location, the age and condition of the buildings, and amenities. All of the surveyed building charge additional rent for parking, in some variation.

City of London - Q1 2020 - Market Rental Study - Luxury Accommodation - 2 Bedroom Units									
Address	Unit Type	Minimum Unit Square Footage	Maximum Unit Square Footage	Minimum Monthly Asking Rent	Maximum Monthly Asking Rent	Minimum Rate /Square Foot	Maximum Rate /Square Foot	Average / Square Foot	
315 Southdale Road West	2 Bed	1181	1357	\$1,910	\$2,012	\$1.48	\$1.70	\$1.65	
335 Southdale Road West	2 Bed	1568	1995	\$1,936	\$1,974	\$1.23	\$1.24	\$1.35	
1985 Richmond Street North	2 Bed	1490	2468	\$1,890*	\$3,200	\$1.27	\$1.32	\$1.49	
885-905 Southdale Road West	2 Bed	1032	1323	\$1,623	\$3,411	\$1.47	\$1.53	\$1.80	
500 Ridout Street	2 Bed	1050	1436	\$1,800	\$2,383	\$1.66	\$1.71	\$1.89	
71 King Street	2 Bed	800	1984	\$1,637	\$3,940	\$1.58	\$2.05	\$1.91	
365-285 Sugarcreek Trail	2 Bed	1110	1325	\$1,686	\$2,008	\$1.49	\$1.60	\$1.65	
940 Springbank Drive	2 Bed	1201	2207	\$2,230	\$4,304	\$1.54	\$2.15	\$1.94	
545 Fanshawe Park Road West	2 Bed	1112	1698	\$2,035	\$3,798	\$2.24	\$1.83	\$2.09	
1595-1695 Dyer Drive	2 Bed	1100	1545	\$1,784	\$3,515	\$1.62	\$2.28	\$2.04	
Averages		1164	1694	\$1,849	\$3,055	\$1.56	\$1.74	\$1.78	

CITY OF LONDON Q1 2020 - MARKET RENTAL STUDY - SUMMARY	
Unit Type	Average Rent/Sq. Ft.
1 Bedroom	\$1.96
2 Bedroom	\$1.78
3 Bedroom/Pent.	\$1.81

The foregoing Market Rental Study compares luxury accommodations across the City of London. The finishes within the subject units consist of extremely high-quality finishes which are considered superior to a majority of the buildings surveyed.

The average rental rates per square foot within competitive properties within the City range from \$1.35 to \$2.09 for the two bedroom units. The finishes within the subject units consist of high quality, luxury finishes which are considered superior to a majority of the buildings surveyed. The subject units current rent rate ranges reflect an average rent of \$■■■■ per square foot, and are inclusive of parking. Based on the foregoing analysis, the subject contract rents for each of the subject nine residential units was considered reasonable and adopted for valuation purposes.

VACANCY AND BAD DEBT ANALYSIS

An allowance for vacancy and credit loss under competent management was necessary. To estimate an appropriate allowance, it was necessary to investigate the overall vacancy levels for rental accommodations in similar properties. It is also necessary to take into consideration the subject property's current and historical vacancy levels, and various characteristics of the subject that impact its competitiveness in the rental market. These include:

- The subject development is newly constructed, and is fully occupied.
- The subject property's access and visibility is considered to be very good, and the subject improvements are in excellent condition.
- The subject neighbourhood is characterized by commercial/retail and residential uses.

OFFICE COMPONENT

A review of various commercial realtor surveys and MLS listings, and a survey of competitive buildings appears to suggest that the overall vacancy rate in suburban London is currently 7.2% (Q3 2021 CBRE Statistics). A cursory review of medical office properties reveals significantly lower vacancy within well-located buildings, and little to no vacancy in newer medical office properties. Considering these factors, as well as current market vacancy levels in the area, a nominal allowance of 1% was adopted for valuation purposes for both vacancy and bad debt for the subject medical office units.

RESIDENTIAL COMPONENT

According to CMHC, the private apartment vacancy rates within the City of London for apartment buildings constructed in 2005+ increased to 3.2% in the fall of 2020 from 1.1% in the fall of 2019. Based on the foregoing, considering the newer, luxury condition of the subject, and current market conditions, the appraiser has assumed an allowance for vacancy of 1% for the purpose of estimating the effective revenue.

An overall allowance of 1% was applied for both vacancy and credit loss, for appraisal purposes.

EFFECTIVE GROSS INCOME

The Effective Gross Income (EGI) for the subject property's residential and commercial components is estimated as follows:

Potential Annual Gross Income - Vacancy and Bad Debt = Effective Gross Income

OPERATING EXPENSES

Operating expense information was provided by the client in limited form. As outlined earlier, the medical office component of the subject property is leased on a fully net basis. As such, the landlord recovers the proportionate share of operating expenses for all commercial tenants.

The operating of the residential component of the subject property is structured on a gross rental basis, with the exception of tenant utilities. The data provided was compared with evidence of operating expense ratios drawn from other apartment buildings, discussions with other property managers and owners, and information from Metrix Realty Group data bank. Specific categories of expense, based on the projections and related to industry benchmarks, were applied in estimating the projected expenses as follows:

Real Estate Taxes - The client provided the 2021 final tax figure at \$ [REDACTED]. The client indicated that the commercial tenancies leases are structured on the basis that they cover 100% of the overall property's realty taxes. As such, the whole of the property taxes was included as a recoverable expense.

Insurance - A projected allowance of \$ [REDACTED] was provided by the property owner. Similar to property taxes, the subject leases are structured on the basis that they cover 100% of the overall insurance bill.

Repairs and Maintenance - Under this category of expenses, allowances are made for the day to day operating costs incurred with building cleaning, appliance repairs, carpet cleaning and replacement, unit turnover make-ready costs, pest control, mechanical repairs, supplies, garbage removal etc. This allowance typically ranges anywhere from [REDACTED] per unit, depending on the age and condition of a building. A projected allowance of \$ [REDACTED] (approximately \$ [REDACTED] per unit) was considered reasonable and was utilized in this analysis.

Management Fee - Typically, management fees range from between 3% and 5% in the current market. The actual rate depends upon the operating condition and management burden of the property. The subject has on-site building superintendent which decreases the burden on off-site management. More specifically, the subject property is currently self-managed. For the purposes of this appraisal, a stabilized allowance of 3.0% of the Effective Gross Income (EGI) was utilized in this analysis for the residential component of the subject property.

Utilities - The tenant pays for personal heat and hydro (including cooling), telephone and cable.

Structural Reserve - An allowance for reserve for capital repairs would generally be considered under prudent management of a rental property. Given the newly constructed condition of the subject building, a projected allowance of 0.25% of the Effective Gross Income (EGI), was utilized in this analysis.

MEDICAL OFFICE PROFORMA INCOME AND EXPENSE STATEMENT

A Reconstructed Income and Expense Statement developed to estimate the net operating income associated with the operation of the subject commercial units can be seen below.

**Four Storey, Mixed Use Apartment and Office Property
1653 Richmond Street, London
Pro-Forma Income and Expense Statement
Medical Office Component**

Potential Gross Rental Revenues	Unit Size (sq.ft.)	Rent/ Sq.Ft.	Net Projected Monthly Rent	Projected Net Income
Commercial Office Units				
Masonville Optometry	1,000	sq.ft.	per sq.ft.	=
IDA Pharmacy	1,000	sq.ft.	per sq.ft.	=
Children's After Hours Clinic	2,000	sq.ft.	per sq.ft.	=
Dr. Lovett (3 exam rooms)	1,440	sq.ft.	per sq.ft.	=
My MD (2 exam rooms)	960	sq.ft.	per sq.ft.	=
Additional Rent - Operating Costs and Property Taxes			per sq.ft.	=
Total Rental (Gross) Income	6,400	sq.ft.		
Less: Vacancy and Credit Loss @	1.00%	of TGI	\$4,804.76	
Effective Gross Income (E.G.I.)				
Operating Expenses				
Recoverable Operating and Realty Tax Costs		per sq.ft.		
Non-Recoverable Structural Reserve	0.25%			
Total Expenses		14.50%		
Net Operating Income				

RESIDENTIAL PROFORMA INCOME AND EXPENSE STATEMENT

A Reconstructed Income and Expense Statement developed to estimate the net operating income associated with the operation of the subject residential units can be seen below.

**Four Storey, Mixed Use Apartment and Office Property
1653 Richmond Street, London
Pro-Forma Income and Expense Statement
Residential Component**

Potential Gross Rental Revenues	Est. Avg. Unit Size	# Units	Avg. Rent/Mo.	Rent/ Sq.Ft.	Net Projected Monthly Rent	Projected Net Income
Residential Condo Apartment Units						
1	1,600	1				
2	1,800	1				
3	1,500	1				
4	1,600	1				
5	1,800	1				
6	1,500	1				
7	1,600	1				
8	1,800	1				
9	<u>1,500</u>	1				
Total Potential Apartment Revenue	14,700	sq.ft.				
Total Rental (Gross) Income		9				
Less: Vacancy and Credit Loss @	1.00%		of TGI			
Effective Gross Income (E.G.I.)						
Stabilized Non-Recoverable Operating Expenses						
Rear Estate Taxes (reportedly covered through commercial tenancies)						
Repairs & Maintenance (\$500 per unit annually)						
Management	2.00%		of EGI			
<u>Structural Reserve</u>	0.25%		of EGI			
Total Expenses				3.64%		
Net Operating Income						

CAPITALIZATION RATE ANALYSIS

To estimate the appropriate capitalization rate, consideration was given to a number of factors including the quantity, quality and durability of the income stream, the type of structure, its location, building condition and age, mortgage financing availability, the return on investment required by investors in this type of structure, liquidity, security, tax shelter benefits and capital gains potential.

The overall capitalization rate selection technique that best suit the available data, the investment character of the property being appraised, and the character and pattern of the income stream that it is likely to produce is the *Direct Market Observation Method*. A review of market transactions from which capitalization rates could be derived, indicated that there are sufficient sales to utilize the *Direct Market Observation Method*.

DIRECT MARKET OBSERVATION METHOD

The Overall Capitalization Rate, identified as R_o , is extracted from a market sample of recently transacted comparable properties. To extract a market indicated rate that is appropriate to the property appraised, the comparative sample should be comprised of properties that exhibit similar risk characteristics and potential revenues.

OFFICE COMPONENT

Market Capitalization Rates - Office Properties						
#	Address	Sale Date	Sale Price	Building Description/Building Area (sf)	Adjusted Cap Rate	Adjusted Cap Rate
A	543-547 Ridout Street North, London	12/30/2020	\$2,275,000	Commercial office/7,425 Core area, re-development potential	4.03%	4.03%
B	562 Waterloo Street, London	6/2/2021	\$1,999,998	Office conversion/8,050 Core area, renovated	4.66%	4.66%
C	1550 Highbury Avenue North, London	7/22/2021	\$3,850,000	Medical office building/8,050 Suburban, fully leased	5.39%	5.39%
D	750 Base Line Road East, London	6/10/2020	\$5,400,000	Medical Office Building/20,732 Suburban, opposite hospital, excess land	5.44%	5.44%
E	781 Richmond Street, London	6/19/2020	\$1,750,000	Free standing Office Building/9,025 Core area, older	5.54%	5.54%
F	123 St. George Street, London	6/25/2021	\$3,962,500	Office Building/32,029 Core area, older	6.42%	6.42%
G	215-219 Oxford Street West, London	4/8/2021	\$6,000,000	Office Building/25,386 Suburban, older, commercial component	6.82%	6.82%
Average					5.47%	5.47%

The variance in the foregoing rates can be attributed to many factors, including; vacancy, average net rents, location, building condition etc. An unadjusted rate range of 4.03% to 6.82% was indicated. The overall average capitalization rate indicated was 5.47%. Market research indicates that health care real estate continues to perform strongly, with doctor tenancies seen as stable, government backed secure tenants. Furthermore, supply of medical office properties is smaller than the overall market universe, resulting in higher demand factors for this office subsector. For the purpose of this analysis a capitalization rate of 5.0% was considered reasonable for the commercial component.

RESIDENTIAL COMPONENT

COMPARABLE APARTMENT PROPERTIES							
No.	Address	Sale Date	Sale Price	# of Units	Price/Unit	GIM	OCR
A	204 Hespeler Road Cambridge	7-Sep-21	\$39,250,000	146	\$268,836	n/a	4.00%
B	659 Stirling Avenue South Kitchener	10-Feb-21	\$8,600,000	30	\$286,667	16.91	4.35%
C	144 Watson Road North Guelph	24-Sep-20	\$45,500,000	133	\$342,105	16.08	4.27%
D	245 Lena Crescent Cambridge	20-Apr-20	\$98,922,000	272	\$363,684	n/a	5.00%
E	220A & 220B Ira Needles Boulevard Kitchener	29-Jul-21	\$156,500,000	344	\$454,942	n/a	3.70%
Range-Low Range-High Averages							3.70% 5.00% 4.26%

The variance in the foregoing rates can be attributed to many factors, including; vacancy, average net rents, location, building condition etc. The market indicated that for rental projects with investment characteristics similar to the subject, overall capitalization rates have remained stable and low over the past 2 years, and were within a range of 3.70% to 5.00% for newer apartment buildings. These buildings reflect an average cap rate of 4.26%. The subject property was considered to be competitive to these properties, and in excellent condition.

In addition to the foregoing, the following table illustrates reported Capitalization Rates by Colliers:

Source: Colliers International, Q3 2021, Canadian Cap Rates Study

Multi-Family Apartment						
Market	High Rise		Low Rise		Q3 2021 Prediction	
City	Low	High	Low	High	Class A	Class B
Toronto	3.00%	3.75%	2.75%	3.75%	↔	↔
Montréal	3.00%	4.25%	4.00%	5.00%	↔	↔
Vancouver	2.50%	3.50%	2.75%	4.00%	↔	↔
Calgary	4.25%	4.75%	4.50%	5.25%	↔	↔
Edmonton	4.00%	5.00%	4.25%	5.50%	↔	↔
Ottawa	4.00%	4.75%	3.75%	4.75%	↔	↔
Winnipeg	5.00%	6.00%	5.00%	6.00%	▼	▼
Halifax	4.00%	4.50%	4.25%	4.75%	▼	▼
Victoria	3.50%	4.25%	3.75%	4.50%	↔	↔
Waterloo	3.50%	4.25%	3.75%	4.50%	▼	▼

Each of the foregoing market reports identify some significantly larger metropolitan centers, some of which traditionally have lower capitalization rates than the City of London market. Nevertheless, they represent the broader national market and general market trends. Overall, the subject property would undoubtedly be desirable to a broad range of investors and attract a premium capitalization rate. The size and tenancy structure of the subject property are such that it would likely attract a broad range of investor/purchasers, and have appeal beyond the local market. Furthermore, the mix of tenancies, with medical users, and the well-maintained physical condition of the building, were considered in the estimation of an overall capitalization rate.

VALUATION SUMMARY

Based on the foregoing, it is our opinion that a capitalization rates of 4.00% for the subject residential component, and 5.00% for the subject medical office component, were considered to be most appropriate for the subject property for valuation purposes.

Applying the value equation $V = NOI / R_o$, the indicated value of the subject property by the Direct Capitalization Method, as of January 30, 2022, is:

Medical Office Component NOI	Direct Capitalization Rate
██████████	5.00%
Indicated Value	██████████
Rounded to:	██████████

Residential Component NOI	Direct Capitalization Rate
██████████	4.00%
Indicated Value	██████████
Rounded to:	██████████

Total Indicated Value Estimate - \$ ██████████ (rounded)

SUMMARY AND FINAL ESTIMATES OF VALUE

The final step in the appraisal process is the reconciliation of the indicated values resulting from each of the approaches utilized. Consideration is given to the relative applicability of each of the approaches prior to concluding with the final value estimate. The values indicated by the two approaches used are as follows:

VALUE SUMMARY	
DIRECT COMPARISON APPROACH:	[REDACTED]
INCOME APPROACH:	[REDACTED]
COST APPROACH:	Not Developed

The values by the two approaches fall within a relatively narrow range and are supportive of one another. Taking into consideration the decision making criteria of the typical purchaser/investor for these types of properties, the greatest emphasis was given the Income Approach. Given the unique nature of the subject property's mix of uses and quality of luxury finish, coupled with its top-of-market rents, no ideal comparable sales have occurred within the broad marketplace. As a result, less emphasis was placed on the Direct Comparison Approach.

Based upon the data, analyses and conclusions contained herein, as of January 30, 2022, the subject property, located at 1653 Richmond Street, London, has a Market Value, in the "Leased Fee Interest", of:

[REDACTED]

"As per the following Extraordinary Limiting Conditions"

Extraordinary Limiting Condition: Due to the Coronavirus pandemic, local health authorities are strongly advising (or mandating) limited exposure to or contact with other people. Entering certain building interiors for inspection purposes is contrary to local health authority advice and is not possible at this time. This appraisal assignment was completed without physical access to the interior of this property. Property details have been identified and collected through other means as noted in this report.

Extraordinary Assumption: *Because of the inability to access and view the interior/exterior of this property, information and details concerning the interior/exterior finishing, quality and condition are taken from sources deemed reliable. If any of these details are subsequently determined to be inaccurate, the appraiser reserves the right to amend the appraisal and the value herein.*

Extraordinary Limiting Conditions:

Values contained in this appraisal are based on market conditions as at the time of this report. This appraisal does not provide a prediction of future values. In the event of market instability and/or disruption, values may change rapidly, and such potential future events have NOT been considered in this report. As this appraisal does not and cannot consider any changes to the property appraised or market conditions after the effective date, readers are cautioned in relying on the appraisal after the effective date noted herein.

As of the date of this report Canada and the Global Community is experiencing unprecedented measures undertaken by various levels of government or curtailed health related impacts of Covid-19 Pandemic. The duration of this event is not known. While there is potential for negative impact with respect to micro and macro-economic sectors, as well as upon various real estate markets, it is not possible to predict such impact at present, or the impact of current and future government countermeasures. There is some risk that as the Covid-19 Pandemic increases the likelihood of a global recession, however without knowledge of further anticipated government countermeasures at the national and global levels it is not possible to predict any impact at this point in time. Accordingly, this point in time valuation assumes the longer term market conditions remain unchanged. Given the market uncertainties of the Covid-19 Pandemic, a force majeure event, we reserve the right to revise the value estimation set out in this report for a fee, with an update appraisal report under a separate appraisal engagement, incorporating market information available at that time.

The coronavirus pandemic is causing a significant degree of uncertainty in capital markets, and could have an effect on real estate values depending on the duration and severity of the crisis. At present, it is too early to predict how values may be affected, but it may be likely that market demand is adversely affected in the short term.

The final estimate of value indicated above is subject to the limiting conditions and underlying assumptions as outlined herein.

ASSUMPTIONS AND LIMITING CONDITIONS

1. This appraisal is not valid unless an original signature is evident.
2. It is assumed that the sub-soil, structure, materials and workmanship are considered as good and acceptable by the market. In addition, mechanical and electrical facilities are assumed to be in good working order. No responsibility has been assumed for the requirements of government, public or private bodies.
3. The presence of any potentially hazardous materials on the property and/or used in the building's maintenance or construction has not been determined. The appraiser is not qualified to detect the existence of such substances.
4. All data used and described herein, whether provided for this appraisal or obtained in the marketplace, is assumed to be correct and reliable.
5. Property rights being appraised are those of the "*Leased Fee*" interest for improved value estimate. I assume no responsibility for matters that are legal in character. The legal description is assumed to be correct.
6. The author of this report is not required to give testimony or attendance in court by reason of the appraisal, with reference to the property in question, unless arrangements have been previously made.
7. Maps, surveys, etc. in this report are included to assist the reader in visualizing the information and are not warranted as to their accuracy.
8. It is assumed that the subject property complies in all material respects with all restrictive covenants affecting the site and is in compliance with all the requirements of law, including zoning, land 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.

9. It is assumed that, save and except for encumbrances as may be permitted, there are no easements, rights-of-way, building restrictions or other restrictions so affecting the site as to prevent or adversely affect the operation of the property or so as to materially and adversely affect its market value.
10. This report has been prepared for *Richmond Medical Centre Inc. c/o Refcio & Associates*, and the function of the report is Mortgage Financing. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication, in whole or in part, nor may it be used for any purpose by any other than the recipient, its lenders, financiers or agents, without the written consent and approval of the firm, **Metrix Southwest Inc.**
11. Neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public through advertising media, public relations media, news media, sales media or any other media for public communication without the prior written consent and approval of the firm, **Metrix Southwest Inc.**

Extraordinary Limiting Condition: *Due to the Coronavirus pandemic, local health authorities are strongly advising (or mandating) limited exposure to or contact with other people. Entering certain building interiors for inspection purposes is contrary to local health authority advice and is not possible at this time. This appraisal assignment was completed without physical access to the interior of this property. Property details have been identified and collected through other means as noted in this report.*

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The coronavirus pandemic is causing a significant degree of uncertainty in capital markets, and could have an effect on real estate values depending on the duration and severity of the crisis. At present, it is too early to predict how values may be affected, but it may be likely that market demand is adversely affected in the short term.

CERTIFICATION

RE:	RICHMOND MEDICAL CENTRE 1653 RICHMOND STREET
	LONDON, ONTARIO

I certify that to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in and compensation for this assignment is not contingent upon the development or reporting of a predetermined result, the amount of the value estimate, or a conclusion favouring the client.
- The analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the *Canadian Uniform Standards Professional Appraisal Practice*. The Appraisal Institute of Canada retains the right to review this report.
- I have the knowledge and experience to complete the assignment competently.
- As of the date of this report, I have fulfilled the requirements of the Appraisal Institute of Canada Mandatory Recertification Program.
- Paula Busch, Hons.B.A., AACI, P.App inspected the property on January 30, 2022.

Based upon the data, analyses and conclusions contained herein, as of January 30, 2022, the subject property, located at 1653 Richmond Street, London, Middlesex County has a Current Market Value, in the *"Leased Fee Interest"*, of:


"As per the following Extraordinary Limiting Conditions"

Extraordinary Limiting Condition: Due to the Coronavirus pandemic, local health authorities are strongly advising (or mandating) limited exposure to or contact with other people. Entering certain building interiors for inspection purposes is contrary to local health authority advice and is not possible at this time. This appraisal assignment was completed without physical access to the interior of this property. Property details have been identified and collected through other means as noted in this report.

Extraordinary Assumption: Because of the inability to access and view the interior/exterior of this property, information and details concerning the interior/exterior finishing, quality and condition are taken from sources deemed reliable. If any of these details are subsequently determined to be inaccurate, the appraiser reserves the right to amend the appraisal and the value herein.

Extraordinary Limiting Conditions:

Values contained in this appraisal are based on market conditions as at the time of this report. This appraisal does not provide a prediction of future values. In the event of market instability and/or disruption, values may change rapidly, and such potential future events have NOT been considered in this report. As this appraisal does not and cannot consider any changes to the property appraised or market conditions after the effective date, readers are cautioned in relying on the appraisal after the effective date noted herein.

As of the date of this report Canada and the Global Community is experiencing unprecedented measures undertaken by various levels of government or curtailed health related impacts of Covid-19 Pandemic. The duration of this event is not known. While there is potential for negative impact with respect to micro and macro-economic sectors, as well as upon various real estate markets, it is not possible to predict such impact at present, or the impact of current and future government countermeasures. There is some risk that as the Covid-19 Pandemic increases the

likelihood of a global recession, however without knowledge of further anticipated government countermeasures at the national and global levels it is not possible to predict any impact at this point in time. Accordingly, this point in time valuation assumes the longer term market conditions remain unchanged. Given the market uncertainties of the Covid-19 Pandemic, a force majeure event, we reserve the right to revise the value estimation set out in this report for a fee, with an update appraisal report under a separate appraisal engagement, incorporating market information available at that time.

The coronavirus pandemic is causing a significant degree of uncertainty in capital markets, and could have an effect on real estate values depending on the duration and severity of the crisis. At present, it is too early to predict how values may be affected, but it may be likely that market demand is adversely affected in the short term.

The undersigned reserves the right to revise the opinions set out herein, including the final estimate of value, in light of any facts and conditions that become known subsequent to the date of the report, which have an impact on the conclusions reached.

METRIX SOUTHWEST INC.



Paula Busch, Hons. B.A., AACI, P.App
pbusch@metrixrealty.com
Phone: 519-672-7550
Fax: 519-672-9321

Dated: February 11, 2022

ADDENDUM "A" - PRIVACY STATEMENT

METRIX SOUTHWEST INC. - PRIVACY STATEMENT

Metrix Southwest Inc. has initiated a privacy policy in accord with legislation as it affects the **Personal Information Protection and Electronic Documents Act (PIPEDA)**. In general, the firm deals with the collection, use, and distribution of commercial rather than personal information. In the event that personal or sensitive data may be required to properly complete an assignment, the policy recognizes that consent is required for information that:

1. permits someone to learn sensitive, private information;
2. relates to a natural person; and
3. permits the identification of that person.

In accord with corporate policy, therefore, information provided by our clients will be used, secured and maintained based on criteria which includes:

- limited use, only the data needed to complete the assignment is required.
- obtaining consent with respect to use of sensitive personal information about an identifiable individual (does not include the name, title, business Street#, Street Name or telephone number of an employee of an organization).
- non-disclosure of files, (subject to Law, or review by authorized representative of *Appraisal Institute of Canada*, the Courts, Provincial or Federal agencies that have appropriate jurisdiction).
- the use of facts in the public domain as part of the appraisal process.
- information retained in the Metrix Southwest Inc. database that is relevant only to the subject property.
- tight control in the production of reports, and distribution only as authorized by the Client.

ADDENDUM "B" - APPRAISER'S QUALIFICATIONS

PAULA E. BUSCH, HONS. B.A., AACI, P.APP
VICE PRESIDENT OF COMMERCIAL APPRAISAL OPERATIONS
METRIX SOUTHWEST INC.
 285 King Street, Suite 204
 London, Ontario N6B 3M6

Membership

Accredited Member Appraisal Institute of Canada, No. 702981

Professional Affiliations

Executive Member - Appraisal Institute of Canada, London Chapter 2010 - 2020

Educational Background

Honours Bachelor of Arts - University of Western Ontario - 1996

Major Course Emphasis - Honours Geography - Urban Development

AACI Accredited Member Appraisal Institute of Canada - 2004

Professional Experience

Kettle Creek Conservation Authority, St. Thomas ON - 1993

Researcher/ Resource Technician

- Developed the *Resource Management Strategy for Environmentally Significant Areas within the Kettle Creek Watershed*

Metrix Realty Group, London ON - 1996 to present

Vice President of Commercial Appraisal Operations

- Assist in general management, scheduling commercial work assignments, mentoring, and commercial client development.

Senior Appraiser

- Preparation of comprehensive appraisal reports for vacant land, investment, mixed use, residential, industrial and commercial properties;
- Valuation of special purpose properties;
- Preparation of expropriation appraisal assignments;
- Discounted Cash Flow Analysis using Argus Financial software;
- Subdivision Development Analysis;
- Valuation of Leasehold Interests;
- Market/Feasibility Studies;
- Rental Studies - Residential/Commercial/Office/Industrial Buildings.
- Qualified to provide expert witness testimony in property valuation.

APPENDIX “F”



Of a

**REPORTEDLY FULLY TENANTED MEDICAL OFFICES AND APARTMENT
COMPLEX**



Address:

1653 Richmond Street,
London, ON N6G 2M9

Effective Date:

September 20, 2022

Prepared For:

Daoust Vukovich LLP
20 Queen Street West, Suite 3000,
Toronto, ON, M5H 3R3

Prepared by:

Andy Levers, B.Comm., AACI, P.App.
McIver Group Inc.
189 Hyman Street, Unit #1,
London, ON N6A 1N4

Appraisal File #: 2209-496



McIver Group Inc.
ICI & Residential Appraisal Services
189 Hyman Street, Unit #1,
London, ON N6A 1N4

519.673.0000 ext. 11 – telephone, mobile
519.673.0000 – fax
andy@mcivergroup.com
www.mcivergroup.com

October 7, 2022

File #: 2209-496

Daoust Vukovich LLP
20 Queen Street West, Suite 3000,
Toronto, ON M5H 3R3

Attention: Mr. Wolfgang Kaufmann

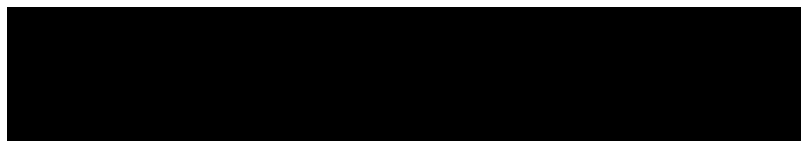
Dear Mr. Kaufmann:

In accordance with the request, I have prepared a Narrative Appraisal report on the Property located at:

1653 Richmond Street, London, ON

The purpose of this appraisal is to determine the Current Market Value of the Leased Fee Interest of the Subject Property, which comprises a four storey medical office and apartment complex, on a 0.45 acre parcel of land. The Intended Use of this report is to assist the Intended Users, Daoust Vukovich LLP, for potential sale purposes.

