NARRATIVE APPRAISAL REPORT

PROPERTY TYPE	:	Multi Tenant (4) Retail Plaza
ADDRESS	:	111 Charles Street East, Ingersoll, ON
APPRAISER	:	Matt Telford, BA, AACI, P. App
CLIENT	:	Winchester Real Estate Investment Trust; Equitable Bank
EFFECTIVE DATE	:	November 21, 2014
REPORT DATE	:	November 24, 2014
FILE #	:	1114-31235/MT

Valco
Real Estate Appraisers & Consultants

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Winchester Real Estate Investment Trust
100 Arbors Lane, Commercial Unit D
Vaughan, ON L4L 7G4

November 24, 2014
Valco File: #1114-31235/MT

ATTENTION: Mr. Aurelio Baglione
aurelio@winchesterfinancialgroup.com

As requested, I completed an investigation and valuation analysis to estimate the November 21, 2014, Current Market Value, of the Leased Fee Interest, of the 31,884 square foot (leaseable), multi-tenant (4), retail plaza, located at:

111 CHARLES STREET EAST,
INGERSOLL, ONTARIO

I personally inspected the Subject Property on November 21, 2014 and analysed information considered pertinent to the valuation. Based on this inspection, analyses and subject to all assumptions and limiting conditions found in the following 73 page report and addenda, Current Market Value as at the specified date, is estimated at:

FOUR MILLION THREE HUNDRED THOUSAND DOLLARS

$4,300,000

This is a 'Narrative Appraisal Report' prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice. The report describes the method and approach to value in support of the conclusions and contains pertinent data gathered in my investigation of the market.

Respectfully submitted,
VALCO CONSULTANTS INC.

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Equitable Bank
30 St. Clair Avenue West, Suite 700
Toronto, ON M4V 3A1

November 24, 2014
Valco File: #1114-31235/MT

ATTENTION: Ms. Jennifer Borzym

As requested, I completed an investigation and valuation analysis to estimate the November 21, 2014, Current Market Value, of the Leased Fee Interest, of the 31,884 square foot (leaseable), multi-tenant (4), retail plaza, located at:

111 CHARLES STREET EAST,
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mtelford@valcoconsultants.com

TABLE OF CONTENTS

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

NAME OF PROJECT	:	Multi-Tenant Retail Building
MUNICIPAL ADDRESS	:	111 Charles Street East, Ingersoll, Ontario
LEGAL DESCRIPTION	:	The Subject Property is legally described as being Plan 279, Lot 186, Part Lot 23, Part Lot 183, Part Lot 185, Part Carolls Mill Pond, Block 39 and RP 41R3292, Parts 1, 2 & 3, S/T 246743 & 251984, being all of PIN #001690091, Town of Ingersoll, Oxford County, Province of Ontario.
INSPECTION DATE	:	November 21, 2014
EFFECTIVE DATE	:	November 21, 2014
DATE OF REPORT	:	November 24, 2014
TYPE OF REPORT	:	Narrative Report
MARKET VALUE	:	Current Market Value
PROPERTY INTEREST	:	Leased Fee Interest - 100% Interest
CLIENT/INTENDED USERS	:	Winchester Real Estate Investment Trust; Equitable Bank
INTENDED USE OF THE APPRAISAL	:	The intended use of this appraisal and the Current Market Value estimate is to assist in establishing a Market Value for first mortgage financing purposes. The appraisal was not based on a requested minimum valuation, a specific valuation or the approval of a sale or mortgage.
PERSONAL PROPERTY	:	No personal property is included in this estimate.
DESCRIPTION OF IMPROVEMENTS	:	The site contains a one storey, multi tenant, retail plaza, containing approximately 31,884 square feet. The building was in good overall condition and was fully leased to four (4) tenants, as of the Effective Date. The building is anchored by Giant Tiger, who subleases 21,000 square feet from Loblaws. The other three tenants include Thamesford Pizza, Anytime Fitness, and Super Dollar Stop. The building has a good program of repair and maintenance with no signs of deferred maintenance noted or reported.

SITE DIMENSIONS & AREA : The Subject site is irregular in shape with 200.8 feet of frontage along Charles Street. The site and building are located below grade of Charles Street, approximately 25 feet and has no access from Charles Street. The site is accessed from Mutual Street, west of the Subject, via an access allowance from the adjacent property owner. The area of the site, not containing the building improvements consists primarily of asphalt paved parking. The site contains approximately 3.43 acres.

UTILITIES : Services that are indicated to be available at the site include municipal sanitary and storm sewers, municipal water, hydro and natural gas.

OFFICIAL PLAN : Central Business District

ZONING : CC - Central Commercial Zone

HIGHEST AND BEST USE : It is the appraiser's opinion the Highest and Best Use for the Subject Property, as improved, would be represented by the continuation of the existing commercial use, in accordance with zoning and market demand within the area.

: The Highest and Best Use for the Subject Property, as if vacant, would be represented by a commercial development as permitted by local zoning by-laws.

RIGHT TO REVISE

Care has been taken while collecting and confirming facts and writing this report. Contact the author of this report immediately should you discover any evident errors or omissions, corrections will be made immediately. Should any evident errors or omissions or additional undisclosed or unavailable information become known after the completion of the report, the author reserves the right to revise this report and its conclusions to account for this additional information.

ASSET ANALYSIS

LOCATION	
Positive Factors	**Negative Factors**
- located in a commercial area of Ingersoll - strong shadow anchor tenant, Canadian Tire - large residential base nearby	- lacks visual exposure and access from Charles Street

IMPROVEMENTS	
Positive Factors	**Negative Factors**
- 1/3 of the roof was replaced in 2010 - no significant items of deferred maintenance noted - the Anytime Fitness unit was extensively renovated recently	- none noted

INCOME CHARACTERISTICS	
Positive Factors	**Negative Factors**
- strong anchor tenant in place, Giant Tiger - Anytime Fitness signed to a long term lease (10 years) - fully leased as of the Effective Date	- Giant Tiger sublease expires June 30, 2018 - Anytime Fitness has a significant tenant inducement

INVESTMENT MARKET	
Positive Factors	**Negative Factors**
- low interest rates provide attractive leverage to the investor - good quality projects, such as the Subject, are in demand by investors	- smaller communities / towns have a perceived higher risk factor

ESTIMATED CURRENT MARKET VALUE

Two approaches to value were utilized in the valuation of the Subject Property. The two 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	:	**$4,000,000 to $4,600,000**
INCOME APPROACH	:	**$4,100,000 to $4,630,000**
FINAL ESTIMATE OF CURRENT MARKET VALUE	:	**$4,300,000**

RATE ANALYSIS	
Final Estimate of Market Value	**$4,300,000**
Total Square Feet (leaseable)	31,884
Market Value Per Square Foot Building Area	**$134.86**
Potential Gross Annual Income (GAI)	$414,990
Gross Income Multiple (GIM)	**10.36**
Net Operating Income (NOI)	$358,849
Net Operating Income Per Square Foot	**$11.25**
Overall Capitalization Rate (Ro)	8.35%

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 was 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 **WINCHESTER REAL ESTATE INVESTMENT TRUST; EQUITABLE BANK.** 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 written agreement.

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose and intended use of this appraisal and the estimated Current Market are to assist **WINCHESTER REAL ESTATE INVESTMENT TRUST; EQUITABLE BANK** exclusively. 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	:	To estimate the Current Market Value of the within described property as at November 21, 2014.
Intended Use	:	To assist in establishing a Current Market Value for first mortgage financing purposes. The appraisal was not based on a requested minimum valuation, a specific valuation or the approval of a sale or mortgage.

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 attempts to distinguish 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. The characteristics of *personal property* are "movable items that are not permanently affixed to, or part of, the real estate". Personal property is not endowed with the rights of real property ownership. Personal property is generally considered in the valuation of hotels where a business enterprise value is a concern and in investment/rental properties including apartment buildings, townhouses etc where such items as refrigerators, stoves, washer/dryer and dishwasher may be included. In this instance the furniture, fixtures and equipment (FF & E) are not capitalized and have no affect on cash flow.

TYPES OF APPRAISAL REPORTS

Narrative:	A detailed report where an Extraordinary Limiting Condition has been invoked.
Short Narrative:	Concise and briefly descriptive.
Form:	A standardized format combining check-off boxes and narrative comments.

This report was completed to the Standards of a Narrative Appraisal Report.

ANTICIPATED PUBLIC OR PRIVATE IMPROVEMENTS

The appraiser is not aware of any anticipated public or private improvements in the immediate area that would have a significant impact on the Subject Property.

DEFINITION OF MARKET VALUE

The Canadian Uniform Standards of Professional Appraisal Practice prepared by the Appraisal Institute of Canada define market value as:

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

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."

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". 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.

DEFINITION OF THE PRINCIPLE OF CONTRIBUTION

Contributory Value generally relates to the value that a building improvement contributes to the overall market value of the real estate. The concept 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. The cost of an item does not necessarily equal its value.”

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.”

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 diligent 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 defined 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 reasonable exposure time is 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 an 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 the seller and buyer); and, the analysis of future income expectancy estimated from the effective date of the appraisal.

Assuming that the Subject Property would have been listed and marketed 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.

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 reasonably short period from the date of inspection when market conditions have not or are not expected to have changed.

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 (eg. past tense throughout) is necessary for the reader not to be misled and to understand market conditions as of the retrospective effective date.

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 (eg 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 portrayed 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.

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. All approaches to value developed in the original appraisal should be updated with new data. The updated report must clearly show that it can only be relied upon by a reader familiar with the original.

A Current Value Opinion has been used in this 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 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 appraisers 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 Conditions* 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 inspections 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 ASSUMPTION 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 assumption(s) and condition(s) have been identified in the valuation report for the Subject Property:

i) nil.

SCOPE OF THE ASSIGNMENT

In the process of preparing this appraisal, I

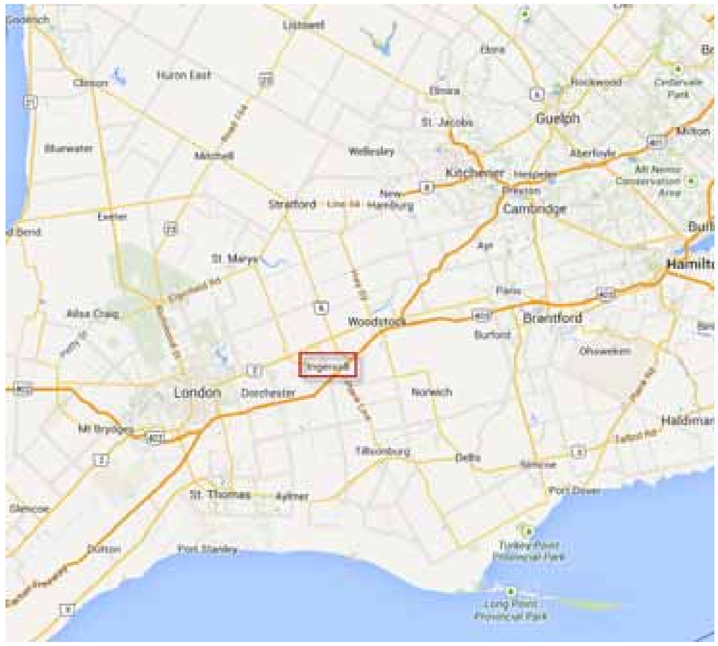
- viewed and photographed the immediate neighbourhood area surrounding the Subject Property;
- inspected the Subject Property on November 21, 2014;
- reviewed the Official Plan and Zoning designations for the Subject Property;
- obtained assessment information on the Subject Property through the municipality, the local real estate board, Geowarehouse or MPAC;
- considered the Highest and Best Use of the Subject Property as though vacant, and as improved;
- reviewed appraisal methodologies and procedures employed in arriving at indications of value;
- conducted market research with regard to comparable commercial transactions. Sources of market evidence included, as appropriate, the local real estate board, Land Title Office transactions - including those reported by *MPAC*, *London and St. Thomas Real Estate Board*, *Geowarehouse*, *Realtrack Inc.*, local assessors, 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 property's 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 central sector of the Town of Ingersoll, on the north side of Charles Street, east of Mutual Street.

