ONTARIO SUPERIOR COURT OF JUSTICE COMMERCIAL LIST

IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O 1990, c. C. 43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP PROCEEDINGS OF CARRIAGE HILLS VACATION OWNERS ASSOCIATION AND CARRIAGE RIDGE OWNERS ASSOCIATION

(together, the "Applicants")

CONFIDENTIAL SUPPLEMENTARY MOTION RECORD (motion returnable May 27, 2021)

Date: May 12, 2021

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Lawyers for the Receiver, BDO

Canada Limited

ONTARIO SUPERIOR COURT OF JUSTICE COMMERCIAL LIST

IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O 1990, c. C. 43, AS AMENDED

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A.		Confidential Supplemental Report to the Fourth Report of the Receiver, BDO Canada Limited, dated May 11, 2021
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	2	Avison Hills Resort Highest and Best Use Appraisal
	3	Colliers Advisory Hills Resort As Is Appraisal
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	6	Avison Ridge Resort Highest and Best Use Appraisal
	7	Colliers Advisory Ridge Resort As Is Appraisal
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TAB A

ONTARIO SUPERIOR COURT OF JUSTICE COMMERCIAL LIST

IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O 1990, c. C. 43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP PROCEEDINGS OF CARRIAGE HILLS VACATION OWNERS ASSOCIATION

AND

CARRIAGE RIDGE OWNERS ASSOCIATION

(together, the "Applicants")

CONFIDENTIAL SUPPLEMENTAL REPORT TO THE FOURTH REPORT OF THE RECEIVER BDO CANADA LIMITED

May 11, 2021

INTRODUCTION

- 1. This confidential supplemental report dated May 11, 2021 and the appendices attached hereto (the "Confidential Supplemental Report") are to be read in conjunction with the Receiver's Fourth Report to the Court dated May 11, 2021 (the "Fourth Report"). The Fourth Report and this Confidential Supplemental Report are filed, inter alia, to assist the Court in considering the relief being sought by the Receiver and to support the Receiver's request for an Order approving, among other things, the Sale Transaction between the Receiver, as seller and Sunray Group of Hotels Inc., in trust for a company to be incorporated, as purchaser (the "Purchaser").
- 2. Capitalized terms used herein but not defined in this Confidential Supplemental Report shall have the meaning ascribed to them in the Fourth Report.
- 3. All monetary amounts contained herein are expressed in Canadian dollars.

APPRAISALS

- 4. The Administrator commissioned real estate appraisals from the Appraisers. The Appraisers were engaged to prepare two valuations for each Resort: the first on an 'as is' basis (the "As Is Appraisals") and the second on a 'highest and best use' basis (the "HBU Appraisals" and collectively with the As Is Appraisals, the "Real Estate Appraisals").
- 5. The As Is Appraisals provided an estimate of value for the Resorts based upon their current use, being hotel resorts, and condition. The HBU Appraisals provided an estimate of value for the Resorts based upon, in the opinion of the Appraisers, the probable use of the real property, that is physically possible, legally permissible, financially feasible, and that results in the highest value. The HBU Appraisals concluded the highest and best use of the Resorts to be residential developments (i.e. condominiums).
- 6. Copies of the Avison As Is Appraisal and the HBU Appraisal for the Hills Resort are attached hereto as Confidential Appendices "1" and "2", respectively.
- 7. Copies of the Colliers Advisory As Is Appraisal and the HBU Appraisal for the Hills Resort are attached hereto as Confidential Appendices "3" and "4", respectively.

- 8. Copies of the Avison As Is Appraisal and the HBU Appraisal for the Ridge Resort are attached hereto as Confidential Appendices "5" and "6", respectively.
- 9. Copies of the Colliers Advisory As Is Appraisal and the HBU Appraisal for the Ridge Resort are attached hereto as Confidential Appendices "7" and "8", respectively.
- 10. As detailed in the table below, Avison provided a valuation range of \$20.60 million to \$30.96 million for the Hills Resort. Colliers Advisory provided a valuation range of \$21.01 million to \$42.74 million for the Hills Resort. Therefore, the appraised range of value is between \$20.60 million and \$42.74 million for the Hills Resort.

CARRIAGE HILLS RESORT SUMMARY OF REAL ESTATE APPRAISALS								
(\$CAD)						Colliers	Adv	isory
Basis of valuation		As Is HBU				As Is		HBU
Estimate of value	\$ 20,600,000 \$ 30,960,000			\$	21,010,000	\$	42,740,000	
Value per unit \$ 119,767 \$ 180,000					\$	122,151	\$	248,488

11. As detailed in the table below, Avison provided a valuation range of \$11.00 million to \$14.82 million for the Ridge Resort. Colliers Advisory provided a valuation range of \$9.75 million to \$19.82 million for the Ridge Resort. Therefore, the appraised range of value is between \$9.75 million and \$19.82 million for the Ridge Resort.

CARRIAGE RIDGE RESORT								
	SUMMARY OF REAL ESTATE APPRAISALS							
(\$CAD)		Avison A	∖dvi	sory		Colliers	Adv	isory
Basis of valuation		As Is HBU				As Is		HBU
Estimate of value	\$	11,000,000 \$ 14,820,000			\$	9,750,000	\$	19,820,000
Value per unit	nit \$ 141,026 \$ 190,000 \$ 125,000 \$ 254,1						254,103	

12. The wide range in values for each Resort highlight the uniqueness of the properties and the wide range of possible interest and uses for the properties.

OFFERS

13. Eight (8) offers were ultimately received in the Sales Process and are summarized in the table below.

			Carriage H	lills Resort	Carriage Ri	idge Resort		Due	Closing
		Final Offer						Diligence	Period
No.	Party	Both Resorts	Total	Per Unit	Total	Per Unit	Deposits	(days)	(days)
1	Sunray Group of Hotels Inc.	\$60,000,000	\$41,250,000	\$ 239,826	\$ 18,750,000	\$ 240,385	\$ 4,500,000	-	30
	Freed Investments Ltd. and								
2	Skyline Investments Inc.	57,000,000	39,000,000	226,744	18,000,000	230,769	6,000,000	60	30
	Firmland Acquisitions								
3	Corporation	56,250,000	38,700,000	225,000	17,550,000	225,000	8,437,500	45	30
4	2324875 Alberta Ltd.	55,000,000	36,500,000	212,209	18,500,000	237,179	3,000,000	90	30
	M Residential Real Estate								
5	Limited Partnership	52,222,221	35,555,555	206,718	16,666,666	213,675	7,830,000	30	30
6	2752757 Ontario Inc.	52,000,000	N/A	N/A	N/A	N/A	7,800,000	30	60
	Dream Properties Acquisition								
7	Inc.	47,000,000	30,136,400	175,212	16,863,600	216,200	7,050,000	40	30
8	GI Acquisitions Inc.	45,000,000	32,040,000	186,279	12,960,000	166,154	6,750,000	15	30

- 14. Of the eight (8) offers received, Sunray Group of Hotels Inc. (i.e. the Purchaser) submitted the highest and best offer of \$60 million (the "Purchase Price") for the Purchased Assets. The Purchaser allocated the Purchase Price between the Associations as follows: \$41.25 million for the Purchased Assets of Carriage Hills and \$18.75 million for the Purchased Assets of Carriage Ridge. The Purchaser Price is near the highest and best use appraisal range of values for each resort despite the fact that they are each being sold 'as is'. The Receiver believes the allocation between Carriage Hills and Carriage Ridge proposed by the Purchaser is fair and reasonable, is fairly consistent between offers received and is very close to the 69/31 cost sharing agreement that the Associations have agreed to in the past. A copy of the Sale Agreement is attached hereto as Confidential Appendix "9".
- 15. The Receiver recommends that the Court approve the Sale Transaction between the Receiver and the Purchaser for the following reasons:
 - (a) the Purchaser's offer is unconditional, subject only to Court approval and receipt of an AVO;
 - (b) the Purchaser's offer is the highest and best offer received;
 - (c) the Purchaser's offer does not include a due diligence condition, which allows the Sales Transaction to immediately proceed to approval and eliminates the risk of a price reduction arising from further negotiations;
 - (d) the Purchaser's offer is at the higher end of the Real Estate Appraisals;

(e) the Resorts were actively marketed for sale for approximately six (6) weeks

through a commercial realtor with: (i) fifty five (55) confidentiality agreements

signed; (ii) fourteen (14) letters of intent submitted; and (iii) eight (8) offers

submitted all in accordance with the Court approved Sales Process. Accordingly,

the Receiver is of the view that the market has been sufficiently canvassed;

(f) the Resorts are currently non-operational, generate no income and incur

significant carrying costs. The Purchaser's offer provides the shortest time

period to close the sale and therefore the least holding costs to be borne by the

estates;

(g) the Purchaser provided a non-refundable deposit totaling \$4,500,000 which is

equal to 7.5% of the Purchase Price and has therefore shown their commitment

to the transaction; and

(h) the Sale Transaction is commercially reasonable in the circumstances based on

the Real Estate Appraisals and the Court approved Sales Process.

All of which is respectfully submitted this 11th day of May 2021.

BDO CANADA LIMITED RECEIVER OF

CARRIAGE HILLS VACATION OWNERS ASSOCIATION &

CARRIAGE RIDGE OWNERS ASSOCIATION

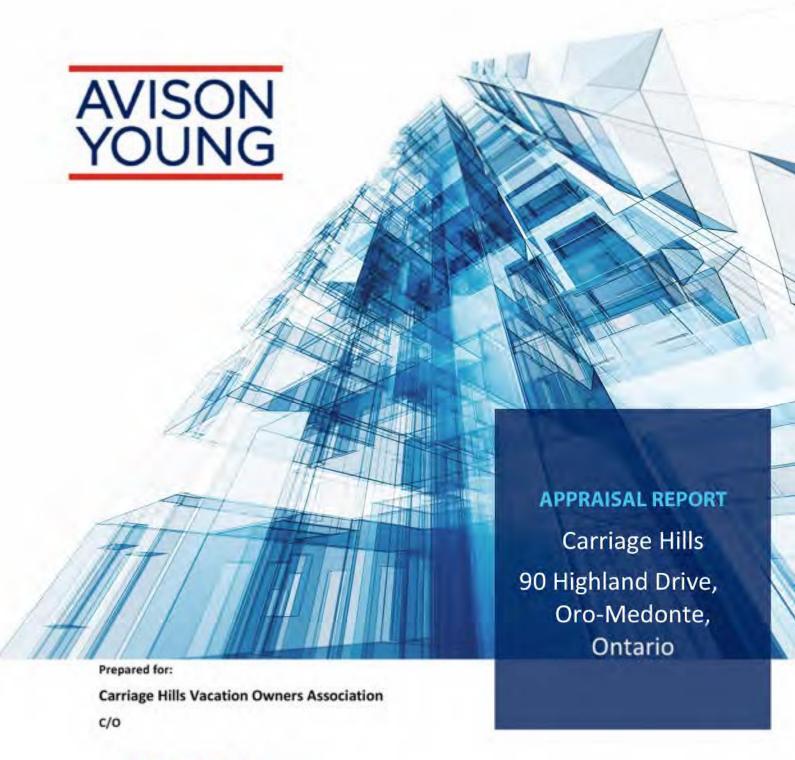
and without personal or corporate liability

Per:

Matthew Marchand, CPA, CMA, CIRP, LIT

Senior Vice President

TAB 1





Prepared by:

Avison Young Valuation & Advisory Services, LP
55 Commerce Valley Drive West, Suite 501, Mailbox #7, Markham, ON L3T 7V9
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January 28, 2021

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Carriage Hills Vacation Owners Association C/O BDO Canada Limited 20 Wellington Street East, Suite 500 Toronto, ON M5E 1C5

Attention: Matthew Marchand, CPA, CMA, CIRP, LIT, Vice President, Corporate FRS

Re: Carriage Hills, 90 Highland Drive, Oro-Medonte, Ontario

At your request, we have examined the above-referenced property for the purpose of estimating the prospective stabilized market value operating as a hotel/resort, as of December 1, 2020. It is our understanding this report is being prepared for internal valuation purposes. This report satisfies appropriate industry and client standards.

The subject property is currently operating as a timeshare. Carriage Hills is located on the north side of Highland Drive, south of Horseshoe Valley Road West, in the Township of Oro-Medonte and Province of Ontario. The 19.43-acre site is improved with eight, two and three-storey buildings containing a total of 172 two-bedroom suites.

The Income Capitalization and Direct Comparison approaches have both been used in estimating the market value of the subject property. The Income Capitalization Approach, using a form of Direct Capitalization and the Direct Comparison Approach are given equal weight in reconciling a final market value estimate. The Cost Approach has not been developed in this report.

An exposure and marketing period of six to twelve months is forecast at our estimate of market value. A thorough review of this appraisal report should be made to fully understand the criteria and basis for the final value estimate.



Based upon our investigation of the real estate market and after considering all of the pertinent facts as set forth in the body of this appraisal report, as of December 1, 2020, the subject property has a prospective stabilized market value of:

Due to the Coronavirus pandemic, local health authorities are strongly advising (or mandating) limited exposure to or contact with other people. Entering properties for inspection purposes is contrary to local health authority advice and is not possible at this time. This appraisal assignment was completed without full physical access to the property since December 27, 2019. Property details have been identified and collected through other means as noted in this report.

TWENTY MILLION SIX HUNDRED THOUSAND DOLLARS (\$20,600,000)

Hypothetical Condition:

The prospective market value estimate concluded herein is based on the conversion of the timeshare concept to a hotel/resort use and operating in such capacity and that any required capital expenditures be completed. The subject cannot currently function as a legal commercial hotel/resort property without a zoning change from the Township from its current permitted residential use. However, we are making an assumption that a zoning change can occur and the property could function as a hotel/resort.

The Full Narrative appraisal report that follows sets forth the pertinent data and analyses leading to the conclusions presented herein. The Appraisal Requirements section of this report sets out the basis of the appraisal, definitions and the valuation methodology and must be read to gain a full understanding of the process.

Respectfully submitted,

Justin McWatters, BHK

justin.mcwatters@avisonyoung.com

1/ Watter

Matthew McWatters, B.Comm, AACI, P. App. matthew.mcwatters@avisonyoung.com

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Appraiser's Qualifications

Executive Summary



Property Type	Hotel/Resort (Hypothetical, requires zoning change)
Owner of Record	Carriage Hills Resort Corporation (Carriage Hills)
Purpose	Estimating the prospective stabilized market value operating as a hotel/resort.
Intended Use	Internal Valuation Purposes
Intended User	Carriage Hills Vacation Owners Association C/O BDO Canada Limited
Sales History	The subject property has not sold in the past three years nor is it currently available for sale on the open market.
Property Rights Appraised	Fee Simple Interest
Date of Inspection	December 27, 2019
Date of Valuation	December 1, 2020
Total Site Area	19.43 acres
Highest and Best Use	Hotel/Resort (Hypothetical, requires zoning change to be legally permissible)
Estimated Exposure Marketing Time	6 to 12 months

VALUATION CONCLUSION

CARRIAGE HILLS

TOTAL NUMBER OF ROOMS 172

ESTIMATED VALUE PER ROOM (ROUNDED) \$120,000

FINAL ESTIMATE OF VALUE \$20,600,000



PROJECT OVERVIEW

Carriage Hills Vacation Owners Association ("CROA") is a not-for-profit corporation vested with the operation, maintenance, alteration, improvement and protection of the Carriage Hills timeshare resort. CROA is currently in a court process with an Administrator. On October 15, 2020, a court order was issued authorizing the closure of the Carriage Hills resort effective January 6, 2021. An application has also been brought forth to appoint a Receiver on January 6, 2021 and for a marketing and sales process of the resort.

The hypothetical hotel/resort use faces the requirement and costs of a zoning by-law change from the existing residential zone which has an exception that allows a timeshare establishment is permitted to be converted to a commercial zone that would allow for a full-time hotel/resort use. This needs to be done in order to avoid being impacted by the short term rental by-law recently passed by the Township. With the current impact of COVID-19 on the hospitality and national hotel industry affecting year over year national occupancy rates which are down 48% and yearly room revenues are down approximately 60% for hotel operators, the peak exposure for the property as hotel may not be at this current time.

There is however an uncertainty regarding the time and costs associated with navigating the Township in order to rezone the subject property. The current Residential Two (R2) zoning does not allow for a hotel use, as the property has an exception in place to operate as a timeshare. The property would require a zoning change to a Local Commercial (LC) Zone or a Village One (V1) Zone to allow for a hotel use.



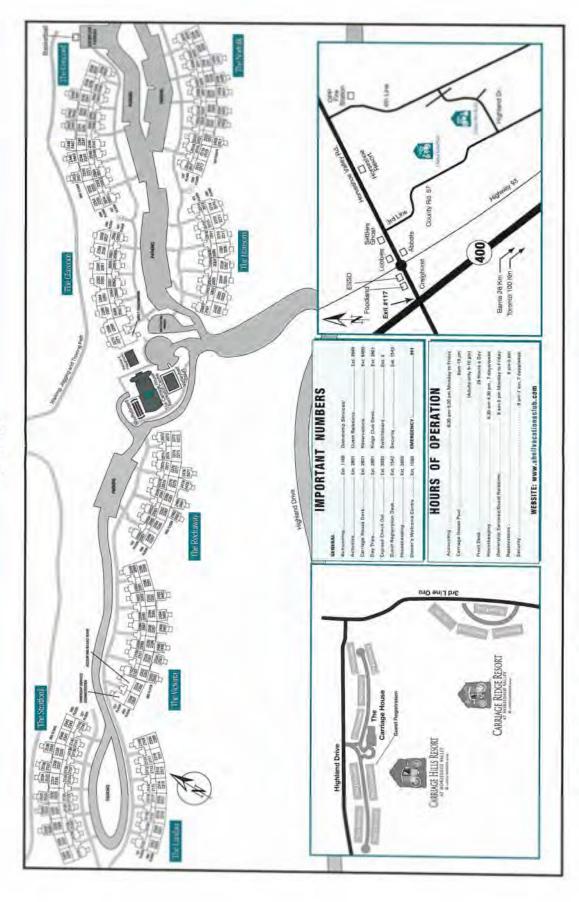
CARRIAGE HILLS - 90 HIGHLAND DRIVE, ORO-MEDONTE

Carriage Hills is comprised of three phases situated on 19.43 acres, with eight buildings and 172 units. Phase 1 includes The Clarence, Hansom and Rockaway built in 1997. Phase 2 includes The Concord, built in 1999 and The Norfolk, built in 2000. Phase 3 includes The Landau, Victoria and Stratford, all built in 2001. Each fully furnished and tastefully appointed unit takes advantage of the natural setting. Each unit has a full kitchen, private deck and gas fireplace. The amenities include barbecue area, indoor children's pool, concierge, fitness centre, game room, horseshoes, picnic area, hot tub (outdoor), playground, sauna, shuffleboard, spa services, swimming pool (indoor/outdoor), walking trails and volleyball court.