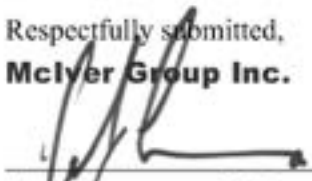
Based on the analysis, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), the Current Market Value of the Subject Property as of the Effective Date of September 20, 2022, is:



* It is assumed that the interpretation of the limited financial information was reasonably accurate. The appraiser reserves the right to amend the report if there is substantive variations within the lease documents.

This report contains 69 pages and is not valid unless it contains an original signature. This Appraisal Report was prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice. The report was completed for the Client and Intended Users named herein. No third party has rights to the report without the expressed authority of the author of the report. Should you require any further information or clarification with respect to matters contained herein, please contact the undersigned.

Respectfully submitted,
McIver Group Inc.



Andy Levers, B.Comm., AACI, P.App.
(519) 673-0000 ext. 11
andy@mcivergroup.com

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EXECUTIVE SUMMARY

Type of Property	: Medical Offices and Apartment Complex
Municipal Address	: 1653 Richmond Street, London, ON N6G 2M9
Legal Description	: Part Lot 28, RCP 1029, Designated as Part 1, 33R19375 Together with an Easement over Parts 2, 3, 4, 5 and 7 33R19479 as in ER1063273 Subject to an Easement over Part 1, 33R19479 in Favour of Part Lot 23-27, RCP 1029, Parts 1, 3, 5, 7 & 9, 33R19435 as in ER1063272, City of London, County of Middlesex, Province of Ontario.
Property Identification (PIN) #	: All of PIN # 080660197
Assessment Roll Number	: 3936-010-680-088-03-0000
Current Registered Owner	: Richmond Medical Centre Inc.
Client	: Daoust Vukovich LLP
Intended Users	: Daoust Vukovich LLP
Inspection Date	: September 20, 2022
Effective Date	: September 20, 2022
Intended Use of Appraisal	: The Intended Use of this appraisal and the Current Market Value are to assist in establishing a Current Market Value for potential sale purposes. The appraisal was not based on a requested specific valuation.
Market Value	: Current Market Value
Property Interest	: Leased Fee, 100% Interest
Tenure	: Reportedly fully tenanted
Site Frontage and Area	: 75.5 feet, 0.45 acres
Description of Improvements	: The Subject Property is improved with a four storey medical office and apartment complex. The building contains a total reported building area of approximately 25,400 square feet and was considered to be in good overall condition.
Official Plan	: Transit Village
Zoning	: R9-7(23) - Residential
Conservation Authority (CA)	: The Subject Property does not appear to be regulated by the local Conservation Authority.
Highest and Best Use as Improved	: The Highest and Best Use of the Subject, as improved, is the continuation of the existing use in conformity with the existing land use planning and market demand in the area.
Highest and Best Use of the Site as if Vacant	: The Highest and Best Use of the Property, as if vacant, would be for commercial or commercial/residential development in conformity with existing land use planning and market demand in the area.

The Direct Comparison Approach and the Income Approach to value were utilized in the analysis of the Subject Property, resulting in the following ranges of Market Value and final Current Market Value:

Direct Comparison Approach

Income Approach

Final Market Value



*It is assumed that the interpretation of the limited financial information was reasonably accurate. The appraiser reserves the right to amend the report if there is substantive variations within the lease documents.

RESULTANT UNIT RATES	
Building Area (square feet)	: [REDACTED]
Market Value Per Square Foot Building	: [REDACTED]
Average Net Operating Income Per Square Foot	: [REDACTED]
Overall Capitalization Rate (OCR)	: 5.4%

This report has been prepared for the information and guidance of the Intended Users being **Daoust Vukovich LLP**. This appraisal is not to be referred to or quoted in any prospectus for the sale or exchange of securities, and may not be reproduced, in whole or in part, without prior written agreement. The analyses, opinions and conclusions contained in this report are subject to the Assumptions and Limiting Conditions contained in the Addenda of this report, in addition to any which may be contained in the body of this report.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The Purpose of this appraisal report is to provide a professional opinion of the Current Market Value of the Subject Property located at 1653 Richmond Street, London, Ontario.

The Intended Use of this appraisal is to assist Daoust Vukovich LLP for potential sale purposes.

SCOPE OF VALUATION

The Scope of the appraisal encompasses the due diligence undertaken by the appraiser (consistent with the terms of reference from the Client, the purpose and intended use of the report) and the necessary research and analysis to prepare a report in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) of the Appraisal Institute of Canada.

The appraisal issue that is the focus of this engagement has been discussed and defined with the Client, the work required to solve the issue planned, and the necessary market data acquired, analyzed and reconciled into a Market Value in a manner typically expected in a Narrative Appraisal report.

The specific tasks and items necessary to complete this assignment included the following:

- an exterior inspection of the Subject Property and the Subject Neighbourhood were completed on September 20, 2022 by Andy Levers, B.Comm., AACI, P.App. No interior inspection was permitted. It is assumed that the building was constructed to good standards, has no outstanding building permits or work orders and that the structure, roof and mechanical systems are in a good operating state of repair;
- assembly and analysis of relevant information pertaining to the Property being appraised, including listing and acquisition particulars if acquired within five years prior to the Effective Date of the appraisal;
- assembly and analysis of pertinent economic and market data;
- analysis of land use controls pertaining to the Subject Property;
- analysis of the Highest and Best Use, as if vacant and improved, on the Subject Property;
- a discussion of the appraisal methodologies and procedures employed in arriving at the indications of value;
- searched out comparable property sales and listing through MLS records and statistics, GeoWarehouse™, Realtrack™, Land Registry Office records, as well as other sources where appropriate. Photocopies or electronic copies have been retained on file with the appraiser.
- inclusion of photographs, maps, graphics and addendum/exhibits when deemed appropriate;
- the Direct Comparison Approach and the Income Approach were employed in the analysis of the appraisal report;
- reconciliation of the collected data into an estimate of Market Value as of the Effective Date of the appraisal.
- Extraordinary Assumptions and/or Hypothetical Conditions in this report include: It is assumed that the interpretation of the limited financial information was reasonably accurate. The appraiser reserves the right to amend the report if there is substantive variations within the lease documents.

All data considered appropriate for inclusion in the appraisal is, to the best of my knowledge, factual.

TYPES OF APPRAISAL REPORTS

There are three standard types of appraisals, being a Narrative, a Short Narrative report and a Form report. This appraisal report was completed to the Standards of a Narrative Appraisal Report.

CLIENT

The Client is the individual or organization for whom the Appraiser renders professional services. The Client is typically the intended user of the assignment. The Client(s) of this report is/are Daoust Vukovich LLP.

INTENDED USERS

The Client and any other Intended User are the users of the professional services of the Appraiser, based on communication between the Appraiser and the Client. The Intended Users of this Appraisal Report are Daoust Vukovich LLP. Liability to third parties is denied unless a Reliance Letter is provided by the appraiser, with the Client's written consent.

EFFECTIVE DATE

The date at which the analyses, opinions and conclusions in an assignment apply. The Effective Date may be different from the inspection date and/or the report date. The Effective Date of this appraisal is September 20, 2022.

REPORT

According to the Appraisal Institute of Canada a Report is "any communication, written or oral, of a professional service that is transmitted to the client as a result of an assignment. Most reports are written and most clients mandate written reports. Oral report requirements are included to cover court testimony and other oral communications of a real property appraisal, review, consulting or reserve fund planning service. Report types may include form reports, concise short narrative reports or, comprehensive and detailed reports in complete or draft formats. Letters of opinion are not acceptable report types."

PROPERTY RIGHTS APPRAISED

The Property Rights being appraised are those of the Leased Fee interest, which is defined as:

'An ownership interest held by a landlord with the rights of use and occupancy conveyed by a lease to others. The rights of the Lessor (the Leased Fee owner) and the Leased Fee are specified by contract terms contained within the lease.'

This does not necessarily imply that the Subject Property, or comparable properties, are clear of encumbrances such as mortgages, liens, easements, leases and rights-of-way.

DEFINITION OF MARKET VALUE

According to the Appraisal of Real Estate, Market Value is defined as:

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after 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 is the consummation of a sale as of a specific 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; allowed for exposure in the open market; payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and, the price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.

DEFINITION OF PERSONAL PROPERTY

The Appraisal Institute of Canada defines Personal Property as “identifiable portable and tangible objects which are considered by the general public as being personal, e.g. furnishings, artwork, antiques, gems and jewellery, collectibles, machinery and equipment; all property, tangible and intangible, that is not classified as real estate” (CUSPAP).

In this instance, Personal Property includes all appliances within the residential apartments. The Personal Property associated with the Subject Property has a positive impact on Market Value and is part of the overall Market Value, however, it has not been valued separately.

Reasonable Exposure Time is the estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal based upon analysis of past events assuming a competitive and open market. It is based on statistical data regarding days on market, discussions with brokers and information derived through analysis of comparable data, my opinion that a reasonable exposure time for the Subject would be approximately four to six months.

DEFINITION OF REASONABLE MARKETING TIME

The Reasonable Marketing Time is an opinion of the amount of time it might take to sell a property interest in real estate at the concluded Market Value level during the period immediately after the Effective Date of an appraisal. It is my opinion that a reasonable Marketing Time for the Subject Property is approximately four to six months, which would allow for required presentation to the market, a due diligent period and legal requirements.

The main difference between Reasonable Marketing Time and Reasonable Exposure Time is that the Reasonable Exposure Time refers to the period of time prior to the Effective Date, while Reasonable Marketing Time refers to the period of time after the Effective Date.

TIMEFRAME OF VALUE OPINION

Current Market Value refers to an Effective Date contemporaneous with the date of the report, at the time of inspection or at some other date within a reasonably short period from the date of inspection when market conditions have not or are not expected to have changed.

Retrospective Market Value refers to an Effective Date prior to the date of the report, while *Prospective Market Value* refers to an Effective Date following the date of the report, being a forecast. Further, an update Market Value refers to an extension of an original appraisal, changing the Effective Date.

A Current Market Value opinion was completed on the Subject Property as part of this appraisal assignment.

ASSEMBLAGE

Assemblage is defined as the combining of two or more parcels, usually but not necessarily contiguous into one ownership or use; the process that creates plottage value. Plottage is the increment of value created when two or more sites are combined to create greater utility. For the purchase of property by an adjacent property owner to qualify as an assemblage, the objective of the purchase must be "to create greater utility".

In the case of the Subject Property no assemblage, or plottage value, would be created by an assemblage of adjacent properties owned by others.

EXTRAORDINARY LIMITING CONDITIONS

Extraordinary Limiting Conditions refer to a necessary modification or exclusion of a Standard Rule which may diminish the reliability of the report. Examples include; no interior inspection of the Subject improvements; no title search and no liability insurance coverage.

The following Extraordinary Limiting Condition(s) apply to this report.

- i) No title search was completed.
- ii) No interior inspection was completed.
- iii) No commercial leases were available for review and only original residential leases were provided, most of which had expired.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

Extraordinary Assumptions and Hypothetical Conditions presume, as fact, information that is not true about physical, legal or economic characteristics of the Subject Property or external conditions. Examples include: completion of a new building or renovations; a change in land use planning; or full occupancy in a development not yet constructed.

The following Extraordinary Assumption(s) and Hypothetical Condition(s) have been identified in the valuation report for the Subject Property:

- i) It is assumed that the interpretation of the limited financial information was reasonably accurate. The appraiser reserves the right to amend the report if there is substantive variations within the lease documents.

MUNICIPAL DESCRIPTION

The City of London is located in Southwestern Ontario along the Quebec City–Windsor Corridor. London is at the forks of the non-navigable Thames River, approximately halfway between Toronto and Detroit.

London and the Thames River were named in 1793 by Lord Simcoe, who proposed the site for the capital of Upper Canada. The village was founded in 1826 and incorporated in 1855. Since then, London has grown to be the largest Southwestern Ontario municipality, and Canada's 11th largest City, having annexed many of the smaller communities that surrounded it. London lies at the junction of Highway 401 and 402, connecting it to Toronto, Windsor, and Sarnia. It also has an international airport, train and bus station.

London is also a regional centre of health care and education, being home to the University of Western Ontario, Fanshawe College, and several regional hospitals. London's economic base is centered on education, medical research, insurance, and information technology. The university and hospitals are among its top ten employers. The city hosts a number of musical and artistic exhibits and festivals, which contribute to its strong tourism industry.

Stats Canada reported that the City of London had a 2021 population of 422,324 people, which is up 10.0% over 2016 figures, well above the Ontario average of 5.8%, as illustrated following. New census data suggests London is Ontario's fastest growing city, 4th fastest in Canada. "Re-think London", the current Official Plan, based many projections on a population increase of 2% per annum. The Official Plan projected a 2041 population of 480,900 people, an increase of only 1% per annum. Based on the current growth past future urban planning may be adjusted for the city. The chart also illustrates the number of total private dwellings, occupied by usual residents, which is also furnished by Stats Canada. Currently, there is a shortfall in accommodations within the market.



Population Statistics			London			
2006	2011	% Change	2016	% Change	2021	% Change
352,395	366,151	3.9%	383,822	4.8%	422,324	10.0%

Population Statistics			Ontario			
2006	2011	% Change	2016	% Change	2021	% Change
12,160,282	12,851,821	5.7%	13,448,494	4.6%	14,223,942	5.8%

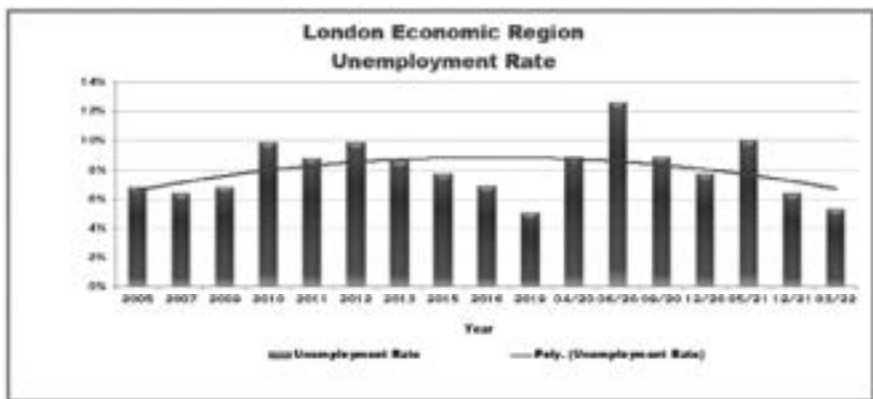
Total Private Dwellings			London			
2006	2011	% Change	2016	% Change	2021	% Change
145,526	153,630	5.6%	162,861	6.0%	174,657	7.2%

Source: Statistics Canada

UNEMPLOYMENT RATE

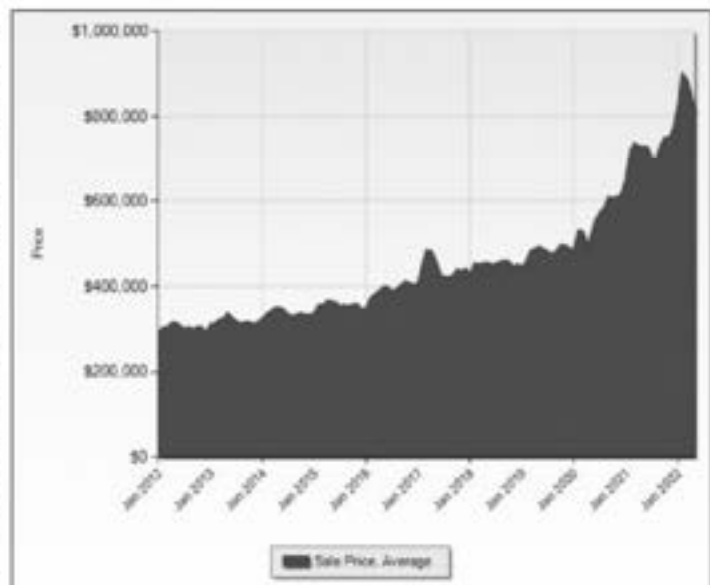
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Statistics Canada reported that the jobless rate in the London CMA declined to 5.3% from 6.4% at the end of 2021, well down from the Pandemic high of 12.6% in June 2020. The current unemployment rate is nearing the pre-Covid rate of 5.1%. This was the same as the unemployment rate of the province. Nationally, Canada's unemployment rate fell to a record low of 5.3% in March, 2022 while provinces including Ontario and Quebec also saw record employment gains. This marks the lowest unemployment rate since the agency started tracking comparable data in 1976.



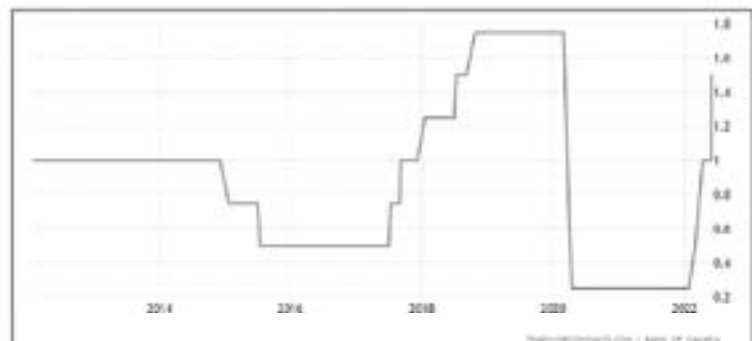
AVERAGE HOMES PRICES

Like the rest of the country London and St. Thomas housing market witnessed a correction with average home prices decreasing to \$755,000 in May, 2022 from the high of \$902,000 in February, 2022. The London and St Thomas Association of Realtors reported that almost 10,000 homes exchanged hands in 2021. All five major areas across LSTAR's region witnessed reductions. This, however was forecast given the substantial increases in prices and two consecutive interest rate hikes by the Bank of Canada and the Ontario Government's decision to expand and increase the non-resident speculation taxgains in their average home sales price. While immigration in the Province declined over the past few years migration from out of the country is expected to ramp back up. Demand for housing is forecast to remain strong.



BANK OF CANADA

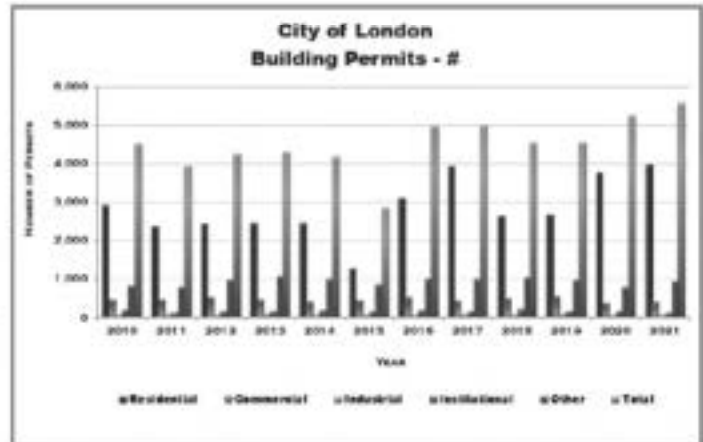
Through Covid the Bank of Canada key interest rate decreased quickly to 0.25% as of March 27, 2020, down from a relatively stable rate of 1.75%. As of the end of 2021 the Bank of Canada kept its rate steady at 0.25%. Q1 2022 witnessed two 0.5% increases to 1.5% which caused increases in all mortgage and lending rates. It is forecast that rates are to increase to 2.5% by Q3, 2022 and 2.75% by Q1, 2023.



London’s total value of building permits over the past decade or so are typically in the \$900 million to over \$1 billion dollar range per annum. 2021 witnessed a record value of all building permits of \$1.634 billion, slightly above 2020 figures.

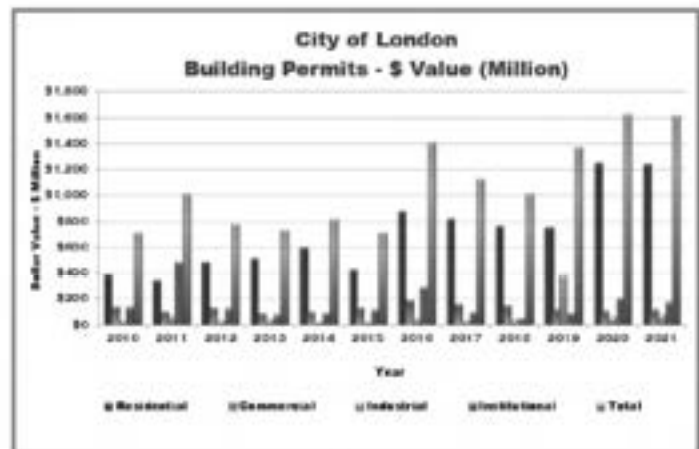
RESIDENTIAL ACTIVITY

Residential activity in 2021 remained strong with a total of 3,999 units constructed, at a value of \$1.23 billion. The dollar amount was similar to 2020, however approximately 5% more dwelling units were constructed. Covid continues to affect the market as people migrate away from major centres like the GTA. There is however pricing and supply chain issues for materials, as well as labour disruptions. New construction of apartments continues with four large projects underway in the downtown core and one in Old East Village. Over 25 other apartment projects are also in the works, proposed, or in the planning stages, throughout the city.



COMMERCIAL ACTIVITY

Similar to 2020, 2021 commercial activity was considered to be at average levels with a total value of about \$117.0 million and a total number of permits of 401. According to CBRE Q3 market report London’s office vacancy rate rose to 16.1% which was still below the high of 21.2% in 2018. Key changes in the office market during 2020 and 2021 was the decline of demand for downtown high rise office space. However, there was a noticeable uptick in demand and leasing for suburban office space. Class A net office rental rates declined slightly through 2021 to \$13.37 per square foot. On a positive noted, one of the largest corporate moves was completed in September, 2021 with Siskinds Law relocating to London City Center, downtown. It involved the top four floors of the north tower and was fully renovated to very high standards. Several major commercial developments have, however, stalled or may be cancelled including: the new Costco development at Wellington Road and Highway #401, as well as the Gateway Casinos and Entertainment development in southwest London at Wonderland Road and Wharmcliffe Road South. Smaller plazas in other sectors remain under construction or have been completed with no discernable change in rental or vacancy rates.



Industrial building permits within London over the previous decade ranged from a low of \$22.1 million in 2015 to a high of \$358.7 million in 2019. 2020 and 2021 however saw a sharp decline to \$63.1 million and \$77.2 million, respectively. Both years had a total of 64 permits, which is below the 10 year average of 86. Prominent in 2019 was the construction of the new Maple Leaf Foods plant which is still under construction in 2022 at Highway #401 and Highbury Avenue. It will contain 640,000 square feet at an investment of \$660 million which is scheduled to employ approximately 1,450 workers. According to CBRE, Q1, 2022 market report there was strong market momentum with a severe shortage of supply and a declining vacancy rate of 0.6% and an availability rate of 0.9%. There is also upward pressure on average rents which increased in 2021 to \$7.16 per square foot, net which increased in Q1, 2022 to \$8.38. Recent strategic investments in the auto industry are anticipated to have a positive impact in the local market over the near future. Vacant industrial development land that is shovel ready remains in very low supply, putting added pressure on the market. The City of London is the major industrial land developer to maintain a strategic position in the market. They recently increased prices to \$115,000 per acre for sites over 5 acres and \$125,000 per acre for sites below 5 acres in size, effective November 1, 2021. A staff report in early 2022, as published on May 8, 2022 indicated that the city is looking into increasing prices again to \$175,000 per acre for lots up to 4.99 acres and \$250,000 per acre for lots within the Innovation Industrial Park Phase 5 which front onto Highway #401. As for competing communities: Middlesex Centre, Sarnia, Strathroy and Tillsonburg offer municipal industrial land at lower prices than London; St. Thomas, Ingersoll and Brantford have comparable pricing; Guelph, Hamilton, Stratford, Waterloo Region and Woodstock have historically had higher asking prices. Brantford and Hamilton saw two recent \$1-million-an-acre industrial land sales, while industrial land in the Toronto area reportedly goes for \$3 million to \$4 million an acre.

INSTITUTIONAL ACTIVITY

Institutional development in the city significantly varies year over year. Over the previous ten years it averaged approximately \$130 million. 2021 and 2020 saw a rebound from previous years to permit values of \$175.2 million and 203.6 million, respectively. London's new Bus Rapid Transit (BRT) is back on track, as well as the much needed major transportation plan for the entire city. Funds have been allocated and plans are moving forward with the \$498 million dollar project that is scheduled for substantial completion by 2028.

Overall, the City of London weathered 2020 and 2021 very well. Continued high activity in the residential sector is expected to continue through 2022. Commercial and industrial markets are expected to continue at relatively stable rates. With an increase in stimulus spending, infrastructure and transit activity are expected to be high over the next half decade or so.

The Subject Property is located on the southwest corner of Richmond Street and Hillside Boulevard, one block south of Fanshawe Park Road in north central London. Richmond Street is a primary arterial road that extends south to the downtown core. Northerly, it extends out of the city as Highway #4 to around Lake Huron. According to the City of London traffic department, the latest statistics indicated that the Average Annual Daily Count along Richmond Street, in front of the Subject, amounted to 30,500 vehicles. This is considered to be a high traffic count for the city. The Subject Property is situated in the Masonville neighbourhood which is considered to be prestigious. The Richmond Street and Fanshawe Park Road intersection is primarily developed with commercial facilities including the Masonville Mall to the east, and commercial plazas to the north of the Subject. Major tenants include: Loblaws Super Store; Hudson Bay; most banks; Best Buy; etc. There are also a large number of restaurants, as well as Silver City Movie Theater. Recently, the city expropriated the southeast corner of Richmond Street and Fanshawe Park Road East for a future intersection improvement plan.