The Town of Ingersoll is situated along the north side of Highway #401 and is located approximately 32 kilometres east of the City of London and approximately 12 kilometres west of the City of Woodstock. The former Highway #19, now Plank Line/County Road #119 traverses the Town north to south with the former Highway #2 (now County Road #2) being located approximately 12 kilometres to the north. Ingersoll, being the third largest community in Oxford County, has a population of approximately 10,000 and is primarily a service and commercial centre for the surrounding agricultural area.



The Town of Ingersoll has a very diverse economy with approximately 40 industries and over 130 retail, service/commercial/ institutional establishments in the community. Some of the largest industries are Beachville Lime with 144, Cobi Foods with 165 and Ingersoll Paper Box with 73 employees. In August, 1986, GM and Suzuki undertook a joint venture and announced their plans to construct a half billion dollar assembly plant, known as the CAMI plant, located along Highway #401, south of Ingersoll. Although the plant is now operating and employs approximately 2,400 persons, the Town of Ingersoll has not experienced the "economic boom" which was originally anticipated. Only a small percentage of persons employed by CAMI relocated to the town.

As of January 1, 2001, the Town of Ingersoll amalgamated an area of land from the Township of Southwest Oxford. This comprised those lands between Highway #401 and the previous Town limits and running east from Culloden Road to east of Plank Line with an irregular easterly boundary. This area encompasses the well known Elmhurst Inn and the large First Line Seeds grain elevator on Clarke Road East. Ingersoll is supported by a very strong agricultural base with cash crop farming predominating along with some specialized livestock operations.

More specifically, the Subject Property is located on north side of Charles Street, east of Mutual Street, in the central sector of Ingersoll.

Charles Street is the main arterial road that runs east-west through the Town of Ingersoll. Charles Street, in the vicinity of the Subject is primarily commercial in nature with several retail plazas and retail buildings nearby, as well as residential properties. There is a freestanding Canadian Tire adjacent to the Subject to the west. Further west is the Ingersoll District Memorial Centre. There is a large residential population in the immediate area, which serves the property well.

The Subject Property lacks exposure as well as access from Charles Street, which is a negative factor affecting the property. The Subject Property has access from Mutual Street via an access allowance from Canadian Tire. The Town of Ingersoll has provided the property owners with a letter, stating that they would allow an access point from Charles Street, subject to site plan approval.

VIEW WEST ALONG CHARLES STREET

VIEW EAST ALONG CHARLES STREET

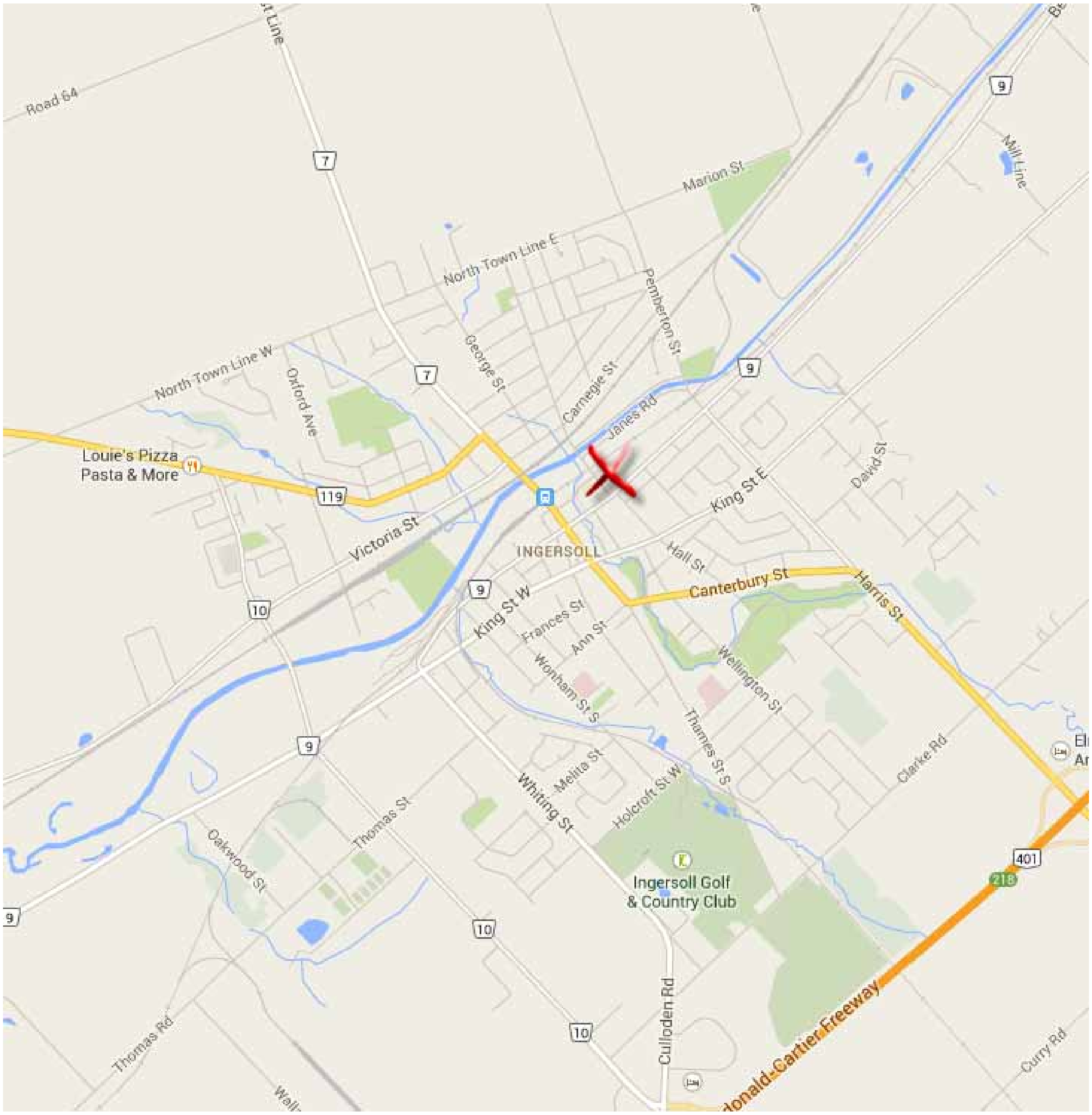
VIEW NORTH ALONG MUTUAL STREET

VIEW SOUTH ALONG MUTUAL STREET

ADJACENT PROPERTY TO THE WEST

NEARBY PROPERTY TO THE WEST

LOCATION MAP - CITY VIEW



LOCATION MAP - AERIAL VIEW

LEGAL DESCRIPTION

The Subject Property is legally described as being Plan 279, Lot 186, Part Lot 23, Part Lot 183, Part Lot 185, Part Carolls Mill Pond, Block 39 and RP 41R3292, Parts 1, 2 & 3, S/T 246743 & 251984, being all of PIN #001690091, Town of Ingersoll, Oxford County, Province of Ontario.

SITE DESCRIPTION

The Subject site is irregular in shape with 200.8 feet of frontage along Charles Street. The site and building are located below grade of Charles Street, approximately 25 feet and has no access from Charles Street. The site is accessed from Mutual Street, west of the Subject, via an access allowance from the adjacent property owner. The area of the site, not containing the building improvements consists primarily of asphalt paved parking. The site contains approximately 3.43 acres.

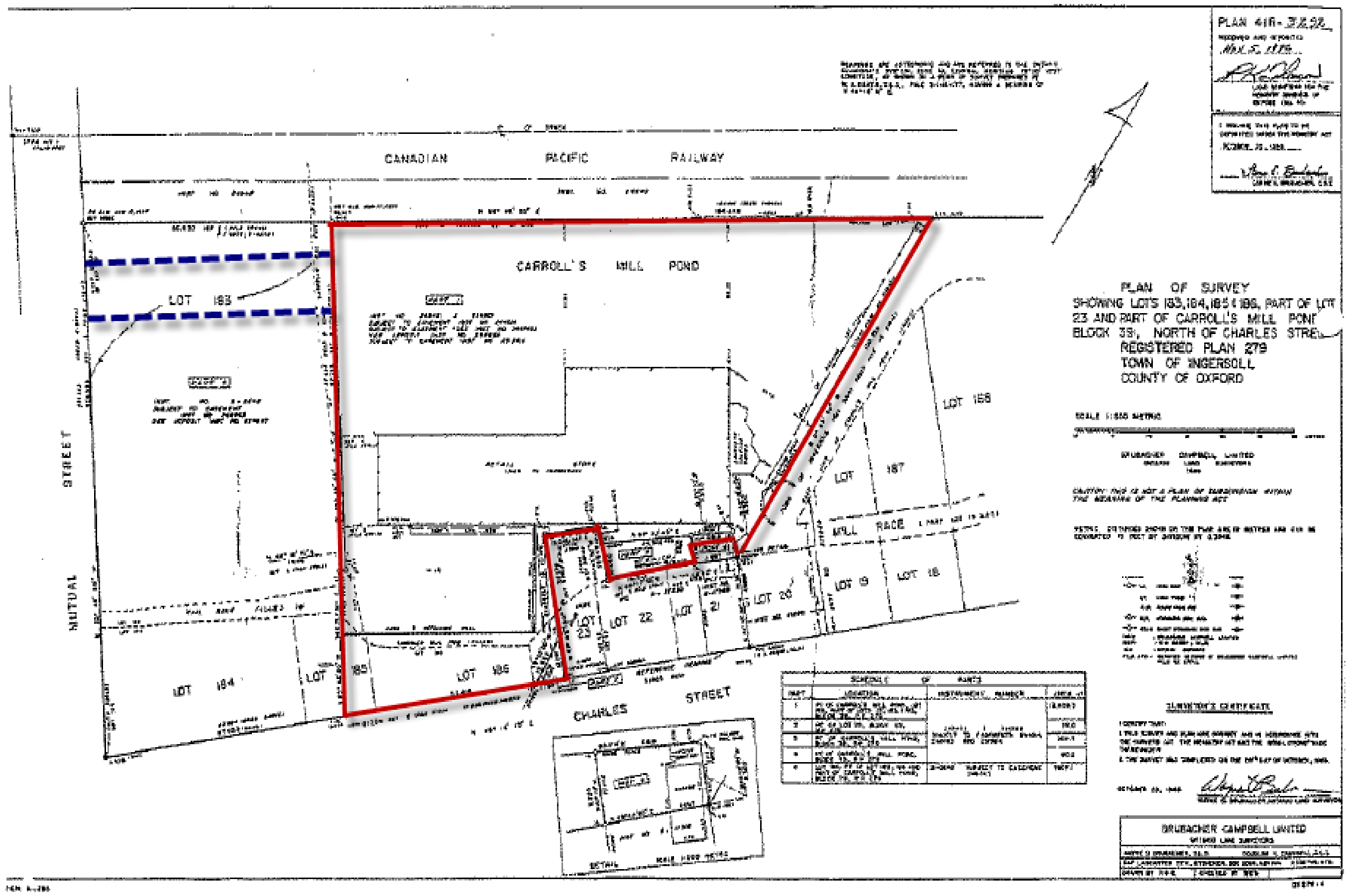
Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may be present on the property or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existing of such materials on or in the property unless other wise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, is identified, the value of the property could be affected. The value estimated is therefore predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

MUNICIPAL SERVICES, ROADS AND UTILITIES

Services that are indicated to be available at the site include municipal sanitary & storm sewers, municipal water, hydro, and natural gas.

Charles Street and Mutual Street, in the vicinity of the Subject, are two lane, paved roadways with concrete curbs, sidewalks and overhead street lighting.