SITE MAP

AVISON

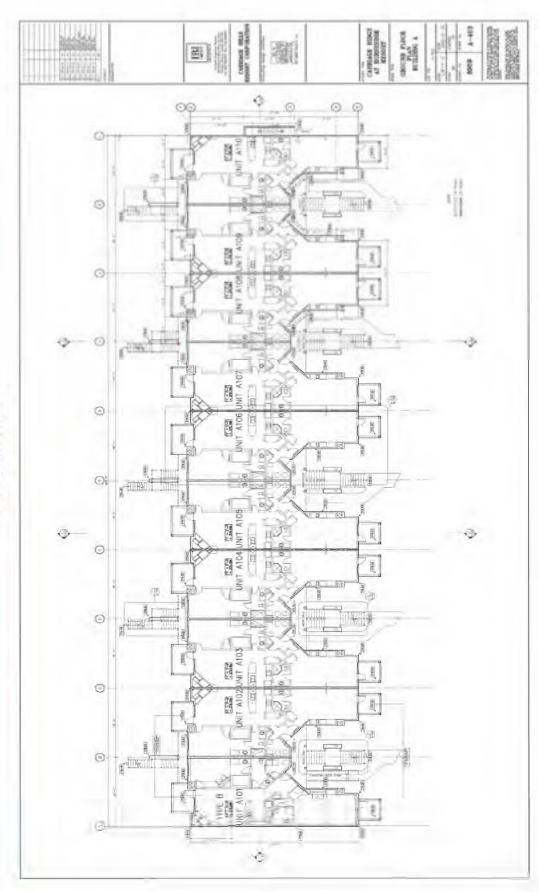






SAMPLE FLOOR PLAN

Property Data





MUNICIPAL ADDRESS

90 Highland Drive, Oro-Medonte, Ontario

SITE DESCRIPTION

Easements / Restrictions

SITE DESCRIPTION	
Location	The subject property is located on the north side of Highland Drive, south of Horseshoe Valley Road West.
Land Area	19.43 acres
Topography	The site is largely rectangular in shape and is situated at grade with Highland Drive.
SITE IMPROVEMENTS	
Parking	150 + surface parking spaces.
Access	Vehicle access is provided from Highland Drive.
Landscaping	Adequate for the prospective use.
Condition	Improvements are considered to be in average physical condition.
Utilities	Appear adequate for a prospective hotel/resort use.

Commentary	Overall, the subject site is capable of supporting development
	consistent with the prospective use.

marketability of the subject property.

None that would have a negative impact on the value or



Use	Prospective hotel/resort
No. of Buildings	Eight
No. of Stories	Two & three-storey
Chronological Age	1997-2001
Condition	Average
Structure	Reinforced poured concrete and wood frame with stone veneer and wood siding exterior walls.
Roof	Pitched roof, metal (not inspected).
Interior Flooring	Ceramic and broadloom flooring.
Interior Walls	Drywall taped and painted.
Ceilings	Smooth ceilings
Lighting	Electric and drop down light fixtures.
Electrical	Adequate
Elevators	None
HVAC	Heating and air conditioning is provided by gas fired forced air units.
Deferred Maintenance	According to estimates provided in the Reserve Study complete by Armstrong Consulting Inc. on January 14, 2019, the subject property required approximately \$7,800,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$11,600,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards.
Effective Age	20 Years
Remaining Economic Life	50 years





Exterior Units



Exterior Units





Exterior Units



The Stanhope Building





The Carriage House Recreation Centre



Pavilion



INTERIOR/EXTERIOR PHOTOGRAPHS



Kitchen



Family Room



Washroom



Bedroom



In-Suite Laundry



In-Suite Power





Stairs to Units



Recreation Centre Games Room



Recreation Centre Gym



Recreation Centre Indoor Pool



Recreation Centre Outdoor Pool



Recreation Centre Games Room



Commentary

The subject properties are located at the top of Horseshoe Resort ski hill, just 20 minutes north from Barrie and are surrounded by the resort and single-family homes. The former golf course that was a part of Horseshoe Resort has been closed and is slated for further development of single-family homes. Horseshoe Resort is more than just alpine skiing and has an amazing variety of winter and summer activities and adventures as well as resort style amenities and restaurants. Winter activities include alpine skiing, cross country skiing, snow tubing, fat biking, snowshoeing, skating and snowmobiling. The summer activities treetop trekking course, mountain biking, zip line, beach volleyball, disc golf, ATV adventures, lake access and wakeboarding park.

VETTA Nordic Spa, a luxurious outdoor day spa has officially broken ground in Oro-Medonte this past November. The spa will be built on a 26-acre parcel of land within the Horseshoe Valley in close proximity to Carriage Hills & Carriage Ridge Resort. VETTA will be one of Canada's premier outdoor Nordic spas operating year-round, offering guest the opportunity to take time to "relax and reconnect with others, escape the fast-paced North American lifestyle, and recharge physically and mentally."

The project includes a main building to house a lobby, offices, change rooms, a bistro and massage rooms, swimming pools, steam rooms, saunas, landscaping and surface parking. The facility will recognize traditional Finnish design and sauna customs with modern details that is expected to be open in summer 2021.



TOWNSHIP OF DRO-MEDONTE OFFICIAL PLAN

The subject property falls within the Schedule D – Horseshoe Valley Development Node is designated "Horseshoe Valley – Medium Density Residential" within the Township of Oro-Medonte Official Plan (refer to Official Plan Land Use Map & Schedule D Map).

C14.3 Horseshoe Valley Resort Node

A number of specific land use designations have been developed for the Horseshoe Valley Resort node. It is the intent of this Plan to encourage the development of the lands within Horseshoe Valley Resort node for a variety of residential, commercial and recreational uses, primarily on full sewer and water service.

The Township recognizes that the role and function of the Horseshoe Valley Resort is evolving and that the area will serve as a focus for many forms of development in the future. Many of these forms of development will have a market area that extends far beyond the boundaries of the municipality.

C14.3.2 Timeshare Developments

Where timeshare developments are listed as a permitted use in a designation, the policies of this section apply. For purposes of this Plan, a timeshare development is a commercial use that contains accommodation units that are either held in two or more ownerships, with the occupancy of each unit being shared by the owners, or which are held in one ownership, with each of the units available to be rented/leased or used by different parties on a weekly or monthly basis but does not include hotel.

A timeshare establishment may be located in a freestanding building or be contained within a multi-use building. For the purposes of this Plan, a hotel is defined as a premise that contains rooms without cooking facilities that are accessed by a common indoor corridor system and which are rented on a temporary basis to the public for accommodation purposes and which may contain a public dining area and which may also contain meeting rooms and accessory banquet facilities and other accessory uses such as gift shops, fitness centres, restaurants, nightclubs and convention facilities.

It shall be a policy of this Plan that all new timeshare developments require a rezoning and shall also be subject to a development agreement that is into as a condition of severance, subdivision or condominium. One of the purposes of this agreement will be to ensure that matters of municipal interest and jurisdiction, such as, but not limited to, the administration and collection of taxes, other charges, levies, fees, and the provision of notices, are addressed to the Township's satisfaction.

As a condition of such an agreement, the owners shall provide all reasonably required information on the form of the time-share agreement and other documents, so that these matters of municipal interest and jurisdiction can be properly assessed prior to the issuance of any building permit. The agreement may also provide for additional funds or security to pay for any increased municipal administrative costs occasioned by the timeshare form of ownership structure.



C14.3.6 Horseshoe Valley Medium Density Residential Designation

Permitted uses in the *Horseshoe Valley Medium Density Residential* designation as shown on Schedule D includes townhouse dwellings, apartment dwellings and home occupations. Timeshare developments may be permitted. The density of development shall not generally not exceed 30 units per gross hectare. Conditions for approval of development with the *Horseshoe Valley Medium Density Residential* designation are in Section C14.3.8

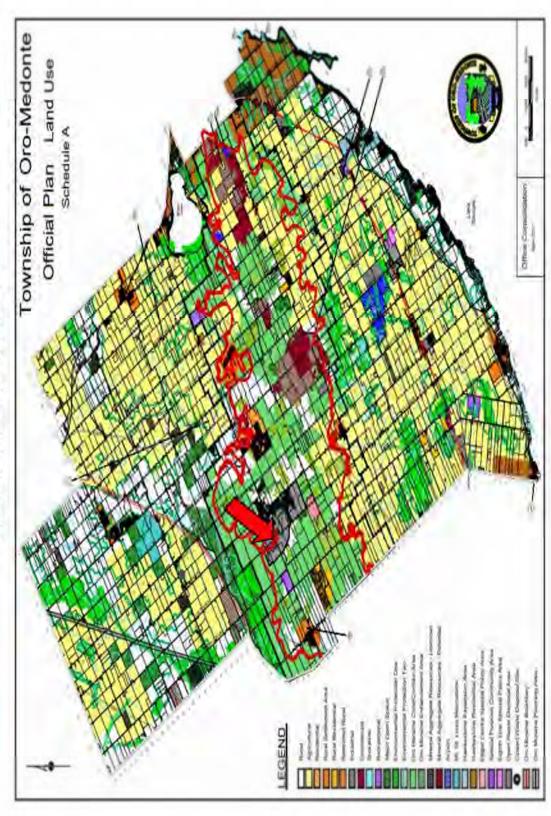
C14.3.8 Conditions for Approval

This policy applies to all lands that are subject to Sections C14.3.5 and C14.3.6 of this Plan. Prior to the approval of a Plan of Subdivision and/or a Plan of Condominium application and/or a request to re-zone the lands, Council shall be satisfied that:

- The proposed form of servicing for the lands is appropriate and agreed to by the Township and the appropriate agencies;
- The proposed location, nature and timing of the improvements to Horseshoe Valley Road and other roads is appropriate and agreed to by the Township and the appropriate agencies in accordance with Section C14.3.31; and,
- The phasing of development is appropriate given the timing of the installation of services and the improvements to Horseshoe Valley Road and other Roads

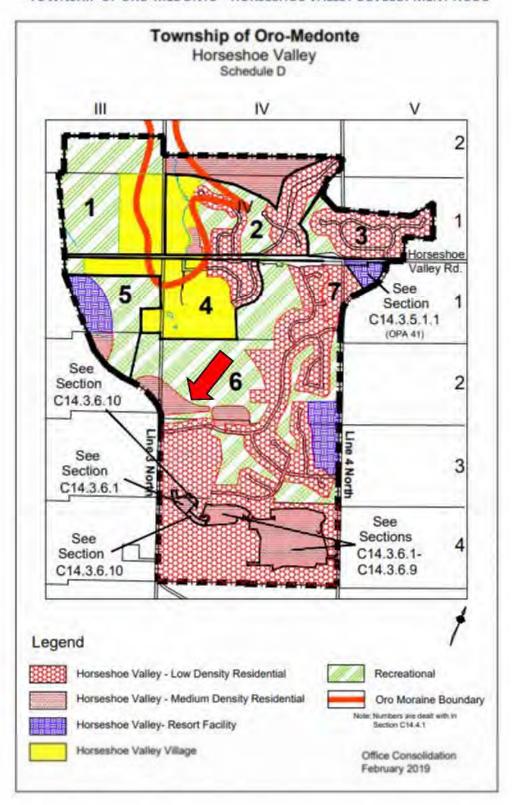


AVISON





TOWNSHIP OF ORO-MEDONTE - HORSESHOE VALLEY DEVELOPMENT NODE





ZONING BY-LAW

Residential Two Zone (R2) Permitted Uses

The Residential Two (R2) Zone applies to lands that are the site of townhouses or apartment buildings in the Township. Apartment buildings are permitted on the subject site.

	Use				Zone		
		R1 Residential One	R2 Residential Two	RUR1 Rural Residential One	RUR2 Rural Residential Two	SR Shoreline Residential	RLS Residential Limited Service
A	Single Detached Dwellings	•		•	•	•	•
В	Semi Detached Dwellings	•					
C	Townhouse Dwellings		•				
D	Multiple Dwellings		•				
E	Apartment Dwellings		•				
F	Day Nurseries		•				
G	Home Occupations	•	•	•	•	•	•
Н	Private Home Daycare	•	•	•	•	•	
1	Residential Care Homes	•	•	*	•	•	•

Exception R2*123

*123 - Parts of Lots 2 and 3, Concession 4 (Former Oro)

Notwithstanding any other provisions in this By-law, a *timeshare establishment* is permitted on the lands denoted by the symbol *123 on the schedules to this By-law.



Private Recreational Zone (PR) Permitted Uses

The Private Recreational (PR) Zone generally applies to lands that are the site of a private recreational facility, such as a ski hill or a golf course.

	Use	Zone								
		EP Environmental Protection	OS Open Space	PR Private Recreation	Institutional	FD Future Development				
A.	Agricultural uses	♦ (1) (2)								
В	Agricultural uses intensive	• (1) (2)								
С	Bed and breakfast establishments									
D	Cemeteries				•					
E	Community centres				•					
F	Conservation uses	♦ (2)				•				
G	Cross country ski facilities			•		•				
Н	Day nurseries		101							
	Downhill ski facilities			•		•				
J	Forestry uses									
K	Golf courses			•						
L	Hotels									
M	Infrastructure		•			5.0				
N	Libraries				•					
0	Mountain bike facilities			•						
P	Museums		ii -		•					
Q										
R	Public parks	• (2)	•		•					
E	S Public Storm Sewel		•							
	T Places of worship			44 117	◆ (3)					
1	U Private clubs									
1	V Schools, public				•					
	W Sewage Treatment Facility		•							
	X Stormwater Management Facilities									

Special Provisions:

- 1. Only uses that existed on the effective date of this By-law are permitted.
- 2. No buildings or structures, except those required for flood or erosion control are permitted
- 3. One accessory dwelling unit is permitted on a lot





Prepared by:

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February 1, 2021

Carriage Hills Vacation Owners Association C/O BDO Canada Limited 20 Wellington Street East, Suite 500 Toronto, ON M5E 1C5

Attention: Matthew Marchand, CPA, CMA, CIRP, LIT, Vice President, Corporate FRS

Re: Carriage Hills, 90 Highland Drive, Oro-Medonte, Ontario

At your request, we have examined the above-referenced property for the purpose of estimating the prospective scenario that determines the highest and best use, as of December 1, 2020. It is our understanding this report is being prepared for internal decision making purposes. This report satisfies appropriate industry and client standards.

The subject property is currently operating as a timeshare. Carriage Hills is located on the north side of Highland Drive, south of Horseshoe Valley Road West, in the Township of Oro-Medonte and Province of Ontario. The 19.43-acre site is improved with eight, two and three-storey buildings containing a total of 172 two-bedroom suites.

Respectfully submitted,

Avison Young Valuation and Advisory Services, LP

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Executive Summary



Property Type	172 2-bedrooom units operating under timeshare program
Owner of Record	Carriage Hills Resort Corporation (Carriage Hills)
Purpose	Estimate the prospective scenario that determines the highest and best use.
Intended Use	Internal Decision Making Purposes
Intended User	Carriage Hills Vacation Owners Association C/O BDO Canada Limited
Sales History	The subject property has not sold in the past three years nor is it currently available for sale on the open market.
Date of Inspection	December 27, 2019
Date of Valuation	December 1, 2020
Total Site Area	19.43 acres
Assessed Value – Current Use	Carriage Hills – 90 Highland Drive 2020 Assessment - \$102,168,000

CONCLUSION

CARRIAGE HILLS

TOTAL NUMBER OF UNITS 172

SCENARIO 1 – HOTEL/RESORT\$20,600,000SCENARIO 2 – MULTI-RESIDENTIAL CONVERSION\$25,800,000SCENARIO 3 – CONDOMINIUM SALES\$30,960,000

FINAL ESTIMATE \$30,960,000

Scope of Work



PROJECT OVERVIEW

Carriage Hills Vacation Owners Association ("CROA") is a not-for-profit corporation vested with the operation, maintenance, alteration, improvement and protection of the Carriage Hills timeshare resort. CROA is currently in a court process with an Administrator. On October 15, 2020, a court order was issued authorizing the closure of the Carriage Hills resort effective January 6, 2021. An application has also been brought forth to appoint a Receiver on January 6, 2021 and for a marketing and sales process of the resort.

Due to the current COVID-19 situation, the report is subject to extraordinary assumptions and extraordinary limiting conditions. The property was previously inspected on December 27, 2019. Both the client and the appraiser understand that an interior physical of inspection of the property and comparables has not been performed due to COVID-19. The appraiser reviewed available data regarding the local and surrounding condominium, multi-residential and hotel/resort market, verified current land use and zoning regulations, reviewed the all financial data made available by the receiver, reviewed data on comparable sale transactions for improved hotel, multi-residential and hotel/resort properties and confirmed all data relied upon in the valuation process. The physical characteristics used to develop this report are based on documents, records etc. described above and on other information provided by sources identified above. It is assumed that the information provided by the sources is accurate.

At the request of the receiver, they require value guidance to identify possible uses and determine what possible use generates the greatest return. The first scenario is the continued resort use, the second scenario is to lease out the units to tenants under 12-month leases and the third scenario is file a plan of condominium ownership and register the individual units, create a reserve fund and sell them into the marketplace.

Each scenario provides with it a unique set of challenges to the converted use because title to the Resorts' real property is divided into 17,408 tenancies in common (Carriage Ridge & Carriage Hills), it would be extremely difficult, time consuming and expensive to have each existing Member sell their portion of the real estate to the ultimate purchaser. It may also be detrimental to the sale process to have potential purchasers attempt to investigate title when considering making an offer to purchase.

The first scenario of continued resort use faces the requirement and costs of a zoning by-law change from the existing residential zone which has an exception that allows a timeshare establishment is permitted to be converted to a commercial zone that would allow for a full-time hotel/resort use. This needs to be done in order to avoid being impacted by the short term rental by-law recently passed by the Township. With the current impact of COVID-19 on the hospitality and national hotel industry affecting year over year national occupancy rates which are down 48% and yearly room revenues are down approximately 60% for hotel operators, the peak exposure for the property as hotel may not be at this current time.