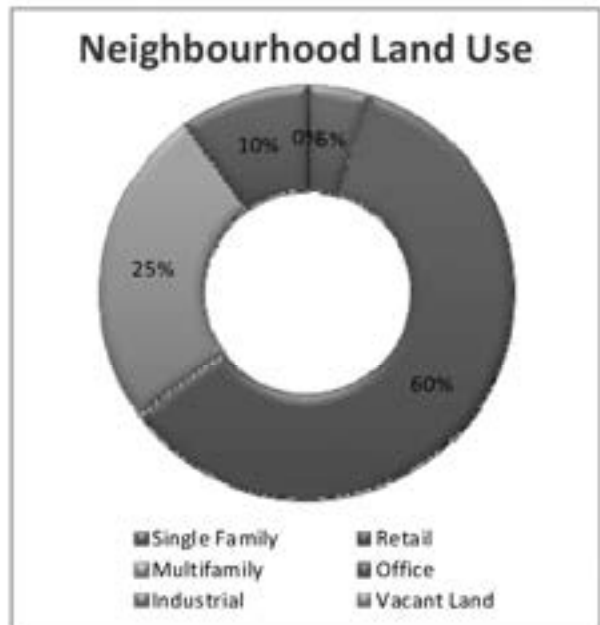
Area & Property Use Characteristics

Location	<input checked="" type="checkbox"/> Urban	<input type="checkbox"/> Suburban	<input type="checkbox"/> Rural
Build Up	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25% to 75%	<input type="checkbox"/> Under 25%
Build Up <input checked="" type="checkbox"/> Fully Dev.	<input type="checkbox"/> Rapid	<input type="checkbox"/> Steady	<input type="checkbox"/> Slow
Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining
Demand/Supply	<input checked="" type="checkbox"/> Shortage	<input type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply
Vacancy Trend	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining
Change in Economic Base	<input type="checkbox"/> Likely	<input checked="" type="checkbox"/> Unlikely	<input type="checkbox"/> Taking Place

	Up	Stbl	Do
Population Trend	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employment Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Personal Income Level	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Retail Sales	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
New Construction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Vacancy Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rental Demand	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Land Use Trends

	Supply/Demand		
Neighbourhood Land Use	Under	In Bal.	Over
5% Single Family	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
60% Retail	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
25% Multifamily	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10% Office	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
0% Industrial	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
0% Vacant Land	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
100%			
Change in Land Use	Likely	<input type="checkbox"/>	
	Not Likely	<input checked="" type="checkbox"/>	
	Taking Place	<input type="checkbox"/>	

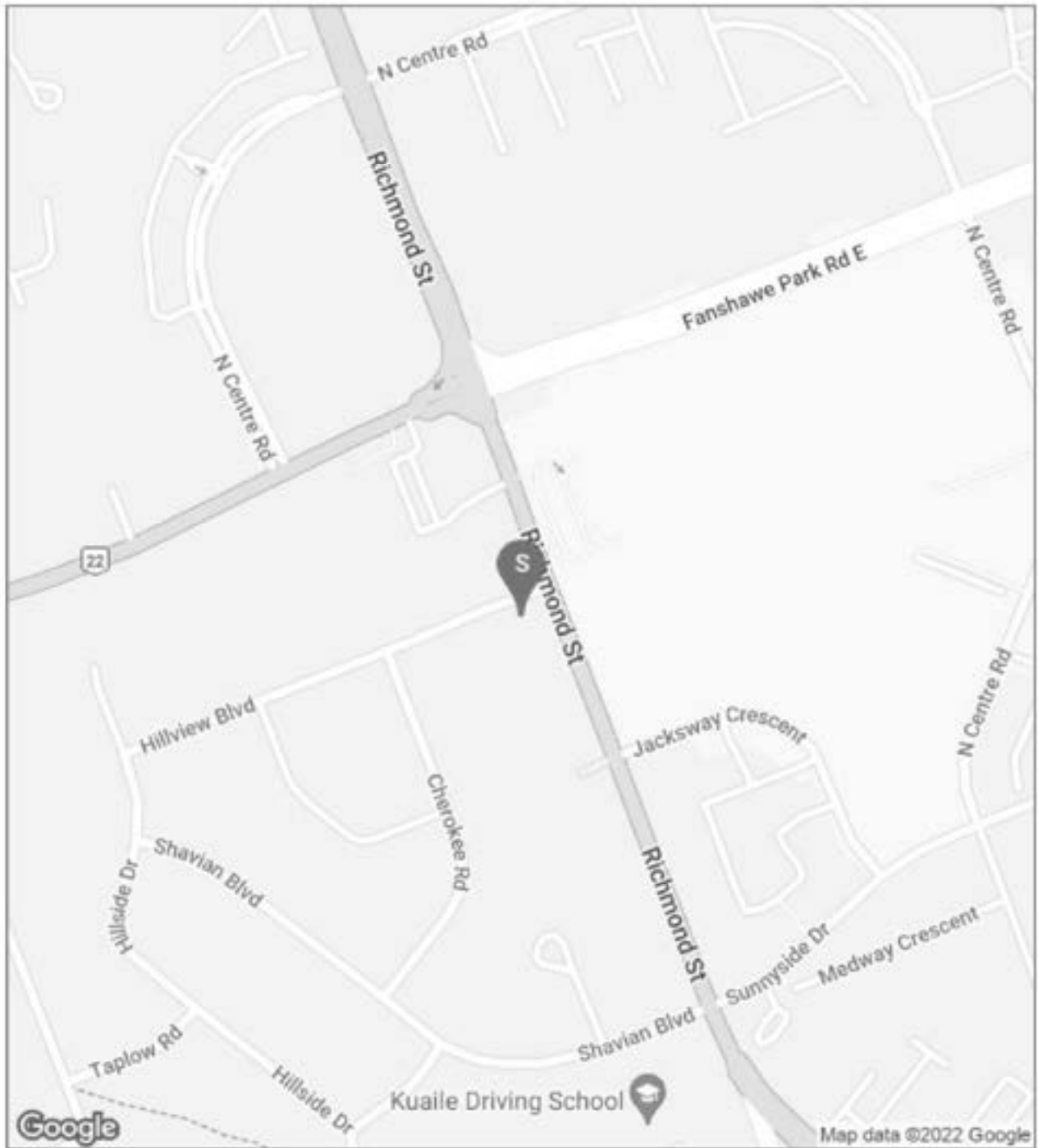


The neighbourhood around the Subject Property is generally 100% built-up. It has been improving over the recent past including a newer student housing project adjacent to the south side of the Subject. A new apartment complex is proposed within the Best Buy plaza, as well as part of the Masonville Mall. No other new major projects are anticipated for the Subject neighbourhood which is expected to continue to improve over the foreseeable future. Demand in the neighbourhood for properties similar to the Subject Property is considered to be very good as of the Effective Date of this appraisal.

REGIONAL LOCATION MAP



NEIGHBOURHOOD LOCATION MAP





View Along Richmond Street



View Along Richmond Street



View of the Subject Neighbourhood



View of the Subject Neighbourhood



View of the Subject Neighbourhood



View of the Subject Neighbourhood

LEGAL DESCRIPTION

The legal description of the Subject Property, as reported by GeoWarehouse, is: Part Lot 28, RCP 1029, Designated as Part 1, 33R19375 Together with an Easement over Parts 2, 3, 4, 5 and 7 33R19479 as in ER1063273 Subject to an Easement over Part 1, 33R19479 in Favour of Part Lot 23-27, RCP 1029, Parts 1, 3, 5, 7 & 9, 33R19435 as in ER1063272 of the City of London, County of Middlesex, Province of ON. According to Provincial Registry Office records the Subject Property is comprised of all of Property Identification Number (PIN #) 080660197.

The Subject Property's municipal address is 1653 Richmond Street, London, ON.

MUNICIPAL SERVICES, UTILITIES AND ROADS

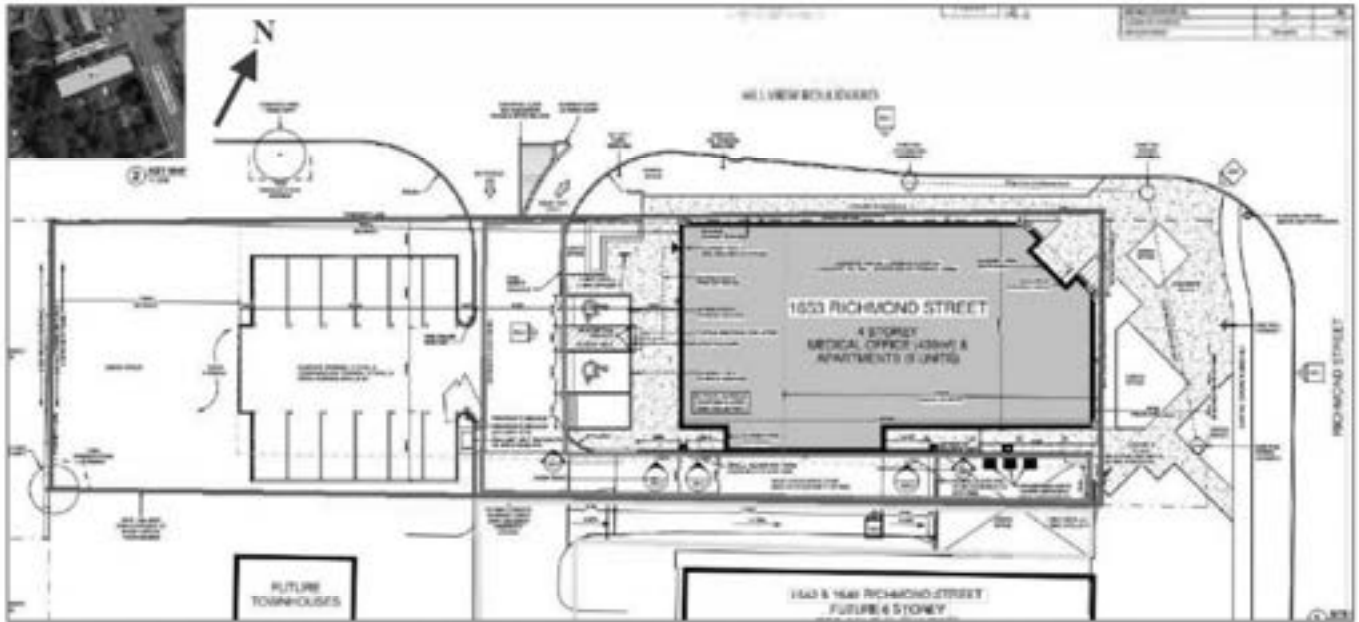
The Subject Property is serviced with: municipal sanitary sewers, municipal water, municipal storm sewers, natural gas, hydro, telephone and cable. The Property is also serviced by local police and fire protection.

Richmond Street, in front of the Subject, is a four lane, asphalt paved arterial road, with concrete curbs, sidewalks and street lighting. Hillview Boulevard, also adjacent to the Subject Site, is a two lane asphalt paved local road, with similar services. On-street parking is not permitted adjacent to the Subject.

SITE DESCRIPTION

Site Frontage:	75.5 feet along Richmond Street
Site Depth:	Irregular
Site Area:	0.45 acres
Source:	MPAC
Shape:	Generally rectangular
Access:	Average
Site Visibility:	Good
Topography:	The Subject Site is generally level and at street grade.
Easements:	The Subject Property and the apartment complex to the south share the parking ramp on the south side of the Property and have two mutual easements for driveway access. The apartment complex to the south also has a right-of-way over the Subject Property's driveway to access the ramp. They area illustrated on the following site plan in yellow and green.

SITE PLAN



AERIAL PHOTOGRAPH



ASSESSMENT AND TAXES

The Subject Property is assessed under roll number 3936-010-680-088-03-0000 and taxed as follows:

Assessment and Realty Taxes		
Section	Assessed Value	Realty Taxes
1 - Commercial	\$565,907	\$18,700
2 - Residential	\$1,741,093	\$40,496
Totals	\$2,307,000	\$59,196

PROPERTY OWNERSHIP HISTORY

The Subject Property was most recently transferred to Richmond Medical Centre Inc., for a total reported consideration of \$595,000, registered on January 4, 2013. The Subject building was constructed after closing. It has not been listed for sale on the open MLS market since that time.

As of the Effective Date of this appraisal the Subject was not formally listed for sale on the open market, nor were there any known options or contracts on the Property.

A copy of the Property history, as obtained from GeoWarehouse, is included in the addenda of this report.

DESCRIPTION OF IMPROVEMENTS

The Subject Property is improved with a four storey medical office and apartment complex that was constructed circa 2018. The building contains a total reported building area of approximately 25,400 square feet and was assumed to be in good overall condition. No interior inspection was completed, nor was the building measured. The description was obtained from alternative sources and is assumed to be reasonably accurate. Interior photographs were obtained from previous valuation reports that were provided to us by our Client herein.

Building Details

Property Type	:	Commercial/Residential
Current Use	:	Medical Offices and Apartments
Style	:	Detached
Number of Units	:	5 Medical offices; 9 Apartment units
Number of Stories	:	Four
Date Constructed	:	2018
Total Building Area	:	25,400 square feet – as provided, which is assumed to be accurate
Basement	:	One level
Basement Use	:	Underground parking
Major Renovations	:	Nil

General Construction

Foundation	:	Poured concrete
Framing	:	Wood and steel frame construction
Exterior Walls	:	Combination of brick, stucco, glass and metal
Roof Type	:	Flat
Roof Cover	:	Built-up membrane on open web steel joists
Soffits, Facia, Eaves	:	Aluminum
Windows	:	Pre-finished aluminum frames with insulating glazing
Primary Heating System	:	Water tank ERV5 systems, air conditioning units
Secondary Heating	:	Nil
Electrical System	:	600 ampere main disconnect
Plumbing	:	Copper and PVC
Water Softener	:	Nil
Fire Protection	:	Smoke and CO2 detectors, sprinkler system, fire extinguishers and fire alarm
Security	:	Controlled entry
Economic Life	:	60 years
Effective Age	:	5 years
Remaining Economic Life	:	55 years
Depreciation	:	8.3%

Main Floor Commercial – reportedly 6,400 square feet, including all common areas

Description	:	The ground floor reportedly features a main ground floor vestibule leading to the medical office uses and a pharmacy, as well as a secondary entrance off the rear parking lot. The building also contains a third entrance on the south side of the building with controlled entry leading to the main lobby and elevator for the apartment component of the building.
Floors	:	Ceramic tile
Walls	:	Painted drywall
Ceilings	:	Painted drywall
Overall Quality	:	Assumed good

Typical Two Bedroom Apartment Unit - 1,500 to 1,800

Description	:	The three distinct unit layouts contain two bedrooms, as well as a front foyer, open concept kitchen, dining area, living area, laundry room and two 4-piece bathrooms. The units have higher than average ceilings and higher-end finishes. Finishes include carpet, marble or porcelain tile, modern European cabinetry, granite countertops, stainless steel kitchen sinks, porcelain bathroom fixtures and painted drywall. There are six appliances that include stainless steel fridge, stove, microwave, dishwasher, washer and a dryer. Each unit has an exterior balcony.
Floors	:	Ceramic, broadloom, porcelain, and marble tile
Walls	:	Painted drywall
Ceilings	:	Painted drywall
Overall Quality	:	Assumed good

Site Improvements

- Asphalt paved double driveway
- Surface parking for 12 cars
- Underground parking with 23 spaces
- Building mounted signage
- Building mounted lighting
- Quality landscaping
- Wood fencing at rear

Remarks

The Subject Property is a newer four storey commercial-residential building that features main floor medical space, as well as nine apartments upstairs. It was reported to be well constructed, which is assumed to be correct. Main floor finishes are assumed to be typical for medical offices and a pharmacy. The upper apartments were reported to all have balconies, six appliances, gas fireplaces, underground parking, as well as above average finishes. The facility was assumed to be in good condition with no serious deficiencies or deferred maintenance.



Front Elevation



Front and South Elevation



Rear and North Elevation



South Elevation and Parking Garage Ramp



Rear Elevation



View of Parking Garage Ramp



South Elevation



View of Surface Parking



View of Surface Parking



View of Underground Parking



View of Underground Parking



Interior View – Medical Office

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Interior View – Medical Office



Interior View – Medical Office



Interior View – Medical Office



Interior View – Medical Office



Interior View – Medical Office



Interior View – Apartment Lobby



Interior View – Apartment Unit



Interior View – Apartment Unit



Interior View – Apartment Unit



Interior View – Apartment Unit



Interior View – Apartment Unit



Interior View – Apartment Unit



Interior View – Apartment Unit



Interior View – Apartment Unit



Interior View – Apartment Unit



Interior View – Apartment Unit



Interior View – Apartment Unit

Conservation Authorities (CA) play a large role in land use policies and planning in the Province. CA's are empowered to regulate development and activities in or adjacent to river or stream valleys, Great Lakes and large inland lakes, shorelines, watercourses, hazardous lands and wetlands.

The Subject Property does not appear to be regulated by the local Conservation Authority.

OFFICIAL PLAN

An Official Plan is a statutory document which sets out the land use policy directions for long-term growth and development in a municipality. It is not to be confused with the Zoning By-law which further details the broad range of land uses set out in the Official Plan. The Official Plan is reviewed and approved by Ministry of Municipal Affairs and Housing. It contains objectives and policies established primarily to provide guidance for the physical development of a municipality while having regard to relevant social, economic and environmental matters.

The Official Plan of the City of London designates the Subject Property as Transit Village, as illustrated on the excerpt of the Official Plan map below. General zoning uses permitted under this designation include commercial and combination commercial/residential uses.

The Official Plan designation is considered to conform to the Zoning By-Law and present use at the Property.



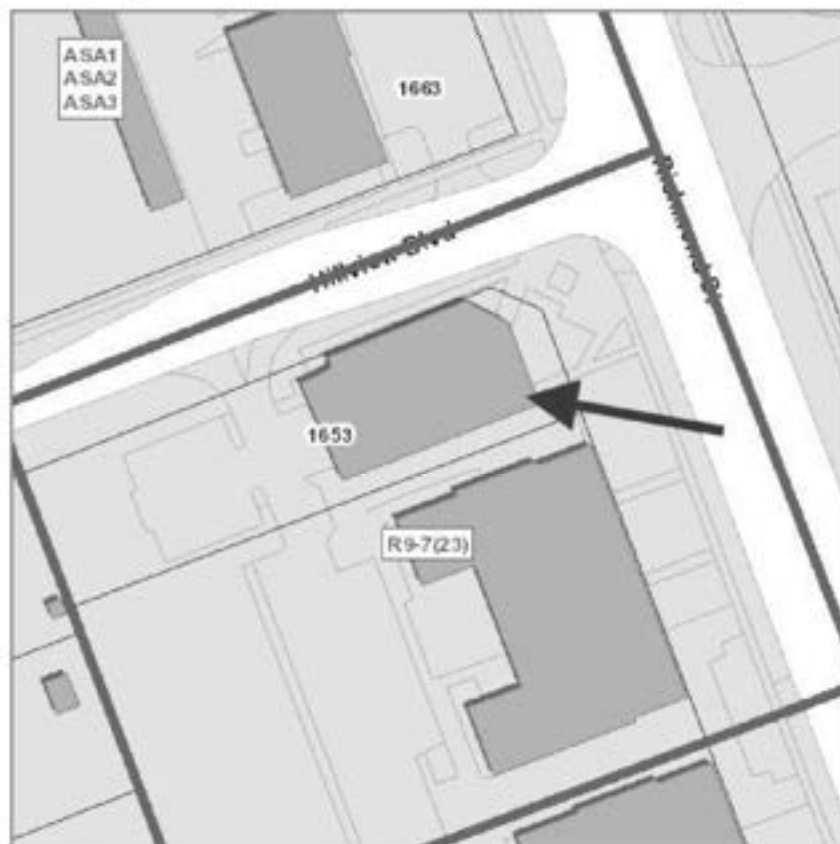
ZONING BY-LAW

While the Official Plan sets out the general long-range policy framework for future land use, Zoning By-Laws take precedence and put those objectives of the Official Plan into effect and provide for their day-to-day administration. Unlike the Official Plan, the Zoning By-Law contains very specific and legally enforceable regulations. Any new development or construction that fails to comply with a municipality's Zoning By-Law is not permitted and will be denied a building permit.

According to the City of London Zoning By-Law, the Subject Property is zoned R9-7(23) - Residential.

Permitted uses within the Zoning By-Law permits: medical/dental offices on ground floor of apartment building, apartment buildings. By-law regulations stipulate that the maximum site coverage is 45%, to a maximum height of 65.6 feet.

It is beyond the scope of this report to determine if compliance with all applicable regulations has been met. It is a basic assumption of this appraisal that the current use is considered to be legal and conforming to the Zoning By-Law. Excerpts of the Zoning By-Law have been included in the Addenda of this report for reference purposes.



HIGHEST AND BEST USE

Real Estate is valued in terms of its Highest and Best Use. This concept is defined by the Appraisal Institute of Canada as “The reasonably probable use of real property, that is physically possible, legally permissible, financially feasible and maximally productive and that results in the highest value.” For an asset to have value, it must be capable of providing some form of beneficial utility or enjoyment to the owner or user. An examination of the Highest and Best Use or most probable use is, therefore, critical to the appraisal process.”

There are five basic criteria for determining the Highest and Best Use of a property, which includes: Legally Permissible; Physically Possible; Probable; Marketable and Financially Feasible; and Maximally Productive.

The Highest and Best Use analysis involved analysing the Subject Property, as follows:

- Land Use Planning applicable to the Subject is commercial and residential. This is typical in the neighbourhood and compatible with a variety of uses that can be accommodated on the Subject Property. The current use is considered to be legal and conforming to the zoning by-law.
- The Subject Property is located in a built-up and established commercial and residential area in close proximity to major transportation routes and compatible uses.
- The Subject Site contains a total area of 0.45 acres which is similar to other comparable properties in the area and suitable in size to accommodate the existing improvements.
- Improvements on the Subject Property include a modern four storey mixed use building with medical uses on the main floor and apartments above. It is assumed that the improvements are in good overall condition and have a long remaining economic life.
- The Subject appears to be developed to its maximum allowable density under the current zoning by-law, therefore there is no excess land or excess buildable area available.

Overall, the Highest and Use of the Subject Property, as improved, is the continuation of the existing use in conformity with the existing land use planning and market demand in the area.

The Highest and Best Use of the Subject Site, as if vacant and unimproved, would be for commercial or commercial/residential development in conformity with the Subject neighbourhood and existing land use planning.

APPROACHES TO VALUE

Traditionally, there are three basic approaches used in the valuation of real property, being the Cost Approach, the Direct Comparison Approach and the Income Approach. They are described as:

- The Cost Approach involves the process of determining the land value as if vacant and to this amount is added the estimated cost of replacement of the improvements, less wear and tear, deterioration, functional and economic obsolescence.
- The Direct Comparison Approach requires an estimate based on comparison of sales or offerings for sale of similar properties in the marketplace.
- The Income Approach is one in which the value is estimated by capitalizing their net operating income which the property can reasonably be expected to produce over the remaining economic life of the improvements.

The Property being appraised involves a reportedly fully tenanted medical offices and apartment complex facility that is located in an established and affluent commercial and residential area. As of the Effective Date of this appraisal the property was in good overall condition.

The Cost Approach was not developed because the Cost Approach was concluded to have limited or no application in the valuation of the Subject Property. As with many types of real estate, cost does not always equate to Market Value. Therefore, the Cost Approach to Value was omitted.

The Direct Comparison Approach was developed due to the fact that most properties of this type are analysed in relation to competing properties in the market by most purchasers and vendors. Further, there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

The Income Approach was also developed due to the fact that the Subject is an income producing property and there is adequate data to develop a value estimate with this approach.

Overall, the Direct Comparison Approach and the Income Approach were utilized in the analysis of the Subject Property.

DIRECT COMPARISON APPROACH

The Direct Comparison Approach is based on the proposition that an informed purchaser would not pay more for a property than the cost of acquiring an equally desirable substitute property with the same or similar utility. This approach involves the study of the actions and reactions of buyers and sellers in the marketplace and is basic to the appraisal process. The analysis of sales provides an historic overview of the marketplace which is then updated on the basis of current offers to purchase and the future predictions suggested by those properties currently offered for sale.

This approach incorporates a number of Principles including the 'Principle of Substitution' which states that a prudent purchaser will not pay more for a property than it would cost to acquire an equally desirable substitute. The properties selected for comparison should be similar in most essential aspects to the Subject Property. In addition to comparing the similar characteristics between the properties, the dissimilar characteristics must also be weighed. The comparable properties may require adjustments to measure the reaction in the market to the differences between the properties.

Further, another principal is the Principle of Contribution or Marginal Productivity. In relating this principle, the appraiser must acknowledge the influence of the presence or absence of a factor being considered, on the probable sale price. The element being sought in each adjustment is the estimated price at which the comparable would have sold if it was identical to the Subject Property.

There is also the Principle of Externalities which states that factors external to a property can have either a positive or negative effect on its value. These factors include proximity to major transportation routes; visual exposure along arterial roads or neighbouring properties such as landfills will have a negative effect on nearby properties. It relates to the relationships among various property components.

In order to locate comparables, a search was conducted within the Subjects market area to seek out transactions and/or current listings involving similar properties. Individuals familiar with these transactions and listings (realtors, vendors, purchasers), may have also been contacted for additional information. The most relevant comparables are itemized on the following pages.

Comparable properties are typically analysed on a selected unit rate of comparison basis in the marketplace. Typically, participants in the commercial/office sector of the market analyse properties on the basis of "Price per Square Foot of Building Area". Apartment complexes are analysed on a "Price Per Apartment Unit" basis. These unit rates of comparison generally minimizes the dispersion in sale/list prices that can result from differences between the properties being compared.

An extensive review of the market did not uncover mixed use comparables that are similar to the Subject within its market area. As such, analysis was completed for the commercial component, as well as the apartment components of the Subject Property. Included following are nine comparable properties that were considered to be the best indicators of Market Value for the Subject Property.

Comparable 1



Transaction

ID	2920		
Transaction Type	Closed Sale	Legal PIN #	82470172
Address	279-281 Wharncliffe Rd. N.	Date	June 16, 2022
Community	London	Price	\$10,200,000
Vendor	279 Wharncliffe Road Inc.		
Purchaser	Wharncliffe District Inc.		

Site

Road Frontage	136.8	Acres	1.18
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Improvements

Property Type	Medical Centre	Year Built	1970
Bldg Area	48,312	Condition	Average

Units of Comparison

Price Per SF	\$211.13	Cap Rate	4.9%
EGIM	20.3	NO/SF	\$10.41

Comments

This Comparable Sale is situated on the east side of the road, just north of Oxford Street West in central London, northwest of the downtown core. The interior site was improved with a purpose built two storey medical office building, plus on-site parking. The facility is occupied by a variety of medical doctors, as well as a pharmacy, x-ray, LifeLabs, MyHealth Centre, etc. The building was constructed circa 1970 and features an elevator. The building had been well maintained and remained in average overall condition.

Comparable 2



Transaction

ID	2744		
Transaction Type	Closed Sale	Legal PIN #	80870382
Address	1555 Glenora Dr.	Date	January 19, 2022
Community	London	Price	\$2,520,000
Vendor	2225755 Ontario Limited		
Purchaser	Glenora Management Ltd.		

Site

Road Frontage	141.0	Acres	0.86
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Improvements

Property Type	Office	Year Built	1973
Bldng Area	6,575	Condition	Average

Units of Comparison

Price Per SF	\$383.27	Cap Rate	5.3%
EGIM	17.5	NOI/SF	\$20.41

Comments

This Comparable Sale is located in northeast London within a residential district on an arterial road. The corner site was improved with a two storey office building with no basement. It was divided into seven units at the time of sale that ranged in size from 562 to 1,258 square feet. Two units were medical tenants and two units were vacant. The building had been recently renovated and was considered to be in above average condition. There was no elevator and ample an-site parking..



Transaction

ID	2745		
Transaction Type	Closed Sale	Legal PIN #	81370396
Address	1960-1980 Hyde Park Rd.	Date	December 10, 2021
Community	London	Price	\$11,170,000
Vendor	2585013 Ontario Inc.		
Purchaser	Equiton Commercial Real Estate Fund Limited Partnership; Equiton Commercial Real		

Site

Road Frontage	410.2	Acres	2.63
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Improvements

Property Type	Retail-Commercial	Year Built	--
Bldg Area	19,565	Condition	Average

Units of Comparison

Price Per SF	\$570.92	Cap Rate	5.1%
EGIM	18.3	NOI/SF	\$29.00

Comments

This Comparable Sale is situated in a commercial district on the west side of the road, just south of Fanshawe Park Road in Hyde Park. The 2.6 acre corner site is improved with: a free standing CIBC; a free standing Wendy's Restaurant; and a six unit, one storey commercial building. The buildings contain a total area of 19,565 square feet and were fully leased at the time of sale. The CIBC and Wendy's were constructed circa 2011 with the third building constructed circa 2020. It was fully occupied at the time of sale and good overall condition.



Transaction

ID	2626	Legal PIN #	81460959
Transaction Type	Closed Sale	Date	July 22, 2021
Address	1550 Highbury Ave. N.	Price	\$3,850,000
Community	London		
Vendor	Sant Real Estate Inc.		
Purchaser	781 St Clair Investments Ltd.		

Site

Road Frontage	150.0	Acres	1.13
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Improvements

Property Type	Office	Year Built	2014
Bldng Area	9,235	Condition	Above Average

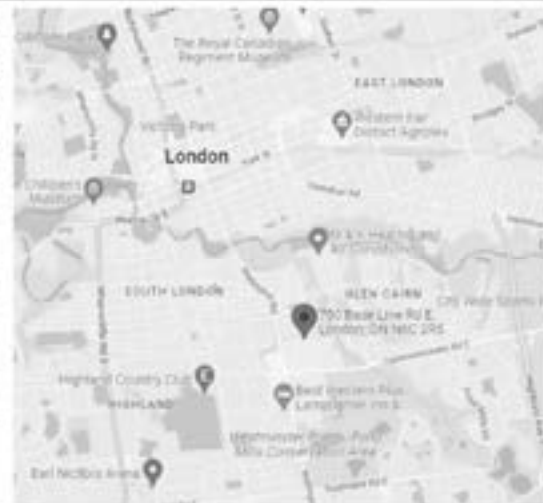
Units of Comparison

Price Per SF	\$416.94	Cap Rate	--
EGIM	--	NOI/SF	--

Comments

This Comparable Sale is located in the northeast quadrant of the city in a developing residential district. The 1.14 acre interior site was improved with a modern two storey medical office building that contains a total area of 8,050 square feet. It was occupied by a dentist and a message clinic. The building was modern and featured an elevator and on-site parking. The building was constructed circa 2014 to good standards of material and workmanship. It was considered to be in above average condition at the time of sale.

Comparable 5



Transaction

ID	2858		
Transaction Type	Closed Sale	Legal PIN #	83600120
Address	750 Base Line Rd. E.	Date	June 10, 2020
Community	London	Price	\$5,400,000
Vendor	Ironwood Capital Inc.		
Purchaser	Bluestone Properties Inc.		

Site

Road Frontage	110.2	Acres	1.11
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Improvements

Property Type	Office	Year Built	1988
Bldng Area	20,745	Condition	Average

Units of Comparison

Price Per SF	\$260.30	Cap Rate	5.9%
EGIM	16.2	NOI/SF	\$15.26

Comments

The Comparable Sale involved the purchase of the Leased Fee Interest in a multi-tenant medical office building. The site is improved with a 2.5 storey structure, that was leased to eight tenants, with a total leasable building area of approximately 20, 745 square feet. The site has parking for approximately 123 vehicles. The property is well located, being directly across the street from LHSC. The GIM associated with this sale with 16.2, indicating a capitalization rate of 5.9%, and an NOI per square foot of \$15.26.