SITE PLAN


PLAN 41R-
CANADIAN PACIFIC RAILWAY
CARROLL'S MILL POND
LOT 183
LOT 184
LOT 185
LOT 186
LOT 187
LOT 188
LOT 23
LOT 22
LOT 21
LOT 20
LOT 19
LOT 18
MILL RACE
MUTUAL STREET
CHARLES STREET
PLAN OF SURVEY
SHOWING LOTS 183,184,185 & 186, PART OF LOT 23 AND PART OF CARROLL'S MILL POND
BLOCK 39, NORTH OF CHARLES STREET
REGISTERED PLAN 279
TOWN OF INGERSOLL
COUNTY OF OXFORD
SURVEYOR'S CERTIFICATE
BRUBACHER CAMPBELL LIMITED
SCHEDULE OF PARTS
DETAIL

ASSESSMENT AND TAXES

According to municipal records for the Town of Ingersoll, the Subject Property is assessed and taxed as follows:

111 CHARLES STREET EAST, INGERSOLL, ONTARIO					
Roll Number		32 18 020 030 03900 0000			
Assessed Value - January 1, 2012		$2,722,000		Destination Value	
Difference in Assessment		$437,000	/4	=	$109,250
Taxes (2014)		$105,038.83			
Bldg. Area	**Taxes Per Sq. Ft.**	31,884	$3.29	Per Square Foot	
	Assessment Per Sq. Ft.		$79	Per Square Foot	

Phased In Assessment Value	
2013	$2,394,250
2014	$2,503,500
2015	$2,612,750
2016	$2,722,000

Under the Assessment Act, an increase in assessed value from January 1ST, 2012 will be phased in over the next four years, from 2013 to 2016.

To establish your property's assessed value, MPAC analyzes property sales in your community. This method is called Current Value Assessment. The 'Current Value' means, in relation to land, the amount of money the fee 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.

Property Ownership History

The Subject Property was last purchased by 111 Charles Street Plaza Inc., with a consideration of $2,800,000 and was registered on November 28, 2011. The Subject Property is not currently listed for sale, nor is it subject to a purchase and sale agreement.

111 CHARLES ST E

INGERSOLL | N5C1J9

Search By Block | Enhanced Report | GeoWarehouse Store

ACTIVE | PIN 001690091 | ARN 321802003003900

Land Registry Information - PIN: 001690091

Print Store Parcel Register

Address:	111 CHARLES ST E				
Municipality:	INGERSOLL	LRO:	41	Area:	13,727 m2
Land Registry Status:	ACTIVE	Registration Type:	LT	Perimeter:	574 m
Description:	LT 186 BLK 39 PL 279; PT LT 23, 183, 185 BLK 39 PL 279; PT CARROLL'S MILL POND PL 279 DESIGNATED AS PARTS 1, 2 & 3, 41R3292; S/T 246743 & 251984; INGERSOLL				
Party To:	111 CHARLES STREET PLAZA INC.;				

Assessment Information

Store Assessment Reports

Assessment Roll Number	321802003003900				
2014 Tax Year, Phased In Assessment:	$2,503,500	Depth:	0.00 A	Frontage:	200.80 A
Assessed Value based on January 1, 2012:	$2,722,000	Property Type:		425 Neighbourhood shopping centre, with more than two stores attached, under one ownership, with anchor - generally less than 150,000 s.f.	

Sales History Information

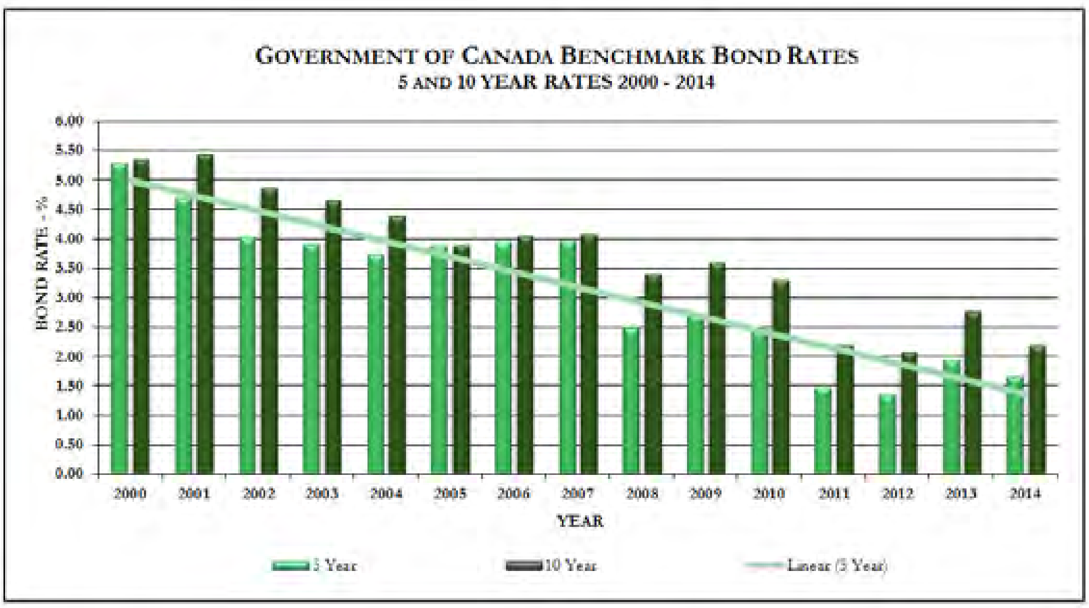
DATE:	TYPE:	AMOUNT:
11/28/2011	T	$2,800,000
PARTY TO:	111 CHARLES STREET PLAZA INC.;	
06/04/2010	TPSA	$2,130,000
PARTY TO:	1818127 ONTARIO LIMITED;	
09/02/1994	T	$2
PARTY TO:	ANESBURY CORPORATION LTD.;	
10/03/1977	T	$2
PARTY TO:	WINLOCK PARK HOLDINGS LTD. (UNDIVIDED 25% INTEREST); LANDAWN SHOPPING CENTRES LTD. (UNDIVIDED 50% INTEREST); G M E L HOLDINGS LTD. (UNDIV IDED 25% INTEREST);	

MORTGAGES

For the purpose of this appraisal, the property has been valued free and clear of existing mortgage financing. It has been assumed that conventional mortgage financing would be available to the Subject Property at interest rates and under terms similar to those currently in effect for this category of real estate.

> *It should be noted that the number of lenders available to provide long term financing on this type of project has been reduced in recent years. This report is premised on the financial capabilities of the owner/tenant occupant of the real estate to meet their financial commitments, an important consideration in the availability of mortgage financing.*

With investment properties similar to the Subject Property, lenders generally established interest rates on the basis of current short or long term *Canada Bond* rates. *Bond Rate Yields* around the date of valuation are bracketed in the 1.01% (two year) to 1.51% (five year) and 2.02% (10 year) range as reported by the Bank of Canada, November 21, 2014. Based on lender surveys, it would be normal for a lender to increase the quoted rates by 250 to 450 basis points over the selected term.



DESCRIPTION OF IMPROVEMENTS

The site contains a one storey, multi tenant, retail plaza, containing approximately 31,884 square feet. The building was in good overall condition and was fully leased to four (4) tenants, as of the Effective Date. The building is anchored by Giant Tiger, who subleases 21,000 square feet from Loblaws. The other three tenants include Thamesford Pizza, Anytime Fitness, and Super Dollar Stop. The building has a good program of repair and maintenance with no signs of deferred maintenance noted or reported.

Giant Tiger:	21,000 square feet
Thamesford Pizza:	1,150 square feet
Anytime Fitness:	5,952 square feet
Super Dollar Stop:	3,782 square feet
Total:	**31,884 square feet**

GENERAL CONSTRUCTION

- concrete foundation
- decorative split block/concrete block/metal clad exterior walls
- flat built up tar and gravel roof - western section of the roof was redone in 2010, at a cost of $80,000 (everything except Giant Tiger)
- rooftop mounted HVAC units
- sprinklered
- aluminium framed plate glass doors and windows
- separate entrances for each unit
- illuminated ID signs

GIANT TIGER - 21,000 SQUARE FEET

The interior is fairly open with a basic level of finish and typical floor plan. There is a front retail area with checkout counters and a private office at the front. The open retail area is finished with vinyl tile flooring, drywall walls and acoustic tile t-bar ceiling. There is a rear storage area with two loading docks, at truck level, storage areas, a walk in cooler and a walk in freezer as well as a second floor staff lunch room, office, locker room and washrooms. The unit has a 1,000 amp electrical panel. The level of finish is basic, but in good overall condition.

THAMESFORD PIZZA - 1,150 SQUARE FEET

This unit is long and narrow, with a small front entry with a counter and small waiting area. This front space is accessed from a single, aluminum framed door and has ceramic tile flooring, drywall walls, and an acoustic tile t-bar ceiling. There is an open kitchen behind the front counter with the same level of finish as well as pizza ovens and preparation tables. There are two rear areas that are used for cleaning, preparation and storage as well as a staff two piece washroom. The level of finish and overall condition is consistent throughout.

ANYTIME FITNESS - 5,952 SQUARE FEET

This unit was extensively renovated recently, to meet the needs of the current tenant. The unit was primarily open, work out space, with a good level of finish. The open gym space had carpet / rubber flooring, drywall walls, and open steel web joist ceiling. In addition to the open gym space, there was a front foyer, two private offices, a meeting area, tanning room, massage room, virtual fitness studio, storage room and four private washrooms (two with showers). The finish throughout the unit was very good, being in very good condition.

SUPER DOLLAR STOP - 3,782 SQUARE FEET

This unit was renovated prior to the current tenant occupying the space in the summer of 2014, and is considered to be in average to good overall condition. The unit is primarily open retail space, that is finished with vinyl tile flooring, drywall walls, acoustic tile t-bar ceiling, florescent tube lighting, large aluminum framed windows along the front and is fully sprinklered. The rear of the unit contains a storage room, as well as a two piece washroom.

SITE IMPROVEMENTS

- large paved parking lot along the north side of the building, ample parking
- concrete walkways
- single access from Mutual Street via an access allowance from the adjacent property owner

REMARKS

The layout and design of the project is practical and good for a number of alternative users. Condition of the building is average to very good, being well maintained with no major items of deferred maintenance noted. A large section of the roof was redone in 2010, as well as two of the units being recently renovated and are considered to be in average to very good overall condition.