Scope of Work



In the second scenario, uncertainty regarding the time and costs associated with navigating the Township in order to convert the property ownership and ensure each individual unit is being compliant with the building code. The potential rental of 172 units will require several years to lease up and the potential to flood the market. Sufficient demand may be unlikely with a small local population and insufficient grocery, food and beverage amenities in close proximity.

In the third scenario, there is also an uncertainty regarding the time and costs associated with navigating the Township in order to register the property and each individual unit as a condominium as well as being compliant with the building code. The potential sale of 172 units will require several years and the potential to oversaturate a competitive marketplace.

Property Data



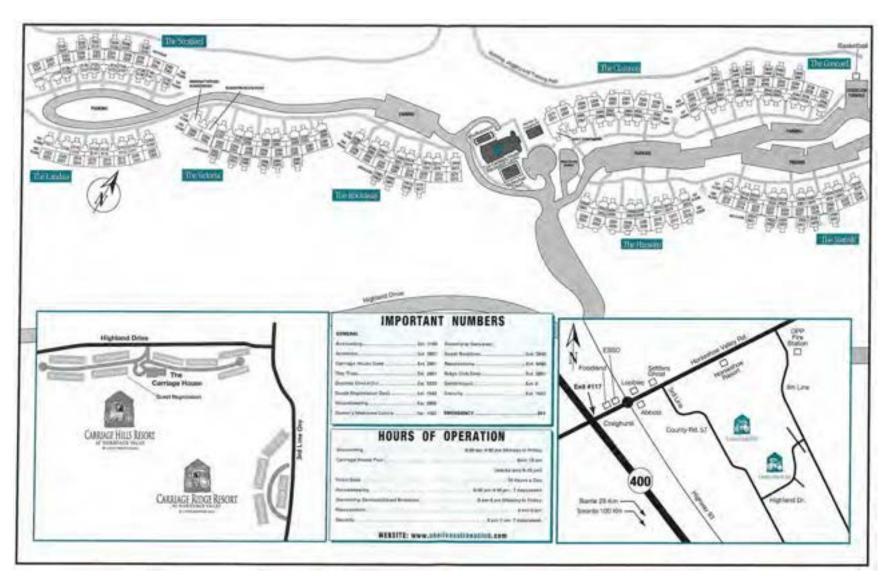
PROPERTY OVERVIEW - CARRIAGE HILLS - 90 HIGHLAND DRIVE, ORO-MEDONTE

Carriage Hills is comprised of three phases situated on 19.43 acres, with eight buildings and 172 units. Phase 1 includes The Clarence, Hansom and Rockaway built in 1997. Phase 2 includes The Concord, built in 1999 and The Norfolk, built in 2000. Phase 3 includes The Landau, Victoria and Stratford, all built in 2001. Each fully furnished and tastefully appointed unit takes advantage of the natural setting. Each unit has a full kitchen, private deck and gas fireplace. The amenities include barbecue area, indoor children's pool, concierge, fitness centre, game room, horseshoes, picnic area, hot tub (outdoor), playground, sauna, shuffleboard, spa services, swimming pool (indoor/outdoor), walking trails and volleyball court.





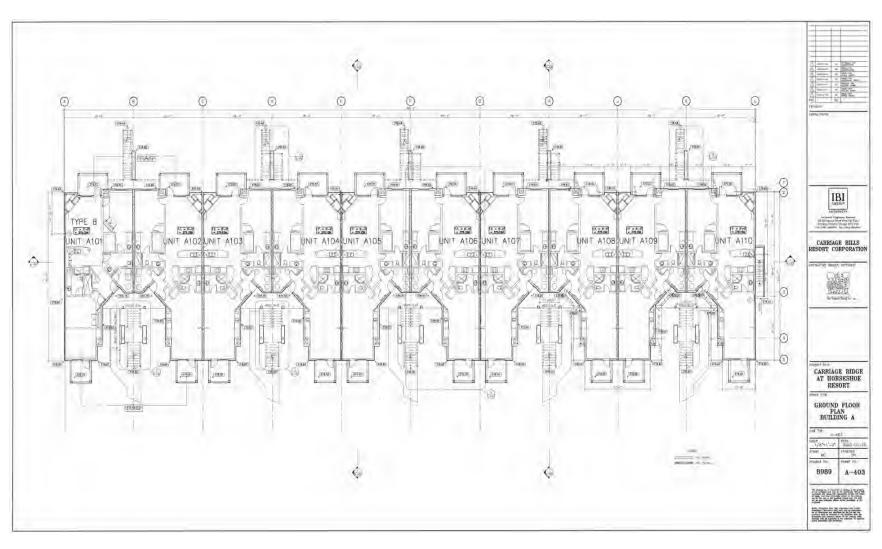
SITE MAP



Property Data



SAMPLE FLOOR PLAN





MUNICIPAL ADDRESS

90 Highland Drive, Oro-Medonte, Ontario

SITE DESCRIPTION

Location	The subject property is located on the north side of Highland Drive, south of Horseshoe Valley Road West.				
Land Area	19.43 acres				
Topography	The site is largely rectangular in shape and is situated at grade with Highland Drive.				

SITE IMPROVEMENTS

Parking	150 + surface parking spaces.
Access	Vehicle access is provided from Highland Drive.
Landscaping	Adequate for the current use.
Condition	Improvements are considered to be in average physical condition.
Utilities	Appear adequate for the current timeshare resort use.
Easements / Restrictions	None that would have a negative impact on the value or marketability of the subject property.
Commentary	Overall, the subject site is capable of supporting development consistent with the existing use.



PHYSICAL DESCRIPTION – IMPR	OVEMENTS
Use	Timeshare Resort
No. of Buildings	Eight
No. of Stories	Two & three-storey
Chronological Age	1997-2001
Condition	Average
Structure	Reinforced poured concrete and wood frame with stone veneer and wood siding exterior walls.
Roof	Pitched roof, metal (not inspected).
Interior Flooring	Ceramic and broadloom flooring.
Interior Walls	Drywall taped and painted.
Ceilings	Smooth ceilings
Lighting	Electric and drop down light fixtures.
Electrical	Adequate
Elevators	None
HVAC	Heating and air conditioning is provided by gas fired forced air units.
Deferred Maintenance	According to estimates provided in the Reserve Study completed by Armstrong Consulting Inc. on January 14, 2019, the subject property required approximately \$7,800,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$11,600,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards.
Effective Age	20 Years
Remaining Economic Life	50 years





Exterior Units



Exterior Units





Exterior Units



The Stanhope Building





The Carriage House Recreation Centre



Pavilion



INTERIOR/EXTERIOR PHOTOGRAPHS



Kitchen



Family Room



Washroom



Bedroom



In-Suite Laundry



In-Suite Power





Stairs to Units



Recreation Centre Games Room



Recreation Centre Gym



Recreation Centre Indoor Pool



Recreation Centre Outdoor Pool



Recreation Centre Games Room



TOWNSHIP OF ORO-MEDONTE OFFICIAL PLAN

The subject property falls within the Schedule D – Horseshoe Valley Development Node is designated "Horseshoe Valley – Medium Density Residential" within the Township of Oro-Medonte Official Plan (refer to Official Plan Land Use Map & Schedule D Map).

C14.3 Horseshoe Valley Resort Node

A number of specific land use designations have been developed for the Horseshoe Valley Resort node. It is the intent of this Plan to encourage the development of the lands within Horseshoe Valley Resort node for a variety of residential, commercial and recreational uses, primarily on full sewer and water service.

The Township recognizes that the role and function of the Horseshoe Valley Resort is evolving and that the area will serve as a focus for many forms of development in the future. Many of these forms of development will have a market area that extends far beyond the boundaries of the municipality.

C14.3.2 Timeshare Developments

Where timeshare developments are listed as a permitted use in a designation, the policies of this section apply. For purposes of this Plan, a timeshare development is a commercial use that contains accommodation units that are either held in two or more ownerships, with the occupancy of each unit being shared by the owners, or which are held in one ownership, with each of the units available to be rented/leased or used by different parties on a weekly or monthly basis but does not include hotel.

A timeshare establishment may be located in a freestanding building or be contained within a multi-use building. For the purposes of this Plan, a hotel is defined as a premise that contains rooms without cooking facilities that are accessed by a common indoor corridor system and which are rented on a temporary basis to the public for accommodation purposes and which may contain a public dining area and which may also contain meeting rooms and accessory banquet facilities and other accessory uses such as gift shops, fitness centres, restaurants, nightclubs and convention facilities.

It shall be a policy of this Plan that all new timeshare developments require a rezoning and shall also be subject to a development agreement that is into as a condition of severance, subdivision or condominium. One of the purposes of this agreement will be to ensure that matters of municipal interest and jurisdiction, such as, but not limited to, the administration and collection of taxes, other charges, levies, fees, and the provision of notices, are addressed to the Township's satisfaction.

As a condition of such an agreement, the owners shall provide all reasonably required information on the form of the time-share agreement and other documents, so that these matters of municipal interest and jurisdiction can be properly assessed prior to the issuance of any building permit. The agreement may also provide for additional funds or security to pay for any increased municipal administrative costs occasioned by the timeshare form of ownership structure.



C14.3.6 Horseshoe Valley Medium Density Residential Designation

Permitted uses in the *Horseshoe Valley Medium Density Residential* designation as shown on Schedule D includes townhouse dwellings, apartment dwellings and home occupations. Timeshare developments may be permitted. The density of development shall not generally not exceed 30 units per gross hectare. Conditions for approval of development with the *Horseshoe Valley Medium Density Residential* designation are in Section C14.3.8

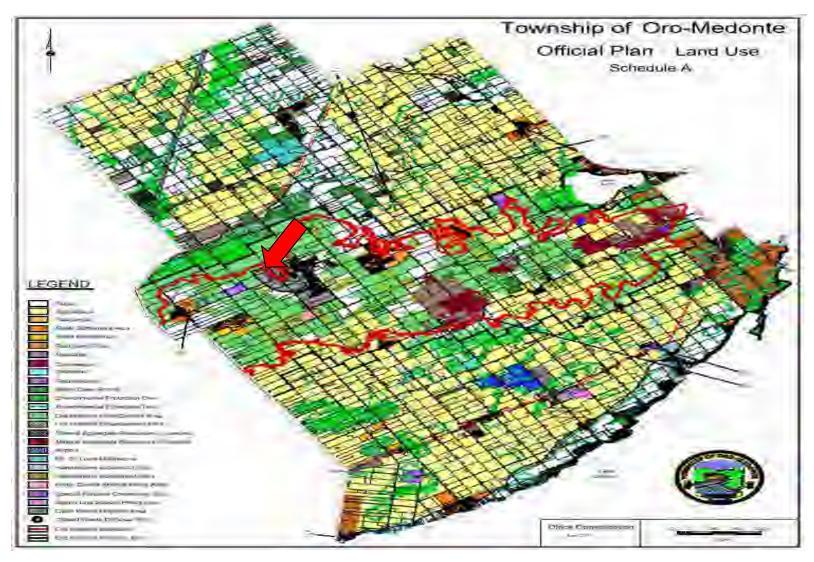
C14.3.8 Conditions for Approval

This policy applies to all lands that are subject to Sections C14.3.5 and C14.3.6 of this Plan. Prior to the approval of a Plan of Subdivision and/or a Plan of Condominium application and/or a request to re-zone the lands, Council shall be satisfied that:

- a) The proposed form of servicing for the lands is appropriate and agreed to by the Township and the appropriate agencies;
- The proposed location, nature and timing of the improvements to Horseshoe Valley Road and other roads is appropriate and agreed to by the Township and the appropriate agencies in accordance with Section C14.3.31; and,
- c) The phasing of development is appropriate given the timing of the installation of services and the improvements to Horseshoe Valley Road and other Roads

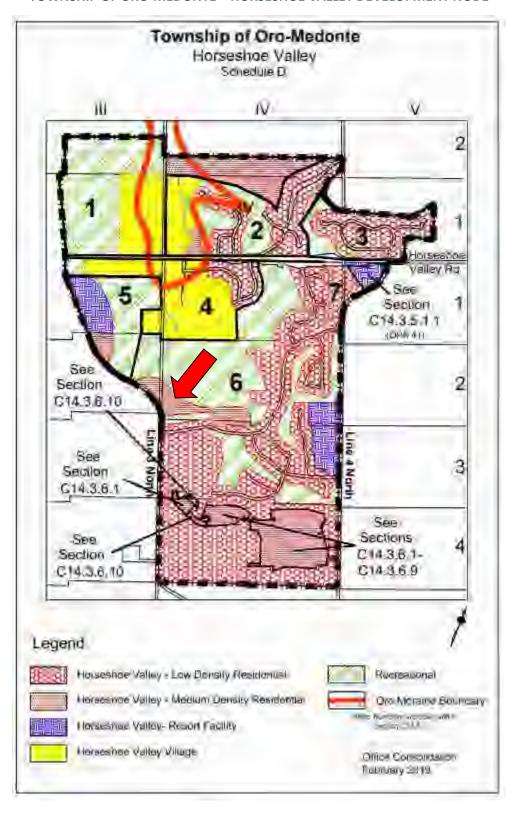


TOWNSHIP OF ORO-MEDONTE OFFICIAL PLAN





TOWNSHIP OF ORO-MEDONTE – HORSESHOE VALLEY DEVELOPMENT NODE





ZONING BY-LAW

Residential Two Zone (R2) Permitted Uses

The Residential Two (R2) Zone applies to lands that are the site of townhouses or apartment buildings in the Township. Apartment buildings are permitted on the subject site.

	Use	Use Zone					
		R1 Residential One	R2 Residential Two	RUR1 Rural Residential One	RUR2 Rural Residential Two	SR Shoreline Residential	RLS Residential Limited Service
A	Single Detached Dwellings	• 0				*	•
В	Semi Detached Dwellings	•					
C	Townhouse Dwellings		•				
D	Multiple Dwellings		•				
E	Apartment Dwellings		•				
F	Day Nurseries						
G	Home Occupations	•		*	•	191	3
H	Private Home Daycare	•		8	•	•	*
I	Residential Care Homes	•	•		•	•	

Exception R2*123

*123 – Parts of Lots 2 and 3, Concession 4 (Former Oro)

Notwithstanding any other provisions in this By-law, a *timeshare establishment* is permitted on the lands denoted by the symbol *123 on the schedules to this By-law.



Private Recreational Zone (PR) Permitted Uses

The Private Recreational (PR) Zone generally applies to lands that are the site of a private recreational facility, such as a ski hill or a golf course.

e (Use		Zone								
		EP Environmental Protection	OS Open Space	PR Private Recreation	Institutional	FD Future Development					
4	Agricultural uses	(1)(2)		1							
В	Agricultural uses intensive	* (1) (2)									
2	Bed and breakfast establishments			•							
0	Cemeteries										
E.	Community centres										
R	Conservation uses	+ (2)	**			4					
G	Cross country ski facilities			*	1	***					
4	Day nurseries			4							
	Downhill ski facilities					4					
I	Forestry uses		*								
C	Golf courses										
L)	Hotels:										
M	Infrastructure										
N	Libraries:			1	A .	(1)					
0	Mountain bike facilities			*							
Ρ	Museums			+ 1							
3				1							
₹	Public parks	• (2)									
13	S Public Storm Sew System	er									
1	T Places of worship				• (2)						
1	U Private clubs				C PAR						
1	V Schools, public] 4		4:1						
1	W Sewage Treatment Facility	nt .									
	X Stormwater Management Facilities										

Special Provisions.

- Only uses that existed on the effective date of this By-law are permitted.
 No buildings or structures, except those required for flood or erosion control are permitted.
- 3. One accessory dwelling unit is permitted on a lot



TOWNSHIP OF ORO-MEDONTE ZONING BY-LAW MAP







RBC Economics

ECONOMIC OVERVIEW

Canada's GDP bounced back in Q3, increasing by 8.9% (40.5% at an annualized rate) however recovery is expected to stall in Q4. While the increase did not meet forecasters' expectations, it still marked a significant bounce-back in output with almost three-quarters of the total 18% March/April GDP drop retraced as of September. Consumer spending on goods and residential investment rebounded sharply to stand above pre-shock levels. Business investment also bounced back despite ongoing weakness in the oil & gas sector.

Employment jumped another 62k in November while the unemployment rate slid to 8.5%. The jump in employment in November was still the smallest gain in employment of the now 7-month employment recovery to-date. But it was better-than-expected given concerns that re-imposition of virus containment measures would slow hiring. Overall, a little over 80% of the employment drop in the spring was retraced as of November.

The economy regained ground however the re-imposition of virus containment measures, although not as stringent to-date as those imposed in the spring, is putting a cap on the near-term recovery. Statistics Canada's preliminary estimate of October GDP was up 0.2%, however this is likely to be followed by pullback in November, led by another downturn in hotel and restaurant sales and softer retail activity with Toronto/Peel region temporarily shuttering non-essential retailers. The rebound to-date has also been decidedly smaller in travel and hospitality-related services. Output in accommodation & food services remained almost 30% below pre-shock levels in September contributing to the weakness in consumer spending on services. RBC expects the recovery will essentially ground to a halt in Q4.

For businesses struggling with containment measures, the light at the end of the tunnel comes from recent vaccine news, as well as the high level of household savings. The combination of exceptionally large government income supports and the 'forced' savings for higher-income households who normally spend more on discretionary purchases resulted in household savings balances spiking a cumulative \$160 billion relative to pre-COVID levels through the last three quarters. At least some of those substantial savings will be spent once virus containment measures can be sustainably eased.