Transaction

ID	2942		
Transaction Type	Pending Contract	Legal PIN #	82290166
Address	670 Oxford St. E.	Date	September 16, 2022
Community	London	Price	\$4,200,000
Vendor	Named Individual		
Purchaser	NA		

Site

Road Frontage	110.9	Acres	0.70
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Improvements

Property Type	Multi-Family	Year Built	1900 & 2010
No. of Units	17	Condition	Average

Units of Comparison

Price/Unit	\$247,059	Cap Rate	6.7%
EGIM	10.4	NOI/Unit	\$16,470

Comments

This FIRM AGREEMENT OF PURCHASE AND SALE involves a property that is situated on the north side of Oxford Street East, east of Adelaide Street northeast of the downtown core. The interior site is improved with a fully renovated century old 5-plex, plus 12 attached townhouse units that were constructed circa 2010. There are 2 one bedroom, 9 three bedroom and 6 four bedroom apartments. All units have 6 appliances including a cloths washer and dryer. The units are all air conditioned and most have furnaces, as well as infloor heated lower level concrete floors. There is ample on-site parking and the units were well maintained. It was considered to be in average condition at the time of sale.

Comparable 7



Transaction

ID	2941		
Transaction Type	Closed Sale	Legal PIN #	370370
Address	3 John Pound Rd.	Date	July 14, 2022
Community	Tillsonburg	Price	\$10,800,000
Vendor	2412374 Ontario Ltd.		
Purchaser	JP Tillsonburg Properties Inc.		

Site

Road Frontage	150.5	Acres	0.95383
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Improvements

Property Type	Multi-Family	Year Built	2020
No. of Units	33	Condition	Newer, Good

Units of Comparison

Price Per Unit	\$327,273	Cap Rate	4.4%
EGIM	17.2	NOI/Unit	\$14,401

Comments

This Comparable Sale is located in south central Tillsonburg, just south of the downtown core. The interior site was improved with a newer four storey adult apartment building with on-site parking. There are a total of 33 units being a mix of one and two bedroom suites, as well as a common laundry room. Finishes include quartz countertops, luxury vinyl plank flooring, Juliette balconies, pot lights, etc. One bedroom units rent averages \$1,450 per month and two bedroom units rent for \$1,770 per month, both plus utilities.

Comparable 8



Transaction			
ID	2919		
Transaction Type	Closed Sale	Legal PIN #	358360012
Address	100 Greenway Blvd.	Date	July 2, 2021
Community	St. Thomas	Price	\$10,600,000
Vendor	NA		
Purchaser	2707884 Ontario Ltd.		
Site			
Road Frontage	--	Acres	2.42
Improvements			
Property Type	Multi-Family	Year Built	2018
No. of Units	36	Condition	Good
Units of Comparison			
Price Per Unit	\$294,444	Cap Rate	4.7%
EGIM	14.1	NOI	\$13,691
Comments			

This Comparable Sale is located in a newer residential district in north central St. Thomas. The 2.42 acre site is improved with a 3-storey 36 unit luxury apartment building. The site backs and sides onto open space lands. All of the units are 2 bedroom, 2 bathroom units that are generally 1,362 square feet in size. The quality of finish within both common areas and individual units is considered to be above average, as are the provided amenities. The building has condominium status and was in good condition at the time of sale.



Transaction

ID	1663		
Transaction Type	Closed Sale	Legal PIN #	085011317+
Address	1355 Commissioners Rd. W.	Date	May 29, 2019
Community	London	Price	\$17,000,000
Vendor	Village West Developments (London) Inc.		
Purchaser	Equiton Residential Income Fund GP Inc.		

Site

Road Frontage	--	Acres	1.77
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Improvements

Property Type	Multi-Family	Year Built	2018
No. of Units	51	Condition	Good

Price Per Unit	\$333,333	Cap Rate	4.4%
EGIM	17.4	NOI/Unit	\$14,543

Comments

This Comparable Sale is situated in the community of Byron, on the north side of the road, backing onto open space and the Thames River. The property was recently developed with a new 5 storey apartment building that contains a total of 51 units. There are a mix of 1 bedroom plus den and 2 bedroom units that range on size from 972 s.f. to 1,127 s.f. The units have high end finishes, as well as ensuite laundry, balconies and lockers. There is also a reception area, gym and meeting room. 65 surface parking spaces are also provided. The building has condominium status.

COMPARABLE LOCATION MAP



COMMERCIAL SUMMARY TABLE

The documented transactions have been summarized below on the bases of the high and low benchmark units of comparison, as well as the average of each category:

Category	Low	Average	High
Building Areas (Sq.Ft.)	6,575	20,889	48,312
Price Per Sq. Ft.	\$211	\$368	\$571
EGIM	16.2	18.1	20.3
Cap Rate	4.9%	5.3%	5.9%
NOI/S.F.	\$10.41	\$18.77	\$29.00

RESIDENTIAL SUMMARY TABLE

The documented transactions have been summarized below on the bases of the high and low benchmark units of comparison, as well as the average of each category:

Category	Low	Average	High
No. of Units	17	34	51
Price Per Unit	\$247,059	\$300,527	\$333,333
GIM	10.4	14.8	17.4
OCR	4.4%	5.1%	6.7%
NOI/Unit	\$13,691	\$14,776	\$16,470

The elements of comparison represent the characteristics of properties that cause prices to vary. These represent component parts of a transaction that may require adjustment for the differences between the comparable and the Subject Property.

The ten basic elements of comparison include:

- Property Rights Sold
- Conditions of Sale
- Market conditions (time)
- Physical Characteristics
- Use (Zoning)
- Financing terms
- Expenditures made immediately after purchase
- Location
- Economic characteristics
- Non-realty components of value

In order to adjust the sales, a unit of comparison must be established. In the valuing the Subject Property, the commercial comparables were analysed on a "Price per Square Foot of Building Area" and the residential properties were analysed on a "Price Per Unit" basis, representing the actions of the typical market participants buying this type of property.

The underlying principle in terms of which adjustments are made is contribution or marginal productivity. In relating this principle, the Appraiser must acknowledge the influence of the presence or absence of factors being considered on the probable price of the Subject. The element being sought in each adjustment is the estimated price at which the comparable would have sold were it identical to the Subject.

Market Conditions: An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation, or a change in purchasers' perception of the market. In this appraisal the comparables sold between May 29, 2019 to September 20, 2022. Market conditions in this sector of the local market have been increasing in value over the recent past. For appraisal purposes an adjustment of 10.0% per annum was considered to be reasonable and applied to the comparables.

Location: An adjustment for location within a market area may be required when the locational characteristics of a comparable property are different than those of the Subject Property. This may include macro difference between municipalities, or different sectors within the same municipality. Appropriate adjustments were made where required. Further, micro locational differences were also considered which may include the age of the neighbourhood, proximity to transportation routes, corner locations, etc.

Physical Characteristics: If the physical characteristics of a comparable property and the Subject Property differ in many ways, each of these differences may require comparison and adjustment. Generally, the Principals of Contribution and/or Diminishing Returns may be applicable.

The commercial comparables ranged in building size from a low of 6,575 square feet to a high of 48,312 square feet, averaging 20,889 square feet. With the commercial component of the Subject having 6,400 square feet, the comparables are generally larger in size compared to the Subject. Typically, the Principal of Contribution applies as larger commercial facilities tend to sell at lower unit rates of comparison due to the Principal of Diminishing Returns and reduced competition.

The apartment comparables ranged in size from a low of 17 apartment units to a high of 51 units, averaging 34 apartments. With the Subject having 9 units, the comparables are larger in size compared to the Subject. Typically, the Principal of Contribution applies as smaller apartment buildings tend to sell at higher unit rates of comparison due to the Principal of Diminishing Returns and increased competition.

Comparable #1 is located at 279-281 Wharncliffe Road North in an inferior area northwest of the downtown core. It sold on June 16, 2022 for \$10,200,000. The sale resulted in an unadjusted unit rate of \$211.13 per square foot of building area. After adjusting it for time at a stabilized annualized rate of 10.0%, the time adjusted unit rate equated to \$216.49. With the Subject Property having 0.45 acres, the comparable site is larger with 1.18 acres. The property is improved with a purpose built medical centre with an elevator, labs and clinics. There is on-site parking. The building is older and generating a lower income per square foot compared to the Subject. Overall, the comparable is inferior to the commercial space associated with the Subject warranting an upward overall adjustment.

Comparable #2 is situated in London at 1555 Glenora Drive in an inferior area in northeast London. It sold for \$2,520,000 on January 19, 2022 at an unadjusted unit rate of comparison of \$383.27 per square foot of building area, inclusive of land and a time adjusted unit rate of \$408.48 per square foot of building area. The comparable property has a larger site area of 0.86 acres. It was improved with a similar size 6,575 square foot office building. While there were medical doctors in the building it was not a medical centre. It was partially vacant at the time of sale, however, the purchaser was moving into the space. It was older and in inferior condition. Overall, the comparable sale was inferior requiring an overall upward adjustment to the unit rate.

Comparable #3 is located at 1960-1980 Hyde Park Road in an inferior area in Hyde Park. It sold for \$11,170,000 on December 10, 2021 on an unadjusted unit rate basis of \$570.92 per square foot of building area and a time adjusted unit rate of comparison of \$614.87. Compared to the Subject's 0.45 acres the transaction's 2.63 acres is superior. This is a commercial plaza occupied by AAA tenants. It is modern and in good condition. With a total building area of 19,565 square feet it is larger than the commercial portion of the Subject warranting an upward size adjustment. With an NOI per square foot of \$29 the comparable is generating a lower income per square foot warranting an upward adjustment. Overall, this comparable is considered to be inferior requiring an upward adjustment to the unit rate.

Comparable #4 sold on July 22, 2021 for \$3,850,000 and is located at 1550 Highbury Avenue North in an inferior location in northeast London. It sold on an unadjusted unit rate basis of \$416.89 per square foot of building area, inclusive of land and a time adjusted unit rate of \$465.82 per square foot. The comparables 1.13 acre site was larger with ample on-site parking. It was improved with a 2 unit medical facility that was larger with 9,235 square feet, warranting an upward size adjustment. It is modern and occupied by a dentist and massage therapist. The leaseholds were considered to be inferior. Overall, the comparable was considered to be inferior requiring an upward size adjustment.

Comparable #5 is situated at 750 Base Line Road East in south central London. It is in an inferior area, albeit opposite from Victoria Hospital. It sold on June 10, 2020 for \$5,400,000 on an unadjusted unit rate basis of \$260.30 per square foot of building area and a time adjusted price of \$323.47. This transaction had a site area of 1.11 acres with ample on-site parking. The property is improved with a larger 20,745 square foot purpose built medical centre. The larger building warrants an upward size adjustment. It was older and in inferior condition. Overall, the comparable was inferior requiring an upward adjustment to the unit rate.

Prior to the adjustment process, the comparables had a range of unit rates from a low of \$211.13 per square foot to a high of \$570.92 per square foot. Overall, considering the location of the various comparables, the improvements, the quality and condition of the Subject Property, as well as its desirability within the marketplace, it was concluded that the commercial component of the Subject Property would attract market support in the [REDACTED] to [REDACTED] per square foot of building area range. Applying the adjusted range of unit rates to the commercial building area of

6,400 square feet, provides a Market Value range from a low of [REDACTED] to a high of [REDACTED] rounded. This equates to a variance of approximately [REDACTED] which is considered to be within acceptable market limits. 311

Analysis of the residential comparable sales included following.

Comparable #6 sold firm on September 16, 2022 for \$4,200,000 and is located at 670 Oxford Street East in an inferior area in northeast London. It sold on an unadjusted unit rate basis of \$247,059 per apartment unit. This transaction had a site area of 0.70 acres which is larger than the Subject site. The property was improved with a mixed complex comprised of modern townhouses and an older fully renovated 5-plex at the front. They are higher end units each with AC and 6 appliances. Parking is on-site. They were still considered to be inferior compared to the Subject and an upward adjustment was required to the unit rate.

Comparable #7 is located at 3 John Pound Road in an inferior area in Tillsonburg which sold on July 14, 2022 for \$10,800,000. It sold on an unadjusted unit rate basis of \$327,273 per apartment and a time adjusted unit rate of \$333,136 per unit. This property is a newly constructed luxury apartment building. It is larger with a total of 33 units, including both one and two bedroom units. There is common laundry and on-site parking with is inferior to the Subject. Overall, the property was inferior to the Subject and upward adjustments to the unit rate were required.

Comparable #8 is situated at 100 Greenway Blvd. in an inferior area in St. Thomas which sold on July 2, 2021 for \$10,600,000. It sold on an unadjusted unit rate basis of \$294,444 per unit and a time adjusted unit rate of \$330,726. The property has a superior site area of 2.42 acres and was improved with a modern luxury apartment building that was constructed circa 2018. It was larger with 36 units warranting an upward size adjustment. The building has premium features and amenities. The NOI per unit was lower@ \$13,691 warranting an added upward adjustment. Overall, this comparable was inferior requiring an upward adjustment.

Comparable #9 sold on May 29, 2019 for \$17,000,000 and is located at 1355 Commissioners Road West in a good, but inferior area in Byron. It sold on an unadjusted unit rate basis of \$333,333 per apartment and a time adjusted unit rate of \$457,192. This is a modern luxury building that was constructed circa 2018 to high standards. It has a larger 1.77 acre site and a larger 51 unit building warranting upward size adjustments. It was in good condition at the time of sale, however the NOI per unit was lower at \$14,543 per unit. Overall, the comparable was considered to be inferior requiring an upward adjustment to the unit rate.

Prior to the adjustment process, the residential comparables had a range of unit rates from a low of \$247,059 per apartment unit to a high of \$333,333 per unit. The average rate indicated by the comparables was \$300,527 per apartment unit. Considering the location of the Subject Property, the existing residential improvements, the quality and condition of the Subject Property, as well as its desirability within the marketplace, it was concluded that the Subject Property would attract market support in the [REDACTED] to [REDACTED] per apartment unit. Applying the adjusted range of unit rates to the Subject Property's total number of apartment units of 9, provides a Market Value range from a low of [REDACTED] to a high of [REDACTED] rounded. The variance equates to approximately [REDACTED] which is considered to be within market acceptable limits.

Combined, the commercial and residential components of the Subject Property indicated a range of market value from a low of [REDACTED] to a high of [REDACTED]. A single value in the middle of the range of [REDACTED] was considered to be the Market Value of the Subject Property.

INCOME APPROACH

The Income Approach involves the analysis of the present value of the future benefits of property ownership. A property's income and value upon reversion may be capitalized into a current, lump-sum value. The value of worth of future benefits or earnings is based on a typical market investment horizon.

The Income Approach was applied in the valuation of the Subject Property as it could be a long term income producing investment. The rate at which the income stream is capitalized should be consistent with its quantity, quality and durability.

Two methods applied regularly by investors in valuing investment grade properties are the Direct or Overall Capitalization method, and the Discounted Cash Flow (DCF) method. These methods, in essence, simulate the thought processes that typical buyers would probably apply in determining the value of an income producing real property asset.

The Direct Capitalization Method was utilized in the analysis of the Subject. This approach comprises the following steps:

- Estimate the Potential Gross Income of the Subject Property, less an allowance for vacancy and bad debts (equates to: Effective Gross Income).
- Estimate the total annual operating expenses.
- Calculate the net operating income (being the Effective Gross Income less the operating expenses).
- Select the appropriate method of capitalization.
- Select an appropriate capitalization rate(s).
- Using a suitable procedure, convert the anticipated net annual operating income into an indication of value.

The Capitalization formula is as follows:

$$MV = \frac{NOI}{OCR}$$

In Which:

MV	=	Market Value
NOI	=	Net Operating Income
OCR	=	Overall Capitalization Rate

The Income Approach is a valuable tool in the analysis of the Market Value of most forms of ICI Real Properties, and results in either a Market Value for investment properties, or the investment value of vacant or owner-occupied facilities.

As of the Effective Date of this appraisal the Subject Property was reportedly fully tenanted. No commercial leases were available for reviewed. Information was obtained from the Client and previous appraisal reports. It is assumed that the commercial leases remain in force and that the leases have standards clauses typical in the marketplace. The original residential leases were reviewed by the appraiser, however all but two have expired. It is assumed that the interpretation of the limited financial information was reasonably accurate. The appraiser reserves the right to amend the report if there is substantive variations within the lease documents.

Rent Roll									
1653 Richmond Street, London									
Commercial Component									
#	Tenant	Leasable Area (s.f.)	Start (m/d/yr)	End (m/d/yr)	Term (Years)	Rent (s.f./yr)	Annual Rent	Comments	
1	Masonville Optometry	1,000	11/1/15	12/1/25	10.1			- assumed typical net lease - no lease reviewed	
2	Children After Hours Clinic	2,000	11/1/15	12/1/25	10.1			- assumed typical net lease - no lease reviewed	
3	IDA Pharmacy	1,000	11/1/15	12/1/25	10.1			- assumed typical net lease - no lease reviewed	
4	Dr. Lovett	1,440	1/1/2020	2/1/2020	10.1			- assumed typical net lease - no lease reviewed	
5	My MD	960	1/1/20	02/1/30	10.1			- assumed typical net lease - no lease reviewed	
Total Gross-up Leasable Area		6,400							
Reported Commercial Income									
Residential Component									
Unit #	Tenant	Bedrooms	start	stop	Term	S/Month	Adj. Rent	Input Rent	Comments
201	Named Individual	2	02/1/19	01/31/21	3				- rent plus utilities
202	Named Individual	2	01/1/19	12/31/19	1				- rent plus utilities
203	Named Individual	2	01/01/19	12/31/19	1				- rent plus utilities
301	Named Individual	2	09/26/18	9/25/23	5				- rent plus utilities
302	Named Individual	2	04/01/20	03/31/21	1				- rent plus utilities
303	Named Individual	2	04/01/20	03/31/21	1				- rent plus utilities
401	Named Individual	2	05/1/19	04/30/20	1				- rent plus utilities - reported contractor
402	Named Individual	2	01/01/20	12/31/20	1				- rent plus utilities - contract rent was \$4,000
403	Named Individual	2	10/01/18	9/30/23	5				- rent plus utilities - related owner
Total Residential Income									
Total Reported Gross Income									

Note: Bolded residential rents have expired and are assumed to be on a month to month basis. Unit #402 was adjusted down to maximum market rent of \$ per month, plus utilities.

It is noted that the main floor of the Subject building is reportedly 6,400 square feet in size. The individual leases are assumed to be grossed-up, meaning that the tenants are responsible for the CAM and Tax expenses on the common areas of the main floor as well.

In order to determine the income generating ability of the real property the Appraiser searched out comparable properties that have been leased or are available for lease in the marketplace. The following chart summarizes the information that was considered to be most pertinent in determining the income generating ability of the Subject Property.

MEDICAL OFFICES AND APARTMENT COMPLEX RENTAL SURVEY				
As of September 20, 2022				
ID	ADDRESS	RENTAL RATE (PER SQ.FT.)	LEASABLE AREA (SQ.FT.)	COMMENTS
A	215 Fanshawe Park Rd. W., London	\$26.00	1,885	<ul style="list-style-type: none"> • Modern 2 sty. office • Fully Net • Leased 6/21
B	551 Richmond St., London	\$36.00	1,975	<ul style="list-style-type: none"> • Main floor commercial • Net lease • Leased 1/22
C	745 Fanshawe Park Rd. W., London	\$29.50	8,000	<ul style="list-style-type: none"> • Modern Office • Net lease • Listed 3/22
D	841 Wellington Road, London	\$34.00	Up to 14,500	<ul style="list-style-type: none"> • New retail plaza • SWC of Southdale Rd. • Fully net Listed for lease
E	1701 Richmond St., London	\$24.95	Up to 8,082	<ul style="list-style-type: none"> • New office Bldg. • Shell finish • Listed for lease 7/22
F	101 Fanshawe Pk. Rd. E., #1, London	\$32.00	2,525	<ul style="list-style-type: none"> • Retail plaza • Opposite Masonville Mall • Net rent Leased 12/20 – 5 years
G	997 Wellington Road, London	\$19.00	4,362	<ul style="list-style-type: none"> • Retail plaza • Landmark Cinema Plaza • Fully net Leased 7/22 – 5 yrs.

The market survey did not uncover any medical clinic leases which are typically higher than average market rates. Further, the Subject units have associated medical leasehold improvements, also commanding a higher rent levels. The commercial rents are also relatively small, with several just reportedly being rooms by individual practitioners. It is assumed that the commercial tenants are all current with their rental payments and that they have the financial capability and credit worthiness.

In the event that the space did go dark it was concluded that it would command a similar overall market rent, especially given the affluent location and demand by other medical doctors. Overall, it was concluded that the main floor is rented at, or close to market level, for valuation purposes. Total Gross Income for the commercial units amounts to \$ [REDACTED] per annum, fully net to the landlord.

A review of the latest average rental rates, as provided by Canadian Mortgage and Housing Corporation, October, 2021, is included below. The average rents are for all apartment types, albeit mainly larger buildings are surveyed. The average rent for one, two and three bedroom units in the survey was \$1,131, \$1,512 and \$1,850 per month, respectively.

Zone	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom		Total	
	Oct 20	Oct 21	Oct 20	Oct 21	Oct 20	Oct 21	Oct 20	Oct 21	Oct 20	Oct 21
Zone 1 - Downtown North	745	768	1,064	1,121	1,434	1,502	1,842	1,910	1,216	1,310
Zone 2 - Northeast	667	774	891	946	1,022	1,051	1,257	1,374	973	1,020
Zone 3 - North	828	832	1,132	1,131	1,474	1,512	1,878	1,850	1,348	1,366
Zone 4 - Northwest	865	817	1,380	1,136	1,292	1,332	1,330	1,301	1,161	1,229
Zone 5 - Southwest	803	817	1,059	1,113	1,282	1,373	1,360	1,606	1,205	1,296
Zone 6 - Central South	762	785	945	956	1,239	1,189	1,432	1,476	1,067	1,080
Zone 7 - South	809	817	959	1,009	1,144	1,209	1,323	1,316	1,064	1,138
Zone 8 - East	607	614	850	829	944	944	907	1,008	884	890
London City (Zones 1-8)	785	795	1,012	1,047	1,221	1,268	1,399	1,462	1,121	1,187
Zone 9 - St. Thomas	643	648	750	867	888	1,175	1,175	1,175	912	1,017
Zone 10 - Stratford/Canastota	66	66	830	879	1,273	1,153	1,153	1,153	1,168	1,052
Zone 11 - Remainder of CMA	66	66	66	66	622	866	866	866	795	795
London CMA	774	780	1,091	1,034	1,267	1,275	1,379	1,468	1,118	1,175

Further, a rental study was also conducted, as follows:

RESIDENTIAL APARTMENT RENTAL SURVEY				
As of September 20, 2022				
ID	ADDRESS	BEDS/BATH	MONTHLY RENT	COMMENTS
i	240 Village Walk Blvd., London	2/2	\$2,700	<ul style="list-style-type: none"> Luxury, condo status 1,512 s.f. Plus utilities
ii	905 Southdale Road, London	2-3/2	\$2,256 to \$3,041	<ul style="list-style-type: none"> Luxury 1,180 to 1,673 s.f. Plus utilities
iii	675 Richmond Street, London	1-3/1-1.5	\$1,740 to \$2,615	<ul style="list-style-type: none"> Richmond Row Plus utilities
iv	330 Ridout Street, London	2/2	\$2,850	<ul style="list-style-type: none"> Downtown luxury 1,455 square feet Plus utilities
v	675 Richmond Street, London	2-3/2	\$2,345 to \$2,685	<ul style="list-style-type: none"> Luxury, condo status Various size units Plus utilities
vi	1705 Fiddlehead Place, London	2/2.5	\$2,998	<ul style="list-style-type: none"> Luxury, condo status Plus utilities
vii	505 Talbot Street, London	2/2	\$3,100	<ul style="list-style-type: none"> Luxury, high rise condo Downtown Plus utilities
viii	460 Callaway Road, London	2/2	\$3,000	<ul style="list-style-type: none"> New high rise Luxury Plus utilities

The Subject units are reportedly rented from [redacted] to [redacted] per month, plus utilities, inclusive of underground parking. The average monthly rent is [redacted] per month. Based on the rental survey market rent was considered to be in the [redacted] to [redacted] per month range. Unit #402 was considered to be rented above market levels and adjusted to [redacted] plus rent increases. All existing tenants are either under lease, or are on a month to month basis with rental increases only permitted in accordance with rent control guidelines. This included: 2.2% for 2020; 0% for 2021, 1.2% for 2022. Rents were adjusted accordingly. It is noted that leases for units #401 and #403 may be non-armslength.

The total adjusted residential rents applicable for 2022 amounted to [redacted] per annum. It is assumed that this is reasonably accurate. Significant variations may affect the final value determined herein.

Overall, the total gross income applicable to the Subject was [redacted] per annum. The Property reportedly does not generate additional income from laundry, parking, signage, etc.

EXPENSES

The commercial rents are reportedly based on a fully net basis with the tenants paying their proportionate share of operating costs including realty taxes, building insurance, common area utilities, general maintenance, etc. The residential tenants reportedly pay rent, plus their applicable utilities. It is noted that "standard" CAM and Taxes charges are assumed to be applicable to the commercial tenants. This would not include CAM and Tax charges associated with the residential portion of the Property. The Income Approach also accounts for other expenses which are standardized in the industry.

Vacancy and Collection Loss

An allowance for vacancy and credit loss under competent management is necessary, in keeping with market rates over the hypothetical investment horizon. To establish an appropriate allowance, it was necessary to investigate the overall vacancy levels for medical offices and apartment complexes of similar properties.

A review of the CBRE Q2, 2022 Office Marketview was completed and indicated that office vacancy rates in the city average 21.7%, which includes a 25.9% vacancy rate in the downtown core. Smaller suburban office vacancy rates are more reasonable at 9.0%.

A review of the residential market, as provided by CMHC, indicates a lowering of the vacancy across the city over the previous year to 1.9%, as of their latest survey October, 2021. The Subject Property is located in Zone 3 – North London which has a slightly lower vacancy rate of 1.5%. With little new stock coming available and rental demand increasing, current vacancy rates for residential apartments is considered to be tight.

Published statistics do not generally account for Collection Losses and Bad Debt, which typically run in the 0.5% to 1.0% range.

Given this data and the appraisers experience in the current market Vacancy and Bad Debt for the commercial component was considered to be 6% and for the residential component was 2%.

Effective Gross Income

The Effective Gross Income of the Subject Property is therefore [redacted] per annum, calculated by subtracting the vacancy and bad debt allowance from the potential gross revenue.

Management of this size of complex would be typical, being comprised of accounting, leasing, periodic inspection, administration of structural repair, etc. Current competitive management market rates for this type and size of property are generally found in the 2% to 5% range of the Effective Gross Income. A stabilized overall rate of 5.0% of the Effective Gross Income was considered to be reasonable.

Real Estate Taxes

The landlord is responsible for payment of all realty taxes applicable to the residential component of the Subject Property. The commercial tenants are responsible for their proportionate share of taxes. According to The City of London commercial taxes amount to \$ [REDACTED] per annum, while the residential expense amounts to \$ [REDACTED]. Assuming a 3.00% increase in 2023, a residential realty tax expense of \$ [REDACTED] was incorporated into the analysis.

Building Insurance

The residential portion of the building insurance would be paid by the landlord. Commercial tenants would be responsible for their portion. All tenants would be responsible for their individual tenant insurance. No insurance rates were provided for the Subject Property. Based on comparison to other buildings a rate of \$1,000 per unit per annum was considered to be reasonable and utilized herein.

Utilities and Services

The landlord would normally be responsible for most common area utilities in this instance. It would include common area lighting, parking lot hydro, etc. An annual allowance of \$ [REDACTED] per annum was considered to be reasonable and utilized herein.

Residential Maintenance and Repair Expense

This item takes into account common area and structural repair, exterior maintenance and mechanical repair/replacement, where applicable, which may be not the responsibility of the tenant. This does not take into account replacement of building components which are considered a capital cost and not an operating expense. Based on the condition of the improvements and the level of current maintenance a stabilized annual rate of 5.0% of the Residential Effective Gross Income was considered to be reasonable.

Elevator Maintenance

This expense is for the residential elevator in the building including annual maintenance and certification. An allowance of \$ [REDACTED] was considered to be reasonable and utilized herein.

Miscellaneous Expense and Structure Allowance

An allowance of 3.5% for miscellaneous items, not covered or allowed for under the specific headings, was also accounted for, as well as for long term structural allowance.

Total Expenses

The Total Operating Expenses amounted to a \$ [REDACTED] per annum, or [REDACTED] % of the Total Effective Gross Income. Based on the comparison to market information, it was concluded that the Total Occupancy Expenses are within acceptable market limits.

Stabilized Income and Expense Statement			
1653 Richmond Street, London			
Total Building Area	25,400	sq.ft.	\$/Sq. Ft.
Potential Gross Income			
Reported Commercial Gross Income			
Residential Income			
Other - Nil			
Total Reported Gross Income			
Less: Commercial Vacancy & Bad Debt	@	6%	
Less: Residential Vacancy & Bad Debt	@	2%	
Effective Gross Income (EGI)			
Expenses			
	Per Annum	% of EGI	\$/Sq. Ft.
Management	@	5.0% of EGI	
Real Estate Taxes - Residential Portion			
Insurance - Residential Portion - estimated			
Utilities - Common Area Residential - estimated			
Maintenance & Repairs - Residential		5.0% of GI	
Elevator Maintenance			
Miscellaneous & Structural		3.5% of EGI	
Total Expenses			
Net Operating Income (NOI) Before Debt Services			

CAPITALIZATION

The Direct Capitalization Method employs the utilization of an Overall Capitalization Rate (OCR). Two methods to develop an appropriate OCR are the Direct Method of Comparison and the Band of Investment technique. The Direct Method of Comparison utilized comparable sales that have sold, or are available for sale in the open marketplace. The Band of Investment concept analyses the Overall Capitalization Rate in relation to the contribution of the debt service requirement and the return on equity. For the purpose of this report the Direct Method of Comparison was employed, which is most commonly used in the marketplace for properties similar to the Subject.