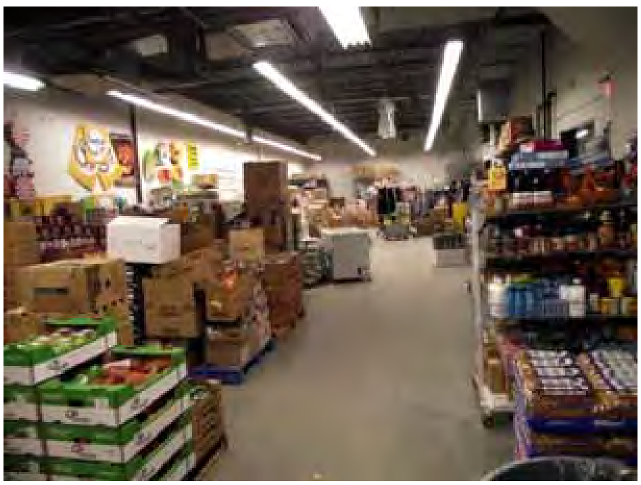
NORTHWEST ELEVATION | NORTHWEST ELEVATION

SOUTHWEST ELEVATION | SOUTH ELEVATION

NORTHEAST ELEVATION | NORTH ELEVATION

GIANT TIGER

GIANT TIGER



GIANT TIGER

GIANT TIGER

THAMESFORD PIZZA

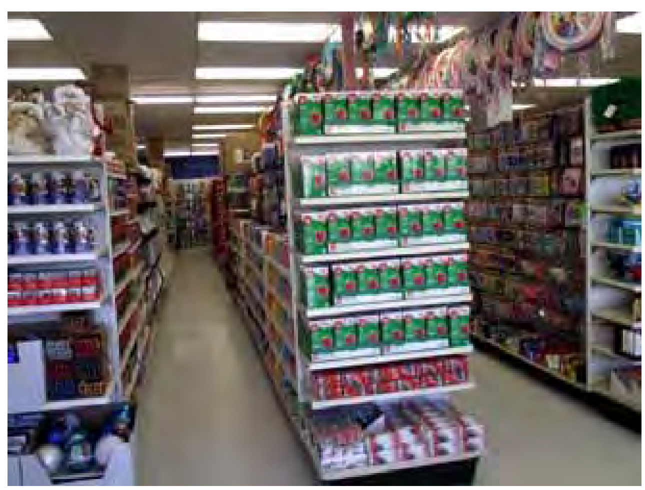
THAMESFORD PIZZA

ANYTIME FITNESS

ANYTIME FITNESS

ANYTIME FITNESS

ANYTIME FITNESS



SUPER DOLLAR STOP

SUPER DOLLAR STOP

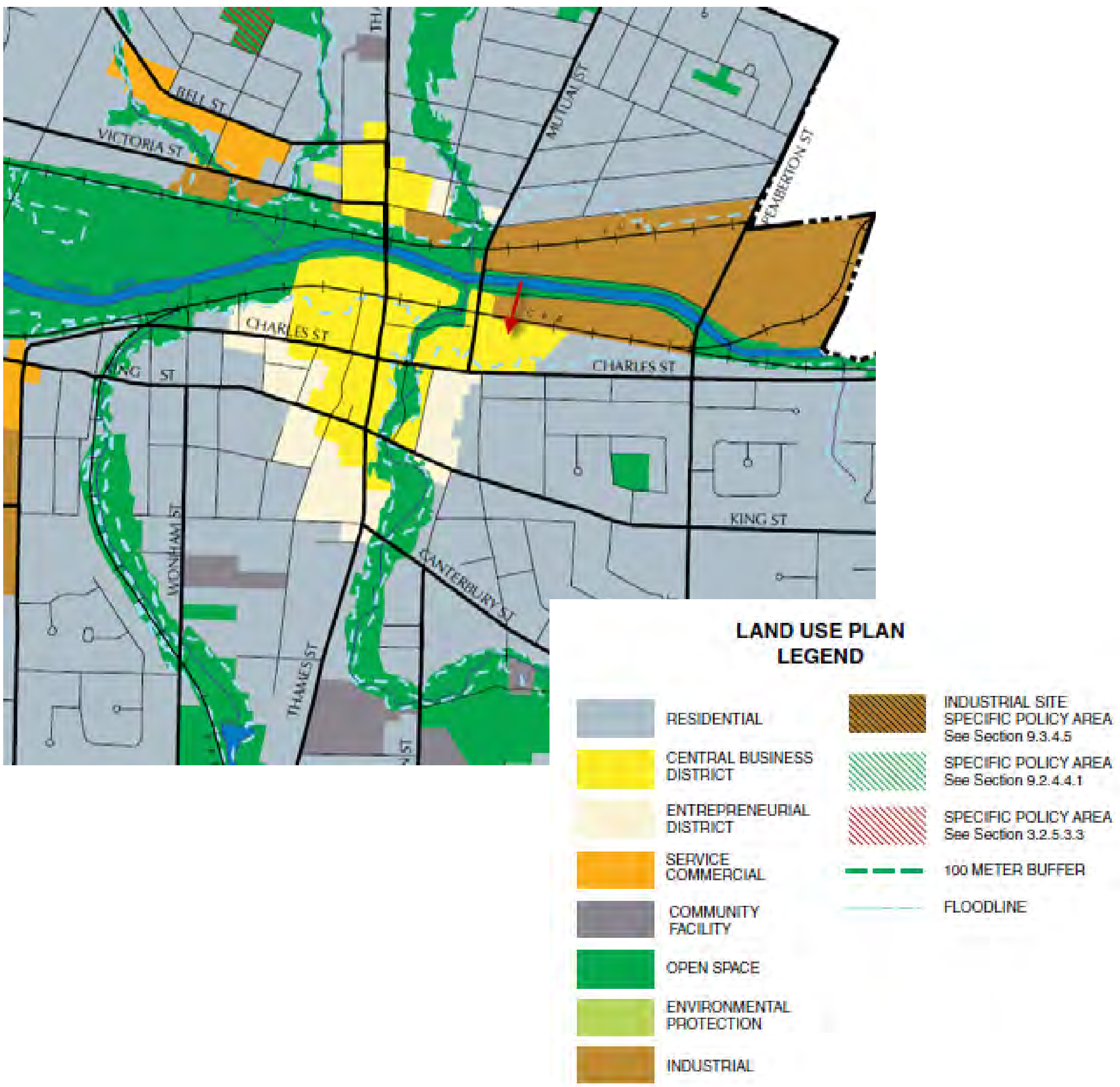
OFFICIAL PLAN

The Official Plan is defined in The Planning Act as follows:

> "A document approved by the Minister of Municipal Affairs and Housing containing 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 for the Town of Ingersoll designates the Subject Property **'CENTRAL BUSINESS DISTRICT'**.

This designation appears to be consistent with the proposed use of the Subject Property.



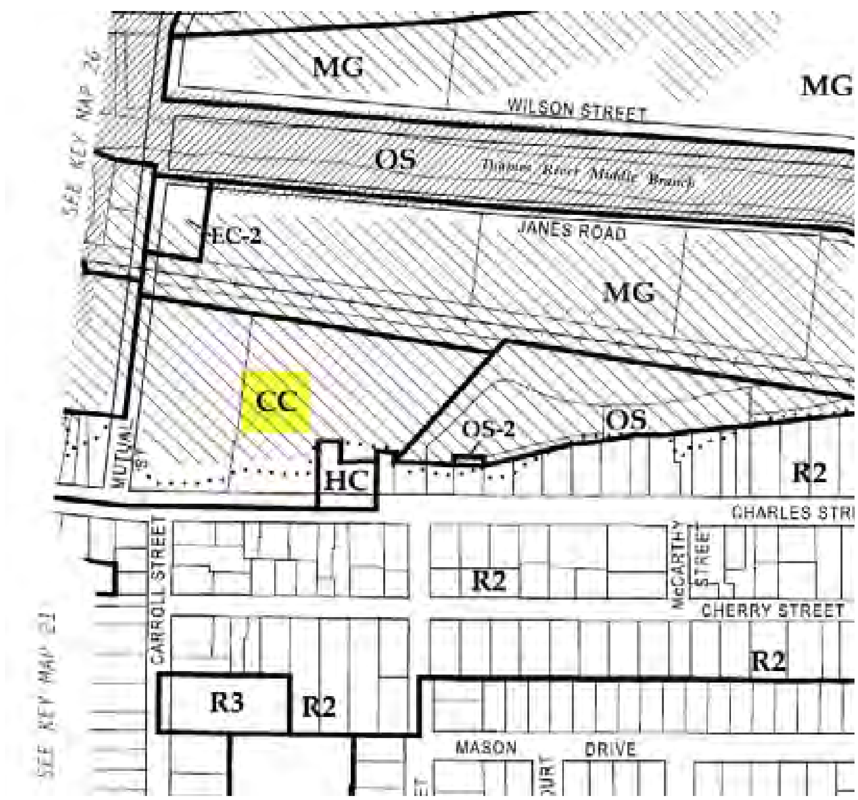
ZONING

While Official Plans set 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.

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 Town of Ingersoll, the Subject Property is zoned **'CC- - CENTRAL COMMERCIAL ZONE'.** It is not within the scope of this report to determine if all regulations have been met. This report assumes that the existing use is legal.



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.

The estimation and analysis of this optimum and probable use to which the property may be put, normally encompasses consideration of the compatibility of the existing use and any suggested alternative use for which a property may be utilized with:

(a) the Zoning, Official Planning and other legal and political restraints on the use of the property;
(b) the economic and market trends, supply and demand situation for the suggested use;
(c) the expectations of the surrounding community;
(d) the financial feasibility of the contemplated use;
(e) the physical attributes and limitations of the site and its location, including the availability of services necessary to support alternative uses.

In the analysis of this specific site several additional factors were considered.

- The Subject site is zoned '**CC - CENTRAL COMMERCIAL ZONE**', which allows a range of uses which is consistent with the current development and the development in the surrounding area;
- Based on the existing zoning and official plan designation for the area, the current use of the Subject Property would appear to be in keeping with the expectations of the surrounding community;
- The Subject site has full municipal services necessary to support development. Although no engineering reports were provided, based on the existing developments in the area, the property would appear to by physically capable of supporting commercial development;
- The location of the site, its' physical access and visual exposure would suggest that its most probable economic viability would be for commercial uses.

It is the appraiser's opinion the Highest and Best Use, for the Subject Property, as if improved, would be represented by the current commercial use, in accordance with zoning and market demand within the area. The structure is functional and offers competitive space within the existing level of similar rental accommodations.

It is the appraiser's opinion the Highest and Best Use, for the Subject Property, as if vacant, would be represented by a commercial use, in accordance with zoning and market demand within the area.

APPROACHES TO VALUE

In estimating the *Market Value* of an improved 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:

(1) The Cost Approach
(2) The Direct Comparison Approach
(3) 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 property being appraised is a multi-tenant, retail plaza.

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 facility 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 *Income Approach* was considered and based on the availability of market supportable evidence was considered applicable to the Subject assignment. The selection of stabilized rental rates, and under what terms, although subject to potential wide variation, was considered supportable based on current market activity. The building would allow occupancy on the basis of both a 'Net' or 'Gross Lease' basis. The anticipated going-in rate of return, and the selection of a capitalization rate from the market is possible.

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 *Direct Comparison Approach* and the *Income Approach* 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 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.

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. data files, various Real Estate Boards, realtors, persons knowledgeable of the commercial market and other real estate professionals.

The data search of Oxford County revealed a limited number of sales involving properties comparable to the Subject. The search area was expanded to include a variety of locations deemed comparable as an investment locale.

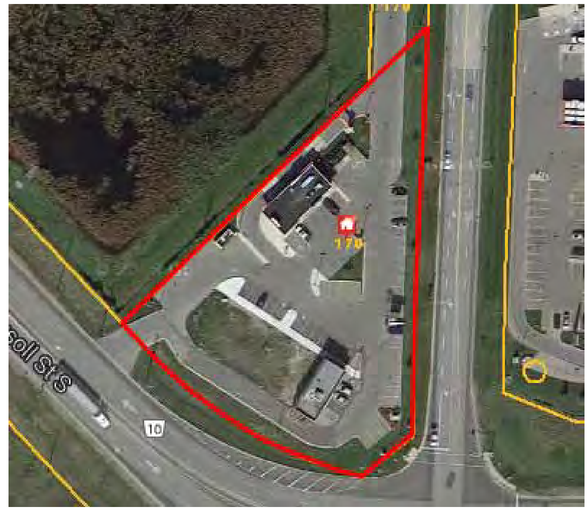
The following schedule outlines those transactions considered to provide evidence as to the Subject Property's value by comparison. While none of these properties are the same as the Subject Property, they were considered to lend insight collectively into the market's potential reaction to the Subject Property.

The sales were analysed physically on the basis of sale price per square foot of building area inclusive of land *(sale price divided by building area).* This measurement generally minimizes the margin of error that can result from differences between the properties being compared. However, when comparing commercial properties under lease, the rental amounts, the age of the improvements and financing can result in a significant variation between the high and low units of comparison.

Economically, the transactions were analysed where possible on the basis of the properties' existing or potential gross incomes as well as their adjusted net operating incomes, before debt service, depreciation or taxation. These two units of comparison result in (1) Gross Income Multiple [G.I.M.] (sale price divided by gross income) and (2) Adjusted Overall Capitalization Rate (net income adjusted before debt service expressed as a percentage of the sale price - overall or going-in return on investment), the latter factor being primarily used in the Income Approach to Value section of the report.