	Q4/2019	Q1/2020	Q2/2020	Q3/2020	Q3/2020
	QoQ annu	alized %			YoY %
Consumer spending	2.0	-10.1	-44.3	62.8	-4.5
Goods	-0.2	-8.7	-29.1	86.8	4.8
Services	3.7	-11.1	-54.1	44.3	-11.6
Government spending	1.9	-1.5	-12.3	13.5	0.0
Residential investment	-2.9	-1.4	47.7	187.3	9.5
Business investment	-5.9	-0.6	-55.1	25.8	-14.8
Structures	1.7	6.9	-49.8	-1.2	-14.3
M&E	-17.4	-12.7	-63.6	91.8	-15.8
Exports	4.2	-6.6	-56.7	71.8	-9.7
Imports	-2.9	-9.3	-65.0	113.7	-9.9
GDP	0.4	-7.3	-38.1	40.5	-5.2
Household disposable income	5.4	5.9	52.3	-12.0	10.6
Saving rate (%)	2.0	5.9	27.5	14.6	
Source: Statistics Canada, RBC Economics					

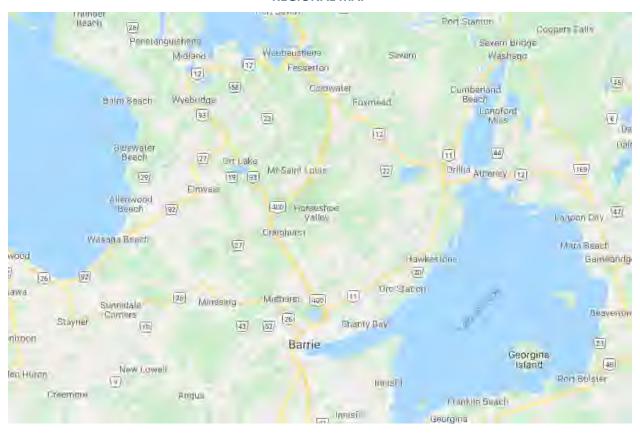


REGIONAL OVERVIEW

- Oro-Medonte is a thriving rural community of more than 20,000 full-time residents. Covering 61,000
 hectares of land in the heart of Simcoe County, the Township is highlighted by a picturesque
 landscape of prominent rolling hills and nearly 40 kilometres of beautiful Lake Simcoe shoreline.
- Located between the Cities of Barrie and Orillia, Oro-Medonte serves as the gateway through which Northern and Southern Ontario are connected and is conveniently situated for residents, tourists and business alike.
- Oro-Medonte is strategically located in the heart of Simcoe County. With Highways 11, 12, 93 and 400 all conveniently accessible from municipal roadways, Oro-Medonte is the gateway through which Northern and Southern Ontario are connected, affording residents, tourists, and businesses easy access to the Township and points beyond.



REGIONAL MAP



Economic and Demographic Profile - Township of Oro-Medonte

Population	21,036 (2016 Statistics Canada)
Total Private Dwellings	9,013 (2016 Statistics Canada)
Median Household Income	\$95,667 (2016 Statistics Canada)
Labour Force	11,730 (2016 Statistics Canada)
Unemployment Rate	5.9% (2016 Statistics Canada)
Municipal Tax Rates (2020)	 Residential/Farm – 0.856808% Multi-Residential – 0.856808% Commercial Occupied – 1.861238% Industrial Occupied – 2.172311%

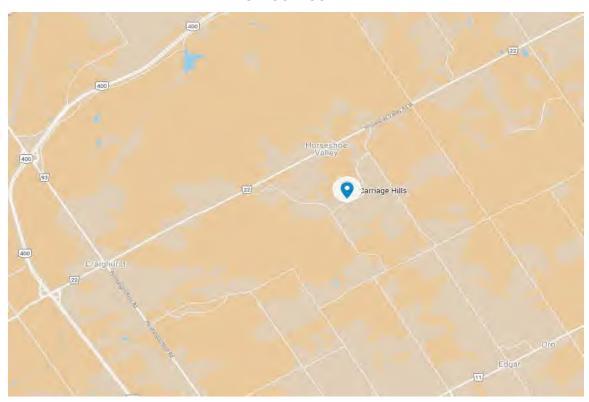
Source of Information - Township of Oro-Medonte website & Statistics Canada



NEIGHBOURHOOD ANALYSIS

The immediate neighbourhood is generally bounded by Horseshoe Valley Road West to the north, Highway No. 400 to the west, Line 5 North to the east, and Bass Lake Side Road West to the south.

NEIGHBOURHOOD MAP



Adjacent Land Use

North - Horseshoe Valley Resort

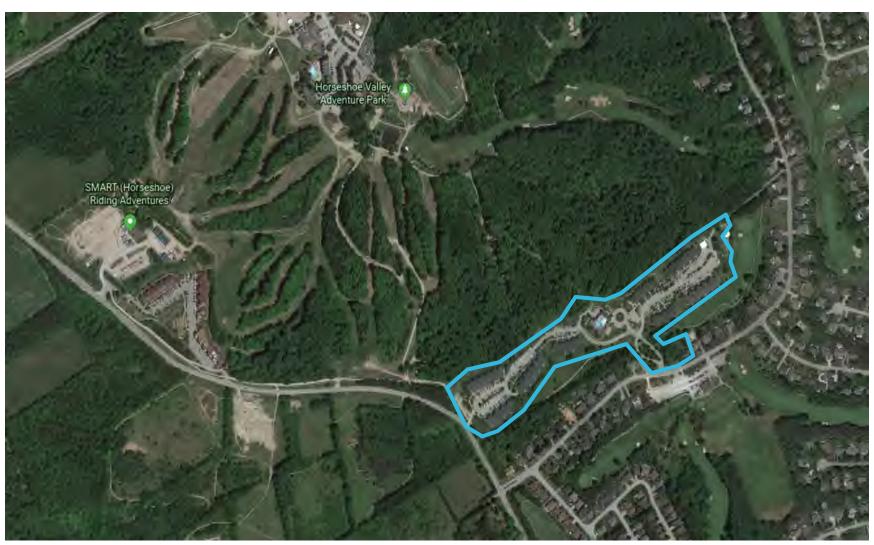
South - Residential Uses (Single Family)

East - Horseshoe Valley Resort & Residential Uses

West - Vacant Land



AERIAL VIEW



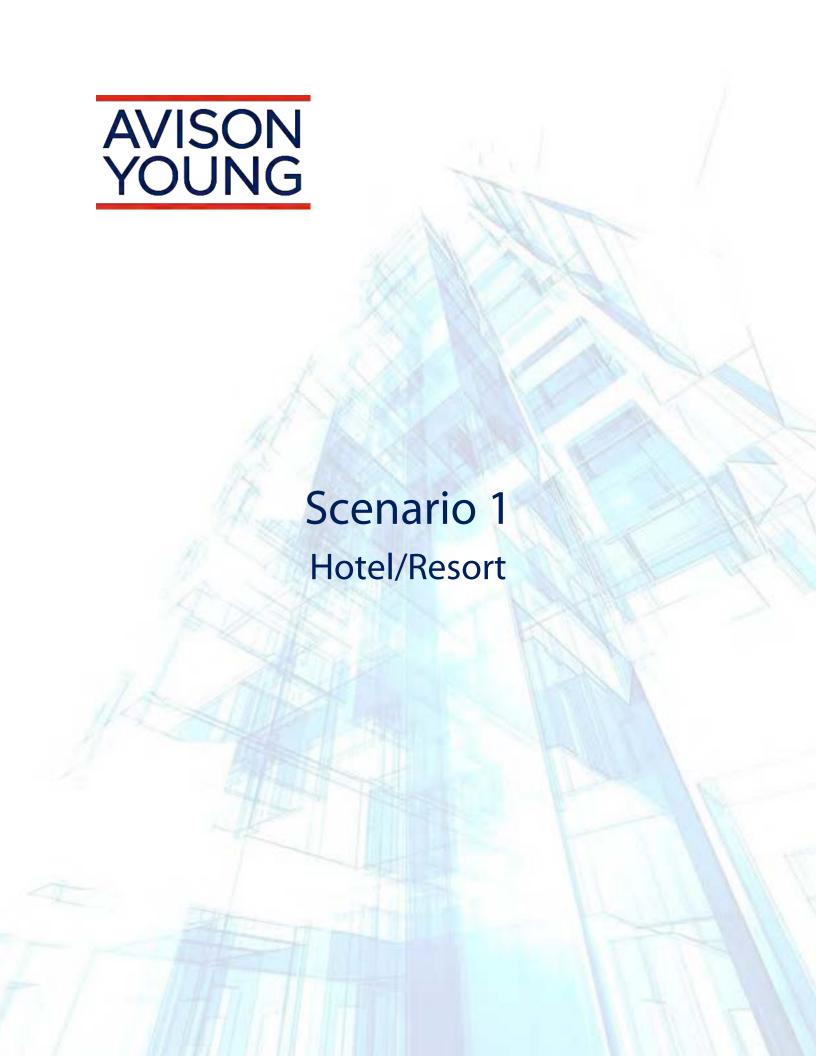


COMMENTARY

The subject properties are located at the top of Horseshoe Resort ski hill, just 20 minutes north from Barrie and are surrounded by the resort and single-family homes. The former golf course that was a part of Horseshoe Resort has been closed and is slated for further development of single-family homes. Horseshoe Resort is more than just alpine skiing and has an amazing variety of winter and summer activities and adventures as well as resort style amenities and restaurants. Winter activities include alpine skiing, cross country skiing, snow tubing, fat biking, snowshoeing, skating and snowmobiling. The summer activities treetop trekking course, mountain biking, zip line, beach volleyball, disc golf, ATV adventures, lake access and wakeboarding park.

VETTA Nordic Spa, a luxurious outdoor day spa has officially broken ground in Oro-Medonte this past November. The spa will be built on a 26-acre parcel of land within the Horseshoe Valley in close proximity to Carriage Hills & Carriage Ridge Resort. VETTA will be one of Canada's premier outdoor Nordic spas operating year-round, offering guest the opportunity to take time to "relax and reconnect with others, escape the fast-paced North American lifestyle, and recharge physically and mentally."

The project includes a main building to house a lobby, offices, change rooms, a bistro and massage rooms, swimming pools, steam rooms, saunas, landscaping and surface parking. The facility will recognize traditional Finnish design and sauna customs with modern details that is expected to be open in summer 2021.





SCENARIO 1 – HOTEL/RESORT SALES

The subject property being sold off as a hotel property would benefit from the recreational nature of the immediate area, predominantly in the winter, making units desirable as a vacation destination for families. Minimal capital would be required in order to convert or furnish the units into hotel rooms as the property is operating as a 'pseudo' hotel while currently a timeshare with existing amenities in place that would be found similar to the competition in the area. The one main amenity lacking from the site would be food and beverage options.

There is however an uncertainty regarding the time and costs associated with navigating the Township in order to rezone the subject property. The current Residential Two (R2) zoning has a site specific exception that allows for a timeshare establishment and does not allow for a permanent hotel use. The property would require a zoning change to a commercial zone use.

With the current impact of COVID-19 on the hospitality and national hotel industry affecting year over year national occupancy rates which are down 48% and yearly room revenues are down approximately 60% for hotel operators, the peak exposure for the property as hotel may not be at this current time.

The subject property as a hotel property may benefit from the recent by-law passed within the Township of Oro-Medonte of residential properties banning short term rental accommodations with respect to the existing prohibition on commercial accommodations in dwelling units. The Township has decided to institute a ban on any rentals of any residential property including principal residences, vacation and recreational properties, anywhere in the township for any period from 1 day to 28 days. In effect, a traditional month to month residential tenancy or longer is the only form of rental which the bylaw would not ban.

All outstanding Capital Expenses required on the property have not been taken into consideration. According to estimates provided in the Reserve Study completed by Armstrong Consulting Inc. on January 14, 2019, the subject property required approximately \$7,800,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$11,600,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards. Therefore, a total of approximately \$19,400,000 (rounded) would be required in missed and future capital expenses to the site to achieve this desired value. The costs would equate to an estimated \$110,000 per room (rounded) if all expenses are deemed necessary and require attention.

We have performed a Sales and Incomes Analysis of hotel/resorts sold in the surrounding area, which is used to determine the total sale price of the property as a hotel/resort and the price per room on a stabilized basis of that scenario.



HOTEL MARKET OVERVIEW - 2019 YEAR IN REVIEW (COLLIERS)





- Of the 129 transactions in 2019, Ontario remained the most active province for hotel investment with 42 transactions totaling \$708 million in volume (49% of total). Price per room metrics continued to see upwards pressure as investor demand outstripped available opportunities.
- In-line with recent trends, just over 60% of national transaction volume took place in the eastern half of the country (east of Manitoba). While western Canada has historically led the country in average price per room, metrics between the two sides of the country were fairly balanced in 2019.



HOTEL MARKET OVERVIEW – Q3 OVERVIEW

- According to the Colliers INNvestment Canada Hotel Report Q3 2020, the transaction volume for Canadian hotel real estate year to date is down 39% and approximately 71% when excluding hotels sold for conversion.
- Year to date 2020 \$777 million in hotel real estate has changed hands. 53% of this total is directly related to purchases for conversion to alternate use or redevelopment.



- A total of \$257 million in hotel real estate transacted across the country in the third quarter with 68% volume attributed to hotels that sold for conversion or alternate use.
- Since the onset of the Covid-19 global pandemic, the majority of hotel operators have been battling
 with significantly depressed revenues with little certainty on how long it will take for demand trends
 and pricing power to return. It is now clear that the hotel investment cycle has reset and near-term
 uncertainty has resulted in opaque valuations, resulting in a decrease in transaction volumes.
- In-place and next year cap rates have become effectively meaningless, with investors instead focused on pre-Covid metrics (e.g. 2019). Still, there is a large bid/ask spread, with sellers generally reluctant to budge much on now "prior peak values", and buyers demanding significant discounts to account for the reset of the market cycle, increased risk profile over short- to medium-term, as well as lack of available debt options. These dynamics are also not exclusive to Canada with Covid-19 causing havoc to the worldwide hotel sector, particularly to those with reliance on cross border or fly-in travel.
- There was just one lender-driven sale that occurred in the quarter, although it was a distress situation that predated Covid-19.





- Year-over year (YOY) occupancy declines moderate over the over summer travel season, supported
 by regional drive-to resort markets and generally smaller roadside and secondary/tertiary market
 hotels. Most urban markets and particularly larger hotels still suffered from relatively low demand
 from both leisure and corporate segments.
- A peak in Canadian hotel summer demand coincided with the run up to Labour Day (September 7th).
 Post Labour Day, national occupancy has continued to decelerate on a YOY basis, trending between -48% and -56% YOY in recent weeks, as per STR, as case counts accelerated and summer leisure demand abated.
- The current environment has been punitive to Canadian hotel real estate investors and hospitality operators with YOY room revenues approximately 60% lower year-to-date Q3, according to STR.
- We expect that the fourth quarter will be slow for hotel transactions, with some additional activity for hotels acquired for transient shelters or other conversions in major urban centres. There are also only a handful of receivership sales on the market and we do not expect any material uptick in lender driven activity in Q4.



COMPETITIVE MARKET OVERVIEW

	Summary of Competitive Hotels							
						Standa	rd Room	
				Distance From		Avg		Avg Winter
No.	Name	Address	Rooms	Subject	Day Spring	Weekend	Week Day	Weekend
				(KMs)	Rate	Spring Rate	Rate	Rate
1	The Inn at Horseshoe	1101 Horseshoe Valley Road West, Oro-Medonte	101	2.5	\$139	\$149	\$179	\$249
2	Fairfield Inn & Suites Barrie	261 Essa Road, Barrie	74	29.6	\$149	\$149	\$109	\$129
3	Holiday Inn Express & Suites	500 Hume Street, Collingwood	93	51.7	\$126	\$157	\$121	\$166
4	Blue Mountain - Grand Georgian Village Suites	156 Jozo Weider Boulevard, Blue Mountains	n/a	57	\$203	\$247	\$256	\$346
Averag	e Nightly Rate				\$154	\$176	\$166	\$223

- Four hotels have been identified as competitors within the subject market place.
- In the winter months demand for hospitality picks up with the subjects close proximity to Horseshoe Ski Resort. Rates in the winter months are typically higher than those in the off season.



Hotel/Resort Sales

The unit of comparison relied upon in this section is overall sale price and the price expressed on a per room basis. Following is a Sales Analysis of Comparable Sales as well as an analysis of the data and a conclusion as to an estimate of value.

The sales selected for this analysis are compared to the subject property and appropriate adjustments for the elements of comparison are considered. Elements of comparison analysed in this valuation include conditions of sale, market conditions, location, physical characteristics, economic characteristics and use/zoning considerations.



				Summary of	Compar	able Sal	es			
Sale No.	Name	Address	Sale Date	Vendor/Purchaser	Sale Price	Land Area (Acres)	# of Storeys	# of Rooms	Price per Room	Comments
1	Holiday Inn, Barrie	20 Fairview Road, Barrie	3-Nov-20	Crestview Group of Companies to Aurora Group (2782736 Ontario Inc.)	\$15,500,000	7.38	5	161	\$96,273	Air conditioning, TV, internet, indoor pool, fitness centre, lounge/bar and conference rooms.
2	Super 8 by Wyndham, Midland	1144 Hugel Avenue, Midland	25-Nov-19	Sainaath Inc. to United Hotels Inc.	\$6,900,000	1.85	3	65	\$106,154	Air conditioning, TV, internet, indoor pool, fitness centre and continental breakfast.
3	Holiday Inn Express, Huntsville	100 Howland Drive, Huntsville	15-Aug-19	Huntsville 100 Howland Drive to 2705461 Ontario Inc.	\$14,950,000	1.35	5	87	\$171,839	Air conditioning, TV, internet, indoor pool, fitness centre and cafe. Sold at a going-in capitalization rate of 8.75%.
4	Quality Inn, Owen Sound	950 Sixth Street, Owen Sound	7-Aug-19	Hotels of Georgian Bay Ltd. to Grey & Bruce Hospitality Inc.	\$5,600,000	3.81	2	79	\$70,886	Air conditioning, TV, internet, indoor pool, fitness centre, lounge/bar and conference rooms.
5	Hockley Valley Resort, Mono ¹	793522 Mono 3rd Line, Mono	20-Mar-19	Hockley Valley Resort Limited to Sunray Group of Hotels (2679987 Ontario Inc.)	\$42,760,000	307.00	5	104	\$411,154	Acquisition of Hockley Valley Resort (includes 18 hole golf course, 15 ski runs and 8,000 square foot spa) as well as the 77-acre vineyard and winery called Adamo Estate Winery.
6	Holiday Inn Express, Pembroke	8 International Drive, Pembroke	4-Dec-18	Good Night Hotel Inc. to 2465620 Ontario Inc.	\$11,900,000	5.81	4	75	\$158,667	Air conditioning, TV, internet, indoor pool, fitness centre and conference rooms.
7	SureStay Plus by Best Western	791 Durham Street, Kincardine	22-Nov-18	Callaghan Inn Ltd to 11027069 Canada Corp	\$5,500,000	2.03	3	59	\$93,220	Air conditioning, TV, internet, fitness centre, restaurant, continental breakfast.
8	Staybridge Suites Guelph	11 Corporate Court, Guelph	1-Nov-18	Easton's Group of Hotels to EWC Corporate Court Hotel Holdings Inc.	\$16,500,000	2.04	5	120	\$137,500	Air conditioning, TV, internet, business centre, fitness centre and indoor pool.
9	Best Western Plus, Orangeville	7 Buena Vista Drive, Orangeville	20-Sep-18	Select Orangeville Hotel GP to 2650493 Ontario Inc. (Sunray Group)	\$10,665,000	7.18	4	84	\$126,964	Air conditioning, TV, internet, indoor pool, fitness centre, business centre, and continental breakfast.
10	Hidden Valley Resort, Huntsville	1755 Valley Road, Huntsville	20-Aug-18	2263480 Ontario Inc. to 2557264 Ontario Ltd.	\$6,104,340	6.27	3	100	\$61,043	Indoor & outdoor pools, sauna, exercise room, private sandy beach, restaurant, convention facilities and business centre. Located across from Hidden Valley Ski Area.