The following table details a variety of medical offices and apartment complex investment transactions that were analysed in relation to the Subject Property.

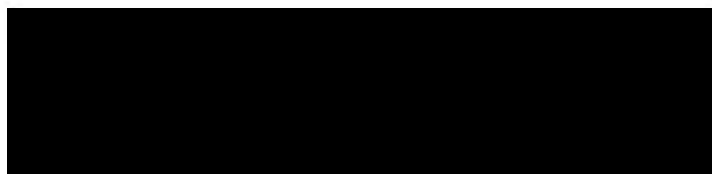
Comp	Address	Date	Bldg Area	Price Per SF	No Of Multifamily Units	Price Per Unit	Cap Rate
	Community	Price					
1	279-281 Wharmcliffe Rd. N. London	June 16, 2022 \$10,200,000	48,312	\$211.13	-	-	4.9%
2	1555 Glenora Dr. London	January 19, 2022 \$2,520,000	6,575	\$383.27	-	-	5.3%
3	1960-1980 Hyde Park Rd. London	December 10, 2021 \$11,170,000	19,565	\$570.92	-	-	5.1%
4	1550 Highbury Ave. N. London	July 22, 2021 \$3,850,000	9,235	\$416.94	-	-	-
5	750 Base Line Rd. E. London	June 10, 2020 \$5,400,000	20,745	\$260.30	-	-	5.9%
6	670 Oxford St. E. London	September 16, 2022 \$4,200,000	-	-	17	\$247,059	6.7%
7	3 John Pound Rd. Tilsonburg	July 14, 2022 \$10,800,000	-	-	33	\$327,273	4.4%
8	100 Greenway Blvd. St. Thomas	July 2, 2021 \$10,600,000	-	-	36	\$294,444	4.7%
9	1355 Commissioners Rd. W. London	May 29, 2019 \$17,000,000	-	-	51	\$333,333	4.4%

The commercial market transactions provided Capitalization Rates from a low of 4.9% to a high of 5.9%, averaging 5.3%. The residential comparables illustrated slightly lower Capitalization Rates from 4.4% to 6.7%, averaging 5.1%. Unfortunately, no significant comparables have sold during the period of rising interest rates over the past several months. Rising interest rates typically put upward pressure on Capitalization Rate due to rising debt payments and current low returns on equity.

While the Subject Property is relatively new and reported constructed with quality materials confirmation of this by the appraiser was not possible. The design with main floor medical offices and luxury apartments above, with underground parking is premium. Further, the location is excellent within Masonville on a signalized intersection, with on-site visitor parking. The property would be especially attractive to the medical profession with or without main floor tenants. Overall, demand for the Property should be high, assuming that the provided information is reasonable accurate.

Taking all matters into consideration, it was concluded that the most applicable Overall Capitalization Rate applicable to the Subject Property's Net Operating Income, before debt service, would be found between [REDACTED] and [REDACTED]. This results in the following range of Market Value.

Net Operating Income
 Capitalization Rate
 Market Value, rounded



RECONCILIATION OF MARKET VALUE

The Direct Comparison Approach and the Income Approach were utilized in the analysis of the Subject, that resulted in the following indications of value range for the Property under appraisal:

DIRECT COMPARISON APPROACH :

INCOME APPROACH :

The Subject Property involves a medical office and apartment complex that is located an established and affluent commercial and residential area. The 0.45 acre site is improved with a four storey, 25,400 square foot building that was constructed circa 2018. It was reportedly fully leased as of the Effective Date of this appraisal and was assumed to be in good overall condition. The Direct Comparison Approach and the Income Approach were utilized in the analysis of the Subject Property, which is typical in the marketplace.

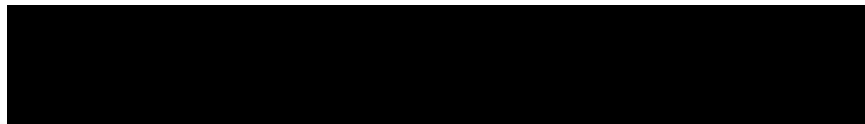
The Direct Comparison Approach reflected an indication of Market Value range from a low of \$ [REDACTED] to a high of \$ [REDACTED]. A total of nine Comparables were analyzed, including commercial and apartment complexes within the local marketplace. The sales included five commercial facilities and four high end apartment buildings. Similar office/apartment complexes in the city were not available (sold or listed) for analysis. The Subject Property, however, is considered to be an investment property and the Income Approach was afforded greater weight.

The Income Approach is the primary valuation method as the Subject Property is leased and would be sold to primarily investors. While the rental and expense information available for analysis on the Subject Property was suspect and possibly dated, the analysis was rationalized with current market rates and conditions. The Income Approach reflected a value of \$ [REDACTED] to \$ [REDACTED]. The Subject Property is considered to be of a local or regional investor, or possibly a partial owner occupied investment grade property. The value was similar to that of the Direct Comparison Approach which adds to the integrity of the final Market Value.

Overall, a single Market Value in the middle of the ranges of value was considered to be most reasonable and supported in the marketplace.

FINAL MARKET VALUE

Considering the data investigated and market conditions in general, the most probable single Current Market Value of the Leased Fee Interest of the Subject Property, as of September 20, 2022, was:



* It is assumed that the interpretation of the limited financial information was reasonably accurate. The appraiser reserves the right to amend the report if there is substantive variations within the lease documents.

This Appraisal Report was prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice. The report was completed for the Client and Intended Users named herein. No third party has rights to the report without the expressed authority of the author of the report.

Please contact the author if you have any questions or comments.

DATED at London, Ontario, October 7, 2022.

McIver Group Inc.

A handwritten signature in black ink, appearing to read 'Andy Levers', written over a horizontal line.

Andy Levers, B.Comm., AACI, P.App.

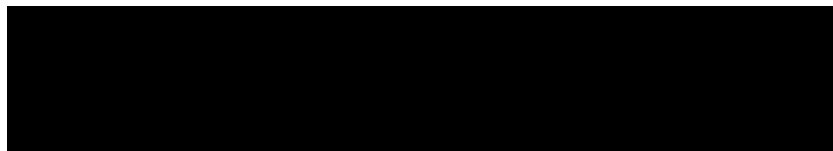
519.673.0000 ext. 11

andy@mcivergroup.com

To the best of my knowledge, I certify that:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my impartial and unbiased professional analyses, opinions and conclusions;
- I have no past, present or prospective interest in the Property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment;
- I have no bias with respect to the Property that is the subject of this report or to the parties involved;
- My engagement in and compensation is not contingent upon developing or reporting predetermined results, the amount of value estimate, a conclusion favoring the client, or the occurrence of a subsequent event;
- My analyses, opinions and conclusions were prepared in conformity with the CUSPAP;
- I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP;
- Except as disclosed, no one provided significant professional assistance to the person(s) signing this report;
- As of the date of this report the undersigned has fulfilled the requirements of the AIC's Continuing Professional Development Program;
- The undersigned is (are all) members in good standing of the Appraisal Institute of Canada;
- I personally inspected the exterior of the Subject Property on September 20, 2022. An interior inspection was not permitted, nor was measuring the improvements. The appraisal utilized the best available information, which was assumed to be reasonably accurate;
- For this appraisal to be valid, an original or a password protected digital signature is required. A digital signature, if provided, is password protected by Adobe;
- If an AIC appraiser has co-signed this appraisal report, they certify and agrees that "I directly supervised the appraiser who prepared this appraisal report and, having reviewed the report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certification and am taking full responsibility for the appraisal and the appraisal report";
- As set out elsewhere in this report, this report may be subject to certain Assumptions and Limiting Conditions (if any), the verification of which may be outside the scope of this report.

Based upon the data, analyses and conclusions contained herein, the Current Leased Fee Market Value of the Subject Property, identified as 1653 Richmond Street, London, ON N6G 2M9, with a legal PIN #: 080660197, as of September 20, 2022, is:



*It is assumed that the interpretation of the limited financial information was reasonably accurate. The appraiser reserves the right to amend the report if there is substantive variations within the lease documents.

DATED at London, Ontario, October 7, 2022.

Mclver Group Inc.

Andy Levers, B.Comm., AACI, P.App.

Member #: 236310

I personally inspected the Subject Property.

ADDENDA

GeoWarehouse
Zoning By-Law Excerpts
Curriculum Vitae
Ordinary Assumptions and Limiting Conditions

GEOWAREHOUSE

1653 Richmond St, London, N6G2M9

[Suggest an address correction](#)

Owner Name
RICHMOND MEDICAL
CENTRE INC.



Last Sale
\$595,000
Jan 04, 2013



Lot Size
254.27 ft **N/A**
Frontage **Depth**
Measurements Available
(See Site & Structure)



Assessed Value
\$2,307,000
Based on Jan 1, 2016

Phased-In Value
\$2,307,000
2022 Tax Year

Legal Description

PART LOT 26, RCP 1029, DESIGNATED AS PART 1, 33R19375 TOGETHER WITH AN EASEMENT OVER PARTS 2, 3, 4, 5 AND 7 33R19479 AS IN ER1063273 SUBJECT TO AN EASEMENT OVER PART 1, 33R19479 IN FAVOUR OF PART LOT 23-27, RCP 1029, PARTS 1,3,5,7,& 9, 33R19435 AS IN ER1063272 CITY OF LONDON

Property Details

GeoWarehouse Address

1653 RICHMOND ST, LONDON, N6G2M9

Ownership Type

Freehold

Registration Type

Certified (Land Titles)

Land Registry Office

Middlesex (33)

Land Registry Status

Active

PIN

080660197

Owner Names

RICHMOND MEDICAL CENTRE INC.

Property Type

OTHER_RES

Site & Structure

Lot Size

Area: 19,719.46 ft² (0.453 ac) **Perimeter:** 682.41 ft
Measurements: 54.95 ft x 27.71 ft x 254.89 ft x 70.32 ft x 274.75 ft
Lot Measurement Accuracy: LOW

Assessment 1 | **ARN :** 393501068008803

Site

Frontage: 254.26 ft
Site Area: 19630.9 F

Depth: N/A

Structure

Property Description: Retail or office with residential unit(s) above or behind - greater than 10,000 s.f. GBA, street or onsite parking, with 7 or more apartments, older downtown core

Property Code: 472

Phased-In Value [Click to purchase the 4-year Phase-In Report](#)

Assessed Value
\$2,307,000
Based on Jan 1, 2016

Valuation & Sales

Sales History

Sale Date	Sale Amount	Type	Party To	Notes
Jan 04, 2013	\$595,000	Transfer	RICHMOND MEDICAL CENTRE INC.;	

EXCERPTS OF ZONING BY-LAW

SECTION 13

RESIDENTIAL R9 ZONE

13.1 GENERAL PURPOSE OF THE R9 ZONE

The Zone provides for and regulates a wide range of medium and higher density residential developments in the form of apartment buildings.

13.2 PERMITTED USES

No person shall erect or use any building or structure, or use any land or cause or permit any building or structure to be erected or used, or cause or permit any land to be used, in any Residential R9 Zone variation for any use other than the following uses:

- a) Apartment buildings;
- b) Lodging house class 2; (Z-1-03172)
- c) Senior citizens apartment buildings;
- d) Handicapped persons apartment buildings;
- e) Continuum-of-care facilities; (Z-1-01910)

13.3 REGULATIONS

No person shall erect or use any building or structure, or use any land or cause or permit any building or structure to be erected or used, or cause or permit any land to be used, in any Residential R9 Zone variation except in conformity with the regulations as set out below and in Table 13.3 or as set out on the Zoning Maps.

- 1) DENSITY (deleted by Z-1-00447)

13.4 SPECIAL PROVISIONS

The following zone variations apply to unique or existing situations and are not the standard R9 Zone variations. If a regulation or use is not specified, the list of permitted uses and/or the regulations of Section 13.2 and/or Section 13.3 shall apply.

a) R9-1 Zone Variation

1) R9-1(1)

a) Regulations

Notwithstanding any provision of Section 4.19 or Section 13.3 to the contrary, the following provisions shall apply:

i)	Front Yard Depth (minimum)	7.1 metres
ii)	East Interior Side Yard Depth (minimum)	11.2 metres
iii)	Density (units per hectare maximum)	107 units/ha
iv)	Parking	1.16 spaces per unit
v)	Density Bonus	not applicable

(Z-1-001090 approved January 21, 2006)

2) R9-1(2) 8 Fairview Court and 770 Whetter Avenue

a) Regulations:

- i) Setback from a Railway Right-of-Way (Minimum) 15 metres
- ii) Setback from a Railway Right-of-Way means the shortest horizontal distance between the nearest boundary of a railway right-of-way and the nearest part of any residential building
- iii) Sight triangle setback from the point of intersection 0.0 metres

EXCERPTS OF ZONING BY-LAW

**TABLE 13.3
RESIDENTIAL R9 ZONE
REGULATIONS FOR R9 ZONE VARIATIONS**

Column A	B	C	D	E	F	G	H
Line 1 RESIDENTIAL TYPE	Apartment Buildings & Special Population's Accommodations						
2 ZONE VARIATIONS	R9-1	R9-2	R9-3	R9-4	R9-5	R9-6	R9-7
3 PERMITTED USES	See Section 13.2						
4 <u>LOT AREA</u> (m ²) MINIMUM	1000						
5 <u>LOT FRONTAGE</u> (m) MINIMUM	30.0						
6 <u>FRONT AND EXTERIOR SIDE YARD DEPTH</u> (m) MINIMUM	LOCAL STREET	6.0			Plus 1.0 metres (3.3 feet) per 10.0 metres (32.8 feet) of main building height or fraction thereof above the first 3.0 metres (9.9 feet)		
7	ARTERIAL	8.0					
8	PRIMARY COLLECTOR	6.0					
9	SECONDARY COLLECTOR	6.0					
10 <u>REAR YARD DEPTH</u> (m) MINIMUM	1.2 metres (3.9 feet) per 3.0 metres (9.8 feet) of main building height or fraction thereof, but in no case less than 7.0 metres (23.0 feet) 6.0 metres (19.7 feet) plus 1.0 metres (3.3 feet) per 1.0 metre (3.3 feet) in height for all portions of a building above 6.0 metres (19.7 feet) in height where the Residential R9 Zone abuts lands zoned Residential R1 or Residential R2 (Z-1-00761)						
11 <u>INTERIOR SIDE YARD DEPTH</u> (m) MINIMUM	1.2 metres (3.9 feet) metres (9.8 feet) of main building height or fraction thereof, but in no case less than 4.5 metres (14.8 feet) 6.0 metres (19.7 feet) plus 1.0 metres (3.3 feet) per 1.0 metre (3.3 feet) in height for all portions of a building above 6.0 metres (19.7 feet) in height where the Residential R9 Zone abuts lands zoned Residential R1 or Residential R2 (Z-1-00761)						
12 <u>LANDSCAPED OPEN SPACE</u> (%) MINIMUM	30.0						
13 <u>COVERAGE</u> (%) MAXIMUM	30%; plus up to 10% additional coverage, if the landscaped open space provided is increased 1% for every 1% in coverage over 30%						
14 <u>HEIGHT</u> (m) MAXIMUM	See Zone Map						
15 <u>DENSITY - UNITS PER HECTARE</u> MAXIMUM	75	85	100	115	125	130	150
16 DENSITY BONUS	<p>1) For every 70.0 square metres (753.0 square feet) of exterior common open space provided at grade in excess of the landscaped open space required by the By-law, the density of the residential development may be increased by three units. No rounding of the square meterage provided is allowed for by this provision. Building height may not be increased to achieve the increased exterior common space.</p> <p>The accumulative impact of applying the Bonus provisions shall not result in a density of more than twenty-five per cent (25%) greater than the density permitted by the non-bonus site. (Excludes 120 Kent Street - Z-1-95316)</p>						

EXCERPTS OF ZONING BY-LAW

- R9-7(23) 1643, 1649, and 1653 Richmond Street
- a) Permitted uses for 1643 and 1649 Richmond Street:
- i) Apartment Buildings
- b) Regulations for 1643 and 1649 Richmond Street:
- | | | |
|-------|--|-------------------------|
| i) | Frontage
(Minimum): | 50 metres (165 feet) |
| ii) | Lot Area
(Minimum): | 0.4 hectares (1 acre) |
| iii) | Interior Yard Depth
(Minimum): | 3 metres (10 feet) |
| iv) | No part of any required front yard, required side yard, or required rear yard shall be used for any purpose other than landscaped open space except where a common internal driveway connects to abutting properties located in a required side yard, or where access to an underground parking garage is necessary in a required side yard. | |
| v) | Height (first 25.0 metres of lot depth) (Maximum): | 22.0 metres (72.2 feet) |
| vi) | Height (beyond the first 25.0 metres of lot depth) (Maximum): | 15.0 metres (49.2 feet) |
| vii) | Setback from Rear Property Line (Minimum): | 50.0 metres (164 feet) |
| viii) | Surface Parking Area Setback from Rear Property Line (Minimum): | 28 metres (91.9 feet) |
- c) Permitted uses for 1653 Richmond Street:
- i) Apartment Buildings
- ii) Medical/Dental Offices on ground floor of an apartment building
- d) Regulations for 1653 Richmond Street:
- | | | |
|------|-----------------------------------|---------------------------|
| i) | Frontage
(Minimum): | 20 metres (66 feet) |
| ii) | Lot Area
(Minimum): | 0.16 hectares (0.4 acres) |
| iii) | Interior Yard Depth
(Minimum): | 3 metres (10 feet) |
| iv) | Exterior Yard Depth
(Minimum): | 0.0 metres (0.0 feet) |

EXCERPTS OF ZONING BY-LAW

- v) No part of any required front yard, required side yard, or required rear yard shall be used for any purpose other than landscaped open space except where a common internal driveway connects to abutting properties located in a required interior side yard, where access to an underground parking garage is necessary in a required interior side yard, where a common driveway provides vehicular access to Hillview Boulevard in the required exterior side yard, or where a vestibule structure is required to provide secondary entrance to an underground parking structure in accordance with the Ontario Building Code in the required rear yard.
- e) Additional regulations for Apartment Buildings:
- | | | |
|------|---|-------------------------|
| i) | Height for the first 25.0 metres of lot depth (Maximum): | 20.0 metres (65.5 feet) |
| ii) | Height beyond the first 25.0 metres of lot depth (Maximum): | 17 metres (56 feet) |
| iii) | Setback from Rear Property Line (Minimum): | 50.0 metres (164 feet) |
- f) Additional regulations for Medical/Dental Offices:
- | | | |
|-----|-----------------------------|--|
| i) | Gross Floor Area (Maximum): | 430 metres ² (4,630 feet ²) |
| ii) | Parking | 1 space/15 metres ² GFA |
- g) Regulations applicable to and measured based on R9-7(23) Zone Boundaries:
- | | | |
|------|--|---|
| i) | Density (Maximum): | 200 units per hectare (80 units per acre) |
| ii) | Lot Coverage (Maximum): | 45% |
| iii) | Front Yard Depth (Maximum): | 3 metres (10 feet) |
| iv) | Bedrooms per Dwelling Unit (Maximum): | 3 |
| v) | Rear Yard Depth | 15 metres (49 feet) |
| vi) | Parking for Residential Uses (Z.-1-142355 replaced by Z.-1-192769) | 0.67 spaces/unit |

CURRICULUM VITAE

ANDY LEVERS, B.COMM., AACI, P.APP.

EDUCATION & PROFESSIONAL DESIGNATIONS

- AACI - Accredited Appraiser Canadian Institute - 1989
- P.App - Professional Member of the Appraisal Institute of Canada - 1994
- B. Comm. - University of Western Ontario - 1983

MEMBERSHIPS & ASSOCIATIONS

- AIC - Appraisal Institute of Canada
- AACI - Accredited Appraiser Canadian Institute
- P.App. - Professional Appraiser, Canadian Institute
- OEA - Ontario Expropriation Association
- CREA - Canadian Real Estate Association
- OREA - Ontario Real Estate Association
- LSTREB - London and St. Thomas Real Estate Board

EXPERIENCE HISTORY

- | | |
|----------------|--|
| 1983 to 1984 | Residential real estate appraiser with Central Ontario Appraisals, Newmarket, Ontario. |
| 1984 to 1988 | Residential and Commercial Real Estate Appraiser with Royal LePage Commercial Real Estate Services, Toronto, Ontario. |
| 1988 to 1996 | Real Estate consultant with the firm of Valco Consultants Inc. created by the amalgamation of Knowles, Lambert, Canning, Rosevear & Associates Limited and Tapping, Telford, Dorey & Associates Ltd. |
| 1996 to 2000 | Commercial Real Estate Sales Consultant with Royal LePage, London Commercial Group and subsequently ReMax Centre City, London, Ontario. |
| 2000 - 2003 | Senior Marketing/Acquisition Manager, Ontario Realty Corporation, Toronto, Ontario. |
| 2003 – 2015 | Real Estate consultant with Valco Consultants Inc., London, Ontario. |
| 2015 – Present | ICI Division President, McIver Group - Real Estate appraiser and consultant with McIver Group Inc., ICI Division, London, Ontario. |

AREAS OF PRACTICE

OFFICE BUILDINGS

Reports have been completed on a wide variety of Office Buildings throughout the region including mixed use facilities. One of the largest facilities appraised was the Chrysler Building in downtown Windsor, Ontario.

INDUSTRIAL BUILDINGS

All forms of owner occupied and tenanted facilities have been appraised throughout Ontario, with the largest building containing over 1 million square feet.

RETAIL BUILDINGS

Valuations within this segment of the market have included newly built/to be built retail developments, older core area and neighborhood mixed-use structures, retail strip malls and single-tenant structures.

MULTI-FAMILY RESIDENTIAL BUILDINGS

Projects ranging in size from 4 to 1,000 units have been valued, including those with a mixture of unit types including lower level retail or office accommodations. Andy also has experience in the student housing marketplace.

VACANT LAND

Most forms of industrial, office, retail, conservation land, mixed use properties and all forms of residential development sites have been appraised.

EASEMENTS AND EXPROPRIATIONS

With past direct experience granting and taking of real property for the Province of Ontario, Andy has developed specialized skill and knowledge in the appraisal and analysis of easements and expropriations, including road widening, transmission line easement expropriation appraisals and municipal utility easements, etc.

SPECIAL USE PROPERTIES

Special purposed facilities appraised include: hotels, restaurants, service stations, mini-storage properties, churches, etc. Analysis for various levels of Government has also been completed including rental and complete market studies.

MASS APPRAISAL ASSIGNMENTS

Work at the Province of Ontario involved the due diligence and acquisition of approximately 150 properties on a rotating basis, as well as approximately 75 easement and right-of-way agreements. Andy has also been involved with transmission easement assignments, as well as an analyst in the valuation of all Petro Canada sites across the nation.

EXPERT WITNESS

Andy has been sworn in as an expert witness and given testimony at Provincial Court, Arbitration and at the Ontario Municipal Board.

ORDINARY ASSUMPTIONS AND LIMITING CONDITIONS

1. This report has been prepared for the Client and Intended User, being Daoust Vukovich LLP. The function of the report is for potential sale purposes. It is not reasonable for any other party to rely on this appraisal without first obtaining written authorization from the Client, Intended Users, the author and any supervisory appraiser. Liability is expressly denied to any person other than the Client and Intended Users and no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by the Client and all Intended Users is assumed.
2. Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the Market Value estimate expressed as of the date of this appraisal cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
3. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. No registry office search has been performed and the appraiser assumes that the title is good and marketable and free and clear of all encumbrances including leases, unless otherwise noted in this report. The property is appraised on the basis of it being under responsible ownership.
4. The Subject Property is presumed to comply with government regulations including zoning, building codes and health regulations and, if it doesn't comply, its non-compliance may affect Market Value.
5. No survey of the property has been made. Any sketch in the appraisal report shows approximate dimensions and is included only to assist the reader of the report in visualizing the property.
6. This report is completed on the basis that testimony or appearance in court concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and the provision of appropriate compensation.
7. Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
8. The appraiser 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 Subject Property.
9. The analysis set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. Unless otherwise stated herein, we did not verify Client-supplied information, which we believed to be correct.

10. The term “inspection” refers to our observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP).
11. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work.
12. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the Canadian Uniform Standards of Professional Appraisal Practice (“The Standards”) and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the Canadian Uniform Standards of Professional Appraisal Practice (the “Standards”) and in accordance with the appraiser’s privacy policy. The Client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the appraiser’s privacy policy and in accordance with the appraiser’s privacy policy and in accordance with the Personal Information Protection and Electronic Documents Act (PIPEDA).
13. The appraiser has agreed to enter into the assignment as requested by the Client named in the report for the use specified by the Client, which is stated in the report. The Client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
14. Written consent from the author and supervisory appraiser, if applicable, must be obtained before any part of the appraisal report can be used for any purpose by anyone except the Client and other intended users identified in the report. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee.
15. This report form is the property of the Appraisal Institute of Canada (AIC) and for use only by AIC members in good standing. Use by any other person is a violation of AIC copyright. This appraisal report, its content and all attachments/addendums and their content are the property of the author who has signed this report (“the author”). The Client, intended users and any appraisal facilitator are strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.
16. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.
17. Where the intended use of this report is for financing or mortgage lending, and in accordance with the Office of the Superintendent of Financial Institutions Canada (OSFI) Residential Mortgage Underwriting Practices and Procedures B-20, it is the Intended User’s responsibility to grant mortgage loans on the basis of the borrower’s demonstrated willingness and capacity to services his/her debt obligations.
18. Where the Intended Use of this report is for mortgage insurance, and in accordance with the Office of the Superintendent of Financial Institutions Canada (OSFI) Residential Mortgage Insurance Underwriting Practices and Procedures B-21, it is the intended user’s responsibility to insurance mortgage loans on the basis of the borrower’s demonstrated willingness and capacity to services his/her debt obligations.
19. Responsible ownership and competent property management are assumed.