COMPARABLE SALES

COMPARABLE SALE #1



PROPERTY IDENTIFICATION:		FILE # 31235	PIN# 001470113
Address:	170 - 178 Culloden Road, Ingersoll		
Location:	South sector of Ingersoll, just north of Highway #401		
Legal Desc.:	PT LT 22 CON 2 WEST OXFORD PT 1 41R3881; INGERSOLL		

SALE DATA:		PROPERTY DATA:		x
Vendor	BVD Holdings Oxford Inc.	Building Area	6,000	Square Feet
Purchaser	2409487 Ontario Inc.	Site Area	1.80	Acres
Sale Date	July 3, 2014	Zoning	Commercial	
Sale Price	$2,700,000	Sale Price/S. F.	$450.00	

REMARKS: Valco

This transaction involves the Leased Fee Interest in a multi-tenant, retail plaza located in Ingersoll. The site is improved with two retail buildings, which contain a total of 6,000 square feet. The buildings are of newer construction, having been built circa 2010, 2012 and were in very good condition. The buildings had one vacant unit (1,500 square feet), with the other three units being leased to A&W, Subway and Pita Pit. The property is located in a good commercial location, being just north of Highway #401, on a road with direct access to the highway.

Physical analysis indicated a unit rate of comparison of $450.00 per square foot of building area, inclusive of land.

COMPARABLE SALE #2

PROPERTY IDENTIFICATION:		FILE # 30529	PIN# 412410026
Address:	8 Wellington Street West, Exeter		
Location:	Central sector of Exeter, along its arterial roadway		
Legal Desc.:	Lot 543, Plan 376, Exeter; Lot 544, Plan 376, Exeter; LT 545, Plan 376 Exeter; Lot 546, Plan 376 Exeter; Lot 558 Plan 376 Exeter; Lot 559 Plan 376 Exeter		

SALE DATA:		PROPERTY DATA:		x
Vendor	Named Individuals	Building Area	8,858	Square Feet
Purchaser	Named Individuals	Site Area	0.96	Acres
Sale Date	March 2014	Zoning	C1-1/C1-5	
Sale Price	$1,250,000	Sale Price/S. F.	$141.12	

REMARKS:

This transaction involves the Leased Fee Interest in a multi-tenant, retail plaza located in Exeter. The site is improved with a one storey, multi tenant commercial building that contains a total of 8,858 square feet. The building is separated into six (6) units, with five (5) being occupied as of the sale date. The building is of older construction, being built circa 1988, however, has been well maintained and was in good overall condition, with no items of deferred maintenance noted or reported at the date of sale. The plaza was anchored by M&M Meats. The site was accessed from two streets, with adequate on site parking and located along an arterial road, with good visual exposure and traffic volume.

Physical analysis indicated a unit rate of comparison of $141.12 per square foot of building area, inclusive of land. Economic analysis revealed a Gross Income Multiplier (GIM) of approximately 11.4 with an adjusted capitalization rate (Ro) of approximately 8.1% and a Net Operating Income (NOI) of approximately $11.44 per square foot.

COMPARABLE SALE #3

PROPERTY IDENTIFICATION:	FILE # 30260	PIN# 96080162

Address:	425 Caradoc Street South, Strathroy
Location:	southern sector of the Town of Strathroy
Legal Desc.:	Plan 282, Pt Lots 47 & 48 designated as Parts 1 and 5 on Reference Plan 33R16844

SALE DATA:		PROPERTY DATA:		x
Vendor	2073060 Ontario Inc.	Building Area	33,560	Square Feet
Purchaser	2335501 Ontario Inc.	Site Area	2.62	Acres
Sale Date	December 18, 2013	Zoning	C2-3 Commercial	
Sale Price	$5,450,000	Sale Price/S. F.	$162.40	

REMARKS:

This transaction involves the Leased Fee Interest in a multi-tenant, retail plaza located in south Strathroy. The site is improved with a multi-tenant, five (5) unit, 33,560 square foot (leaseable), retail plaza. The building is a former Canadian Tire store which has been converted and added to, to it's current status. This building is in above average condition with no significant items of deferred maintenance noted or reported at the date of sale. The property is tenanted by Staples, Domino's pizza, Dollar Tree, BDO Dunwoody, with one unit vacant at the date of sale (4,100 sf).

Physical analysis indicated a unit rate of comparison of $162.40 per square foot of building area, inclusive of land. Economic analysis revealed a Gross Income Multiplier (GIM) of approximately 12.9 with an adjusted capitalization rate (Ro) of approximately 6.9% and a Net Operating Income (NOI) of approximately $11.21 per square foot.

Comparable Sale #4

Property Identification:		File # 29836	Pin# 000880085
Address:	431 - 455 Norwich Avenue, Woodstock		
Location:	South sector of Woodstock		
Legal Desc.:	Plan 41M82, Part Lot 1, being all of PIN # 000880215; Plan M-82, Lot 2-1		

Sale Data:		Property Data:		x
Vendor	KCAP Woodstock Inc.	Building Area	50,537	Square Feet
Purchaser	Woodstock Equities Inc.	Site Area	4.59	Acres
Sale Date	February 2013	Zoning	Commercial	
Sale Price	$11,661,025	Sale Price / S. F.	$230.74	

Remarks:

This transaction involves the Leased Fee Interest in a multi-tenant, multi building, retail plaza located in south Woodstock. The site is improved with a four (4) building, 50,537 square foot (leaseable), multi tenant retail plaza containing eleven (11) units. The buildings are of newer construction, having been originally constructed circa 2006 and are in good to very good overall condition, with no significant items of deferred maintenance noted or reported at the time date of sale. Major tenants included; Winners, Quizno's, Ardene, Canada Post, Boston Pizza (land lease), A&W. The site benefits from very good exposure and high traffic volume along an arterial road.

Physical analysis indicated a unit rate of comparison of $230.74 per square foot of building area, inclusive of land. Economic analysis revealed a Gross Income Multiplier (GIM) of approximately 14.0 with an adjusted capitalization rate (Ro) of approximately 6.7% and a Net Operating Income (NOI) of approximately $15.46 per square foot.

COMPARABLE SALE #5

PROPERTY IDENTIFICATION: FILE # 29353/DT PIN#:41063-0016/7

Address:	33-55 Josephine Street, Wingham (North Huron)
Location:	East side of Josephine Street and additional frontage from the north side of South Street
Legal Desc.:	Part Park Lots 1 to 6 East Side Josephine Street Plan 414; Parts 1 & 2 on 22R-1027; North Huron

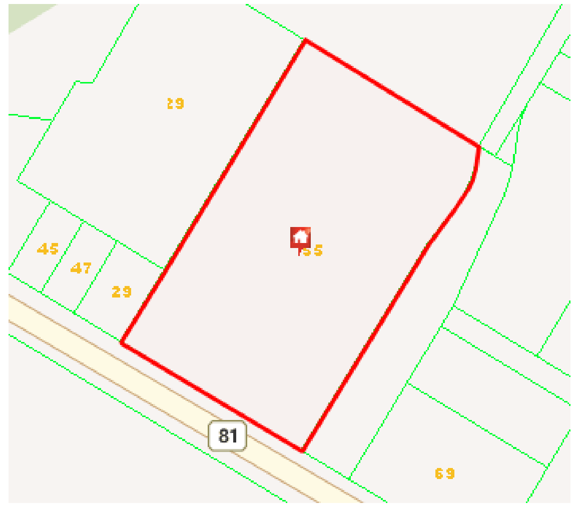
SALE DATA:		PROPERTY DATA:		
Vendor:	Named Individuals	Building Area:	38,246	Square Feet
Purchaser:	2335294 Ontario Inc.	Site Area:	4.41	Acres
Sale Date:	October 2012	Site Coverage:	19.9%	
Sale Price:	$3,850,000	Sale Price/S. F.:	$100.66	

REMARKS:

This transaction involved the purchase of the Leased Fee Interest in a two property, multi (5 tenants) and single tenant retail plaza buildings that are located along the east side of Josephine Street and additional frontage along the north side of South Street, in the southern sector of Wingham. The combined 4.41 acre sites, were improved with two (2) free standing buildings leased to 6 tenants. The overall combined building areas contained approximately 38,246 square feet. One building contained 6 tenants (35,216 square feet) and the other building was a single tenant (3,030 square feet), leased to Tim Hortons. There were no major items of deferred maintenance noted or reported at the time of inspection and the buildings were in good overall condition. At the date of sale, the property was 100% occupied.

The following information has been based on blended financial analysis with a stabilized operating statement with a 3% vacancy. The Physical analysis indicated a unit rate of comparison of $100.66 per square foot of building area, inclusive of land. Economic analysis revealed a Gross Income Multiple (GIM) of approximately 10.3 with an adjusted capitalization rate (Ro) of approximately 9.1% and a Net Operating Income of approximately $9.13 per square foot.

COMPARABLE SALE #6



PROPERTY IDENTIFICATION:	FILE # 28712	PIN#434440481

Address:	55 Main Street East, Grand Bend
Location:	North side of Main Street, east of Ontario Street
Legal Desc.:	PT LT 1 CON LAKE ROAD EAST STEPHEN PT 2,5,8 25R8424; S/T L877721 AMENDED BY L903005 & L903991; S/T L877717; LAMBTON SHORES

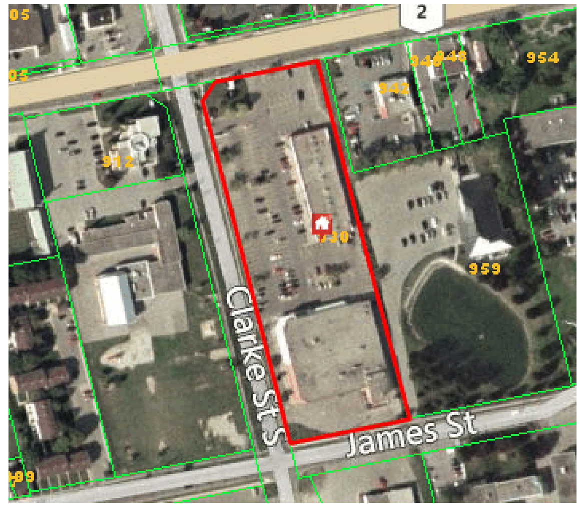
SALE DATA:		PROPERTY DATA:		x
Vendor	Penreal Property Fund V Holdings Inc.	Building Area	42,100	Square Feet
Purchaser	Grand Bend Town Centre Holdings Inc.	Site Area	5.93	Acres
Sale Date	May 2012	Zoning	Commercial	
Sale Price	$7,949,444	Sale Price/S. F.	$188.82	

REMARKS:

This transaction involves the Leased Fee Interest in a multi tenant, three building, retail plaza located in Grand Bend. The 5.93 acre site is improved with three, one storey retail buildings, that contain; 25,851 sf, 10,249 sf, 6,000 sf for a total leaseable building area of 42,100 square feet. The three buildings are occupied by single tenants, being Sobey's, Shoppers Drug Mart and the third building was in negotiations with a national tenant, that was not named. The two tenants in place are considered to be very strong, AAA tenants, making this an attractive long term investment. Sobey's was subject to a 20 year lease and Shoppers Drug Mart was subject to a 15 year lease (commenced in 2002). The buildings were originally constructed circa 2002 and were considered to be in very good overall condition.

Physical analysis indicated a unit rate of comparison of $188.82per square foot of building area, inclusive of land. Economic analysis revealed a Gross Income Multiple (GIM) of approximately 11.5 with an adjusted capitalization rate (Ro) of approximately 8.2%, and a Net Operating Income of approximately $15.54 per square foot.