¹ Please note the subject property includes acquisition of Hockley Valley Resort (includes 18 hole golf course, 15 ski runs and 8,000 square foot spa) as well as the 77-acre vineyard and winery called Adamo Estate Winery.





Comments: This 7.38 acre site is improved with a 5-storey hotel containing a total of 161 rooms. It is located on the east side of Fairview Road, south of Essa Road, right off of Highway No. 400 in the City of Barrie. Each room features air conditioning, TV, and internet. There is an indoor pool, fitness centre, lounge/bar and conference rooms.



Comments: This 1.84 acre site is improved with a 3-storey select service hotel containing 65 rooms. It is located on the east side of Hugel Avenue, north of Yonge Street in the Town of Midland. Each room features air conditioning, TV, and internet. There is an indoor pool, hot tub, fitness centre and breakfast buffet for guests.





Huntsville, Ontario Holiday Inn Express

100 Howland Drive

Name Holiday Inn Express
No. Room 87

Land Area (acres) 1.35 No. Storeys 5

Sale Date 15-Aug-19
Sale Price \$14,950,000
Sale Price per Room \$171,839

Vendor Huntsville 100 Howland Drive

Purchaser 2705461 Ontario Inc.

Comments: This 1.35 acre site is improved with a 5-storey select service hotel containing a total of 87 rooms. It is located on the south side of Howland Drive, west of Centre Street North, right off of Highway 11 in the Town of Huntsville. Each room features air conditioning, TV, and internet. There is an indoor pool, fitness centre and cafe for guests. The property sold at a going-in capitalization rate of 8.75%.



Comparable No. 4

950 Sixth Street
Owen Sound, Ontario

Name Quality Inn
No. Room 79
Land Area (acres) 3.8
No. Storeys 1

Sale Price 07-Aug-19
Sale Price \$5,600,000
Sale Price per Room \$70,886

Vendor The Corporation of the City of Owen Sound

Purchaser Grey & Bruce Hospitality Inc.

Comments: This 3.80 acre site is improved with a 1-storey select service hotel containing a total of 79 rooms. It is located on the north side of Sixth Street, east of Highway 6 in the City of Owen Sound. Each room features air conditioning, TV, and internet. There is an indoor pool, fitness centre and conference rooms for guests.





Comparable No. 5

Hockley Valley Resort - 793522 3rd Line Mono, Ontario

Name Hockley Valley Resort
No. Room 104

Land Area (acres) 307 No. Storeys 5

Sale Price 20-Mar-19
Sale Price \$42,760,000
Sale Price per Room \$411,154

Vendor Hockley Valley Resort Limited

Purchaser Sunray Group of Hotels (2679987 Ontario Inc.)

Comments: This 307 acre site is improved with a 5-storey hotel containing a total of 104 rooms as well as 18 hole golf course, 15 ski runs, full service spa and 77-acre vineyard/winery. It is located on the west side of 3rd Line, south of Hockley Road, in the Township of Mono. Each room features air conditioning, TV, and internet. There is an indoor and outdoor pool, fitness centre and conference rooms for guests.



Comparable No. 6

8 In	ternatio	nal Drive
Pei	mbroke,	Ontario

Name Holiday Inn Express

No. Room 75 Land Area (acres) 5.81 No. Storeys 4

Sale Price 94-Dec-18
Sale Price \$11,900,000
Sale Price per Room \$158,667

Vendor Good Night Hotel Inc.
Purchaser 2465620 Ontario Inc.

Comments: This 5.81 acre site is improved with a 4-storey select service hotel containing a total of 75 rooms. It is located on the northwest corner of International Drive and Upper Valley Drive, just off of Highway 17 in the Town of Pembroke. Each room features air conditioning, TV, and internet. There is an indoor pool, and fitness centre for guests.





Comments: This 2.03 acre site is improved with a 3-storey select service hotel containing a total of 59 rooms. It is located on the northwest corner of Durham Street and Highway 21 in the Town of Kincardine. Each room features air conditioning, TV, and internet. There is a fitness centre for guests. Callaghan Inn Ltd (vendor) provided a \$3,600,000 loan at a 6.00% interest rate.



Comments: This 2.04 acre site is improved with a 5-storey select service hotel containing a total of 120 rooms. It is located on the north side of Corporate Court, east of Highway 6 in the City of Guelph. Each room features air conditioning, TV, and internet. There is an indoor pool and fitness centre for guests.





7 Buena Vista Drive Orangeville, Ontario						
Name	Best Western Plus					
No. Room	84					
Land Area (acres)	7.18					
No. Storeys	4					
Sale Date	20-Sep-18					
Sale Price	\$10,665,000					
Sale Price per Room	\$126,964					
Vendor	Select Orangeville Hotel GP					
Purchaser	2650493 Ontario Inc. (Sunray Group)					

Comments: This 7.18 acre site is improved with a 4-storey select service hotel containing a total of 184 rooms. It is located on the south side of Buena Vista Drive, east of Highway 10 in the Town of Orangeville. Each room features air conditioning, TV, and internet. There is an indoor pool, fitness centre and business centre for guests.



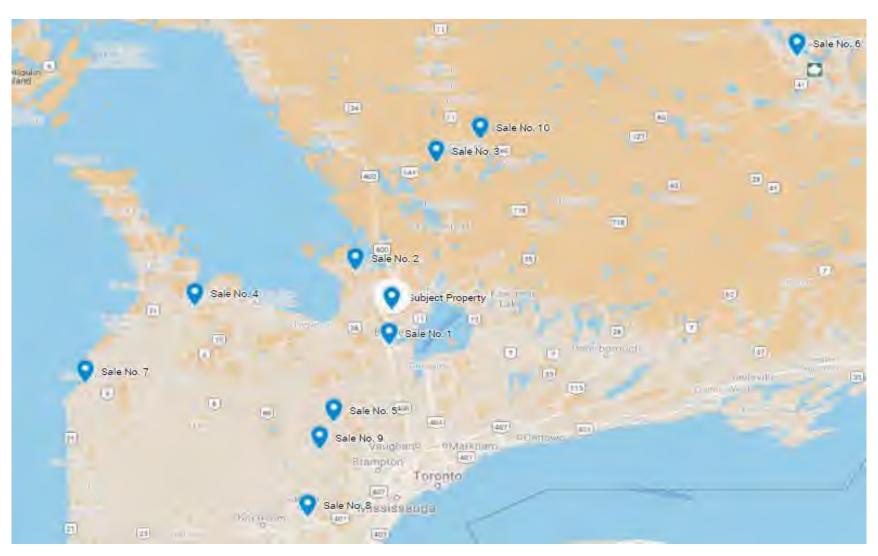
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	1755 Valley Road
	Huntsville, Ontario
Name	Hidden Valley Resort
No. Room	100
Land Area (acres)	6.27
No. Storeys	3
Sale Date	20-Aug-18
Sale Price	\$6,104,340
Sale Price per Room	\$61,043
Vendor	2263480 Ontario Inc.
Purchaser	2557264 Ontario Ltd.

Comments: This 6.27 acre site is improved with a 3-storey hotel containing a total of 100 rooms. It is located on the east side of Valley Road, south of Highway 60, in the Town of Huntsville. Each room features air conditioning, TV, and internet. There is an indoor and outdoor pool, lake access, restaurant, fitness centre and conference rooms for guests. The property is located across the road from Hidden Valley Ski Area and in close proximity to Deerhurst Resort.



MAP OF COMPARABLE SALES





Sales Analysis

A search was conducted for sales of hotels in the surrounding area within a reasonable time frame. Due to the lack of sales in the immediate area we had to expand our search throughout Ontario. The foregoing sales are considered to be the most comparable to the subject and represents transaction activity since August of 2018.

The sales demonstrate a range of prices from \$5,500,000 to \$42,760,000 or \$61,043 to \$411,154 per suite. Variances in sale price achieved are largely due to location, number of rooms, amenities, age, condition and quality of the improvements. Please note that properties with a higher number of rooms typically trade at a lower price per room due to the impact of economies of scale.

Sale No. 1, Holiday Inn, Barrie, represents the most recent comparable sale and the nearest comparable sale. The property is improved with a 5-storey, Holiday Inn with 161 rooms on a 7.38 acre site in close proximity to Highway No. 400. The property sold on November 3, 2020 for a total consideration of \$15,500,000 or \$96,273 per room.

Sale No. 2, Super 8 by Wyndham, Midland represents a recent comparable sale. The property is improved with 3-storey, Super 8 by Wyndham with 65 rooms on a 1.84-acre site. The property sold on November 25, 2019 for a total consideration of \$6,900,000 or \$106,154 per room.

Sale No. 3, Holiday Inn Express, Huntsville is improved with a 5-storey, Holiday Inn Express with 87 guest rooms on a 1.35-acre site. The property sold on August 15, 2019 for a total consideration of \$14,950,000 or \$171,839 per suite. The property sold at a going-in capitalization rate of 8.75%.

Sale No. 4, Quality Inn, Owen Sound represents a recent comparable sale that sits near the low end the range of comparable sales on total dollar amount and price per room basis. The property is improved with 2-storey, Quality Inn with 79 rooms on a 3.8-acre site. The property sold on August 7, 2019 for a total consideration of \$5,600,000 or \$70,886 per room.

Sale No. 5, Hockley Valley Resort, Mono, represents the high end of the range of comparable sales on a total dollar amount and on a price per room basis. The property is improved with a 5-storey Hockley Valley Resort which includes 100 guest rooms on a 307 acre site encompassing the entirety of the resort and not solely a hotel property. The property sold on March 20, 2019 for a total consideration of \$42,760,000 or \$411,154 per room. The property would need to be adjusted for the acquisition including not just a hotel but the entire resort complex which includes a ski hill, golf course, spa and winery.

Sale No. 6, Holiday Inn Express, Pembroke, is improved with a 4-storey Holiday Inn Express with 75 guest rooms on a 5.81 acre site. The property sold on December 4, 2018 for a total consideration of \$11,900,000 or \$158,667 per room.



Sale No. 7, SureStay Plus by Best Western, Kincardine represents the low end of the range of comparable sales on a total dollar amount. The property is improved with a 3-storey select service hotel with 59 guest rooms. The property sold on November 22, 2018 for a total consideration of \$5,500,000 or \$93,220 per room.

Sale No. 8, Staybridge Suites, Guelph, is improved with a 5-storey select service hotel with 120 guest rooms on a 2.04 acre site. The property sold on November 1, 2018 for a total consideration of \$16,500,000 or \$137,500 per room.

Sale No. 9, Best Western Plus, Orangeville is improved with a 4-storey Best Western Plus with 84 guest rooms on a 7.18 acre site. The property sold on September 20, 2018 for a total consideration of \$10,665,000 or \$126,964 per room.

Sale No. 10, Hidden Valley Resort, represents the low end of the range of comparable sales on a price per room basis. The property is improved with a 3-storey hotel with 100 guest rooms on a 6.27 acre site. The property sold on August 20, 2018 for a total consideration of \$6,104,340 or \$61,043 per room.

Having regard to the range of values produced by the sales and to the subject's location, number of rooms, condition and quality of the interior finish, it is our opinion that a final value estimate of \$20,600,000 (rounded), or \$120,000 per room is supported by the market evidence.



INCOME ANALYSIS

The primary means of valuation is a form of Direct Capitalization which converts the annual stabilized operating income into a value using a rate of return or capitalization rate.

Direct (Overall) Capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value. The income expectancy considered is frequently the current year's income, but the anticipated income for the following year may also be used in some circumstances. The rate or factor selected represents the relationship between income and value observed in the market and is derived through comparable sales analysis. Investment characteristics, which influence the development of the internal rate of return, include:

- Liquidity of the asset;
- Security of the income stream;
- Degree of administration; and
- The relative desirability of the real estate vehicle.

In addition, one must be aware of the specific characteristics of the property in question, such as its physical and functional features, the location factors and the operational strengths of the property. At other times, however, the analyst will capitalize income at a slightly higher rate in order to account for the effects of depreciation due to the passage of time or unforeseen changes in market conditions might have an effect on the asset.

Revenue and Expense Analysis

When valuing hotel properties, the Income Analysis is usually relied upon. This approach typically includes analysis of historic results for the property, a review of current year results and management's budget.

To estimate value, we prepared operating projections for the property for the next year. Results are based on market assumptions for similar properties. Outlined in this section is a discussion on each of the hotel's major income and expense categories. The income in this method is based on the revenue achieved following completion of all renovations.



Room Rates

We conducted a survey of nightly room rates for accommodations in the subject's immediate and surrounding area.

Summary of Competitive Hotels							
					Standard Room		
			Distance From	Avg Week	Avg	Avg Winter	Avg Winter
Name	Address	Rooms	Subject	Day Spring	Weekend	Week Day	Weekend
			(KMs)	Rate	Spring Rate	Rate	Rate
The Inn at Horseshoe	1101 Horseshoe Valley Road West, Oro-Medonte	101	2.5	\$139	\$149	\$179	\$249
Fairfield Inn & Suites Barrie	261 Essa Road, Barrie	74	29.6	\$149	\$149	\$109	\$129
Holiday Inn Express & Suites	500 Hume Street, Collingwood	93	51.7	\$126	\$157	\$121	\$166
Blue Mountain - Grand Georgian Village Suites	156 Jozo Weider Boulevard, Blue Mountains	n/a	57	\$203	\$247	\$256	\$346
verage Nightly Rate \$154 \$176 \$166 \$223							

The nightly rates for hotels in the subject neighbourhood and surrounding areas ranges from \$126 to \$203 for a weekday night in the Spring off season, \$149 to \$247 for a weekend night in the Spring off season, \$111 to \$252 for a weekday night in the Winter and \$111 to \$300 for a weekend night in the Winter. All of the rates are for a standard room. Two of the comparable properties, The Inn at Horseshoe and Blue Mountain – Grand Georgian Village Suites benefit from superior pricing due to the affiliation with the resort property to which they are owned by.

The most comparable hotel is the Inn at Horseshoe which is located at the base of the mountain in Horseshoe Valley Resort and in the closest proximity to the subject. The nightly rate for this hotel is \$139 for a spring weekday night, \$149 for a spring weekend night, \$179 for a winter weekday night and \$249 for a weekend winter night.

We have projected the daily rack rate following the conversion of the property to a hotel to be approximately **\$150** per room. The projected daily rack rate is supported by the market evidence.

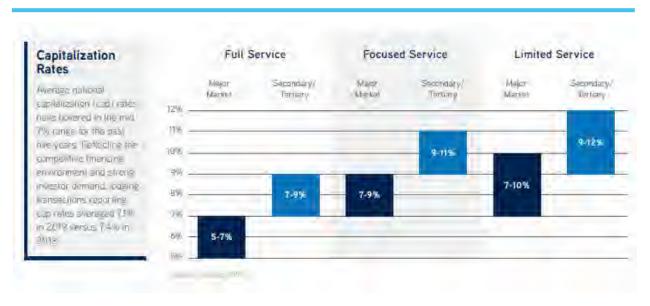


Market Data – Hotel Capitalization Rates

		Summary of Market Derived	d Capitali:	zation Rates			
Sale No	Hotel Name	Address	Year Sold	Sale Price	Number of Rooms	\$/Room	Cap Rate
1	Fairfield Inn & Suites	407 North Front Street, Belleville	2019	\$9,400,000	114	\$82,456	5.30%
2	Sheraton Gateway Hotel	Terminal 3, Mississauga	2019	\$130,000,000	474	\$274,262	10.30%
3	Parkview Arms	935 Queen Street West, Toronto	2019	\$7,250,000	61	\$118,852	5.60%
4	Holiday Inn Express	100 Howland Drive, Huntsville	2019	\$14,950,000	87	\$171,839	8.75%
5	Super 8	730 Algonquin Boulevard East, Timmins	2019	\$6,500,000	73	\$89,041	9.80%
6	Travelodge	1136 Riverside Drive, Timmins	2019	\$4,900,000	92	\$53,261	9.80%
7	Comfort Inn	1 Hospitality Drive, Fort Erie	2019	\$3,900,000	70	\$55,714	7.00%
8	Arlington Hotel	106 Grand River Street North, Paris	2019	\$1,900,000	24	\$79,167	4.35%
9	Best Western	19 Holiday Drive, Brantford	2018	\$18,750,000	158	\$118,671	8.70%
10	London Residency Inn	2010 Dundas Street, London	2018	\$2,200,000	50	\$44,000	6.55%
11	Holiday Inn	590 Argus Road, Oakville	2017	\$19,437,500	147	\$132,228	7.40%
12	Quality Inn	950 Walkers Line, Burlington	2017	\$159,888,000	110	\$1,453,527	6.00%
13	Best Western	830 St. David Street North, Fergus	2017	\$4,870,000	33	\$147,576	9.30%
14	Fairfield Inn & Suites	150 Westcreek Boulevard, Brampton	2016	\$14,300,000	107	\$133,645	8.10%
15	Travelodge	300 Bayfield Street, Barrie	2016	\$8,700,000	130	\$66,923	7.30%
16	Comfort Inn	1200 O'Brien Street, North Bay	2015	\$4,700,000	60	\$78,333	14.20%
17	Comfort Inn	676 Lakeshore Drive, North Bay	2015	\$2,400,000	81	\$29,630	11.50%
18	Comfort Inn	75 Hart Drive, Barrie	2015	\$3,210,000	58	\$55,345	8.00%

A survey of hotel sales since 2017 shows a range from 5.30% to 14.20% depending on location, financial history, number of rooms and amenities.