APPENDIX “G”

AGREEMENT OF PURCHASE AND SALE

BETWEEN

**MNP LTD. SOLELY IN ITS CAPACITY AS THE COURT APPOINTED RECEIVER OF THE
ASSETS, UNDERTAKINGS AND PROPERTIES OF RICHMOND MEDICAL CENTRE INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**

AS VENDOR

- AND -

AS PURCHASER

_____, 2023

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is made as of _____, 2023

BETWEEN:

MNP LTD., solely in its capacity as the Court-appointed receiver of the assets, undertakings and properties of **Richmond Medical Centre Inc.** (the "**Company**") and not in its personal or corporate capacities

(the "**Vendor**")

-and-

_____, a corporation incorporated under the laws of the Province of Ontario

(the "**Purchaser**")

Recitals

1. By Order of Mr. Justice Grace of the Ontario Superior Court of Justice dated December 9, 2022 (the "**Receivership Order**"), MNP Ltd. was appointed as receiver of all of the assets, undertakings and properties of the Company; and

2. The Vendor wishes to sell and the Purchaser wishes to purchase the Company's right, title and interest in and to the Purchased Assets (as defined herein) subject to the terms and conditions hereof.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following capitalized terms shall have the following meanings:

- (a) **“Additional Encumbrances”** has the meaning given to it in Section 2.10(a);
- (b) **“Agreement”** means this agreement of purchase and sale, including all schedules;
- (c) **“Approval and Vesting Order”** means an order of the Court substantially in the form of the template Approval and Vesting Order for use on the Commercial List of the Court, (i) approving this Agreement and the completion of the Transaction by the Vendor, and (ii) vesting in the Purchaser, or as the Purchaser may direct, all of the right, title and interest, if any, of the Company in the Purchased Assets free and clear of any right, title or interest of the Company, the Vendor or any other Person, including any Encumbrances, save and except any Permitted Encumbrances;
- (d) **“Assumed Liabilities”** has the meaning given to it in Section 2.3;
- (e) **“Base Purchase Price”** has the meaning given to it in Section 2.5(a);
- (f) **“Business Day”** means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (g) **“Closing”** means the completion of the Transaction upon the delivery of the deliverables and the performance of the arrangements in Section 6;
- (h) **“Closing Date”** means, subject to Section 6.1(b), the first Business Day following the date upon which the Approval and Vesting Order becomes Final, or such other date agreed to by the parties hereto in writing for the completion of the Transaction;
- (i) **“Company”** means Richmond Medical Centre Inc.;
- (j) **“Contaminant”** means any substance, material, matter or thing defined or regulated by any Environmental Law, including petroleum hydrocarbons or their derivatives, radon and radon daughters, asbestos, mould, UFFI, chlorinated hydrocarbons, pollutants, dangerous, toxic or hazardous substances or waste of any description whatsoever, including any of the foregoing as defined in any Environmental Law;
- (k) **“Court”** means the Ontario Superior Court of Justice;
- (l) **“Deposit”** has the meaning given to it in Section 2.6(a);
- (m) **“Encumbrances”** means all claims, liabilities, liens, mortgages, pledges, security interests, charges, restrictions and encumbrances of any kind or description, fixed or

contingent, accrued or unaccrued, arising under contract, tort, statute or otherwise affecting or in any way relating to the Purchased Assets;

- (n) **“Environmental Activity”** means any past or present activity, event or circumstance in respect of a Contaminant, including its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation or its release, escape, leaching, dispersal, emission, discharge or migration into the natural environment, including movement through or in the air, soil, subsoil, surface water or ground water, or in indoor spaces;
- (o) **“Environmental Indemnity”** has the meaning given to it in Section 3.3(d);
- (p) **“Environmental Laws”** means any and all federal, provincial, municipal and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, codes, permits, licenses, agreements or other governmental restrictions having the force of law relating to the environment, occupational health and safety, health protection or any Environmental Activity;
- (q) **“ETA”** means the *Excise Tax Act*, R.S.C. 1985, c.E-15, as amended;
- (r) **“Final”** with respect to any order of the Court, means that leave to appeal or reconsideration shall not have been sought in respect of such order and that such order shall not have been stayed, appealed, varied (except with the consent of the Vendor and Purchaser) or vacated, and all time periods within which leave to appeal and reconsideration could at law be sought shall have expired and all time periods within which such order could at law be appealed shall have expired;
- (s) **“Leases”** means all executed and subsisting offers to lease, agreements to lease, leases, renewals of leases, tenancy agreements, rights of occupation, licences or other occupancy agreements granted by or on behalf of the Vendor or the Company to possess or occupy space within the Premises or any part thereof, now or hereafter, together with all security, guarantees and indemnities of the tenants’ obligations thereunder, in each case as amended, extended, renewed or otherwise modified including, without limitation, the leases described on Schedule A;
- (t) **“Liability”** means any debt, loss, damage, adverse claim, fine, penalty, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, and whether in or under statute, contract, tort, strict liability or otherwise) and

includes all costs and expenses relating thereto (including all fees, disbursements and expenses of legal counsel, experts, engineers, appraisers and consultants and costs of investigation);

- (u) **“Listing Broker”** means Colliers International London;
- (v) **“Permitted Encumbrances”** means those encumbrances described on Schedule B to this Agreement;
- (w) **“Person”** includes an individual, body corporate, partnership, joint venture, trust, association, unincorporated organization, the Crown, any governmental authority or any other entity recognized by law;
- (x) **“Premises”** means the real property legally described on Schedule C, including all buildings, fixtures, erections and improvements thereon;
- (y) **“Purchased Assets”** means the Premises and the Leases, collectively;
- (z) **“Purchaser”** means _____;
- (aa) **“Purchaser’s Counsel”** means _____;
- (bb) **“Purchase Price”** has the meaning given to it in Section 2.5(a);
- (cc) **“Receiver’s Certificate”** has the meaning given to that term in the Approval and Vesting Order;
- (dd) **“Receivership Order”** has the meaning given to it in the recitals to this Agreement;
- (ee) **“Requisition Date”** means the fifth Business Day immediately preceding the Closing Date;
- (ff) **“Sales Taxes”** has the meaning given to it in Section 2.9(a);
- (gg) **“Sales Taxes Indemnity”** has the meaning given to it in Section 2.9(b);
- (hh) **“Sunset Date”** means _____;
- (ii) **“Tenant”** means any person entitled to occupy space located in the Premises pursuant to a Lease;
- (jj) **“Tenants’ Direction”** has the meaning given to it in Section 6.2(c);
- (kk) **“Time of Closing”** means 10:00 a.m. (EST) on the Closing Date, or such other time as the parties may mutually agree;
- (ll) **“Transaction”** means the purchase and sale of the Purchased Assets;
- (mm) **“Vendor”** means MNP Ltd. solely in its capacity as the court appointed receiver of the Company and not in its personal or corporate capacities; and
- (nn) **“Vendor’s Counsel”** means Miller Thomson LLP.

1.2 Headings

The division of this Agreement into recitals, articles, sections, subsections and schedules and the insertion of headings are for convenience of reference only and shall not affect the construction of interpretation hereof. The terms “this Agreement”, “hereof”, “herein”, “hereto” and similar expressions refer to this Agreement and not to any particular recital, article, section, subsection or schedule or other portion hereof. Unless something in the subject matter or context is inconsistent herewith, references herein to recitals, articles, sections and subsections and schedules are to recitals, articles, sections, subsections and schedules of this Agreement.

1.3 References

Any reference in this Agreement to a statute includes such statute, all regulations made thereunder and all amendments to such statute or regulations in force from time to time.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa, words importing gender including all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and governmental authorities. The terms “including” means “including, without limitation”, and such terms as “includes” have similar meanings.

1.5 Schedules

The following are the Schedules to this Agreement:

- Schedule A – Leases
- Schedule B – Permitted Encumbrances
- Schedule C – Premises

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

Subject to and in accordance with the terms and conditions hereof, the Vendor shall sell to the Purchaser and the Purchaser shall purchase from the Vendor on Closing, all of

the right, title and interest, if any, of the Company in the Purchased Assets free and clear of all Encumbrances, other than Permitted Encumbrances.

2.2 Leases and Tenancies

On Closing, the Purchaser shall assume all Leases and subsisting tenancies thereunder.

2.3 Assumed Liabilities

Subject to the terms and conditions of this Agreement, the Purchaser agrees that it will assume, discharge, perform, pay and fulfill and indemnify and save harmless the Vendor from and against the following Liabilities (collectively, the **"Assumed Liabilities"**):

- (i) all Liabilities in respect of the Purchased Assets arising or incurred from and after Closing; and
- (ii) all Permitted Encumbrances.

2.4 Obligations Excluded

The Purchaser shall not assume and shall not be responsible or liable with respect to any Liabilities of the Company other than those Liabilities arising from the Assumed Liabilities.

2.5 Purchase Price

- (a) The purchase price (the **"Purchase Price"**) payable by the Purchaser to the Vendor for the Purchased Assets is the sum of (i) _____, (the **"Base Purchase Price"**), plus (ii) the Assumed Liabilities.
- (b) The Base Purchase Price shall be allocated to the Premises.

2.6 Deposit

- (a) The Vendor acknowledges receipt from the Purchaser prior to the date of this Agreement of a deposit in the amount of \$_____ (the **"Deposit"**) to be held in trust by the Vendor in an interest bearing account pending completion of the Transaction in accordance with this Agreement.
- (b) If the Transaction fails to close due to the Purchaser's default, the Vendor, in addition to any other remedies that it may have, shall be entitled to retain the Deposit together with accrued interest as liquidated damages and not as a penalty. If the Transaction fails to

close or this Agreement is terminated for any reason other than the default of the Purchaser, the Purchaser shall be entitled to the immediate return of the Deposit together with accrued interest forthwith from the Vendor without any deduction or set off whatsoever.

2.7 Satisfaction of Purchase Price

- (a) At or prior to the Time of Closing on the Closing Date, the Purchaser shall pay and satisfy the Purchase Price as follows:
- (i) the amount of the Deposit together with accrued interest shall be retained by the Vendor and credited toward the Base Purchase Price;
 - (ii) the balance of the Base Purchase Price shall be paid to the Vendor by wire transfer, certified cheque, bank draft or other immediately available funds; and
 - (iii) as to the dollar value of the Assumed Liabilities, by the assumption by the Purchaser of the Assumed Liabilities.
- (b) At least ten (10) days prior to the date on which the Vendor's application to the Court to obtain the Approval and Vesting Order is scheduled to be heard, the Purchaser shall provide to the Vendor satisfactory evidence that the Purchaser has readily available funds to satisfy the balance of the Base Purchase Price on the Closing Date.

2.8 Adjustments

- (a) Adjustments shall be made to the Base Purchase Price, as of 12:01 a.m. on the Closing Date (the Closing Date shall be for the account of the Purchaser, both as to income and expense), for realty taxes, local improvement rates, municipal/provincial levies and charges, water and assessment rates, utilities, fuel costs, and any other items which are usually adjusted in purchase transactions involving commercial properties in Ontario, provided that the only adjustments to be made in respect of the Leases shall be the following:
- (i) the Purchaser shall receive a credit for all rents, including pre-paid rents, actually received by the Receiver in respect of the post-Closing period; and
 - (ii) the Vendor shall receive a credit for all unpaid rents for the month in which Closing occurs.

- (b) The Vendor shall not be required to re-adjust after closing any item on or omitted from the statement of adjustments.
- (c) The Purchaser acknowledges that the Vendor shall be entitled to the benefit of any reduction in the property taxes payable with respect to the Premises for the period prior to the Closing Date.

2.9 Taxes

- (a) The Purchaser shall pay upon the completion of the Transaction, in addition to the Purchase Price, all applicable federal and provincial taxes exigible in connection with the completion of the Transaction including, without limitation, harmonized sales tax and land transfer tax (collectively the **"Sales Taxes"**). Alternatively, where applicable, the Purchaser shall have the option of furnishing the Vendor with appropriate exemption certificates and/or self-assessment indemnification documentation.
- (b) The Purchaser agrees to indemnify and save the Vendor harmless from and against all claims and demands for payment of any Sales Taxes, including any liability or costs incurred as a result of any failure by the Purchaser to pay such taxes when due (the **"Sales Taxes Indemnity"**).

2.10 Title

- (a) Title to the Premises shall be good and marketable title in fee simple free from all Encumbrances, save and except Permitted Encumbrances. The Purchaser shall be allowed at its expense and until the Requisition Date, to satisfy itself that on Closing it will acquire title to the Purchased Assets free of any Encumbrances other than the Permitted Encumbrances, that there are no outstanding work orders affecting the Premises, that the Premises are in compliance with governing municipal by-laws, and that the Premises may be insured for fire and extended coverage, and shall provide the Vendor's Counsel with notice in writing of any valid requisition or objection in respect of Encumbrances against the Purchased Assets or other defects in title by no later than 5 p.m. (Eastern Standard Time) on the Requisition Date. The Vendor agrees to take reasonable steps and utilize its best efforts to satisfy or comply with any such requisition. If the Vendor shall, through any cause, be unable to answer or comply with any valid requisition or objection which the Purchaser will not waive, this Agreement shall be at an end (notwithstanding any intervening negotiations or litigation or any attempt to remove

or comply with the same) and the full amount of the Deposit together with accrued interest shall be returned to the Purchaser forthwith, without deduction or set-off, and the Purchaser shall not be entitled to any other compensation of any kind whatsoever with respect to the failure to satisfy or comply with such requisition. The Vendor shall not be required to furnish or produce any survey, abstract, deed, declaration or other document or evidence of title except those in its possession. The Vendor acknowledges that any Encumbrance which arises and affects the Purchased Assets after the Requisition Date (“**Additional Encumbrances**”) shall be the responsibility of the Vendor and shall be discharged on or before Closing. If the Vendor is unable to discharge such Additional Encumbrances on or before Closing, then the Purchaser, at its sole option, shall be entitled to terminate this Agreement, and the full amount of the Deposit together with accrued interest shall be returned to the Purchaser forthwith, without deduction or set-off, and the Purchaser shall not be entitled to any other compensation of any kind whatsoever with respect to the failure to satisfy or comply with such requisition.

- (b) This Agreement and the Transaction is subject to compliance with Section 50 of the *Planning Act* (Ontario).

2.11 Risk

- (a) The Purchased Assets shall be and remain at the risk of the Vendor until Closing.
- (b) In the event of material (exceeding \$250,000) damage by fire or other hazard to the Premises or any part thereof occurring before the Closing Date, the Vendor shall immediately advise the Purchaser thereof by notice in writing. In that event, the Purchaser shall have the option of terminating the Transaction. Such option shall be exercised within two (2) Business Days after written notification to the Purchaser by the Vendor of the occurrence of the loss or damage, and upon such exercise, this Agreement shall be terminated automatically and the Purchaser shall be entitled only to a return of the Deposit with accrued interest and without deduction or set-off, and the Purchaser shall not be entitled to any other compensation of any kind whatsoever with respect to the failure to close as a result of such loss or damage. If such option is not exercised by the Purchaser, the parties shall complete the Transaction and the proceeds of insurance, if any, referable to such loss or damage shall be vested in the Purchaser on the Closing, and the Vendor shall (i) pay over to the Purchaser after the Closing any proceeds of insurance received by the Vendor forthwith after receipt thereof by the

Vendor and (ii) use its best efforts to assist the Purchaser in the collection of such insurance proceeds, provided that the Vendor shall not be required to expend any moneys in such efforts.

- (c) Where any loss or damage is not material, then the Transaction shall be completed and the proceeds of insurance referable to such loss or damage or compensation for expropriation shall be vested in the Purchaser on the Closing, and the Vendor shall (i) pay over to the Purchaser after the Closing the proceeds, if any, of insurance or compensation for expropriation received by the Vendor forthwith after the Vendor's receipt thereof and (ii) use its best efforts to assist the Purchaser in the collection of such insurance proceeds or compensation for expropriation, provided that the Vendor shall not be required to expend any moneys in such efforts.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor

The Vendor hereby makes the following representations and warranties to the Purchaser and acknowledges that the Purchaser is relying on such representations and warranties in entering into this Agreement and completing the Transaction:

- (i) Receivership Order. The Receivership Order is in full force and effect;
- (ii) Residency. The Vendor is not a non-resident person within the meaning of Section 116 of the *Income Tax Act* (Canada); and
- (iii) HST Registration. The Vendor shall be registered for the purposes of the ETA prior to the Closing and shall provide its registration number to the Purchaser on or prior to the Closing.

3.2 Representations and Warranties of the Purchaser

The Purchaser hereby makes the following representations and warranties to the Vendor and acknowledges that the Vendor is relying on such representations and warranties in entering into this Agreement and completing the Transaction:

- (a) Corporate Existence. The Purchaser is a corporation incorporated and existing under the laws of the Province of Ontario;

- (b) Capacity and Due Authorization. The Purchaser has the necessary capacity to enter into this Agreement and perform its obligations under this Agreement and any other agreements or instruments to be delivered or given by it pursuant to this Agreement. The execution, delivery and performance by the Purchaser of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser;
- (c) Binding Agreement. This Agreement and any other agreements entered into pursuant to this Agreement to which the Purchaser is a party constitute legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;
- (d) Brokers. The Purchaser has not engaged any broker or other agent in connection with the Transaction or this Agreement and, accordingly, there is no commission, fee or other remuneration payable to any broker or agent who purports or may purport to have acted for the Purchaser; and
- (e) HST Registration. At Closing, the Purchaser will be registered for the purposes of the ETA, and agrees to advise the Vendor of its HST number on or before Closing.

3.3 As Is, Where Is

- (a) The Purchased Assets are being sold on an “as is, where is” basis. The Purchaser has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets. The Purchaser has conducted such inspections and investigations concerning the Purchased Assets as the Purchaser considered appropriate and has satisfied itself concerning all matters affecting the Purchased Assets. No warranty or condition, either express or implied, statutory or non-statutory, oral or written has been or will be given by the Vendor as to the title, Encumbrances, description, condition, quality, value, cost, size, quantity, fitness for any present or intended purpose or use, merchantability, state of repair, degree of maintenance, durability, marketability, transferability, compliance or non-compliance with Environmental Laws or otherwise concerning the Purchased Assets save and except for the express warranties given in Section 3.1. The Purchaser acknowledges that it has already or will satisfy itself with

respect to all such matters. Any documentation, materials or information provided by the Vendor or the Listing Broker to the Purchaser regarding the Purchased Assets, or any part thereof, was provided solely for the convenience of the Purchaser and is not warranted or represented to be complete or accurate and does not form part of this Agreement. The Purchaser shall and shall be deemed to rely entirely on its own inspectors and investigations concerning the Purchased Assets.

- (b) For greater certainty, the Vendor has not made and will not make any representation or warranty with respect to the Leases, the tenancies thereunder or the Tenants including, without limitation, the following matters:
- (i) whether rent deposits, damage deposits or like payments have been made or not;
 - (ii) the correctness of the calculation, both past and present, of all rent paid or payable in respect of the Leases;
 - (iii) the existence of any renewal rights or the terms associated with any renewal privileges;
 - (iv) the absence of any ongoing disputes with the Tenants with respect to any matter including the physical condition of the leased premises, any claim of set off, the existence of rent deposits or renewal privileges;
 - (v) the absence of any rights conferred upon the Tenants in any Lease or ancillary document granting to the Tenant additional rights or privileges, including rights of first refusal, options or any exclusivity or non-competition clause; and
 - (vi) the absence of any commitment made by the Company or any party acting on behalf of the Company to grant additional rights or privileges to the Tenants.
- (c) For greater certainty, the Vendor has not made and will not make any representation or warranty whatsoever as to (i) the existence or non-existence of Contaminants on the Premises, (ii) the compliance of the Premises with any Environmental Laws, (iii) the discharge of Contaminants or Environmental Activity from, on, or in relation to the Premises, and (iv) the existence, state, nature, identity, extent or effect of any investigations, administrative orders, control orders, stop orders, compliance orders or any other orders proceedings or actions under any Environmental Laws in relation to the Premises. The Purchaser acknowledges that it shall have no recourse against the

Vendor with respect to the environmental condition of the Premises and has satisfied itself with respect to same.

- (d) The Purchaser shall indemnify and hold the Vendor harmless from any and all damages, claims, actions, losses, costs, liabilities or expenses suffered or incurred by the Vendor, directly or indirectly, as a result of or in connection with any of the following:
 - (i) the presence or release of any Contaminant in, on or under the Premises or the threat of a release;
 - (ii) any Environmental Activity relating to the Premises;
 - (iii) a breach by the Purchaser or those for whom the Purchaser is responsible of any Environmental Laws applicable to the Premises; or
 - (iv) the release or threatened release of any Contaminant owned, managed, generated, disposed of, controlled or transported by or on behalf of the Purchaser.

(the “**Environmental Indemnity**”)
- (e) This Section 3.3 shall not merge on Closing and is deemed incorporated by reference into all Closing Documents.

ARTICLE 4 CONDITIONS OF CLOSING

4.1 Conditions for the Benefit of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) Representations and Warranties: The representations and warranties of the Vendor made in or pursuant to this Agreement shall be true and accurate at the Time of Closing with the same force and effect as though such representations and warranties had been made as of the Time of Closing; and
- (b) Fulfillment of Obligations: the Vendor shall have complied in all material respects with all agreements and obligations herein agreed to be performed or caused to be performed by it at or prior to the Time of Closing.

The conditions contained in this Section 4.1 are inserted for the exclusive benefit of the Purchaser and may be waived in whole or in part by the Purchaser at any time without prejudice to any of its rights of termination in the event of non-performance of any other condition in whole or in part. If any of the conditions contained in Section 4.1 is not fulfilled or complied with at or prior to the time for the fulfillment of same, the Purchaser may terminate this Agreement by notice in writing to the Vendor.

4.2 Conditions for the Benefit of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) Representations and Warranties: The representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and accurate at the Time of Closing with the same force and effect as though such representations and warranties had been made as of the Time of Closing;
- (b) Fulfillment of Obligations: The Purchaser shall have complied in all material respects with all agreements and obligations herein agreed to be performed or caused to be performed by it at or prior to the Time of Closing; and
- (c) No Redemption or Loss of Control: the Vendor shall not have lost its ability to convey the Purchased Assets or any part thereof.

The conditions contained in this Section 4.2 hereof are inserted for the exclusive benefit of the Vendor and may be waived in whole or in part by the Vendor at any time without prejudice to any of the Vendor's rights of termination in the event of non-performance of any other condition in whole or in part. If any of the conditions contained in Section 4.2 hereof are not fulfilled or complied with at or prior to the Time of Closing, the Vendor may terminate this Agreement by notice in writing to the Purchaser.

4.3 Mutual Conditions

The obligations of each of the Vendor and the Purchaser to complete the Transaction is subject to the satisfaction of the following conditions precedent, which are for the mutual benefit of the Vendor and Purchaser:

- (a) No Legal Action: No action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the completion of the Transaction or the right of the Purchaser to own the Purchased Assets after the Time of Closing; and
- (b) Approval and Vesting Order: the Approval and Vesting Order shall be obtained and shall be Final.

The conditions contained in this Section 4.3 are inserted for the mutual benefit of the Vendor and the Purchaser and may be waived in whole or in part by the Vendor and the Purchaser. If any of the conditions contained in this Section 4.3 are not fulfilled or complied with at or prior to the Time of Closing, the Vendor and the Purchaser may each terminate this Agreement by notice in writing to the other.

4.4 Effect of Termination

In the event of termination of this Agreement at or prior to the Time of Closing pursuant to Sections 4.1, 4.2 or 4.3, all obligations of the Parties pursuant to this Agreement shall be at an end, the Deposit, with accrued interest, shall be returned to the Purchaser, without set-off or deduction, and neither party shall have any further liability or obligation to the other by virtue of or under this Agreement.

ARTICLE 5 APPROVAL AND VESTING ORDER

5.1 Approval and Vesting Order

Subject to the availability of the Court, as soon as practicable after the execution of this Agreement by all parties, the Vendor shall file a motion with the Court for the issuance of, and shall use its best efforts to obtain, the Approval and Vesting Order. Notice of the motion seeking the issuance of the Approval and Vesting Order shall be served on the service list in the Company's receivership proceeding, all Persons having a registered Encumbrance against the Premises, and such other Persons as the Purchaser may reasonably request. Prior to the service of the motion to obtain the Approval and Vesting Order, the Vendor shall provide to Purchaser's Counsel the service list for the motion. If the Purchaser shall not have communicated its acceptance of, or provided comments in respect of, the proposed service list within two (2) business days of receipt of such list by the Purchaser's Counsel, the Purchaser shall be deemed to have approved such list.

**ARTICLE 6
CLOSING ARRANGEMENTS**

6.1 Date, Place and Time of Closing

- (a) Unless otherwise agreed by the parties in writing, the Closing shall take place at the Time of Closing on the Closing Date at the offices of the Vendor's solicitor or as otherwise determined by mutual agreement of the parties in writing. The Vendor and the Purchaser acknowledge that the Transaction insofar as it relates to the Premises will be completed by electronic registration pursuant to Part III of the *Land Registration Reform Act*, R.S.O. 1990, c. L4, as amended. The Vendor and the Purchaser further acknowledge and agree that the delivery of documents and the release thereof to the Vendor and the Purchaser shall be governed by a Document Registration Agreement to be entered into between the Purchaser's Counsel and the Vendor's Counsel substantially in the form of the Agreement adopted by the Law Society of Upper Canada, provided the Document Registration Agreement shall in no way be inconsistent with any of the terms or conditions of this Agreement.

- (b) In the event any issue is raised with respect to this Agreement which the Vendor determines impairs the ability of the Vendor to complete this Agreement or in the event that an action or proceeding shall be pending or threatened by any Person to enjoin, restrict or prohibit the completion of the Transaction or the right of the Purchaser to own the Purchased Assets after the Time of Closing, the Vendor may, but shall not be obliged to, extend the Closing Date up to, but not beyond, the Sunset Date in order to provide the Vendor with additional time to remove the impediment to the completion of the Transaction.

6.2 Deliveries at Closing

- (a) At or prior to the Closing, the Vendor shall deliver to the Purchaser the following:
 - (i) a Statutory Declaration of the Vendor that it is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada);
 - (ii) a notarial copy of the Receivership Order, Approval and Vesting Order and such documents as necessary to register same against title to the Premises;
 - (iii) all keys, security cards, alarm codes and access codes for the Premises in the Vendor's possession;

- (iv) a Certificate of the Vendor certifying that, except as disclosed in the Certificate, the Vendor has not been served with any Notice of Appeal with respect to the Receivership Order, Approval and Vesting Order, or any notice of any application, motion or proceeding seeking to set aside or vary the Receivership Order, Approval and Vesting Order or to enjoin, restrict or prohibit the Transaction;
 - (v) a Certificate, dated the Closing Date, confirming that all representations and warranties of the Vendor contained in this Agreement are true as of the Time of Closing, with the same effect as though made on and as of the Time of Closing;
 - (vi) an Acknowledgment, dated the Closing Date, that each of the conditions precedent in Section 4.2 of this Agreement have been fulfilled, performed or waived as of the Time of Closing;
 - (vii) the Receiver's Certificate;
 - (viii) a Statement of Adjustments, to be delivered not less than two (2) Business Days prior to Closing;
 - (ix) the Vendor's non-merger Certificate relating to Section 7.2 in form and substance satisfactory to the Purchaser, acting reasonably;
 - (x) a receipt for the Base Purchase Price; and
 - (xi) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement insofar as it relates to the completion of the Transaction.
- (b) At or prior to the Closing, the Purchaser shall deliver to the Vendor the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:
- (i) payment of the balance of the Base Purchase Price payable to the Vendor, or as the Vendor may in writing direct, by certified cheque, bank draft, wire transfer or other immediately available funds;
 - (ii) a Certificate, dated the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Time of Closing, with the same effect as though made on and as of the Time of Closing;

- (iii) an Acknowledgment dated the Closing Date, that each of the conditions precedent in Section 4.1 have been fulfilled, performed or waived as of the Time of Closing;
 - (iv) the Purchaser's non-merger certificate relating to Section 7.2 in form and substance satisfactory to the Vendor, acting reasonably;
 - (v) such directions, acknowledgments and other documents as may be necessary or desirable to ensure that the benefit of any reduction in the property taxes payable with respect to the Premises for the period prior to the Closing Date is received by the Vendor;
 - (vi) payment or evidence of payment of applicable federal and provincial taxes or alternatively, appropriate exemption certificates;
 - (vii) the Sales Tax Indemnity;
 - (viii) the Environmental Indemnity; and
 - (ix) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement insofar as it relates to the completion of the Transaction.
- (c) The Purchaser acknowledges that the Vendor shall not be obliged to provide on Closing any documentation with respect to the Leases other than (i) a direction to Tenants instructing them to pay future rent to the Purchaser pursuant to the Purchaser's direction (the "**Tenants' Direction**"), and (ii) such information as the Receiver may have in hand relating to the names of the Tenants, the amount of the monthly rent paid to the Receiver, the date of the month on which the rent is paid and whether the rent has been paid for the current month, together with any leases or renewal agreements which are actually in the Vendor's possession.
- (d) The Purchaser acknowledges that the Vendor shall not be obliged to provide keys to any of the rental premises other than as are in the Vendor's possession, signed acknowledgements, estoppel certificates or any other documents signed by the Tenants confirming the terms of the Leases or the absence of any dispute with respect to the Leases.

6.3 Possession of Assets

- (a) The Vendor shall remain in possession of the Purchased Assets until the Time of Closing. Upon the completion of the Transaction, the Vendor shall yield up possession of the Purchased Assets to the Purchaser and the Purchaser shall take possession of

the Purchased Assets. Title to the Purchased Assets shall not pass to the Purchaser until the completion of the Transaction and the Receiver's Certificate has been delivered to the Purchaser.

- (b) The Vendor shall be entitled, but shall not be obligated, to remove from the Premises any chattels, books, records, documents or other personal property situate on the Premises which does not form part of the Purchased Assets.

**ARTICLE 7
GENERAL**

7.1 Notices

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by confirmed facsimile or sent by prepaid courier with tracking facilities addressed as follows:

(a) if to the Purchaser: _____

 Attn: _____
 Fax No. _____
 E-mail: _____

With a copy to: _____

 (which copy shall be required) Fax No.: _____
 Email: _____

(b) if to the Vendor: MNP Ltd.
 557 Southdale Road East, Suite 201
 London, ON N6E 1A2
 Fax No.: (519) 964-2210
 Email: rob.smith@mnp.ca
 Attn: Rob Smith, CIRP, LIT, CPA, CA

with a copy to: Miller Thomson LLP
 (which copy shall be required) 2010-255 Queens Avenue
 London, ON N6A 5R8
 Fax No.: (519) 858-8511
 Email: tvanklink@millerthomson.com
 Attn: Tony Van Klink

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day). Any party may at any time change its address for service from time to time by giving notice to the other party in accordance with this Section 6.1.

7.2 Survival Following Completion

Notwithstanding any other provision of this Agreement, Sections 2.3, 2.8(c), 2.9(b) and 3.3 shall survive the termination of this Agreement and the completion of the Transaction. Provided that upon the discharge of the Vendor as receiver, the Vendor's obligations by reason of same shall be at an end and the Vendor shall have no continuing obligations by reason thereof.

7.3 Assignment and Enurement

This Agreement may be assigned by the Purchaser to a company or companies to be incorporated by the Purchaser but the assignment of the Agreement shall not release the Purchaser from any liability for non-completion of this Agreement, including without limitation, the payment of the Purchase Price. The Purchaser, together with any party to which the Purchaser assigns this Agreement or any portion thereof, shall be jointly and severally liable for all obligations and liabilities of the Purchaser under this Agreement, including any obligations and liabilities arising from the failure to complete the Transaction. Any assignment of this Agreement by the Purchaser shall also be deemed to assign the Deposit (or a portion thereof). In the event that this Agreement is executed by the Purchaser "in trust" for another party, the party executing this document shall be personally liable for the fulfillment of the obligations of the Purchaser hereunder.