COMPARABLE SALE #7



PROPERTY IDENTIFICATION:	FILE # 28659	PIN# 001080039

Address:	930 Dundas Street, Woodstock
Location:	South side of Dundas Street, east sector of Woodstock
Legal Desc.:	PT LT 3, 6 PL 495 AS IN 482435 EXCEPT PT 1, 41R4774; S/T 364343, WK48724; WOODSTOCK

SALE DATA:		PROPERTY DATA:		
Vendor	Strathallen Retail Property GP No. 1 Inc.	Building Area	41,327	Square Feet
Purchaser	Highyon Shopping Centre	Site Area	3.28	Acres
Sale Date	April 2012	Zoning	Commercial	
Sale Price	$5,500,000	Sale Price/S. F.	$133.08	

REMARKS:

This transaction involves the Leased Fee Interest in an older, one storey, two building, multi tenant, retail plaza located in Woodstock. The 3.28 acre site is improved with two, one storey retail buildings, with a total leaseable building area of 41,327 square feet. One building was leased to several tenants, including Bulk Barn, Pet Valu, EasyHome, and the second building was fully leased to Giant Tiger. Giant Tiger recently moved into the property, and completed extensive renovations. The plaza was fully occupied at the date of sale. The property is located in a quality commercial area, along an arterial road providing good traffic volume and visual exposure.

Physical analysis indicated a unit rate of comparison of $133.08 per square foot of building area, inclusive of land. Economic analysis revealed a Gross Income Multiple (GIM) of approximately 13.0 with an adjusted capitalization rate (Ro) of approximately 7.3%, and a Net Operating Income of approximately $9.76 per square foot.

The following chart summarizes the physical and economic units of comparison developed through analysis of the various transactions.

COMPARABLE SALES CHART
111 CHARLES STREET EAST, INGERSOLL, ONTARIO
FILE #1114-31235/MT

#	Date of Sale	Address	Sale Price	Building Area (Sq. Ft.)	Sale Price per S. F.	GIM	Overall Cap. Rate (Adjusted)	NOI / Sq. Ft.
1	July 2014	170 - 178 Culloden Road, Ingersoll	$2,700,000	6,000	$450.00	--	--	--
2	March 2014	8 Wellington Street West, Exeter	$1,250,000	8,858	$141.12	11.4	8.1%	$11.44
3	December 2013	425 Caradoc Street South, Strathroy	$5,450,000	33,560	$162.40	12.9	6.9%	$11.21
4	February 2013	431-455 Norwich Avenue, Woodstock	$11,661,025	50,537	$230.74	14.0	6.7%	$15.46
5	October 2012	33-55 Josephine Street, Wingham	$3,850,000	38,246	$100.66	10.3	9.1%	$9.13
6	May 2012	55 Main Street East, Grand Bend	$7,949,444	42,100	$188.82	11.5	8.2%	$15.54
7	April 2012	930 Dundas Street, Woodstock	$5,500,000	41,327	$133.08	13.0	7.3%	$9.76
SUBJECT		**111 CHARLES STREET EAST, INGERSOLL**		**31,884**				

The sales involve a mixture of comparable property purchases throughout Southwestern Ontario.

Although of varying age, size, design and type, it was concluded that the transactions utilized presented a good overall view of the investor requirements associated with this type of investment property. Prior to adjustment, the benchmark physical units provided a significant variation between the high and low units. The economic analysis provided units of comparison within a reasonably consistent range, however, consideration must be given to the timing of the transaction along with the quality of the investment as well as with mortgage interest rates and investor equity requirements.

The documented transactions have been summarized in the following chart on the basis of the high and low benchmarks Gross Income Multipliers and Adjusted Overall Capitalization Rates:

RANGE	BLDG. AREA (S.F.)	SALE PRICE PER S.F.	G.I.M.	ADJ. OVERALL CAP. RATE	NOI/SF
LOW	6,000	$100.66	10.3	6.7%	$9.13
HIGH	50,537	$450.00	14.0	9.1%	$15.54
TRUNCATED MEAN	44,126	$171.23	12.2	7.6%	$11.97

This type of property has over the years established a market acceptance within the investment community. Therefore, it was considered reasonable to apply a Gross Income Multiple (GIM) to the Subject Property's gross potential income. The main feature of the multiple as a unit of comparison is that nearly all value characteristics, such as location, physical condition, functional attributes, etc. are accounted for in the amount of gross income the property is capable of producing.

As can be appreciated, Gross Income Multipliers (GIM) do not account for differences in the net earnings between alternative investment opportunities. Some properties might generate above normal net incomes due to superior management and upkeep, while others may have relatively deficient net earnings as a result of an extraordinary expense burden. The cost of financing is another variable which can seriously affect the bottom line of the operating statement. The astute buyer, however, will be cognizant of these conditions and the offered price will be suitably adjusted for these circumstances.

Analysis of the most recent investment sales suggests an downward or firming trend in adjusted capitalization rates, which has the effect of increasing the value of the property. Although the averaging of the economic factors does not provide a valid indication of a property's value, the truncated mean (removal of high and low factors) of the Overall Capitalization Rate (Ro) provided a reasonably consistent trend at 7.6% toward the middle of the range.

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 per square foot of $11.25 based on the Net Operating Income divided by the overall leaseable area ($358,849 ÷ 31,884 square feet).

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

CHART II - PHYSICAL-ECONOMIC VALUE ADJUSTMENTS					
	A	**B**	**C**	**D**	**E**
Sale No.	**Sale Price Per S.F.**	**N.O.I. Per S.F.**	**Subject's N.O.I. Per S.F.**	**Multiple [C ÷ B]**	**Adjusted Sale Price Per Unit [A x D]**
2	$141	$11.44	$11.25	0.98	$138
3	$162	$11.21	$11.25	1.00	$162
4	$231	$15.46	$11.25	0.73	$169
5	$101	$9.13	$11.25	1.23	$124
6	$189	$15.54	$11.25	0.72	$136
7	$133	$9.76	$11.25	1.15	$153
Average					$147

Prior to the adjustment process taking place, the comparable sales indicated a range of square foot rates from a low of approximately $101 per square foot to a high of $231 per square foot. When adjusted for average Net Operating Income per square foot the range narrows resulting in an overall range between $124 and $169 per square foot with an average unit price of $147 square foot of building area, inclusive of land.

After carefully weighing all available information, a square foot rate between $125 and $145 is considered to be applicable for the Subject Property. Applying this unit range to the Subject's building area of 31,884 square feet provides a value range from $3,986,000 to $4,623,000.

NOTE TO READER: The lease for Anytime Fitness (commenced September 1, 2014) includes a significant tenant inducement, in the form of free rent. The first 10 months of the lease are Base Rent and Additional Rent free, with the next 3 months (months 11, 12, 13) being Base Rent free. This equates to a discount of $119,973 over this 13 month period. In month 14, the revenue will be stabilized, with the tenant paying both base rent and their portion of the additional rent. This inducement has been considered, and is reflected in the Market Value, at a discounted rate.

GROSS INCOME MULTIPLE (GIM) ANALYSIS

This type of property has over the years established a market acceptance within the investment community. Therefore, it was considered reasonable to apply a Gross Income Multiple (GIM) to the Subject Property's gross potential income. The main feature of the multiple as a unit of comparison is that nearly all value characteristics, such as location, physical condition, functional attributes, etc. are accounted for in the amount of gross income the property is capable of producing.

As can be appreciated GIM's do not account for differences in the net earnings between alternative investment opportunities. Some properties might generate above normal net incomes due to superior management and upkeep, while others may have relatively deficient net earnings as a result of an extraordinary expense burden. The cost of financing is another variable which can seriously affect the bottom line of the operating statement. The astute buyer, however, will be cognizant of these conditions and the offered price will be suitably adjusted for these circumstances.

The comparable sales provided GIM's ranging from a low of 10.3 to a high of 14.0. The majority of these sales are deemed to be superior to the Subject regarding location and income generating ability. Based on the transactions analysed a factor of 10.0 to 11.0 is considered to be applicable for the Subject Property. This factor range takes into consideration the operating expense ratio reflected by the Subject Property, its age, semi gross leases, location and long term investment potential of the property based on continued occupancy and stable management controls. The Subject's stabilized gross income as shown in the Income Approach has been calculated at $414,990. When the income is applied to the selected Gross Income Multiples an economic value for the Subject Property is bracketed in the $4,150,000 to $4,565,000 range.

The Direct Comparison Approach indicates a value range for the Subject Property from a low of $3,986,000 to a high of $4,623,000 a difference of approximately 16.0% which is considered to be within market acceptable limits. For the purposes of this report a stabilized value range from **$4,000,000 to $4,600,000** was found to be reasonable.

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 the 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 the 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 in property that may or will decline (depreciate) in value, the investor must recover from the income stream both the full return on the invested 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 2012 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, deficit 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 date 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 of 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 appraisal. Excess rent is 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) Deficit Rent represents the amount by which market rent exceeds contract rent at the effective date of the appraisal. Is created by a lease favourable to the tenant and may reflect uninformed 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 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 guaranteed 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 receives 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 has 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 over stated 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 provides for rent adjustments at periodic intervals based on the revaluation of 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-grade living space. Finished basements and attic areas are not generally included in total gross living area.

ii) Gross Building Area (GBA) is the total area of a 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 Leaseable Area (GLA) is the total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the centre of joint partitioning to the outside wall surfaces.

iii) Rentable Area is described as the useable area of the tenanted space plus an allocation of floor common areas. (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 Leaseable Area.

POTENTIAL GROSS ANNUAL INCOME

The Subject Property consists of a multi-tenant, retail plaza that was fully leased by four (4) tenants, as of the Effective Date. Two of the tenants was on a semi gross lease (Thamesford Pizza; Super Dollar Stop), with the other two tenants being on Net leases.

The leases and rental rates in place have been reviewed and compared to Valco's extensive database of market comparables. The contract rents have been deemed to be at current market levels.

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, where the property is being valued as if occupied, the basis of the Income Approach is to use the *contract rent* where applicable with the *market rent* inserted where leases are owner occupied or may be coming due in the near future. Adjustments are made for recoverable expenses and any other source 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, quality of finish, layout, location, etc.

111 CHARLES STREET EAST,
INGERSOLL, ONTARIO
RENT ROLL AS OF NOVEMBER 21, 2014

Tenant	Area Leased (Sq.Ft.)	Lease Term	Rent/ S. F.	Total Revenue
Giant Tiger (Loblaws sublease)	21,000	July 1, 2003 - June 30, 2018	$12.00	$252,000
Anytime Fitness	5,952	**Sept. 1, 2014 - Aug. 31, 2019**	**$15.00**	**$89,280**
		Sept 1, 2019 - Aug. 31, 2024	$16.00	$95,232
Thamesford Pizza	1,150	Oct. 1, 2013 - Sept. 30, 2018	$24.63	$28,326
Super Dollar Stop	3,782	Aug. 14, 2014 - Aug. 13., 2019	$12.00	$45,384
Total	**31,884**			**$414,990**

Note to Reader:

- Anytime Fitness has a 13 month rent free period
- Super Dollar Stop has a 60 day rent free period

Lease Summary

Loblaws (Giant Tiger sublease)

- Tenant Loblaws Limited
- Landlord: Landawn Shopping Centres Limited; Winlock Park Holdings Limited & GMEL Holdings Limited
- Size: 21,000 square feet
- Rent: $252,000 per annum; $12.00 per square foot
- Term: fifteen (15) years; July 1, 2003 - June 30, 2018 (second extension term) - original lease commenced in July 1978
- Type: Net lease, carefree to the landlord
- Notes: the tenant also pays their proportionate share of the access allowance fee as well as a 5% management fee and signage rental
- Sublease: Giant Tiger has subleased the space (21,000 sf) for the remaining term of the original lease extension, ending June 30, 2018. Giant Tiger leases the space for $105,000 per annum, $5.00 per square foot plus additional rent. They pay their share of an allowance access fee of $6,000 per annum which increases 15% every five years (first increase was in February 2009). They also pay $200 per month for pylon signage, which increases 15% every five years (commenced February 2004). These fees are payable to the adjacent property, Canadian Tire.