Based on our investigations, recent transactions indicate comparable hotels are presently trading on the basis of overall capitalization rates ranging between 9% and 12% in tertiary markets. We have added a 300 bps increase for investor risk due to the challenges involved. In considering the appropriate rate of return, the following factors were considered: The subject property is not legally zoned to operate as a hotel. The area is predominantly dominated by seasonal activities with the heaviest occupancy projected to occur in the winter months. The rooms are all laid out as suites with a kitchen, separate bedrooms and living room and not your standard open concept hotel room.

Based on the quality of the asset, risk, number of rooms, amenities and growth expectations, a capitalization rate of **15.00%** is supported by the market evidence.



Income/Expense Summary

In order to accurately project the operating income, we have referenced our databank of comparative revenues and competing hotels. Results are based on market assumptions for similar properties. The following is our analysis and projection of operating income for the subject. Results are based on market assumptions for similar properties.

Gross Rental Revenue

The average Daily Rack Rate following the completion of the hotel is projected at \$150 per room.

Other Income

We have predicted \$0 per annum for additional revenue generated from guest laundry, conference room rentals and supplies.

Occupancy Rate

Given the location of the hotel, room rates, demand and market occupancy rates based on seasonal demand of the subject location, we have projected an occupancy rate of 65%.



Operating Expenses

We have estimated the projected operating expenses based on similar hotels in the marketplace. We have also referenced our databank of comparative expenses and estimated the market expenses.

The following is our analysis and projection of operating expenses for the subject.

Realty Taxes

The realty taxes are projected at \$430,000 per annum or \$2,500 per room.

Insurance

Insurance is projected at \$68,800 per annum or \$400 per room, per annum.

Departmental Costs

Departmental costs (room expenses including salaries and wages for front desk staff and housekeeping) are projected at \$860,000 per annum or \$5,000 per room.

Operations & Maintenance

Operations & Maintenance is projected at \$172,000 per annum or \$1,000 per room.

Administrative & General Expenses

Administrative & General Expenses are projected at \$258,000 per annum or \$1,500 per room.

Marketing

Marketing is projected at \$215,000 per annum or \$1,250 per room.

Franchise/Operator Fee

We have assigned a market rate of 7.50% of Effective Gross Income for the franchise/operator fee. This equates to \$459,079 or \$2,669 per room.

Utilities

Utilities are projected at \$318,200 per annum or \$1,850 per room.

Management Fee

Management Fee is projected at \$94,600 per annum or \$550 per room.

Reserve for Replacement

We have assigned a market rate of 2.50% of Effective Gross Income for reserve for replacement. This equates to \$153,026 per annum or \$890 per room.



Stabilized Operating State									
Carriage Hills Resort - 90 F	Highland Drive, Oro-Me	donte							
Revenue Projection									
	No of Rooms	Occupancy	Daily Rack Rate	RevPAR	Rooms Sold				
Carriage Hills	172	65%	\$150	\$98	40,807				
TOTAL NO ROOMS	172				40,807				
Potential Gross Rental Inc	come (PGI)		\$6,121,050						
Other Income			\$0						
Gross Income			\$6,121,050		\$35,588				
Effective Gross Income (EGI) \$6,121,050									
Evnoncos					Per Room				
Expenses Realty Taxes			\$430,000		\$2,500				
Insurance			\$68,800		\$400				
Departmental Costs			\$860,000		\$5,000				
Operations & Maintenand	·e		\$172,000		\$1,000				
Adminsitrative & General			\$258,000		\$1,500				
Marketing	F		\$215,000		\$1,250				
Franchise/Operator Fee -	7.5% EGI		\$459,079		\$2,669				
Utilities			\$318,200		\$1,850				
Management Fee			\$94,600		\$550				
Reserve for Replacement	- 2.5% EGI		\$153,026		\$890				
Total Expenses			\$3,028,705		\$17,609				
Expense Ratio (Expenses/	'EGI)		49.48%						
			40.000.00						
	Net Operating Income (NOI)	\$3,092,345						
	Capitalization Rate		15.00%						
	Value		\$20,615,633		\$119,858				
	Rounded		\$20,600,000		\$120,000				



Conclusions – Income Analysis

Based on our investigations, recent transactions indicate comparable hotels are presently trading on the basis of overall capitalization rates ranging between 9% and 12% in tertiary markets. We have added a 300 bps increase for investor risk due to the challenges involved. In considering the appropriate rate of return, the following factors were considered:

- The subject property is not legally zoned to operate as a hotel.
- The area is predominantly dominated by seasonal activities with the heaviest occupancy projected to occur in the winter months.
- The rooms are all laid out as suites with a kitchen, separate bedrooms and living room and not your standard open concept hotel room.
- Based on the quality of the asset, risk, number of rooms, amenities and growth expectations, a
 capitalization rate of 15.00% is supported by the market evidence.

The Direct Capitalization Method is designed to examine the property operation and determine its income generating capability. Based on the financial performance of the subject property, the location, number of rooms, amenities and condition and quality of the building, a capitalization rate of 15.00%, a value estimate of \$20,600,000 or \$120,000 per room is appropriate and supported by the marketplace.



Conclusion - Hotel/Resort Scenario

The subject property being sold off as a hotel property would benefit from the recreational nature of the immediate area, predominantly in the winter making units desirable as a vacation destination for families. Minimal capital would be required in order to convert or furnish the units into hotel rooms as the property is operating as a 'pseudo' hotel while currently a timeshare with existing amenities in place that would be found similar to the competition in the area. The one main amenity lacking from the site would be food and beverage options. There is however an uncertainty regarding the time and costs associated with navigating the Township in order to rezone the subject property. The current Residential Two (R2) zoning does not allow for a hotel use, as the property has an exception in place to operate as a timeshare. The property would require a zoning change to a commercial zone use.

Based on the above Hotel/Resort Scenario, the project value prior to any capital expenses being deducted demonstrates an estimated value of \$20,600,000 or \$120,000 per room.

All outstanding Capital Expenses required on the property have not been taken into consideration. According to estimates provided, the subject property required approximately \$7,800,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$11,600,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards. Therefore, a total of approximately \$19,400,000 (rounded) would be required in missed and future capital expenses to the site to achieve this desired value. The costs would equate to an estimated \$110,000 per room (rounded) if all expenses are deemed necessary and require attention.



Scenario 2 Multi-Residential Conversion



SCENARIO 2 – MULTI-RESIDENTIAL CONVERSION

The subject property being sold as apartment rental properties would provide buyers with a turn-key ready to use apartments that are already fully furnished and ready for occupancy. The area can benefit from its close proximity to Barrie, as well as the local amenities of a ski resort and year round activities that may appeal to older individuals looking to downsize and no longer desire to own a property and instead choose to lease.

There is however an uncertainty regarding the time and costs associated with navigating the Township in order to convert the property ownership and ensure each individual unit is being compliant with the building code. The potential rental of 172 units will require several years to lease up and the potential to flood the market. Sufficient demand may be unlikely with a small local population and insufficient grocery, food and beverage amenities in close proximity.

It should also be noted that within the Township of Oro-Medonte a review has been conducted of residential properties banning short term rental accommodations with respect to the existing prohibition on commercial accommodations in dwelling units. The Township has decided to institute a ban on any rentals of any residential property including principal residences, vacation and recreational properties, anywhere in the township for any period from 1 day to 28 days. In effect, a traditional month to month residential tenancy or longer is the only form of rental which the bylaw would not ban.

All outstanding Capital Expenses required on the property have not been taken into consideration. According to estimates provided in the Reserve Study completed by Armstrong Consulting Inc. on January 14, 2019, the subject property required approximately \$7,800,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$11,600,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards. Therefore, a total of approximately \$19,400,000 (rounded) would be required in missed and future capital expenses to the site to achieve this desired value. The costs would equate to an estimated \$110,000 per suite (rounded) if all expenses are deemed necessary and require attention.

We have performed a Sales Analysis of multi-residential properties sold in the surrounding area, which is used to determine the total sale price of the property as a multi-residential apartment rental building and the price per suite on a stabilized basis of that scenario.



Multi-Residential Sales

The unit of comparison relied upon in this section is the price expressed on a per apartment suite basis as well as derived capitalization rates. The following is a Summary of the Most Comparable Sales.

The sales selected for this analysis are compared to the subject property, and appropriate adjustments for the elements of comparison are considered. Elements of comparison analyzed in this valuation include real property rights conveyed, financing terms, and conditions of sale, market conditions, location, physical characteristics, economic characteristics, and use/zoning considerations.



			Summary of Most Compa	rable Multi	-Reside	ntial Sales	
Sale No.	Address	Sale Date	Vendor/Purchaser	Sale Price	No. of Suites	Price Per Suite	Comments
1	430 Ferndale Drive South, Barrie	01-Sep-20	Pinemount Ferndale GP Inc. to Starlight Investments Ltd.	\$24,000,000	64	\$375,000	4-storey apartment building containing a total of 64 suites. Suite mix is made up of 32 one-bedroom and 32 two- bedroom suites. The property was acquired as new construction and no income details were provided.
2	94 Sanford Street, Barrie	30-Jul-20	Albanese Property Management Inc. to 94 Sanford Street Inc.	\$2,500,000	12	\$208,333	3-storey apartment building containing a total of 12 suites. Suite mix is made up of 12 two-bedroom suites. Going-in capitalization rate of 4.52% with an estimated NOI of \$113,250 or average NOI per suite of \$9,438.
3	320 Emms Drive, Barrie	12-Dec-19	Syndicau Developments Inc. to Greenbanktree Power Corporation	\$6,500,000	24	\$270,833	3-storey apartment building containing a total of 24 suites. Suite mix varies from one and two-bedroom suites. Goingin capitalization rate of 3.90% with an estimated NOI of \$253,500 or average NOI per suite of \$10,653.
4	135 Atherley Road, Orillia	24-Jul-19	Littlewood Properties 3 Inc. to Starlight Investments Ltd.	\$7,800,000	48	\$162,500	3.5-storey apartment building containing a total of 48 suites. Suite mix is split equally between one and two bedroom suites.
5	337 West Street North, Orillia	03-Apr-19	Terober Holdings Inc. to Northstone Properties Inc.	\$7,600,000	50	\$152,000	Townhouse complex containing a total of 50 two-storey suites. Suite mix varies from two, three and four-bedroom suites.
6	78-92 Glenwood Drive, Barrie	14-Dec-18	2299767 Ontario Inc. to 1921540 Ontario Ltd.	\$1,780,000	8	\$222,500	Townhouse complex containing a total of 8 two-storey suites. Suite mix is all comprised of two-bedroom suites.
7	Starlight Investments/SiteLine Group Portfolio Sale	08-Aug-18	Starlight Investments to SiteLine Group	\$17,751,553	74	\$239,886	5 Apartment buildings containing a total of 74 suites. Suite mix varies per building. Properties located at 278 St. Vincent Street, 56 Donald Street, 170 Grove Street East & 174-178 Grove Street East, Barrie
8	208-212 North Street, Clearview	15-Mar-18	Stayner Clearview Townhomes Inc. to Ventawood Management Inc.	\$4,325,000	30	\$144,167	Townhouse complex containing a total of 30 two-storey suites. Suite mix is all comprised of two-bedroom suites.
9	151 Marina Park Avenue, Midland	28-Nov-17	Romspen Mortgage Investment Fund to Skyline Real Estate Holdings Inc.	\$15,300,000	55	\$278,182	4-storey apartment building containing a total of 55 suites. Suite mix varies from one, one + den, two and two + den bedroom suites.



PHOTOGRAPHS OF COMPARABLE MULTI-RESIDENTIAL SALES



Sale No. 1 – 430 Ferndale Drive South, Barrie



Sale No. 2 – 94 Sanford Street, Barrie





Sale No. 3 – 320 Emms Drive, Barrie



Sale No. 4 – 135 Atherley Road, Orillia





Sale No. 5 – 337 West Street North, Orillia



Sale No. 6 – 78-92 Glenwood Drive, Barrie





Sale No. 7 (Portfolio) – 278 St. Vincent Street, Barrie



Sale No. 7 (Portfolio) – 56 Donald Street, Barrie





Sale No. 7 (Portfolio) – 170 Grove Street East, Barrie



Sale No. 7 (Portfolio) – 174-178 Grove Street East, Barrie





Sale No. 8 – 208-212 North Street, Clearview



Sale No. 9 – 151 Marina Park Avenue, Midland



Sales Analysis

A search was conducted for sales of multi-residential buildings located in the surrounding area of Simcoe County, that have occurred within a reasonable time frame and represents activity in the immediate area since November of 2017.

The sales demonstrate a range in price from a low of \$1,780,000 to a high of \$24,000,000 or \$144,167 to \$375,000 per suite. Variances in sale price achieved are largely due to location, size of the building, current use, and degree and quality of the interior finish.

Sale No. 1, 430 Ferndale Drive South, Barrie, represents the most recent comparable multi-residential sale located south of the subject property. The property is improved with a newly constructed 4-storey apartment building, built in 2019 with a total of 64 suites (32 1-bedroom and 32 2-bedroom). The property was acquired on September 1, 2020 for a total consideration of \$24,000,000 or \$375,000 per suite. At the time of acquisition no financial details were available as the property was not yet fully leased.

Sale No. 2, 94 Sanford Street, Barrie, represents a recent comparable multi-residential sale located south of the subject property. The property is improved with a 3-storey apartment building, built in 1996 with a total of 12 suites all of which are 2-bedrooms. The property was acquired on July 30, 2020 for a total consideration of \$2,500,000 or \$208,333 per suite. The property was acquired with a going-in capitalization rate of 4.52% representing an estimated NOI of \$113,250 or an average NOI per suite of \$9,438.

Sale No. 3, 320 Emms Drive, Barrie, represents a recent comparable multi-residential sale located south of the subject property. The property is known as 'Pinewood Estate' and is improved with a 3-storey apartment building, built in 2002 with a total of 24 suites (two 1-bedroom and 22 2-bedroom). The property was acquired on December 12, 2019 for a total consideration of \$6,500,000 or \$270,833 per suite. The property was acquired with a going-in capitalization rate of 3.90% representing an estimated NOI of \$253,500 or an average NOI per suite of \$10,653.

Sale No. 4, 135 Atherley Road, Orillia, represents a recent comparable multi-residential sale located east of the subject property. The property is known as 'Atherley Place Apartments' and is improved with a 3.5-storey apartment building, built in 1988 with a total of 48 suites (24 1-bedroom and 24 2-bedroom). The property was acquired on July 24, 2019 for a total consideration of \$7,800,000 or \$162,500 per suite.

Sale No. 5, 337 West Street North, Orillia, represents a comparable multi-residential sale located east of the subject property. The property is known as 'Coventry Townhomes' and is improved with 50 2-storey townhomes, built in 1969 with a total of 50 suites (four 2-bedroom, 40 3-bedroom and six 4-bedroom). The property was acquired on April 3, 2019 for a total consideration of \$7,600,000 or \$152,000 per suite.



Sale No. 6, 78-92 Glenwood Drive, Barrie, represents a comparable multi-residential sale located south of the subject property. The property is improved with eight 2-storey townhomes, built in 1966 with a total of eight suites (eight 2-bedroom). The property was acquired on December 14, 2018 for a total consideration of \$1,780,000 or \$222,500 per suite.

Sale No. 7, 278 Vincent Street, 56 Donald Street, 170 Grove Street East and 174-178 Grove Street East, Barrie, represents a recent portfolio sale of multi-residential properties located south of the subject property between Starlight Investments to SiteLine Group. The four properties include five apartment buildings and are improved with a 2.5 to 3.5-storey apartment buildings with various suite mixes for a total 74 suites. The property was acquired on August 8, 2018 for a total consideration of \$17,751,553 or an aggregate price per suite of \$239,886.

Sale No. 8, 208-212 North Street, Clearview, represents a comparable multi-residential sale located west of the subject property. The property is known as 'Clearview Townhomes' and is improved with 30 2-storey townhomes, built in 1988 with a total of 30 suites (30 2-bedroom). The property was acquired on March 15, 2018 for a total consideration of \$4,325,000 or \$144,167 per suite.

Sale No. 9, 151 Marina Park Avenue, Midland, represents a comparable multi-residential sale located north of the subject property. The property is known as 'Baypoint Villas' and is improved with a 4-storey apartment building, built in 2016 with a total of 55 suites (24 1-bedroom + den, three 1-bedroom, 24 2-bedroom + den and four 2-bedroom). The property was acquired on November 28, 2017 for a total consideration of \$15,300,000 or \$278,182 per suite.

Sales Conclusions

The foregoing sales produced a range in value from \$144,167 to \$375,000 per suite with the average being \$228,156 per suite. Two sales produced a going-in capitalization rate which ranged from 3.90% to 4.52%. The variance in the sale price is largely due to differences in location, suite mix and size, condition and quality of the improvements.

Therefore, given the subject properties are low-rise buildings with no common interior hallways and the suite mix with 100% of the units 2-bedrooms, an overall capitalization rate of 6.50% is likely appropriate and targeted in our analysis. The Income Analysis for the subject property produced a pro-forma NOI of \$1,677,275 and using a capitalization rate of 6.50% a value of \$25,800,000, or \$150,000 (rounded) per suite is indicated and supported by the market transactions.



INCOME ANALYSIS

The Income Approach includes an analysis of the subject rent roll, market rent, operating expenses and the determination of gross income and a stabilized net operating income.

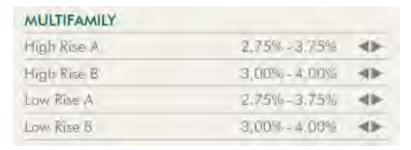
The Direct Capitalization Approach is developed, which typically converts an estimate of a single year's income expectancy into an indication of value using an appropriate capitalization rate. After an analysis of pertinent data to select an appropriate capitalization rate, pro forma net operating income is capitalized to an estimation of current market value.