7.4 Expenses

Unless otherwise provided herein, the Vendor and the Purchaser shall be responsible for the expenses (including fees and expenses of legal advisors, accountants and other professional advisers) incurred by them, respectively, in connection with the negotiation and settlement of this Agreement and the completion of the Transaction. In the event of termination of this Agreement, other than as a result of non-fulfillment of a condition in Sections 4.1, 4.2 or 4.3, the obligation of each party to pay its own expenses will be

subject to any rights of such party arising from a breach of this Agreement by the other party.

7.5 Further Assurances

Each of the parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other parties hereto may reasonably require from time to time after Closing at the expense of the requesting party for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement. The Purchaser shall provide such reasonable assistance to the Vendor as the Vendor may require in the preparation and completion of various statutory and of the documentation required in connection with the administration of the receivership of the Companies. Provided that upon the discharge of the Vendor as receiver, the Vendor's obligations under this paragraph shall be at an end and the Vendor shall have no continuing obligation under this paragraph.

7.6 Entire Agreement

This Agreement, including all Schedules referenced herein and attached hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided. No reliance is placed by any party hereto on any warranty, representation, opinion, advice or assertion of fact made by any party hereto or its directors, officers, employees or agents, to any other party hereto or its directors, officers, employees or agents, except to the extent that the same has been reduced to writing and included in this Agreement.

7.7 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other

provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

7.8 Currency

All references to dollar amounts or "\$" in this Agreement are references to the lawful money of Canada.

7.9 Rights Cumulative

The rights and remedies of the parties hereunder are cumulative and not alternative.

7.10 Vendor's Capacity

The Vendor is acting solely in its capacity as receiver of the Companies and shall have no personal or corporate liability under this Agreement.

7.11 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each of the parties irrevocably attorns to the Courts of the Province of Ontario.

7.12 Time of Essence

Time shall be of the essence of every provision of this Agreement provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser or by their respective solicitors.

7.13 Execution and Delivery

This Agreement and any agreement or instrument delivered in accordance herewith, may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. Transmission by facsimile or electronic transmission in "pdf" format of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[signature page follows]

[Purchaser]

Per: _____

Name:

Title:

I have authority to bind the Company

MNP Ltd., solely in its capacity as court appointed receiver of the assets, undertakings and properties of **Richmond Medical Centre Inc.** and not in its personal or corporate capacities

Per: _____

Rob Smith, CIRP, LIT, CPA, CA,
Senior Vice-President

I have authority to bind the Vendor

SCHEDULE A

Leases

SCHEDULE B

Permitted Encumbrances

1. The reservations, limitations, provisos, conditions, restrictions and exceptions expressed in the letters patent or grant from the Crown and all statutory exceptions to title;
2. The provisions of governing municipal by-laws;
3. Municipal taxes, liens, charges, including hydro and water charges, rates and assessments accruing from day to day and not yet due and payable;
4. Any minor encroachments which might be revealed by an up to date survey of the Premises but which do not materially adversely affect the use and marketability of the Premises;
5. Any right of expropriation conferred upon, reserved to or vesting in Her Majesty the Queen in Right of Canada and Ontario;
6. Any agreements, restrictions or covenants that run with the Premises and any agreements with the municipal, utilities or public authorities provided that same have been complied with in all material respects and do not materially adversely affect the use and marketability of the Premises;
7. Any easements, rights of way or right of re-entry which do not impair the intended use of the Premises by the Purchaser, provided that same have been complied within all material respects and do not materially adversely affect the use and marketability of the Premises; and
8. The following instruments registered on title to the Premises in the Middlesex Land Registry Office:

Reg. No.	Date	Instrument Type
118887	1959/04/09	Bylaw
286285	1969/05/14	Bylaw
33R19375	2015/12/18	Plan Reference
33R19479	2016/06/03	Plan Reference
ER1063272	2016/09/14	Transfer Easement
ER1065626	2016/09/28	Notice
ER1164320	2018/04/12	Notice

SCHEDULE C

Premises

PART LOT 28, RCP 1029, DESIGNATED AS PART 1, 33R19375; TOGETHER WITH AN EASEMENT OVER PARTS 2, 3, 4, 5 AND 7 33R19479 AS IN ER1063273; SUBJECT TO AN EASEMENT OVER PART 1, 33R19479 IN FAVOUR OF PART LOT 23-27, RCP 1029, PARTS 1, 3, 5, 7, & 9, 33R19435 AS IN ER1063272; CITY OF LONDON and municipally known as 1653 Richmond Street, London, Ontario (PIN: 08066-0197)

APPENDIX “H”

AGREEMENT OF PURCHASE AND SALE

BETWEEN

**MNP LTD. SOLELY IN ITS CAPACITY AS THE COURT APPOINTED RECEIVER OF THE
ASSETS, UNDERTAKINGS AND PROPERTIES OF RICHMOND MEDICAL CENTRE INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**

AS VENDOR

- AND -

AS PURCHASER

_____, 2023

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is made as of _____, 2023

BETWEEN:

MNP LTD., solely in its capacity as the Court-appointed receiver of the assets, undertakings and properties of **Richmond Medical Centre Inc.** (the "**Company**") and not in its personal or corporate capacities

(the "**Vendor**")

-and-

_____, a corporation incorporated under the laws of the Province of Ontario

(the "**Purchaser**")

Recitals

1. By Order of Mr. Justice Grace of the Ontario Superior Court of Justice dated December 9, 2022 (the "**Receivership Order**"), MNP Ltd. was appointed as receiver of all of the assets, undertakings and properties of the Company; and
2. The Vendor wishes to sell and the Purchaser wishes to purchase the Company's right, title and interest in and to the Real Property (as defined herein) subject to the terms and conditions hereof.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following capitalized terms shall have the following meanings:

- (a) **“Additional Encumbrances”** has the meaning given to it in Section 2.10(a);
- (b) **“Agreement”** means this agreement of purchase and sale, including all schedules;
- (c) **“Approval and Vesting Order”** means an order of the Court substantially in the form of the template Approval and Vesting Order for use on the Commercial List of the Court, (i) approving this Agreement and the completion of the Transaction by the Vendor, and (ii) vesting in the Purchaser, or as the Purchaser may direct, all of the right, title and interest, if any, of the Company in the Purchased Assets free and clear of any right, title or interest of the Company, the Vendor or any other Person, including any Encumbrances, save and except any Permitted Encumbrances;
- (d) **“Assumed Liabilities”** has the meaning given to it in Section 2.3;
- (e) **“Base Purchase Price”** has the meaning given to it in Section 2.5(a);
- (f) **“Business Day”** means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (g) **“Closing”** means the completion of the Transaction upon the delivery of the deliverables and the performance of the arrangements in Section 6;
- (h) **“Closing Date”** means, subject to Section 6.1(b), the first Business Day following the date upon which the Approval and Vesting Order becomes Final, or such other date agreed to by the parties hereto in writing for the completion of the Transaction;
- (i) **“Company”** means Richmond Medical Centre Inc.;
- (j) **“Contaminant”** means any substance, material, matter or thing defined or regulated by any Environmental Law, including petroleum hydrocarbons or their derivatives, radon and radon daughters, asbestos, mould, UFFI, chlorinated hydrocarbons, pollutants, dangerous, toxic or hazardous substances or waste of any description whatsoever, including any of the foregoing as defined in any Environmental Law;
- (k) **“Court”** means the Ontario Superior Court of Justice;
- (l) **“Deposit”** has the meaning given to it in Section 2.6(a);
- (m) **“Encumbrances”** means all claims, liabilities, liens, mortgages, pledges, security interests, charges, restrictions and encumbrances of any kind or description, fixed or

contingent, accrued or unaccrued, arising under contract, tort, statute or otherwise affecting or in any way relating to the Purchased Assets;

- (n) **“Environmental Activity”** means any past or present activity, event or circumstance in respect of a Contaminant, including its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation or its release, escape, leaching, dispersal, emission, discharge or migration into the natural environment, including movement through or in the air, soil, subsoil, surface water or ground water, or in indoor spaces;
- (o) **“Environmental Indemnity”** has the meaning given to it in Section 3.3(d);
- (p) **“Environmental Laws”** means any and all federal, provincial, municipal and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, codes, permits, licenses, agreements or other governmental restrictions having the force of law relating to the environment, occupational health and safety, health protection or any Environmental Activity;
- (q) **“ETA”** means the *Excise Tax Act*, R.S.C. 1985, c.E-15, as amended;
- (r) **“Final”** with respect to any order of the Court, means that leave to appeal or reconsideration shall not have been sought in respect of such order and that such order shall not have been stayed, appealed, varied (except with the consent of the Vendor and Purchaser) or vacated, and all time periods within which leave to appeal and reconsideration could at law be sought shall have expired and all time periods within which such order could at law be appealed shall have expired;
- (s) **“Liability”** means any debt, loss, damage, adverse claim, fine, penalty, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, and whether in or under statute, contract, tort, strict liability or otherwise) and includes all costs and expenses relating thereto (including all fees, disbursements and expenses of legal counsel, experts, engineers, appraisers and consultants and costs of investigation);
- (t) **“Listing Broker”** means O’Rourke Real Estate Inc.;
- (u) **“Permitted Encumbrances”** means those encumbrances described on Schedule A to this Agreement;

- (v) **“Person”** includes an individual, body corporate, partnership, joint venture, trust, association, unincorporated organization, the Crown, any governmental authority or any other entity recognized by law;
- (w) **“Purchaser”** means _____;
- (x) **“Purchaser’s Counsel”** means _____;
- (y) **“Purchase Price”** has the meaning given to it in Section 2.5(a);
- (z) **“Real Property”** means the real property legally described on Schedule B, including all buildings, fixtures, erections and improvements thereon
- (aa) **“Receiver’s Certificate”** has the meaning given to that term in the Approval and Vesting Order;
- (bb) **“Receivership Order”** has the meaning given to it in the recitals to this Agreement;
- (cc) **“Requisition Date”** means the fifth Business Day immediately preceding the Closing Date;
- (dd) **“Sales Taxes”** has the meaning given to it in Section 2.9(a);
- (ee) **“Sales Taxes Indemnity”** has the meaning given to it in Section 2.9(b);
- (ff) **“Sunset Date”** means _____;
- (gg) **“Time of Closing”** means 10:00 a.m. (EST) on the Closing Date, or such other time as the parties may mutually agree;
- (hh) **“Transaction”** means the purchase and sale of the Purchased Assets;
- (ii) **“Vendor”** means MNP Ltd. solely in its capacity as the court appointed receiver of the Company and not in its personal or corporate capacities; and
- (jj) **“Vendor’s Counsel”** means Miller Thomson LLP.

1.2 Headings

The division of this Agreement into recitals, articles, sections, subsections and schedules and the insertion of headings are for convenience of reference only and shall not affect the construction of interpretation hereof. The terms “this Agreement”, “hereof”, “herein”, “hereto” and similar expressions refer to this Agreement and not to any particular recital, article, section, subsection or schedule or other portion hereof. Unless something in the subject matter or context is inconsistent herewith, references herein to recitals, articles, sections and subsections and schedules are to recitals, articles, sections, subsections and schedules of this Agreement.

1.3 References

Any reference in this Agreement to a statute includes such statute, all regulations made thereunder and all amendments to such statute or regulations in force from time to time.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa, words importing gender including all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and governmental authorities. The terms "including" means "including, without limitation", and such terms as "includes" have similar meanings.

1.5 Schedules

The following are the Schedules to this Agreement:

- Schedule A – Permitted Encumbrances
- Schedule B – Real Property

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale

Subject to and in accordance with the terms and conditions hereof, the Vendor shall sell to the Purchaser and the Purchaser shall purchase from the Vendor on Closing, all of the right, title and interest, if any, of the Company in the Real Property free and clear of all Encumbrances, other than Permitted Encumbrances.

2.2 Assumed Liabilities

Subject to the terms and conditions of this Agreement, the Purchaser agrees that it will assume, discharge, perform, pay and fulfill and indemnify and save harmless the Vendor from and against the following Liabilities (collectively, the "**Assumed Liabilities**"):

- (i) all Liabilities in respect of the Real Property arising or incurred from and after Closing; and
- (ii) all Permitted Encumbrances.

2.3 Obligations Excluded

The Purchaser shall not assume and shall not be responsible or liable with respect to any Liabilities of the Company other than those Liabilities arising from the Assumed Liabilities.

2.4 Purchase Price

- (a) The purchase price (the "**Purchase Price**") payable by the Purchaser to the Vendor for the Real Property is the sum of (i) _____, (the "**Base Purchase Price**"), plus (ii) the Assumed Liabilities.

2.5 Deposit

- (a) The Vendor acknowledges receipt from the Purchaser prior to the date of this Agreement of a deposit in the amount of \$_____ (the "**Deposit**") to be held in trust by the Vendor in an interest bearing account pending completion of the Transaction in accordance with this Agreement.
- (b) If the Transaction fails to close due to the Purchaser's default, the Vendor, in addition to any other remedies that it may have, shall be entitled to retain the Deposit together with accrued interest as liquidated damages and not as a penalty. If the Transaction fails to close or this Agreement is terminated for any reason other than the default of the Purchaser, the Purchaser shall be entitled to the immediate return of the Deposit together with accrued interest forthwith from the Vendor without any deduction or set off whatsoever.

2.6 Satisfaction of Purchase Price

- (a) At or prior to the Time of Closing on the Closing Date, the Purchaser shall pay and satisfy the Purchase Price as follows:
 - (i) the amount of the Deposit together with accrued interest shall be retained by the Vendor and credited toward the Base Purchase Price;
 - (ii) the balance of the Base Purchase Price shall be paid to the Vendor by wire transfer, certified cheque, bank draft or other immediately available funds; and
 - (iii) as to the dollar value of the Assumed Liabilities, by the assumption by the Purchaser of the Assumed Liabilities.

- (b) At least ten (10) days prior to the date on which the Vendor's application to the Court to obtain the Approval and Vesting Order is scheduled to be heard, the Purchaser shall provide to the Vendor satisfactory evidence that the Purchaser has readily available funds to satisfy the balance of the Base Purchase Price on the Closing Date.

2.7 Adjustments

- (a) Adjustments shall be made to the Base Purchase Price, as of 12:01 a.m. on the Closing Date (the Closing Date shall be for the account of the Purchaser, both as to income and expense), for realty taxes, local improvement rates, municipal/provincial levies and charges, water and assessment rates, utilities, fuel costs, and any other items which are usually adjusted in purchase transactions involving commercial properties in Ontario.
- (b) The Vendor shall not be required to re-adjust after closing any item on or omitted from the statement of adjustments.
- (c) The Purchaser acknowledges that the Vendor shall be entitled to the benefit of any reduction in the property taxes payable with respect to the Real Property for the period prior to the Closing Date.

2.8 Taxes

- (a) The Purchaser shall pay upon the completion of the Transaction, in addition to the Purchase Price, all applicable federal and provincial taxes exigible in connection with the completion of the Transaction including, without limitation, harmonized sales tax and land transfer tax (collectively the "**Sales Taxes**"). Alternatively, where applicable, the Purchaser shall have the option of furnishing the Vendor with appropriate exemption certificates and/or self-assessment indemnification documentation.
- (b) The Purchaser agrees to indemnify and save the Vendor harmless from and against all claims and demands for payment of any Sales Taxes, including any liability or costs incurred as a result of any failure by the Purchaser to pay such taxes when due (the "**Sales Taxes Indemnity**").

2.9 Title

- (a) Title to the Real Property shall be good and marketable title in fee simple free from all Encumbrances, save and except Permitted Encumbrances. The Purchaser shall be

allowed at its expense and until the Requisition Date, to satisfy itself that on Closing it will acquire title to the Real Property free of any Encumbrances other than the Permitted Encumbrances, that there are no outstanding work orders affecting the Real Property, that the Real Property is in compliance with governing municipal by-laws, and that the Real Property may be insured for fire and extended coverage, and shall provide the Vendor's Counsel with notice in writing of any valid requisition or objection in respect of Encumbrances against the Real Property or other defects in title by no later than 5 p.m. (Eastern Standard Time) on the Requisition Date. The Vendor agrees to take reasonable steps and utilize its best efforts to satisfy or comply with any such requisition. If the Vendor shall, through any cause, be unable to answer or comply with any valid requisition or objection which the Purchaser will not waive, this Agreement shall be at an end (notwithstanding any intervening negotiations or litigation or any attempt to remove or comply with the same) and the full amount of the Deposit together with accrued interest shall be returned to the Purchaser forthwith, without deduction or set-off, and the Purchaser shall not be entitled to any other compensation of any kind whatsoever with respect to the failure to satisfy or comply with such requisition. The Vendor shall not be required to furnish or produce any survey, abstract, deed, declaration or other document or evidence of title except those in its possession. The Vendor acknowledges that any Encumbrance which arises and affects the Real Property after the Requisition Date ("**Additional Encumbrances**") shall be the responsibility of the Vendor and shall be discharged on or before Closing. If the Vendor is unable to discharge such Additional Encumbrances on or before Closing, then the Purchaser, at its sole option, shall be entitled to terminate this Agreement, and the full amount of the Deposit together with accrued interest shall be returned to the Purchaser forthwith, without deduction or set-off, and the Purchaser shall not be entitled to any other compensation of any kind whatsoever with respect to the failure to satisfy or comply with such requisition.

- (b) This Agreement and the Transaction is subject to compliance with Section 50 of the *Planning Act* (Ontario).

2.10 Risk

- (a) The Real Property shall be and remain at the risk of the Vendor until Closing.
- (b) In the event of material (exceeding \$50,000) damage by fire or other hazard to the Real Property or any part thereof occurring before the Closing Date, the Vendor shall

immediately advise the Purchaser thereof by notice in writing. In that event, the Purchaser shall have the option of terminating the Transaction. Such option shall be exercised within two (2) Business Days after written notification to the Purchaser by the Vendor of the occurrence of the loss or damage, and upon such exercise, this Agreement shall be terminated automatically and the Purchaser shall be entitled only to a return of the Deposit with accrued interest and without deduction or set-off, and the Purchaser shall not be entitled to any other compensation of any kind whatsoever with respect to the failure to close as a result of such loss or damage. If such option is not exercised by the Purchaser, the parties shall complete the Transaction and the proceeds of insurance, if any, referable to such loss or damage shall be vested in the Purchaser on the Closing, and the Vendor shall (i) pay over to the Purchaser after the Closing any proceeds of insurance received by the Vendor forthwith after receipt thereof by the Vendor and (ii) use its best efforts to assist the Purchaser in the collection of such insurance proceeds, provided that the Vendor shall not be required to expend any moneys in such efforts.

- (c) Where any loss or damage is not material, then the Transaction shall be completed and the proceeds of insurance referable to such loss or damage or compensation for expropriation shall be vested in the Purchaser on the Closing, and the Vendor shall (i) pay over to the Purchaser after the Closing the proceeds, if any, of insurance or compensation for expropriation received by the Vendor forthwith after the Vendor's receipt thereof and (ii) use its best efforts to assist the Purchaser in the collection of such insurance proceeds or compensation for expropriation, provided that the Vendor shall not be required to expend any moneys in such efforts.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor

The Vendor hereby makes the following representations and warranties to the Purchaser and acknowledges that the Purchaser is relying on such representations and warranties in entering into this Agreement and completing the Transaction:

- (i) Receivership Order. The Receivership Order is in full force and effect;

- (ii) Residency. The Vendor is not a non-resident person within the meaning of Section 116 of the *Income Tax Act* (Canada); and
- (iii) HST Registration. The Vendor shall be registered for the purposes of the ETA prior to the Closing and shall provide its registration number to the Purchaser on or prior to the Closing.

3.2 Representations and Warranties of the Purchaser

The Purchaser hereby makes the following representations and warranties to the Vendor and acknowledges that the Vendor is relying on such representations and warranties in entering into this Agreement and completing the Transaction:

- (a) Corporate Existence. The Purchaser is a corporation incorporated and existing under the laws of the Province of Ontario;
- (b) Capacity and Due Authorization. The Purchaser has the necessary capacity to enter into this Agreement and perform its obligations under this Agreement and any other agreements or instruments to be delivered or given by it pursuant to this Agreement. The execution, delivery and performance by the Purchaser of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser;
- (c) Binding Agreement. This Agreement and any other agreements entered into pursuant to this Agreement to which the Purchaser is a party constitute legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction;
- (d) Brokers. The Purchaser has not engaged any broker or other agent in connection with the Transaction or this Agreement and, accordingly, there is no commission, fee or other remuneration payable to any broker or agent who purports or may purport to have acted for the Purchaser; and
- (e) HST Registration. At Closing, the Purchaser will be registered for the purposes of the ETA, and agrees to advise the Vendor of its HST number on or before Closing.

3.3 As Is, Where Is

- (a) The Real Property is being sold on an “as is, where is” basis. The Purchaser has entered into this Agreement on the basis that the Vendor does not guarantee title to the Real Property. The Purchaser has conducted such inspections and investigations concerning the Real Property as the Purchaser considered appropriate and has satisfied itself concerning all matters affecting the Real Property. No warranty or condition, either express or implied, statutory or non-statutory, oral or written has been or will be given by the Vendor as to the title, Encumbrances, description, condition, quality, value, cost, size, quantity, fitness for any present or intended purpose or use, merchantability, state of repair, degree of maintenance, durability, marketability, transferability, compliance or non-compliance with Environmental Laws or otherwise concerning the Real Property save and except for the express warranties given in Section 3.1. The Purchaser acknowledges that it has already or will satisfy itself with respect to all such matters. Any documentation, materials or information provided by the Vendor or the Listing Broker to the Purchaser regarding the Real Property, or any part thereof, was provided solely for the convenience of the Purchaser and is not warranted or represented to be complete or accurate and does not form part of this Agreement. The Purchaser shall and shall be deemed to rely entirely on its own inspectors and investigations concerning the Real Property.
- (b) For greater certainty, the Vendor has not made and will not make any representation or warranty whatsoever as to (i) the existence or non-existence of Contaminants on the Real Property, (ii) the compliance of the Real Property with any Environmental Laws, (iii) the discharge of Contaminants or Environmental Activity from, on, or in relation to the Real Property, and (iv) the existence, state, nature, identity, extent or effect of any investigations, administrative orders, control orders, stop orders, compliance orders or any other orders proceedings or actions under any Environmental Laws in relation to the Real Property. The Purchaser acknowledges that it shall have no recourse against the Vendor with respect to the environmental condition of the Real Property and has satisfied itself with respect to same.
- (c) The Purchaser shall indemnify and hold the Vendor harmless from any and all damages, claims, actions, losses, costs, liabilities or expenses suffered or incurred by the Vendor, directly or indirectly, as a result of or in connection with any of the following:

- (i) the presence or release of any Contaminant in, on or under the Real Property or the threat of a release;
- (ii) any Environmental Activity relating to the Real Property;
- (iii) a breach by the Purchaser or those for whom the Purchaser is responsible of any Environmental Laws applicable to the Real Property; or
- (iv) the release or threatened release of any Contaminant owned, managed, generated, disposed of, controlled or transported by or on behalf of the Purchaser.

(the “**Environmental Indemnity**”)

- (d) This Section 3.3 shall not merge on Closing and is deemed incorporated by reference into all Closing Documents.

ARTICLE 4 CONDITIONS OF CLOSING

4.1 Conditions for the Benefit of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) Representations and Warranties: The representations and warranties of the Vendor made in or pursuant to this Agreement shall be true and accurate at the Time of Closing with the same force and effect as though such representations and warranties had been made as of the Time of Closing; and
- (b) Fulfillment of Obligations: the Vendor shall have complied in all material respects with all agreements and obligations herein agreed to be performed or caused to be performed by it at or prior to the Time of Closing.

The conditions contained in this Section 4.1 are inserted for the exclusive benefit of the Purchaser and may be waived in whole or in part by the Purchaser at any time without prejudice to any of its rights of termination in the event of non-performance of any other condition in whole or in part. If any of the conditions contained in Section 4.1 is not fulfilled or complied with at or prior to the time for the fulfillment of same, the Purchaser may terminate this Agreement by notice in writing to the Vendor.

4.2 Conditions for the Benefit of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) Representations and Warranties: The representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and accurate at the Time of Closing with the same force and effect as though such representations and warranties had been made as of the Time of Closing;
- (b) Fulfillment of Obligations: The Purchaser shall have complied in all material respects with all agreements and obligations herein agreed to be performed or caused to be performed by it at or prior to the Time of Closing; and
- (c) No Redemption or Loss of Control: the Vendor shall not have lost its ability to convey the Purchased Assets or any part thereof.

The conditions contained in this Section 4.2 hereof are inserted for the exclusive benefit of the Vendor and may be waived in whole or in part by the Vendor at any time without prejudice to any of the Vendor's rights of termination in the event of non-performance of any other condition in whole or in part. If any of the conditions contained in Section 4.2 hereof are not fulfilled or complied with at or prior to the Time of Closing, the Vendor may terminate this Agreement by notice in writing to the Purchaser.

4.3 Mutual Conditions

The obligations of each of the Vendor and the Purchaser to complete the Transaction is subject to the satisfaction of the following conditions precedent, which are for the mutual benefit of the Vendor and Purchaser:

- (a) No Legal Action: No action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the completion of the Transaction or the right of the Purchaser to own the Purchased Assets after the Time of Closing; and
- (b) Approval and Vesting Order: the Approval and Vesting Order shall be obtained and shall be Final.

The conditions contained in this Section 4.3 are inserted for the mutual benefit of the Vendor and the Purchaser and may be waived in whole or in part by the Vendor and the Purchaser. If any of the conditions contained in this Section 4.3 are not fulfilled or

complied with at or prior to the Time of Closing, the Vendor and the Purchaser may each terminate this Agreement by notice in writing to the other.

4.4 Effect of Termination

In the event of termination of this Agreement at or prior to the Time of Closing pursuant to Sections 4.1, 4.2 or 4.3, all obligations of the Parties pursuant to this Agreement shall be at an end, the Deposit, with accrued interest, shall be returned to the Purchaser, without set-off or deduction, and neither party shall have any further liability or obligation to the other by virtue of or under this Agreement.

ARTICLE 5 APPROVAL AND VESTING ORDER

5.1 Approval and Vesting Order

Subject to the availability of the Court, as soon as practicable after the execution of this Agreement by all parties, the Vendor shall file a motion with the Court for the issuance of, and shall use its best efforts to obtain, the Approval and Vesting Order. Notice of the motion seeking the issuance of the Approval and Vesting Order shall be served on the service list in the Company's receivership proceeding, all Persons having a registered Encumbrance against the Real Property, and such other Persons as the Purchaser may reasonably request. Prior to the service of the motion to obtain the Approval and Vesting Order, the Vendor shall provide to Purchaser's Counsel the service list for the motion. If the Purchaser shall not have communicated its acceptance of, or provided comments in respect of, the proposed service list within two (2) business days of receipt of such list by the Purchaser's Counsel, the Purchaser shall be deemed to have approved such list.

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 Date, Place and Time of Closing

- (a) Unless otherwise agreed by the parties in writing, the Closing shall take place at the Time of Closing on the Closing Date at the offices of the Vendor's solicitor or as otherwise determined by mutual agreement of the parties in writing. The Vendor and the Purchaser acknowledge that the Transaction will be completed by electronic registration pursuant to Part III of the *Land Registration Reform Act*, R.S.O. 1990, c. L4, as amended. The Vendor and the Purchaser further acknowledge and agree that the

delivery of documents and the release thereof to the Vendor and the Purchaser shall be governed by a Document Registration Agreement to be entered into between the Purchaser's Counsel and the Vendor's Counsel substantially in the form of the Agreement adopted by the Law Society of Upper Canada, provided the Document Registration Agreement shall in no way be inconsistent with any of the terms or conditions of this Agreement.

- (b) In the event any issue is raised with respect to this Agreement which the Vendor determines impairs the ability of the Vendor to complete this Agreement or in the event that an action or proceeding shall be pending or threatened by any Person to enjoin, restrict or prohibit the completion of the Transaction or the right of the Purchaser to own the Real Property after the Time of Closing, the Vendor may, but shall not be obliged to, extend the Closing Date up to, but not beyond, the Sunset Date in order to provide the Vendor with additional time to remove the impediment to the completion of the Transaction.