Thamesford Pizza

- Tenant Thamesford Pizza
- Landlord: 111 Charles St. Plaza Inc.
- Size: 1,150 square feet
- Rent: $28,325.86 per annum; $24.63 per square foot
- Term: October 1, 2013 - September 30, 2018
- Type: Semi Gross lease
- Notes: tenant pays base rent, plus utilities; landlord pays the property taxes, CAM's and insurance

Anytime Fitness

- Tenant Elite Fitness Inc.
- Landlord: 111 Charles Street Plaza Inc.
- Size: 5,952 square feet
- Rent: Year 1 - 5 $89,280 per annum; $15.00 per square foot
- Year 6 - 10 $95,232 per annum; $16.00 per square foot
- Term: ten (10) years; August 1, 2014 - July 31, 2024
- Type: Net lease, carefree to the landlord
- Notes: lease commenced September 1, 2014
- 90 day fixturing period;
- the first ten (10) months of the lease are gross rent free (tenant does not pay base or additional rent)
- the following three (3) months of the lease are net rent free (tenant pays additional rent only)
- total rent free inducement of $119,973 over the 13 month period
- $20/square foot tenant inducement ($119,040) for interior renovations

1706727 ONTARIO INC. (O / A SUPER DOLLAR STOP)

- Tenant 1706727 Ontario Inc.
- Landlord: 111 Charles Street Plaza Inc.
- Size: 3,782 square feet
- Rent: Year 1 - 5 $45,384 per annum; $12.00 per square foot
- Term: five (5) years; August 14, 2014 - August 13, 2019
- Type: Semi Gross lease
- Notes: 60 day rent free period;
- tenant pays base rent, plus utilities; landlord pays the property taxes, CAM's and insurance

Location

The Subject Property is located in a secondary commercial sector of Ingersoll. Charles Street is an arterial road, that sees a high level of daily traffic flow, however, the site is well below grade and has limited visual exposure along Charles Street. The design of the Subject project would be classified as less than average, due primarily to the lack of frontage and exposure. This may lead to a higher than typical vacancy rate, or prolonged periods of vacancy.

Physical access is considered to be average, with access provided from Mutual Street. Given the location, the nearby commercial properties, and the large residential base nearby, this location would be considered average from the stand-point of commercial accommodation.

Parking

The Subject Property has ample on-site parking.

Market

The Town of Ingersoll's commercial market has been negatively affected by the recent economic downturn, however, vacancy levels for retail accommodations are considered to be in a balanced level. This would suggest the market will see limited upward movement, with owners unable to increase rates and reduce inducements. The historically low mortgage interest rates have allowed owners to maintain the same or greater return on overall equity. The recovery appears to be underway, with the commercial market leading the way.

Quality of Tenant

The covenant of leases enhances the investment quality of a rental project, with tenants perceived by investors to be AAA being the most desirable. In this instance, Loblaws and Giant Tiger are both deemed to be good quality tenants, anchoring the plaza. Anytime Fitness is an international chain of fitness centres, with 1,968 clubs in North America and another 512 across the world. They are considered to be a strong tenant. Super Dollar Stop is considered to be a smaller, local tenant, deemed to be average. Thamesford Pizza is considered to be a smaller, local tenant, however, they have been at this location for many years and are considered to be a good quality tenant, deemed to be able to meet their financial requirements.

Vacancy and Collection Loss

In projecting a vacancy factor for the Subject Property consideration must also be given to the fact that the Subject's location is considered to be average with the Subject located in an area designated commercial. The Subject is anchored by Giant Tiger (sub leased from Loblaws), as well as being tenanted by good quality tenants, deemed to be financially strong and capable of meeting their financial obligations. The Subject Property was fully leased as of the Effective Date. After carefully considering all available information it is the appraiser's opinion that a vacancy and collection loss of 5.0% is applicable on a stabilized basis.

Operating Expenses

The Subject Property's operating expenses are shared by the landlord and the tenants with two of the leases being on a Semi Gross basis. Super Dollar Stop and Thamesford Pizza pay for their utilities, as well as their base rent, with the property owner paying for their share (15.5%) of CAM's, insurance, property taxes, and the access allowance fee. The two other tenants, are responsible for their utilities, non structural repair and maintenance, property taxes, CAM's, insurance and the access allowance fee. The CAM's and insurance have been reported to be $1.30 per square foot, and the taxes are $3.29 per square foot, based on the 2014 taxes.

Management, Structural and Miscellaneous Expense

An allowance must be considered for these factors. The building is of older construction, however, has been well maintained, and been recently upgraded and renovated and has no significant items of deferred maintenance. An allowance of 3.0% was found to be reasonable.

Non-Recoverable Expenses

In addition to the above operating expenses, consideration must be given to the non-recoverable expenses contributed to a vacant unit. Under our vacancy and bad debt allowance a projection of 5.0% has been made for the Subject. In this instance no additional allowance will be made.

111 CHARLES STREET EAST, INGERSOLL, ONTARIO NOVEMBER 21, 2014 INCOME AND EXPENSE SUMMARY		
Potential Gross Revenue		
Rental Revenue		$414,990
Total Potential Gross Revenue		**$414,990**
Less: Vacancy & Collection Loss @	5.0%	$20,750
Effective Gross Income		**$394,241**
Less: Operating Expenses		
Property Taxes (Thamesford Pizza, Super Dollar Stop)		$16,226
Ins. & CAM's (Thamesford Pizza, Super Dollar Stop)		$6,412
Access All. Fee (Thamesford Pizza, Super Dollar Stop)		$926
Structural&Miscellaneous @	3.0%	$11,827
Total Expenses		**$35,391**
Net Income (Before Debt Service)		**$358,849**

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:

$$V = \frac{I}{R_o}$$

In Which:

I	**=**	**Annual Income**
R_o	**=**	**Overall Composite Rate**
V	**=**	**Value**

Investors purchasing properties similar to the Subject have been seeking returns within a fairly narrow range, 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 both a number of comparable property sales and a thorough knowledge of the debt service and equity capital positions in each case. Detailed and reliable financial information is not always available from a sufficient number of comparable properties and in its absence the Band of Investment Method of developing a capitalization rate can provide a reliable indication of value. In the case of special use properties or properties of a type infrequently traded, the Band of Investment Method generally provides a reliable indication of the appropriate capitalization rate aided by findings in the Direct Comparison Approach.

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 a profound influence upon the value of the real estate.

Overall Capitalization Rates Analysed

The following rates have been developed by analysis of the sales in the Direct Comparison Approach and the utilization of the Mortgage Equity technique.

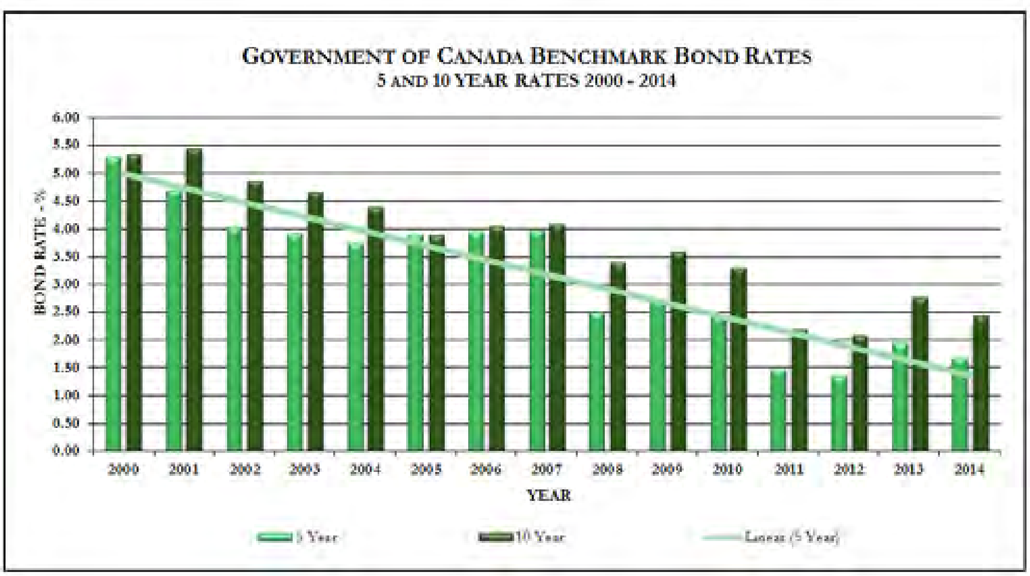
	Overall Capitalization Rate (Market)
Low	6.7%
High	9.1%

Alternative Market Rates of Return

The following outlines some current alternative yields as reported by the Bank of Canada.

	Current	1 Year Ago
Chartered Banks Prime Rates	3.00	3.00
Bank of Canada	1.25	1.25
Treasury Bill Yield (91 Days)	0.90	0.94
Long Term Canada Bond Yield	2.60	3.18

The chart below provides a historical overview of the 5 and 10 year bond market. 2013 saw a reversal of the downward slide of bond rates across the board. This occurred during the latter half of the year and, fortunately, did not result in significant increases in mortgage interest rate. Continued movement of bond rates could have a negative influence in the marketplace.



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 sales documented in the Direct Comparison Approach provided a range in overall capitalization rates from 6.7% to 9.1%.

Major variables associated with the most applicable rate for the Subject Property would include the following:

The location of the property will have a positive or negative impact on the capitalization rate and the end value of the property. The location of the Subject Property is considered to be in an average commercial area, along an arterial road, however, lacks good visual exposure. Smaller communities and towns are perceived to have a higher risk factor.

The tenant profile affects the security and stability of the income stream and can have an effect on value, as investors consider the risk associated with the investment. The tenants are considered to be good and financially viable and able to meet their obligations. The risk factor associated with this fact is average. The tenants are on mid to long term leases, expiring between 2018 and 2024. There still remains 3.5 years on the Loblaws sub lease, however, there does exist some uncertainty when this lease expires as to the tenant (Giant Tiger) and a possible renewal.

The physical condition of the improvements, which takes into consideration age and on-going maintenance practices is a significant variable. The Subject Property was recently upgraded and renovated, and had no significant items of deferred maintenance, suggesting that an investor will not be faced with capital improvements in the short term. The Anytime Fitness unit was in very good condition. It is anticipated that investors would judge the Subject Property to be in good to very good condition.

NOTE TO READER: The lease for Anytime Fitness (commenced September 1, 2014) includes a significant tenant inducement, in the form of free rent. The first 10 months of the lease are Base Rent and Additional Rent free, with the next 3 months (months 11, 12, 13) being Base Rent free. This equates to a discount of $119,973 over this 13 month period. In month 14, the revenue will be stabilized, with the tenant paying both base rent and their portion of the additional rent. This inducement has been considered, and is reflected in the Market Value, at a discounted rate.

The market for this type and quality of retail investment is considered to be good.

Taking all matters into consideration, it was concluded that the most applicable capitalization or discount rate for the Subject's net income before debt service would be between 7.75% and 8.75%.

DIRECT CAPITALIZATION OF NET OPERATING INCOME		
Estimated Net Operating Income	$358,849	
Selected Capitalization Rates	8.75%	7.75%
Indicated Capitalized Values	$4,101,131	$4,630,310
ROUNDED VALUES	**$4,100,000**	**$4,630,000**

CORRELATION AND FINAL ESTIMATE OF VALUE

Two approaches to value were investigated resulting in the following indications of value:

DIRECT COMPARISON APPROACH	**$4,000,000 to $4,600,000**
INCOME APPROACH	**$4,100,000 to $4,630,000**

Investment properties are purchased for the sole purpose of producing profit for the owner. Hence, the primary criterion of value associated with this type of property is the amount of the periodic income and the ultimate yield which will be produced during the investment cycle.

Although two separate approaches to value were utilized, the economic information utilized in the Income Approach is primarily derived from actual market transactions. 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.