The gross revenue is comprised of rental income. There is no additional projected income. The proforma income statement is developed as follows:



Market Data - Overall Capitalization

We analyzed the Q3 2020 Canadian Cap Rates & Investment Insights from CBRE. Focusing on the National and Toronto Market and Multifamily segment specifically. "Despite concerns regarding rent collection rates and new government regulations early in the pandemic, multifamily cash flows have remained resilient and cap rates for the sector continued to compress in the third quarter. The national average multifamily cap rate figure for High Rise Class A and High Rise Class B assets compressed by 4 basis points and 6 bps, respectively in Q3 2020. Pricing for rental properties has now largely returned to pre-COVID levels and with insulated fundamentals and cheap debt, the sector is very strongly positioned going into the end of 2020." — CBRE



Due to the lack of data north of the Greater Toronto Area, we have therefore analysed the Toronto market which is the closest major Canadian Market, while considering that adjustments upwards must be made based on being situated north of Toronto. "Multifamily – Low Rise Class A" in the Toronto market ranges from 2.75% to 3.75% overall capitalization rates, remaining unchanged from Q2 2020. "Multifamily – Low Rise Class B" in the Toronto market ranges from 3.00% to 4.00% overall capitalization rates, remaining unchanged from Q2 2020. Multifamily Low Rise is defined as "multi-unit properties typically 4-storeys and below in height." Class A is defined as, "newer properties which are situated in desirable neighbourhoods, well-serviced by public transit, demand above average rents, and are furbished with top of the line finishes and amenities."

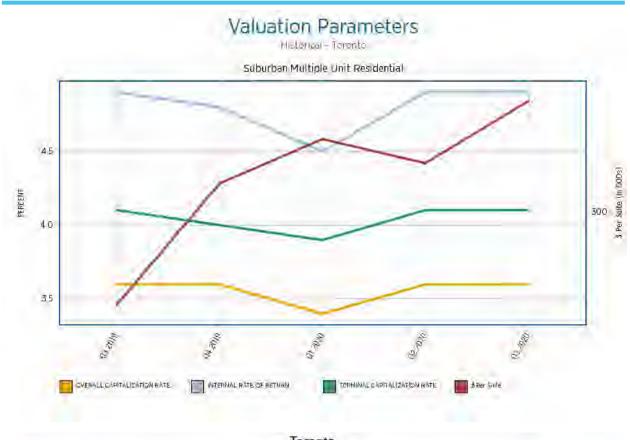


We analyzed the previous quarter investment trends for Canada's overall Suburban multiple unit residential valuation parameters from Altus Insite. Focusing on the Toronto market (closest sub-market), the benchmark valuation parameters for suburban multi-unit residential properties places Toronto at 3.6% Overall Capitalization Rate Range, shifting downwards from the previous quarter and the Terminal Cap Rate Range is 4.1%, shifting downwards. Overall Capitalization rates have decreased from 3.70% to 3.60% over the past five quarters.



In addition, we analyzed the previous five-quarter investment trends for Toronto's Suburban Multiple Unit Residential valuation parameters from Altus Insite. Focusing on the Toronto Suburban market, the benchmark valuation parameters for suburban multi unit residential properties places 2020 Q3 at 3.6% Overall Capitalization Rate Range, remaining unchanged from the previous quarter and the Terminal Cap Rate Range is 4.1%, also remaining unchanged from the previous quarter. The average price per suite increased to \$335,000, up from the previous quarter at \$315,454.55 per suite.





Ioronto							
	Overall Capitalization Rate	Internal Rate of Return	Terminal Capitalization Rate	SPS			
Q3 2020	3.6	4.9	4.1	335,000.00			
Q2 2020	3.6	4.9	4.1	315,454.55			
Q1 2020	3.4	4.5	3.9	323,000.00			
Q4 2019	3.6	4.8	4.0	309,090.91			
03 2019	3,6	4.9	4.1	270,806.64			

The Direct Comparison Approach highlights nine sales of apartment buildings and one apartment portfolio that we developed as market sales. Two of the Direct Comparison sales reported a going-in capitalization rate of 3.90% to 4.52%. Having regard to the foregoing and given the potential income that can generated by the subject property to create a stabilized value, the time required for the lease up period, risk, the quality of finish and the location outside the GTA in a secondary market, we feel that an appropriate capitalization rate for the subject property would be situated towards the higher end of the range at about **6.50%**, which takes into account a 5.00% vacancy and credit loss.



Operating Income – Carriage Hills

In order to accurately project the operating income, we have referenced our databank of comparative revenues and from competing rental buildings. The following is our analysis and projection of operating income for the subject.

Gross Rental Revenue

Based on the market evidence, we have projected a rental rate of \$1,600 per apartment per month, for the 172 two-bedroom suites. We have not put in place a guideline increase rate at this time due to the prospective rental rates we have assigned to the property.

Laundry Revenue

An amount of \$0 for laundry revenue has been assigned as each unit has in-suite laundry.

Parking Revenue

An amount of \$0 has been assigned for the outdoor surface parking spaces. Parking is generally included in the monthly rental rates.

General Vacancy

According to CMHC statistics, vacancy levels in the Barrie CMA overall vacancy rate remained unchanged at 2.9%. Given the time required for the lease up period, the location of the buildings outside of Barrie, age of the properties, and all two-bedroom suites, we have projected a vacancy rate and credit loss factor of 5.00%.



Operating Expenses – Carriage Hills

We have compared our operating expenses to competing rental buildings. We have also referenced our databank of comparative expenses. The following is our analysis and projection of operating expenses for the subject.

Realty Taxes

The realty taxes are estimated at \$559,000 per annum or \$3,250 per suite.

Hydro

The total hydro costs are projected at \$250 per suite.

Gas

The total gas costs for the subject are projected at \$650 per suite.

Water & Sewer

The total water & sewer costs for the subject are projected at \$500 per suite.

Insurance

The insurance expense is projected at \$34,400 per annum or \$200 per suite.

Salaries & Benefits

Salaries & benefits cost is projected at \$129,000 or \$750 per suite.

Leasing and Marketing

Leasing and marketing expenses are projected at \$34,400 per annum or \$200 per suite.

General and Administrative

General and administrative expenses are projected at \$34,400 per annum or \$200 per suite.

Repair and Maintenance

Repairs and maintenance are projected at \$318,200 per annum or \$1,850 per suite.

Management

We have applied a market management fee of 3.50% of effective gross income.



PROFORMA STATEMENT			Oro-M	Carriage Hil edonte, Ontar
ROFORINA STATEINIENT			OTO-IVI	edonte, Ontai
ASIC RENTAL SUMMARY				
		Avg. Monthly	Est. Monthly	Annua
Bldg. and Suite Type	# of Suites	Rent Per Suite	Revenue	Revenu
partments - Eight Buildings				
Two-Bedroom	<u>172</u>	<u>\$1,600</u>	<u>\$275,200</u>	\$3,302,4
	172	\$1,600	\$275,200	\$3,302,4
TOTAL GROSS RENTAL INCOME	172	\$1,600	\$275,200	\$3,302,4
NCOME SUMMARY				
evenues				
Gross Rental Income				\$3,302,4
Parking Income (Surface)				
Laundry Income (In-Suite Laundry)				
ross Potential Income				\$3,302,4
acancy Allowance	5.00%			\$165,1
fective Gross Income				\$3,137,2
perating Expenses				
	<u>Annual</u>	<u>Per Suite</u>	% of EGI	
Realty Taxes	\$559,000	\$3,250	17.82%	
Gas	\$111,800	\$650	3.56%	
Hydro (Common Area)	\$43,000	\$250	1.37%	
Water & Sewer	\$86,000	\$500	2.74%	
Insurance	\$34,400	\$200	1.10%	
Salaries & Benefits	\$129,000	\$750	4.11%	
Leasing & Marketing	\$34,400	\$200	1.10%	
General & Administrative	\$34,400	\$200	1.10%	
Repair and Common Area Maintenance	\$318,200	\$1,850	10.14%	
Property Management (3.5%)	<u>\$109,805</u>	<u>\$638</u>	<u>3.50%</u>	
	\$1,460,005	\$8,488	46.54%	
otal Operating Expenses				(\$1,460,0
et Operating Income				\$1,677,2
apitalization Rate	6.50%			\$25,804,2
stimated market value (Rounded)				\$25,800,0
			Per Suite	\$150,0
			Per Suite (Rounded)	\$150,0



Conclusions – Income Analysis

The Income Analysis is designed to examine the property operation and determine its income generating capability on a stabilized basis. The Sales Analysis which follows indicated prices between \$144,167 and \$375,000 per apartment suite. Based on the prospective financial performance of the subject property which is currently not established a rental apartment complex, as well as the condition and quality of the building, a value towards the lower end of the range is considered appropriate and when using a capitalization rate of 6.50% (as discussed in the Sales Analysis) a value of \$25,800,000 (rounded), or \$150,000 per suite is appropriate and supported by the marketplace.

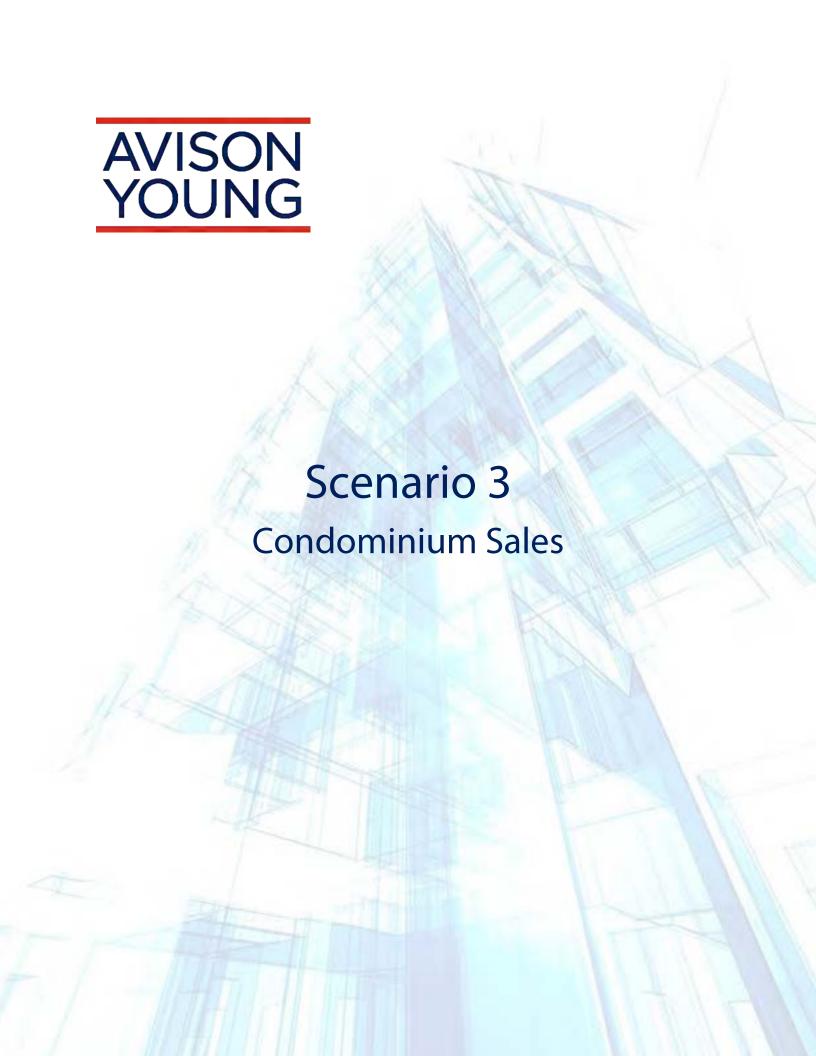


Conclusions - Multi-Residential Sales Scenario

The subject property being sold as apartment rental properties would provide buyers with a turn-key ready to use apartments that are already fully furnished and ready for occupancy. The area can benefit from its close proximity to Barrie, as well as the local amenities of a ski resort and year round activities that may appeal to older individuals looking to downsize and no longer desire to own a property and instead choose to lease. There is however an uncertainty regarding the time and costs associated with navigating the Township in order to convert the property ownership and ensure each individual unit is being compliant with the building code. The potential rental of 172 units will require several years to lease up and the potential to flood the market. Sufficient demand may be unlikely with a small local population and insufficient grocery, food and beverage amenities in close proximity.

Based on the above multi-residential conversion scenario, the project value prior to any capital expenses being deducted demonstrates an estimated value of \$25,800,000 (rounded), or \$150,000 per suite.

All outstanding Capital Expenses required on the property have not been taken into consideration. According to estimates provided, the subject property required approximately \$7,800,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$11,600,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards. Therefore, a total of approximately \$19,400,000 (rounded) would be required in missed and future capital expenses to the site to achieve this desired value. The costs would equate to an estimated \$110,000 per suite (rounded) if all expenses are deemed necessary and require attention.





SCENARIO 3 – CONDOMINIUM SALES

The subject property being sold off as condominium units would project a higher financial upside for buyers in the scenario as the property would benefit from the recreational nature of the immediate area making units desirable for vacation properties for families, a sudden increase in demand for vacation properties since the beginning of Covid-19 and the minimal capital required in order to convert the units.

There is however an uncertainty regarding the time and costs associated with navigating the Township in order to register the property and each individual unit as a condominium as well as being compliant with the building code. The potential sale of 172 units will require several years and the potential to flood the market. It should be noted that the subject property is not registered as a condominium and this is not legally permissible at the moment.

Within the Township of Oro-Medonte a review has been conducted of residential properties banning short term rental accommodations with respect to the existing prohibition on commercial accommodations in dwelling units. The Township has decided to institute a ban on any rentals of any residential property including principal residences, vacation and recreational properties, anywhere in the township for any period from 1 day to 28 days. In effect, a traditional month to month residential tenancy or longer is the only form of rental which the bylaw would not ban.

All outstanding Capital Expenses required on the property have not been taken into consideration. According to estimates provided in the Reserve Study completed by Armstrong Consulting Inc. on January 14, 2019, the subject property required approximately \$7,800,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$11,600,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards. Therefore, a total of approximately \$19,400,000 (rounded) would be required in missed and future capital expenses to the site to achieve this desired value. The costs would equate to an estimated \$110,000 per suite (rounded) if all expenses are deemed necessary and require attention. In addition, a reserve fund needs to be created and the condominium needs to be registered.

We have performed a Sales Analysis of condominium units sold in the immediate area, which is used to determine the total gross retail sellout value of all of the residential units. A residual calculation has been made to deduct all of the sales costs, expenses and investor profit from the sale of the units.



Condominium Sales

The unit of comparison relied upon in this section is overall sale price and the price expressed on a per square foot of unit area basis. Following is a Summary of Comparable sales located in the subject's immediate and surrounding area and an analysis of the data and a conclusion as to an estimate of value.

The sales selected for this analysis are compared to the subject property and appropriate adjustments for the elements of comparison are considered. Elements of comparison analysed in this valuation include conditions of sale, market conditions, location, physical characteristics, economic characteristics, condition and quality of the development.



	Condominium Listings & Transactions Horseshoe Valley, Oro-Medonte								
Sales						Days on			Price Per
No.	Address	Unit Type	Parking	Year Built	Sold Date	Market	Square Feet	Sale Price	Square Foot
1	1102 Horseshoe Valley Road West, 303	2 Bedroom Condominium	Unassigned surface	1979	Nov-20	87	1,342	\$342,000	\$255
2	40 Horseshoe Boulevard, 406	2 Bedroom Condominium	1 Owned underground	2015	Nov-20	9	646	\$341,000	\$528
3	80 Horseshoe Boulevard, 306	2 Bedroom Condominium	Unassigned surface	1983	Oct-20	39	1,188	\$445,220	\$375
4	40 Horseshoe Boulevard, 113	1 Bedroom Condominium	1 Surface space	2015	Sep-20	38	680	\$325,900	\$479
5	40 Horseshoe Boulevard, 303	1 Bedroom Condominium	1 Owned underground	2015	Aug-20	33	755	\$325,000	\$430
6	80 Horseshoe Boulevard, 506	2 Bedroom Condominium	Unassigned surface	1983	Aug-20	34	1,188	\$460,000	\$387
7	40 Horseshoe Boulevard, 307	2 Bedroom Condominium	1 Surface space	2015	Jul-20	18	755	\$325,000	\$430
8	80 Horseshoe Boulevard, 203	2 Bedroom + Den Condominium	Unassigned surface	1983	Jul-20	29	1,188	\$399,999	\$337
9	40 Horseshoe Boulevard, 215	2 Bedroom Condominium	1 Owned underground	2015	Jul-20	28	755	\$305,000	\$404
10	40 Horseshoe Boulevard, 409	2 Bedroom Condominium	1 Owned underground	2015	Jul-20	13	906	\$349,000	\$385
11	40 Horseshoe Boulevard, 317	2 Bedroom Condominium	Unassigned surface	2015	Jul-20	55	985	\$327,500	\$332
12	1102 Horseshoe Valley Road West, 313	2 Bedroom Condominium	Unassigned surface	1979	Jun-20	43	1,342	\$353,000	\$263



PHOTOGRAPHS OF COMPARABLE SALES



Sale No. 1 – 1102 Horseshoe Valley Road West, 303



Sale No. 2 – 40 Horseshoe Boulevard, 406



Sale No. 3 – 80 Horseshoe Boulevard, 306



Sale No. 4 – 40 Horseshoe Boulevard, 113



Sale No. 5 – 40 Horseshoe Boulevard, 303



Sale No. 6 – 80 Horseshoe Boulevard, 506





Sale No. 7 - 40 Horseshoe Boulevard, 307



Sale No. 8 – 80 Horseshoe Boulevard, 203



Sale No. 9 – 40 Horseshoe Boulevard, 215



Sale No. 10 – 40 Horseshoe Boulevard, 409



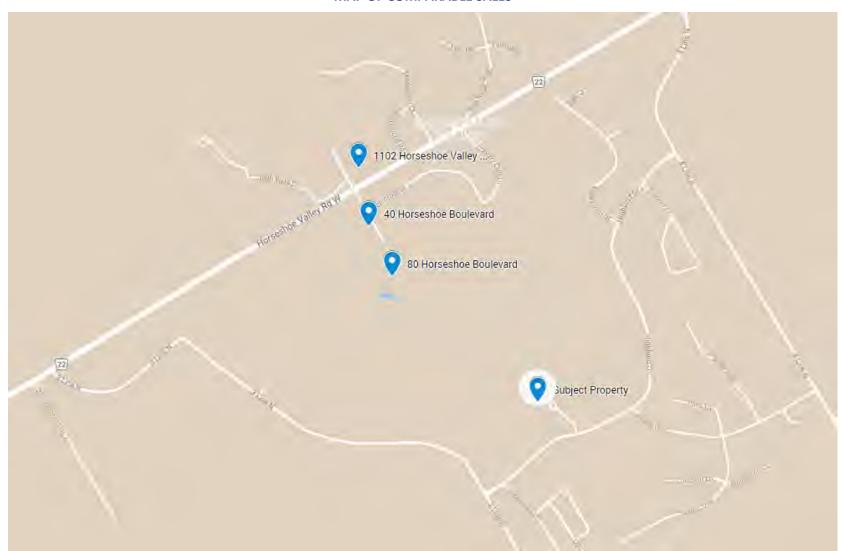
Sale No. 11 – 40 Horseshoe Boulevard, 317



Sale No. 12 – 1102 Horseshoe Valley Road West, 313



MAP OF COMPARABLE SALES





Sales Analysis

A search was conducted for sales of residential condominium units located in the immediate area of Horseshoe Valley, that have occurred within a reasonable time frame and represents activity in the immediate area since June of 2020.