6.2 Deliveries at Closing

- (a) At or prior to the Closing, the Vendor shall deliver to the Purchaser the following:
- (i) a Statutory Declaration of the Vendor that it is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act (Canada)*;
 - (ii) a notarial copy of the Receivership Order, Approval and Vesting Order and such documents as necessary to register same against title to the Premises;
 - (iii) all keys, security cards, alarm codes and access codes for the Real Property in the Vendor's possession;
 - (iv) a Certificate of the Vendor certifying that, except as disclosed in the Certificate, the Vendor has not been served with any Notice of Appeal with respect to the Receivership Order, Approval and Vesting Order, or any notice of any application, motion or proceeding seeking to set aside or vary the Receivership Order, Approval and Vesting Order or to enjoin, restrict or prohibit the Transaction;
 - (v) a Certificate, dated the Closing Date, confirming that all representations and warranties of the Vendor contained in this Agreement are true as of the Time of Closing, with the same effect as though made on and as of the Time of Closing;

- (vi) an Acknowledgment, dated the Closing Date, that each of the conditions precedent in Section 4.2 of this Agreement have been fulfilled, performed or waived as of the Time of Closing;
 - (vii) the Receiver's Certificate;
 - (viii) a Statement of Adjustments, to be delivered not less than two (2) Business Days prior to Closing;
 - (ix) the Vendor's non-merger Certificate relating to Section 7.2 in form and substance satisfactory to the Purchaser, acting reasonably;
 - (x) a receipt for the Base Purchase Price; and
 - (xi) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement insofar as it relates to the completion of the Transaction.
- (b) At or prior to the Closing, the Purchaser shall deliver to the Vendor the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:
- (i) payment of the balance of the Base Purchase Price payable to the Vendor, or as the Vendor may in writing direct, by certified cheque, bank draft, wire transfer or other immediately available funds;
 - (ii) a Certificate, dated the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Time of Closing, with the same effect as though made on and as of the Time of Closing;
 - (iii) an Acknowledgment dated the Closing Date, that each of the conditions precedent in Section 4.1 have been fulfilled, performed or waived as of the Time of Closing;
 - (iv) the Purchaser's non-merger certificate relating to Section 7.2 in form and substance satisfactory to the Vendor, acting reasonably;
 - (v) such directions, acknowledgments and other documents as may be necessary or desirable to ensure that the benefit of any reduction in the property taxes payable with respect to the Real Property for the period prior to the Closing Date is received by the Vendor;
 - (vi) payment or evidence of payment of applicable federal and provincial taxes or alternatively, appropriate exemption certificates;
 - (vii) the Sales Tax Indemnity;

- (viii) the Environmental Indemnity; and
- (ix) such further and other documentation as is referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement insofar as it relates to the completion of the Transaction.

6.3 Possession of Assets

- (a) The Vendor shall remain in possession of the Real Property until the Time of Closing. Upon the completion of the Transaction, the Vendor shall yield up possession of the Real Property to the Purchaser and the Purchaser shall take possession of the Real Property. Title to the Real Property shall not pass to the Purchaser until the completion of the Transaction and the Receiver's Certificate has been delivered to the Purchaser.
- (b) The Vendor shall be entitled, but shall not be obligated, to remove from the Real Property any chattels, books, records, documents or other personal property situate on the Real Property which does not form part of the Real Property.

**ARTICLE 7
GENERAL**

7.1 Notices

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by confirmed facsimile or sent by prepaid courier with tracking facilities addressed as follows:

- (a) if to the Purchaser: _____

 Attn: _____
 Fax No. _____
 E-mail: _____

With a copy to: _____

 (which copy shall be required) Fax No.: _____
 Email: _____

- (b) if to the Vendor: MNP Ltd.
 557 Southdale Road East, Suite 201
 London, ON N6E 1A2

Fax No.: (519) 964-2210
Email: rob.smith@mnp.ca
Attn: Rob Smith, CIRP, LIT, CPA, CA

with a copy to:
(which copy shall be
required)

Miller Thomson LLP
2010-255 Queens Avenue
London, ON N6A 5R8
Fax No.: (519) 858-8511
Email: tvanklink@millerthomson.com
Attn: Tony Van Klink

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day). Any party may at any time change its address for service from time to time by giving notice to the other party in accordance with this Section 6.1.

7.2 Survival Following Completion

Notwithstanding any other provision of this Agreement, Sections 2.3, 2.8(c), 2.9(b) and 3.3 shall survive the termination of this Agreement and the completion of the Transaction. Provided that upon the discharge of the Vendor as receiver, the Vendor's obligations by reason of same shall be at an end and the Vendor shall have no continuing obligations by reason thereof.

7.3 Assignment and Enurement

This Agreement may be assigned by the Purchaser to a company or companies to be incorporated by the Purchaser but the assignment of the Agreement shall not release the Purchaser from any liability for non-completion of this Agreement, including without limitation, the payment of the Purchase Price. The Purchaser, together with any party to which the Purchaser assigns this Agreement or any portion thereof, shall be jointly and severally liable for all obligations and liabilities of the Purchaser under this Agreement, including any obligations and liabilities arising from the failure to complete the Transaction. Any assignment of this Agreement by the Purchaser shall also be deemed to assign the Deposit (or a portion thereof). In the event that this Agreement is executed by the Purchaser "in trust" for another party, the party executing this document shall be personally liable for the fulfillment of the obligations of the Purchaser hereunder.

7.4 Expenses

Unless otherwise provided herein, the Vendor and the Purchaser shall be responsible for the expenses (including fees and expenses of legal advisors, accountants and other professional advisers) incurred by them, respectively, in connection with the negotiation and settlement of this Agreement and the completion of the Transaction. In the event of termination of this Agreement, other than as a result of non-fulfillment of a condition in Sections 4.1, 4.2 or 4.3, the obligation of each party to pay its own expenses will be subject to any rights of such party arising from a breach of this Agreement by the other party.

7.5 Further Assurances

Each of the parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other parties hereto may reasonably require from time to time after Closing at the expense of the requesting party for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement. The Purchaser shall provide such reasonable assistance to the Vendor as the Vendor may require in the preparation and completion of various statutory and of the documentation required in connection with the administration of the receivership of the Companies. Provided that upon the discharge of the Vendor as receiver, the Vendor's obligations under this paragraph shall be at an end and the Vendor shall have no continuing obligation under this paragraph.

7.6 Entire Agreement

This Agreement, including all Schedules referenced herein and attached hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided. No reliance is placed by any party hereto on any warranty, representation, opinion, advice or assertion of fact made by any party hereto or its directors, officers, employees or

agents, to any other party hereto or its directors, officers, employees or agents, except to the extent that the same has been reduced to writing and included in this Agreement.

7.7 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

7.8 Currency

All references to dollar amounts or "\$" in this Agreement are references to the lawful money of Canada.

7.9 Rights Cumulative

The rights and remedies of the parties hereunder are cumulative and not alternative.

7.10 Vendor's Capacity

The Vendor is acting solely in its capacity as receiver of the Companies and shall have no personal or corporate liability under this Agreement.

7.11 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each of the parties irrevocably attorns to the Courts of the Province of Ontario.

7.12 Time of Essence

Time shall be of the essence of every provision of this Agreement provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser or by their respective solicitors.

7.13 Execution and Delivery

This Agreement and any agreement or instrument delivered in accordance herewith, may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument. Transmission by facsimile or electronic transmission in "pdf" format of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[signature page follows]

[Purchaser]

Per: _____

Name:

Title:

I have authority to bind the Company

MNP Ltd., solely in its capacity as court appointed receiver of the assets, undertakings and properties of **Richmond Medical Centre Inc.** and not in its personal or corporate capacities

Per: _____

Rob Smith, CIRP, LIT, CPA, CA,
Senior Vice-President

I have authority to bind the Vendor

SCHEDULE A

Permitted Encumbrances

1. The reservations, limitations, provisos, conditions, restrictions and exceptions expressed in the letters patent or grant from the Crown and all statutory exceptions to title;
2. The provisions of governing municipal by-laws;
3. Municipal taxes, liens, charges, including hydro and water charges, rates and assessments accruing from day to day and not yet due and payable;
4. Any minor encroachments which might be revealed by an up to date survey of the Real Property but which do not materially adversely affect the use and marketability of the Real Property;
5. Any right of expropriation conferred upon, reserved to or vesting in Her Majesty the Queen in Right of Canada and Ontario;
6. Any agreements, restrictions or covenants that run with the Real Property and any agreements with the municipal, utilities or public authorities provided that same have been complied with in all material respects and do not materially adversely affect the use and marketability of the real Property; and
7. Any easements, rights of way or right of re-entry which do not impair the intended use of the Real Property by the Purchaser, provided that same have been complied within all material respects and do not materially adversely affect the use and marketability of the Real Property.

SCHEDULE B

Real Property

LT 184 PL 141; CHATHAM-KENT and municipally known as 125 Oak Street, Bothwell, Ontario
(PIN: 00642-0103)

APPENDIX “I”

Court Appointed Receivership of
 Richmond Medical Centre Inc. and I Lov This Place 11 Inc.
 Statement of Receipts and Disbursements
 For the period ended February 28, 2023

Receipts		Notes
Rental Income	61,197	
Disbursements		
Insurance	11,664	1
Appraisal fees	4,600	
Repairs and maintenance	330	
Redirection of mail	272	
Receivership filing fee	73	
HST paid	762	2
Total disbursements	17,700	
Professional Fees		
Legal fees	1,056	3
Net receipts	42,442	

Notes:

1) Includes monthly premiums due to April 30, 2023.

2) The Receiver has opened an HST account to report all HST collected and paid through the receivership and will seek a refund of net HST paid.

3) Does not include professional fees discussed in Section 5.0 of the First Report.

APPENDIX “J”

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

-and-

RICHMOND MEDICAL CENTRE INC. and I LOV THIS PLACE 11 INC.

Respondents

AFFIDAVIT OF ROB SMITH
(March 8, 2023)

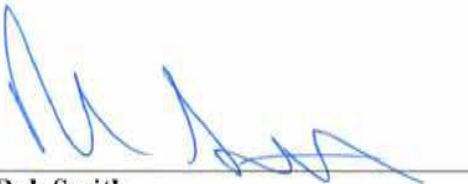
I, Rob Smith, of the city of London, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Senior Vice President and Licensed Insolvency Trustee at MNP Ltd. (“MNP”) and, as such, I have knowledge of the matters to which I hereinafter depose.
2. MNP was appointed as receiver (the “Receiver”), without security, of the assets, undertakings and properties of Richmond Medical Centre Inc. and I Lov This Place 11 Inc.. by the Ontario Superior Court of Justice on December 9, 2022.
3. The Receiver has prepared one Statement of Account in connection with its appointment as Receiver, detailing its services rendered and disbursements, as follows:
 - (a) an account dated March 2, 2023 for the period from to February 28, 2023. Attached hereto and marked as Exhibit “A” to this my Affidavit, is a copy of the Statement of Account. The average hourly rate is \$533.05.
4. To the best of my knowledge the rates charged by MNP in connection with the within matter are comparable to the rates charges by other insolvency professionals in the Southwestern Ontario market for the provision of similar services.

5. This Affidavit is made in support of a motion to, inter alia, approve the fees and disbursements of the Receiver.

SWORN before me at the City of)
London, in the Province of Ontario)
This 20th day of March 2023)


A Commissioner, etc.)


Rob Smith

**Melanie Rachelle Fuller, a Commissioner, etc.,
Province of Ontario, for MNP Ltd.
Expires March 20, 2025.**

Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF ROB SMITH

Sworn before me

This 5th Day of March 2023



A Commissioner, etc.

Melanie Rachelle Fuller, a Commissioner, etc.,
Province of Ontario, for MNP Ltd.
Expires March 20, 2025.



Invoice

Invoice Number : 0 Client Number : 0975827
 Invoice Date : Mar 2 2023 Invoice Terms : Due Upon Receipt

Richmond Medical Centre Inc.
 201-557 Southdale Rd E
 London, ON N6E 1A2

For Professional Services Rendered :

Interim invoice for professional services rendered in our capacity as Court Appointed Receiver of Richmond Medical Centre Inc. and I Love This Place 11 Inc. to February 28, 2023, per the attached detailed time report. 25,657.70

Less: Discretionary Discount -657.70

Sub Total : 25,000.00

Harmonized Sales Tax 3,250.00

Total (CAD) : 28,250.00

HST Registration Number : 103697215 RT 0001

Invoices are due and payable upon receipt.

Thank you for your business. We sincerely appreciate your trust in us.

Licensed Insolvency Trustees
 557 SOUTHDALE RD E, SUITE 201; LONDON ON; N6E 1A2
 P: (519) 964-2200 F: (519) 964-2210 www.MNP.ca

Receivership of Richmond Medical Centre Inc. and L Lov This Place 11 Inc.
MNP WIP Report
To February 28, 2023

Date	Description	Units	Amount	Notes
04-Jan-2023	Anne Nelligan	0.1	19.50	open new bank account
09-Jan-2023	Anne Nelligan	0.2	39.00	banking
10-Jan-2023	Anne Nelligan	0.2	39.00	call from tenant, update B. Hinton
27-Jan-2023	Anne Nelligan	0.2	39.00	cheques
31-Jan-2023	Anne Nelligan	0.2	39.00	tenant meeting in office
06-Feb-2023	Anne Nelligan	0.2	39.00	cheques
06-Feb-2023	Anne Nelligan	0.2	39.00	banking
13-Feb-2023	Anne Nelligan	0.2	39.00	banking
21-Feb-2023	Anne Nelligan	0.2	39.00	cheque
		1.7	331.50	
13-Dec-2022	Brendan Hinton	1.0	460.00	Call in AM to plan possession. Attend premises to take exterior pictures of building.
29-Dec-2022	Brendan Hinton	0.3	138.00	Call and email with tenant and L. Jackson.
10-Jan-2023	Brendan Hinton	0.5	230.00	Calls and email about J. King re: vacating premises.
24-Jan-2023	Brendan Hinton	0.1	46.00	Call and email with M. Reed regarding notice to vacate.
26-Jan-2023	Brendan Hinton	0.3	138.00	Call re: John King vacating. Call with R. Smith and contact King to affirm he has lifted hold on cheques. Email P. Williams.
30-Jan-2023	Brendan Hinton	0.2	92.00	Deal with return of tenant (Reed) cheque for last months rent. Email P. Williams to release cheque.
02-Feb-2023	Brendan Hinton	1.8	828.00	Review information from R. Smith to determine status of property. Consider local area realtors. Calls with realtors. F/u with emails. Respond to R. Smith qu
03-Feb-2023	Brendan Hinton	1.0	460.00	Deal with J. King. Emails with R. Smith to address access to unit. Call with J. King. F/u with O'Rourke to address status of Oak Street. Emails to Municipality c
06-Feb-2023	Brendan Hinton	0.5	230.00	Emails with realtor and call with municipality re: status of Oak Street.
09-Feb-2023	Brendan Hinton	0.5	230.00	Deal with Oak Street. Emails with realtors.
		6.2	2,852.00	
11-Jan-2023	Dhaval Mehta	1.6	561.60	Research on the Richmond Medical questions relating to exempt rental income and GST exemption on rental income received from a health care clinic.
25-Oct-2022	Patricia Williams	0.1	16.80	MPM setup
19-Dec-2022	Patricia Williams	0.6	100.80	Sitecore setup
20-Dec-2022	Patricia Williams	0.5	84.00	Ascend setup
28-Dec-2022	Patricia Williams	0.2	33.60	Receiving rent cheques
30-Dec-2022	Patricia Williams	0.3	50.40	Receiving tenants cheques
04-Jan-2023	Patricia Williams	0.2	33.60	Versa setup
13-Jan-2023	Patricia Williams	0.2	33.60	Rent cheques, filing
20-Jan-2023	Patricia Williams	0.1	16.80	Filing
27-Jan-2023	Patricia Williams	0.1	16.80	Filing
30-Jan-2023	Patricia Williams	0.2	33.60	Updating rent spreadsheet
02-Feb-2023	Patricia Williams	0.1	16.80	Cheque request
10-Feb-2023	Patricia Williams	0.3	50.40	Bank rec, filing
16-Feb-2023	Patricia Williams	0.2	33.60	Mailing cheque, filing
24-Feb-2023	Patricia Williams	0.1	16.80	Rent cheques

Date	Description	Units	Amount	Notes
		3.2	537.50	
25-Oct-2022	Rob Smith	0.3	187.50	attend property to check status of pharmacy
17-Nov-2022	Rob Smith	0.2	125.00	review blacklined order and respond to HP email re MNP website
13-Dec-2022	Rob Smith	0.3	187.50	call with L. Jackson re appointment and next steps
16-Dec-2022	Rob Smith	1.2	750.00	attend premises, tour, meet with L. Jackson re receivership, o/s info, open issues, etc.; emails with BNS re bank account
19-Dec-2022	Rob Smith	5.3	3,312.50	review 2022 Metrix appraisal, email to Metrix re possible appraisal update; review Phase 1; review leases and prepare lease summary schedule; draft letter receivership and arrange mailout; email to R. Refcio office re 2nd mortgage report; call to Lisa re o/s information, email to Lisa to summarize outstanding in leases; call from Mercedes Benz re leased vehicle; call with T. Van Klink re property manager tasks and strategy; email to Lisa to explain property manager €
20-Dec-2022	Rob Smith	1.5	937.50	emails with L. Jackson re insurance; email to cooperators to confirm coverage; prepare 245 notice, email to OSB; emails with insurer, review insurance polic
21-Dec-2022	Rob Smith	0.7	437.50	call with Metrix; redirect mail; call with R. Davies
22-Dec-2022	Rob Smith	1.2	750.00	review new appraisal from Metrix and Mciver, comparison of assumptions to understand discrepancy; update email to BNS; update email to 2nd mortgage appraisal
24-Dec-2022	Rob Smith	0.6	375.00	email to T. Van Klink re o/s information request; review list of tenant cheques received to date; f/u email to Scotia re new bank account
28-Dec-2022	Rob Smith	0.2	125.00	review and sign bank account form; follow up email to L. Jackson re o/s info and January rent
03-Jan-2023	Rob Smith	0.2	125.00	email to L. Jackson; review lease receipts; email to T. Van Klink re info needed; respond to R. Davies email
04-Jan-2023	Rob Smith	2.4	1,500.00	call with Telford from Valco current situation, various appraisals, and requested Valco mandate; email appraisals to Valco; call with R. Refcio and W. Chapm second mortgage; emails to Colliers, CBRE and Avison Young re listing proposals; email to L. Jackson re commercial tenants; update email to R. Davies; prep to brokers; respond to BNS emails re listing strategy; creditor call (counsel for Professional Painters); prepare list of questions for L. Jackson meeting
05-Jan-2023	Rob Smith	0.2	125.00	emails with L. Jackson re property tours and lease of vacant units; emails with brokers re property details and tours
06-Jan-2023	Rob Smith	0.3	187.50	emails with L. Jackson, CBRE and Valco re site attendances; email to CBRE re rent roll
08-Jan-2023	Rob Smith	2.2	1,375.00	attend Richmond Medical, meet with CBRE and property tour; meeting with L. Jackson re o/s info required and various issues; review application record re i
09-Jan-2023	Rob Smith	2.9	1,812.50	email to CBRE re drawings; email to Valco re update on pre-receivership appraisals; call to R. Davies re luv This Place; Corp profile and PPSA for Children AI after hours lease and recalculate payment amount for renewal term, email to L. Jackson; review ILTP financials, email to L. Jackson re same; call with T. Van remittances and 0002 account; respond to CBRE info request; review available info re IDA lease, email to Harrison Pensa requesting call for background;
11-Jan-2023	Rob Smith	4.7	2,937.50	attend RM for L. Jackson meeting tour with Valco; email to T. Van Klink re ILTP and Children's clinic; review T. Van Klink comments on 202 lease and email to Canada Post re issues on mail redirect; call with Colliers re lease questions; call and email with BNS re ILTP; detailed review of clinic lease and email to T. Va amendments; email to Valco re clinic lease and insurance questions; M. Jakupi call re possible offer; review and sign amended lease for 202; email to insure emails with Van Klink and Jackson re necessary lease amendments; prepare drawing for clinic lease amendment
12-Jan-2023	Rob Smith	0.2	125.00	emails with BNS and L. Jackson re ILTP; email to L. Jackson re HST on clinic
13-Jan-2023	Rob Smith	0.2	125.00	review Colliers proposal; begin summary of listing proposals
16-Jan-2023	Rob Smith	0.4	250.00	call with A. Sertter (counsel) re IDA claim and lease
17-Jan-2023	Rob Smith	0.5	312.50	follow up email to Refcio; email to A. Sertter re IDA lease amendment; email to L. Jackson re o/s info required; email to T. Van Klink re R. Refcio; ; call with Cl both companies
19-Jan-2023	Rob Smith	0.3	187.50	review lease amending agreement re Children's Clinic and email to L. Jackson re same; call with T. Van Klink re R. Refcio; emails with Valco re building squar ILTP and status update
23-Jan-2023	Rob Smith	2.1	1,312.50	review IDA lease amendment, email to L. Jackson re same; email to L. Jackson to summarize o/s items; call from Valco re their questions on clinic lease; em: IDA lease; begin first court report
24-Jan-2023	Rob Smith	0.3	187.50	emails with BNS, HP and Miller Thomson re BNS payout; respond to Avison Young info request
25-Jan-2023	Rob Smith	0.2	125.00	respond to Neeraj Chopra (second mortgage) update request
26-Jan-2023	Rob Smith	1.3	812.50	respond to debtor counsel email re fee estimate and o/s information; review Valco appraisal and peer review, email to BNS to summarize

Date	Description	Units	Amount	Notes
31-Jan-2023	Rob Smith	0.5	312.50	follow up emails to L. Jackson re o/s info; prepare estimate of annual operating costs and email same to brokers
01-Feb-2023	Rob Smith	0.3	187.50	emails with L. Jackson and T. Van Klink re 125 Oak Street, Bothwell
02-Feb-2023	Rob Smith	0.6	375.00	email to B Hinton re listing proposals for 125 Oak; letter from Grigoras law, responding email re time for call; email to L. Jackson re leases
13-Feb-2023	Rob Smith	1.1	687.50	f/u email to B. Lazzar re status of refinance; f/u email to L. Jackson (shareholder/unsecured creditor legal counsel); f/u wit listing proposals from CBRE and Avison Young; finalize proposal summary and email to BNS re next steps
14-Feb-2023	Rob Smith	0.3	187.50	review Feb lease payments, email to L. Jackson re short payment for Children Clinic and 2 residential payments o/s, plus o/s info and lease amendment
16-Feb-2023	Rob Smith	0.1	62.50	call with T. Hogan re timing of court report
21-Feb-2023	Rob Smith	0.1	62.50	January bank reconciliation
21-Feb-2023	Rob Smith	0.1	62.50	f/u email to L. Jackson re o/s rent
23-Feb-2023	Rob Smith	0.1	62.50	emails with L. Fisher re leased vehicle
27-Feb-2023	Rob Smith	0.3	187.50	respond to second mortgagee update request
28-Feb-2023	Rob Smith	0.8	500.00	call with Colliers re listing strategy; email to second mortgagee re strategy; f/u email to B. Lazzar re status of refinance; update email to BNS re listing, refi, f
		34.2	21,375.00	
Total Professional Fees		46.9	25,657.70	

APPENDIX “K”

Court File No. CV-22-00001571-0000

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

THE BANK OF NOVA SCOTIA

Applicant

- and -

RICHMOND MEDICAL CENTRE INC. and I LOV THIS PLACE 11 INC.

Respondents

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c C.43, as amended

FEE AFFIDAVIT OF MICHAEL PROSIA

I, MICHAEL PROSIA, of the City of London, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am an associate with the law firm of Miller Thomson LLP ("**MT**"), lawyers for MNP Ltd. ("**MNP**"), in its capacity as Court-appointed Receiver (the "**Receiver**") of the property, assets and undertakings of Richmond Medical Centre Inc. and I Lov This Place 11 Inc. and, as such, have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.
2. I make this Affidavit in support of the Receiver's motion for, among other things, having the fees and disbursements of MT, as legal counsel to the Receiver, approved.
3. Attached hereto to this my Affidavit and marked as **Exhibit "A"** is a copy of the invoice (the "**MT Invoice**") rendered by MT to MNP which reflects, *inter alia*, fees

and disbursements of MT for the period December 12, 2022 through December 31, 2022 (the "Period"). The MT Invoice accurately reflects the services provided by MT during the Period and the fees and disbursements claimed by it. During the Period, the total fees billed were \$936.00, the disbursements billed were \$119.60, plus applicable taxes in the amount of \$128.26.

4. Attached hereto to this my Affidavit and marked as **Exhibit "B"** is a schedule summarizing MT's fees for the Period. Lawyers and staff at MT have collectively expended a total of 1.8 billable hours in connection with this matter during the Period as outlined in the schedule.

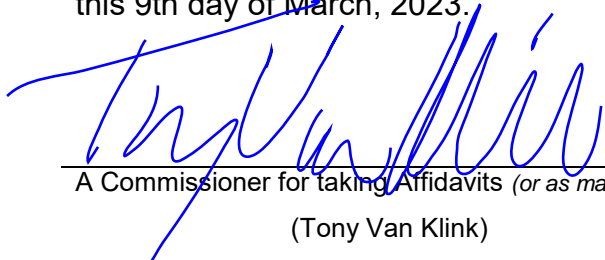
5. To the best of my knowledge, the rates charged by MT throughout these proceedings are comparable to the rates charged by other firms in the Southwestern Ontario market for the provision of similar services. No premiums have been charged on the MT Invoices.


SWORN BEFORE ME:

in person

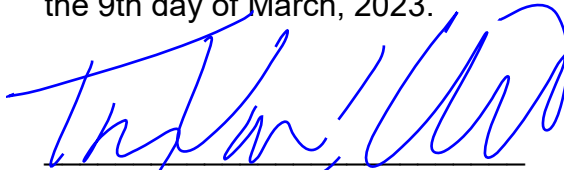
by video conference

With the deponent in the City of London, County of Middlesex, Province of Ontario and the Commissioner in the Municipality of Thames Centre, Province of Ontario in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely this 9th day of March, 2023.


A Commissioner for taking Affidavits (or as may be)
(Tony Van Klink)


Michael Prosia

Attached are Exhibits "A" and "B" to
the Affidavit of Michael Prosia sworn
the 9th day of March, 2023.



A Commissioner, Etc.



MILLER THOMSON
AVOCATS | LAWYERS

EXHIBIT "A"

MILLER THOMSON LLP
ONE LONDON PLACE
255 QUEENS AVENUE, SUITE 2010
LONDON, ON N6A 5R8
CANADA

T 519.931.3500
F 519.858.8511

MILLERTHOMSON.COM

401

December 31, 2022

Invoice Number 3840880

MNP Ltd.
557 Southdale Rd. East
Suite 201
London, ON N6E 1A2

Attention: Rob Smith, Senior Vice-President

To Professional Services Rendered in connection with the following matter(s) including:

Re: Richmond Medical Centre Inc.
Our File No. 0223176.0015

Date	Initials	Description	Hours
12/12/2022	AVK	Receive and review Appointment Order and providing instructions for registration of same on title	0.10
12/13/2022	RA	Drafting Application to Register Court Order and attending to registration of same	0.40
12/13/2022	KC	Email correspondences arranging for call;	0.20
12/13/2022	AVK	Email to Mr. Smith regarding registration of appointment order on title	0.10
12/16/2022	AVK	Telephone call with counsel for second mortgagee regarding previous sale efforts and valuation of property	0.20
12/19/2022	AVK	Telephone call with Mr. Smith	0.20
12/22/2022	AVK	Reviewing Metrix appraisal and email to Mr. Smith thereon	0.30
12/22/2022	AVK	Email to counsel for second mortgagee	0.10
12/22/2022	AVK	Reviewing McIver appraisal	0.20
Total Hours			1.80



Our Fee: **936.00**

Taxable Disbursements

Teraview Service Fee 11.50
Online Searches - Teranet 39.10

Total Taxable Disbursements 50.60 \$50.60

Non-Taxable Disbursements

Registration Fee 69.00

Total Non-Taxable Disbursements 69.00 \$69.00

Total Fees and Disbursements **\$1,055.60**

Ontario HST 13% (R119440766)

On Fees \$121.68

On Disbursements \$6.58

Total Amount Due **\$1,183.86**

E.&O.E.

EXHIBIT "B"
Miller Thomson's Fees

	<u>Year of Call</u>	<u>Rate 2022</u>	<u>Invoice #3840880</u>		<u>Total</u>
			<u>31-Dec-22</u>		
Hours					
T. Van Klink - Partner	1988	\$650.00		1.20	1.20
K. Cavan - Associate	2017	\$410.00		0.20	0.20
R. Armstrong - Law Clerk	N/A	\$185.00		0.40	0.40
				<u>1.80</u>	<u>1.80</u>
Total \$					
T. Van Klink - Partner	1988	\$650.00	\$	780.00	\$ 780.00
K. Cavan - Associate	2017	\$410.00	\$	82.00	\$ 82.00
R. Armstrong - Law Clerk	N/A	\$185.00	\$	74.00	\$ 74.00
			\$	<u>936.00</u>	\$ <u>936.00</u>
Summary					
Fees			\$	936.00	\$ 936.00
Disbursements			\$	119.60	\$ 119.60
HST			\$	128.26	\$ 128.26
Total			\$	<u>1,183.86</u>	\$ <u>1,183.86</u>