The economic factors utilized included the G.I.M. (Gross Income Multiple) which involves the relationship of the purchase or sale price to the actual or potential gross rental income. The analysis by this method occurs in the Direct Comparison Approach to value and provided a value estimate between $4,150,000 and $4,565,000. Further analysis using a price per square foot analysis and making adjustments for the income generating ability of the Subject in comparison to the comparable sales produced a range from $3,986,000 to $4,623,000. The final value range for the Direct Comparison Approach was **$4,000,000 to $4,600,000.**

The second method utilized in this report involved the use of Overall Capitalization Rates. Two methods were investigated, the first being the "Direct Method" with the rates obtained from actual market transactions. The overall rate extracted from the market data is computed by dividing the Net Operating Income (N.O.I.) by the sales price. This result is the rate of return of the entire purchase capital, without regard to the contributor, being the equity investor or the mortgage lender. By subtracting the mortgage payments, the initial rate of return or cash flow to the investor's equity can be extracted.

In summary, economic analysis of the Subject facility indicated a market supportable value ranging from **$4,100,000 to $4,630,000.**

The following are considered to be negative factors affecting the value of the Subject Property:

- the Subject Property is located in a smaller town, which is perceived to have a higher risk factor;
- the Subject Property lacks access and exposure from Charles Street;
- large tenant inducement in the first 13 months of the Anytime Fitness lease.

The following are considered to be positive factors affecting the value of the Subject Property:

- the Subject building is in good to very good condition, with no significant items of deferred maintenance noted or reported;
- the Subject building has a good layout, suitable to a range of potential users;
- Giant Tiger is a strong anchor for the plaza;
- the Anytime Fitness unit is in very good condition;
- good quality retail projects, such as the Subject Property, are still in demand by investors.

The positive factors balance the negative factors, resulting in an indicate that the most probable single value is near the middle of the overall value range.

Considering the data investigated and market conditions in general, the most probable single Current Market Value, of the Subject Property, as at November 21, 2014, was

FOUR MILLION THREE HUNDRED THOUSAND DOLLARS

$4,300,000

Respectfully submitted,
VALCO CONSULTANTS INC.

Matt Telford, BA, AACI, P. App
1-519-667-9050, Extension 241
mtelford@valcoconsultants.com

APPRAISER'S CERTIFICATION

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

- the statements and opinions contained in this appraisal report are true and correct;
- that I personally inspected 111 Charles Street East, Ingersoll, Ontario on November 21, 2014;
- that I 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 Canadian Uniform Standards of Professional Appraisal Practice of the Appraisal Institute of Canada;
- the Appraisal Institute of Canada has a mandatory Continuing Professional Development Program. I hereby certify that I have fulfilled the requirements of the program;
- that it is my opinion that, as at November 21, 2014, the Subject Property has an estimated Current Market Value of:

FOUR MILLION THREE HUNDRED THOUSAND DOLLARS

$4,300,000

DATED at London, Ontario this 24th day of November, 2014

Matt Telford, BA, AACI, P. App
1-519-667-9050, Extension 241
mtelford@valcoconsultants.com

ADDENDA

Zoning Excerpt
Underlying Assumptions and Limiting Conditions
Resume of Qualifications

10.1 USES PERMITTED

No *person* shall within any CC Zone use any *lot* or *erect*, *alter* or use any *building* or *structure* for any purpose except one or more of the CC *uses* presented in Table 10.1:

TABLE 10.1: USES PERMITTED
Residential Uses:
• an *apartment dwelling*;
• a *boarding or lodging house*;
• a *converted dwelling*, containing not more than 4 units;
• a *dwelling unit* in the upper portion of a non-residential *building*, other than an *automobile service station*;
• a *group home*, in accordance with the provisions of Section 5.9;
• a *home occupation*, in accordance with the provisions of Section 5.10;
• *a long term care facility*;
• a *multiple unit dwelling*;
• a *special needs home*.
Non-Residential Uses:
• an amusement arcade;
• an *assembly hall*;
• an *automobile service station*;
• a bank or financial institution;
• a bar or tavern;
• a billiard or pool hall
• a bowling alley;
• a bus station;
• a *business or professional office*;
• a *building supply store*;
• a *business service establishment*;
• a *commercial school*;
• a convenience store;

TABLE 10.1: USES PERMITTED
• a *daycare centre*;
• a *dry cleaning establishment*;
• an *eating establishment*;
• a *fitness club*;
• a *fraternal lodge or association*;
• a funeral home;
• a government administrative office;
• a *hotel* or *motel*;
• a laundromat;
• a *medical centre*;
• a *motor vehicle dealership*;
• a *parking lot*;
• a *personal service establishment*;
• a *place of worship*;
• a *printing shop*;
• a *public garage*;
• a *public library*;
• a public *use*, in accordance with the provisions of Section 5.22;
• a *recreation building (indoor sports)*;
• a *retail store*;
• a *service shop*;
• a *studio*;
• a theatre or cinema;
• a *veterinary clinic*;
• a *wholesale outlet*

December/10 (Amended by By-Law 10-4592)

10.2 ZONE PROVISIONS

No *person* shall within any CC Zone use any *lot* or *erect, alter* or use any *building* or *structure* except in accordance with the provisions presented in Table 10.2:

TABLE 10.2: ZONE PROVISIONS

Zone Provision	Converted Dwelling, Boarding or Lodging House or Group Home	Apartment Dwelling, Multiple Unit Dwelling, Long Term Care Facility	Dwelling Unit in the Upper Portion of a Non-Residential Building	Non-Residential Uses	Automobile Service Station
Lot Area: Minimum	**600 m²** (6,458.5 ft²)	**110 m²** (1,184.1 ft²) per unit	No Provision		
Lot Frontage: Minimum	**20 m** (65.6 ft)		No Provision		**35 m** (114.8 ft)
Lot Depth, Minimum	**30 m** (98.4 ft)	No Provision			**35 m** (114.8 ft)
Front Yard, Minimum Depth **Exterior Side Yard,** Minimum Width	**6.0 m** (19.7 ft)	**7.5 m** (24.6 ft)	No Provision	No Provision, except for Charles St. west of Oxford St. & east of Mill St., where it shall be 3 m (9.8 ft)	**10 m** (32.8 ft)
Rear Yard, Minimum Depth	**10 m** (32.8 ft)	**10 m** (32.8 ft) or in accordance with Section 10.2.1	No Provision	**6 m** (19.7 ft)	**7.5 m** (24.6 ft)
Interior Side Yard, Minimum Width	**3 m** (9.8 ft) and **1.5 m** (4.9 ft) on the narrow side, or in accordance with Section 10.2.1	**6 m** (19.7 ft) or in accordance with Section 10.2.1	No Provision		**3 m** (9.8 ft)

Valco

TABLE 10.2: ZONE PROVISIONS					
Zone Provision	**Converted Dwelling, Boarding or Lodging House or Group Home**	**Apartment Dwelling, Multiple Unit Dwelling, Long Term Care Facility**	**Dwelling Unit in the Upper Portion of a Non-Residential Building**	**Non-Residential Uses**	**Automobile Service Station**
Side Yard Setback, adjacent to a Residential Zone, Minimum	No provision			**5 m** (16.4 ft)	
Setback, Minimum Distance from the Centreline of an Arterial Road as shown on Schedule 'C'	**19.0 m** (62.3 ft)	**20.5 m** (67.3 ft)	No Provision		**23 m** (75.5 ft)
Lot Coverage, Maximum	40 % of the *lot area*		No Provision		20%
Landscape Open Space, Minimum	30 % of the *lot area*		No Provision		15%
Dwelling Unit area, Minimum	**55 m²** (592 ft²) for each unit in a *converted dwelling* or **19.5 m²** (209.9 ft²) for each roomer or boarder in a *group home* or *boarding or lodging house*	**55 m²** (592 ft²)	**45 m²** (484.4 ft²)	No Provision	
Height of Building, Maximum	**11 m** (36.1 ft)	6 *storeys*	No Provision	6 *storeys*	**7.5 m** (24.6 ft)
Amenity Area, Minimum	No Provision	**40 m²** (430 ft²) per *dwelling unit*	No Provision		

TABLE 10.2: ZONE PROVISIONS					
Zone Provision	**Converted Dwelling, Boarding or Lodging House or Group Home**	**Apartment Dwelling, Multiple Unit Dwelling, Long Term Care Facility**	**Dwelling Unit in the Upper Portion of a Non-Residential Building**	**Non-Residential Uses**	**Automobile Service Station**
Parking and Accessory Buildings, Etc.	In accordance with the provisions of Section 5.19.				

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made expressly subject to the conditions and assumptions as follows:

1. The report is prepared for the exclusive and confidential use of **WINCHESTER REAL ESTATE INVESTMENT TRUST; EQUITABLE BANK.** It is not reasonable for any other person(s) to rely on this appraisal, or any portion thereof, without the written authorization of the addressee and the author of the report. The appraisal is prepared on the expressed assumption that no other person(s) will rely on it for any purposes and all liability to all such person(s) is denied.

2. The appraiser's/consultant's responsibility is limited to the client and use of this appraisal by third parties shall be solely at the risk of the third parties.

3. That the legal description as provided or obtained for use in conjunction with this report is correct.

4. That no responsibility is assumed for matters legal in character, nor is any opinion rendered as to title which is assumed to be marketable.

5. That the improvements (if any) are within lot lines and that there are no encroachments from without. Further, the plans and/or sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, its configuration, indicated boundaries, etc.

6. Investigations have been undertaken in respect of matters which regulate the use of land. However, no inquiries have been placed with the Fire Department, the Building Inspector, the Health Department, or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The Subject Property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigation may be necessary.

7. It is assumed that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built, occupied and is being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. It is also assumed that there are no work orders or other notices of violation of law outstanding with respect to the real estate and that there is no requirement of law preventing occupancy of the real estate as described in this report.

   It is imperative that the reader or any other interest party be aware that the appraiser did not inspect the premises for fire detection or smoke detection systems, or for the presence of carbon monoxide detectors, nor did the appraiser inspect the condition of such equipment, if present. The appraiser takes no responsibility whatsoever for the lack of, or condition of, detection devices that may be located on the premises, nor does the appraiser warrant compliance in any manner of such equipment, if present.

8. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, poly-chlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may be present on the properties or other environmental conditions, were not called to the attention of, nor did the appraiser become aware of such during the inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless other wise stated. The appraiser, however, is not qualified to test for such substances or conditions. If the presence of substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions are identified, the value of the property could be affected. The value estimate is therefore predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

9. That the estimate of value herein applies only to the premises described. Any separate valuations of land and buildings as shown must not be used for any other purposes or used separately; otherwise, they are invalid. A re-evaluation should be made if the improvements are removed or substantially altered and/or if the land is utilized for another purpose.

10. That certain opinions, estimates, data and statistics furnished by others in the course of investigation are correct; however, this data is not guaranteed for accuracy even though attempts have been made to verify said information, where possible.

11. Responsible ownership and competent property management are assumed.

12. That neither all nor any part of the contents of this report will be conveyed to the public through advertising, public relations, news, sales or other media without consent and approval of the author, particularly, as to the valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute of Canada, the CRA or AACI designation.

13. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as of any other date without subsequent advice of the author of this report.

14. Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made therefore, including provisions for additional compensation, adequate time for preparation and for any appearances which may be required. However, neither this nor any other of these Assumptions and Limiting Conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of this report which best serves the administration of justice.

15. This report is only valid if it bears the original signature of the author.

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
AACI	Accredited Appraiser Canadian Institute
O.E.A.	Ontario Expropriation Association, member through Valco Consultants Inc.

AIC - London Chapter
- Member of the Executive Committee

Commercial Leads Group (London)
- Regular meetings with individuals involved in commercial real estate, including; real estate brokers, sales representatives, account managers, lawyers, accountants, LEDC directors, among others.

EDUCATION & EXPERIENCE HISTORY

2005 - Present	Real estate appraiser with Valco Consultants Inc. Appraisal reports completed for a wide range of clients throughout the Province of Ontario.
2006 - 2012	Completed all of the required AIC courses through the University of British Columbia.
2003 - 2004	English teacher in South Korea, with ECC Changwon.
2002 - 2003	Human Resources Management - Post Graduate Diploma - Sheridan College.
1998 - 2001	BA, M.I.T. - University of Western Ontario.

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 three 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.