The sales demonstrate a range in price from a low of \$305,000 to a high of \$460,000 or \$255 to \$528 per square foot. Variances in sale price achieved are largely due to location, unit size, number of bedrooms, age of the building, parking and quality of the interior finish. Carriage Hills was constructed between 1997 to 2001 and all of the units are 2-bedrooms, with surface parking and a location near the top of Horseshoe Valley Ski Area. Additional on-site amenities would be made available to Condominium Corporation including the pool, gym, games room and other common elements.

Sale No. 1, 1102 Horseshoe Valley Road West, Unit 303 represents the most recent comparable condominium sale within close proximity to Horseshoe Valley Resort. The sale also represents the low end of the range of comparable sales on a price per square foot basis. The condominium is a 2-bedroom unit, built in 1979 that is approximately 1,342 square feet. The property was acquired on November 21, 2020 for a total consideration of \$342,000 or \$255 per square foot. The property would be the most similar to the subject in terms of walk-up access, surface parking and unit size.

Sale No. 2, 40 Horseshoe Boulevard, Unit 406 represents a recent comparable condominium sale within close proximity to Horseshoe Valley Resort and represents the high end of the range of comparable sales on a price per square foot basis. The condominium is a 2-bedroom unit, built in 2015 that is approximately 646 square feet. The property was acquired on November 20, 2020 for a total consideration of \$341,000 or \$528 per square foot. The property would be superior to the subject in terms of location in the village, one owned underground parking space, building age, interior hallways and elevator access and condition and quality of interior finishes.

Sales No.'s 4 & 5, 40 Horseshoe Boulevard, Units 113 & 303 represents only 1-bedroom apartment units within close proximity to Horseshoe Valley Resort and sit near the high end of the range of comparable sales on a price per square foot basis. The 1-bedroom condominium units were built in 2015 and range in size from 680 to 755 square feet. The properties were acquired for a total consideration of \$325,000 to \$325,900 or \$430 to \$479 per square foot. The properties would be superior to the subject in terms of location in the village, building age, interior hallways and elevator access and condition and quality of interior finishes. Smaller units tend to trade for a higher price per square foot due to the impact of the economies of scale.



Sale No. 6, 80 Horseshoe Boulevard, Unit 506 represents a recent comparable condominium sale within close proximity to Horseshoe Valley Resort and represents the high end of the range of comparable sales on a total acquisition price basis. The condominium is a 2-bedroom unit, built in 1983 that is approximately 1,188 square feet. The property was acquired on August 7, 2020 for a total consideration of \$460,000 or \$387 per square foot. The property would be superior to the subject in terms of location in the village, interior hallways, elevator access and condition and quality of interior finishes.

Sale No. 9, 40 Horseshoe Boulevard, Unit 215 represents a recent comparable condominium sale within close proximity to Horseshoe Valley Resort and represents the low end of the range of comparable sales on a total acquisition price basis. The condominium is a 2-bedroom unit, built in 2015 that is approximately 755 square feet. The property was acquired on July 13, 2020 for a total consideration of \$305,000 or \$404 per square foot. The property would be superior to the subject in terms of location in the village, one owned underground parking space, interior hallways, elevator access and condition and quality of interior finishes. However, the unit is much smaller in size compared the subject property.

Sales Conclusions

The foregoing sales produced a range in value from \$305,000 to \$460,000 or \$255 to \$528 per square foot with the average being \$358,218 or \$384 per square foot. The sales range in building age from 1979 to 2015 with the most recently constructed building, 40 Horseshoe Boulevard sales sitting at the high end of the range on a price per square foot basis. The variance in the sale price is largely due to differences in location, number of bedrooms, unit size, underground or surface parking, condition and quality of the interior finishes.

Therefore, given the subject properties are low-rise buildings with walk-up access only, surface parking spaces and 100% of the units are 2-bedrooms, therefore it is our opinion a unit in the development being sold as a condominium would have a final estimate of value at \$300,000 per unit, as indicated and supported by the market transactions.



Gross Retail Sellout Value

We have estimated an average retail price equal to \$300,000 per unit.

Residual Calculations

A Development Pro-Forma simply makes a deduction for the all of the "costs" associated with the project including profit. Following is a discussion of each of the deductions which is followed by the Development Pro-Forma calculations.

Estimated Project Costs

The following costs have been estimated from market estimates. We have made adjustments based on our knowledge of how the market might treat the costs when entering the scheme at this point in the process. All estimated project costs are percentages of total revenue from the sale of the units.

Broker Commission

A 4% Commission was estimated on the sale of all units.

Advertising

In addition to marketing to condominium buyers, the larger concept must be advertised to the public during construction so that from opening day onward there is sufficient traffic for potential buyers. We have estimated advertising costs of 3.00%.

Property Taxes, Legal, Engineering Reports & Reserve Fund Study

Property Taxes, Legal, Engineering Reports and Reserve Fund Study Costs of 7.50% has been estimated. Following the Reserve Fund Study, a fund must be created and the condominium must be registered which is an additional cost.

Financing

Financing costs of 5.50% has been estimated.

Contingency

Contingency costs of 5.00% has been estimated.

Investor Profit

Due to difficulties in estimating the time it will take to collect the proceeds from the closing of the condominium sales which happens upon registration of plan, we have estimated a higher Investor Profit for the subject property. A 15.00% Investor Profit was selected for the subject property based on the concept.



Residual Calculations

Condominium Sales Scenario Carriage Hills						
	Number of Units	Per Unit	Total			
Revenue						
Gross Retail Sellout	172	\$300,000		<u>\$51,600,000</u>		
Total Revenue		\$300,000		\$51,600,000		
Expenses						
Broker Commission	4.00%	\$12,000	\$2,064,000			
Advertising	3.00%	\$9,000	\$1,548,000			
Legal, Engineering Reports & Reserve Fund Study	7.50%	\$22,500	\$3,870,000			
Financing	5.50%	\$16,500	\$2,838,000			
Contingency	5.00%	\$15,000	\$2,580,000			
Subtotal Expenses	25.00%	\$75,000	\$12,900,000			
Investor Profit	15.00%		<u>\$7,740,000</u>			
Total Expenses	40.00%			<u>\$20,640,000</u>		
Residual Value (After Expenses)				\$30,960,000		
		Price Per l	Jnit (Rounded)	\$180,000		

Conclusion

Based on the above Condominium Sales Scenario and the units selling in their current condition, the project value net all expenses and investor profit demonstrates an estimated value of \$30,960,000 or \$180,000 per unit.



Discount for Time

Due to difficulties in estimating the time it will take to collect the proceeds from the closing of the condominium sales which happens upon registration of plan, we have estimated a higher Investor Profit for the subject property. However, in order to demonstrate a typical sales period, we have projected that it will take approximately 5 years to receive revenue based on the anticipated timeline as well as the time necessary to complete the registration of the plan of condominium. We have selected a 10% Discount Rate which is applied against the total gross retail sales revenue for five years.

	Condominium Sales - Carriage Hills								
Unit Price Scenario - \$300,000									
Phase	Unit Price	Number of Units Sold	Gross Sales Price	Discount Rate	Number of Years	NPV			
Phase 1	\$300,000	40	\$12,000,000	10%	1	\$10,909,091			
Phase 2	\$300,000	35	\$10,500,000	10%	2	\$8,677,686			
Phase 3	\$300,000	35	\$10,500,000	10%	3	\$7,888,805			
Phase 4	\$300,000	30	\$9,000,000	10%	4	\$6,147,121			
Phase 5	\$300,000	30	\$9,000,000	10%	5	\$5,588,292			
170 \$51,000,000 Total Value - Phase 1 - 5						\$39,210,995			
Total Value - Phase 1 - 5 Rounded									
Total Value - Phase 1 - Per Unit						\$227,965			
			Tota	al Value - Phase 1 -	Per Unit (Rounded)	\$230,000			



Gross Retail Sellout Value – Additional Options

For demonstration purposes, we have provided two additional options for the gross retail sellout value if the units were to achieve a lower price than concluded previously. We have provided two estimates of \$275,000 and \$250,000 to assist with decision making purposes.

Residual Calculations - \$275,000 per Unit

Condominium Sales Scenario Carriage Hills						
	Number of Units	Per Unit	Total			
Revenue						
Gross Retail Sellout	172	<u>\$275,000</u>		\$47,300,000		
Total Revenue		\$275,000		\$47,300,000		
Expenses						
Broker Commission	4.00%	\$11,000	\$1,892,000			
Advertising	3.00%	\$8,250	\$1,419,000			
Legal, Engineering Reports & Reserve Fund Study	7.50%	\$20,625	\$3,547,500			
Financing	5.50%	\$15,125	\$2,601,500			
Contingency	5.00%	\$13,750	\$2,365,000			
Subtotal Expenses	25.00%	\$68,750	\$11,825,000			
Investor Profit	15.00%		\$7,095,000			
Total Expenses	40.00%			\$18,920,000		
Residual Value (After Expenses)				\$28,380,000		
		Price Per l	Jnit (Rounded)	\$165,000		

Conclusion

Based on the above Condominium Sales Scenario, the project value net all expenses and investor profit demonstrates an estimated value of \$28,380,000 or \$165,000 per unit.



Residual Calculations - \$250,000 per Unit

Condominium Sales Scenario Carriage Hills					
	Number of Units	Per Unit	Total		
Revenue					
Gross Retail Sellout	172	<u>\$250,000</u>		\$43,000,000	
Total Revenue		\$250,000		\$43,000,000	
Expenses					
Broker Commission	4.00%	\$10,000	\$1,720,000		
Advertising	3.00%	\$7,500	\$1,290,000		
Legal, Engineering Reports & Reserve Fund Study	7.50%	\$18,750	\$3,225,000		
Financing	5.50%	\$13,750	\$2,365,000		
Contingency	5.00%	\$12,500	\$2,150,000		
Subtotal Expenses	25.00%	\$62,500	\$10,750,000		
Investor Profit	15.00%		\$6,450,000		
Total Expenses	40.00%			\$17,200,000	
Residual Value (After Expenses)				\$25,800,000	
		Price Per l	Unit (Rounded)	\$150,000	

Conclusion

Based on the above Condominium Sales Scenario, the project value net all expenses and investor profit demonstrates an estimated value of \$25,800,000 or \$150,000 per unit.



Conclusion – Condominium Sales Scenario

The subject property being sold off as condominium units would project a higher financial upside for buyers in the scenario. There is however an uncertainty regarding the time and costs associated with navigating the Township in order to register the property and each individual unit as a condominium as well as being compliant with the building code. The potential sale of 172 units will require several years and the potential to flood the market. It should be noted that the subject property is not registered as a condominium and this is not legally permissible at the moment. In addition, as demonstrated the Gross Retail Sellout could vary depending on the achieved sales project.

Based on the above Condominium Sales Scenario, the project value net all expenses and investor profit demonstrates an estimated value of \$30,960,000 or \$180,000 per unit.

All outstanding Capital Expenses required on the property have not been taken into consideration. According to estimates provided, the subject property required approximately \$7,800,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$11,600,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards. Therefore, a total of approximately \$19,400,000 (rounded) would be required in missed and future capital expenses to the site to achieve this desired value. The costs would equate to an estimated \$110,000 per suite (rounded) if all expenses are deemed necessary and require attention. In addition, a reserve fund needs to be created for the condominium to be registered.

Conclusion



CONCLUSION

Between the various approaches, the following estimated market values were concluded:

Scenario 1 – Hotel/Resort \$20,600,000

Scenario 2 – Multi-Residential \$25,800,000

Scenario 3 – Condominium Sales \$30,960,000

After a review of the three scenarios, the subject property being sold off as condominium units would project the greatest return for buyers if this were legally permissible. Consequently, a value estimate of \$30,960,000 or \$180,000 per unit for the subject property is considered appropriate for the subject property.



ASSUMPTIONS, LIMITING CONDITIONS, DISCLAIMERS AND LIMITATIONS OF LIABILITY

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

- 1) This report is prepared only for the client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the authors. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the consulting fee has no effect on liability. Reliance on this report without authorization or for an unauthorized use is unreasonable.
- 2) Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author(s).
- 3) The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. No registry office search has been performed and the author assumes that the title is good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the subject property or any portion of the subject property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
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- 5) No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.



- 6) This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to: adequate time to review the report and related data, and the provision of appropriate compensation.
- 7) Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighbouring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
- 8) The author is not qualified to comment on detrimental environmental, chemical or biological conditions that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air which may include but are not limited to moulds and mildews or the conditions that may give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. It is an assumption of this report that the property complies with all regulatory requirements concerning environmental, chemical and biological matters, and it is assumed that the property is free of any detrimental environmental, chemical legal and biological conditions that may affect the market value of the property appraised. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical or biological conditions that may impact the value conclusion herein, that party is advised to retain an expert qualified in such matters. The author expressly denies any legal liability related to the effect of detrimental environmental, chemical or biological matters on the market value of the property.
- 9) The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.
- 10) The term "inspection" refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.



- 11) The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.
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- 13) The author has agreed to enter into the assignment as requested by the client named in this report for the use specified by the client, which is stated in this report. The client has agreed that the performance of this report and the format are appropriate for the intended use.
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- 17) Values contained in this report are based on market conditions as at the time of this report. This consulting report does not provide a prediction of future values. In the event of market instability and/or disruption, values may change rapidly and such potential future events have been NOT been considered in this report. As this consulting report does not and cannot consider any changes to the property or market conditions after the effective date, readers are cautioned in relying on the consulting report after the effective date noted herein.
- 18) As of the date of this report Canada and the Global Community is experiencing unprecedented measures undertaken by various levels of government to curtail health related impacts of the Covid-19 Pandemic. The duration of this event is not known. While there is potential for negative impact with respect to micro and macro-economic sectors, as well as upon various real estate markets, it is not possible to predict such impact at present, or the impact of current and future government countermeasures. There is some risk that the Covid-19 Pandemic increases the likelihood of a global recession, however without knowledge of further anticipated government countermeasures at the national and global levels it is not possible to predict any impact at this point in time. Accordingly, this point-in-time valuation assumes the continuation of current market conditions, and that current longer-term market conditions remain unchanged. Given the market uncertainties of the Covid-19 pandemic, a force majeure event, we reserve the right to revise the value estimation set out in this report for a fee, with an update report under a separate engagement, incorporating market information available at that time.

Conclusion



After a review of the three scenarios, the subject property being sold off as condominium units would project the greatest return for buyers if were legally permissible. Consequently, a value estimate of \$30,960,000 or \$180,000 per unit for the subject property would be considered appropriate for the subject property. The multi-residential conversion scenario would result in the second highest value estimate of \$25,800,000 or \$150,000 per suite. The hotel/resort scenario would result in the lowest value estimate of \$20,600,000 or \$120,000 per room.

Extraordinary Assumption:

Due to the Coronavirus pandemic, local health authorities are strongly advising (or mandating) limited exposure to or contact with other people. Entering properties for inspection purposes is contrary to local health authority advice and is not possible at this time. This assignment was completed without full physical access to the property since December 27, 2019.

Respectfully submitted,

Avison Young Valuation and Advisory Services, LP



Narrative Appraisal

Carriage Hills Resort 90 Highland Drive Oro Medonte, Ontario

Effective Date: November 17, 2020 Report Date: November 17, 2020

Prepared For

Matthew Marchand Vice President BDO

Prepared By

Eric Sutton AACI, P.App Senior Associate, Valuations, Toronto Valuation & Advisory Services



Our File: TOW200518

November 17, 2020

BDO 20 Wellington Street East, Suite 500 Toronto, ON M5E 1C5

Attention: Matthew Marchand, Vice President

Dear Mr. Marchand;

Re: Appraisal of Carriage Hills Resort as an Operating Hotel Asset - 90 Highland Drive, Oro-Medonte, Ontario

In accordance with your request, we have carried out an analysis of the above-mentioned property in order to estimate its current market value as an operating asset. The property rights appraised herein represent the Fee Simple as an Operating Asset. The appraisal excludes any existing or proposed property financing. Based on our investigations, it is our opinion that the current market value of the subject property as a going concern operating asset, as of November 17, 2020, is estimated to be as follows:

VALUE TYPE	NTEREST APPRAISEL	DATE OF VALUE	VALUE
Current Market Value As-Is	Going Concern	November 17, 2020	\$21,010,000

Due to the rapidly changing profile of the COVID-19 Pandemic, there may be immediate, short and long-term effects on the commercial real estate market and broader economy. As of the effective date, we have relied on the information available to us to try reasonably assess and forecast the impact on the hospitality market. This appraisal was completed on the assumption that Ontario will continue to progress through the pandemic and this report does not consider further significant setbacks related to COVID-19 such as a full economic shut down that would have the potential to significantly impact hotel operating performance.

The above value estimate is based on an exposure period of 12 months or less, assuming the basis of a transaction involving cash to the vendor, and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.

This report describes the methods and approaches to value in support of the above conclusion, and contains the pertinent data gathered in our investigation of the market.

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

Yours very truly,

COLLIERS INTERNATIONAL REALTY ADVISORS INC.

Eric Sutton AACI, P.App

Senior Associate, Valuations, Toronto



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Executive Summary





Property Information

Property Name Carriage Hills Resort Address Municipality Property Type Limited Service Resort Style Hotel Hotel Scale As An Operating Entity Valuation Assumptions

Property Data

Size (Units) Year Opened Quality/Condition Land Use/Zoning PR - Private Recreation Site Size (acres)

Value Conclusion - "As Is"

Final Value Estimate - Hotel Effective Date Value Per Unit Total Value

Oro-Medonte

Mid-Class

172 2000 Average / Average

19.43 (as per MPAC)

\$21,010,000

November 17, 2020 \$122,151 \$21,010,000

Direct Income Capitalization

Stabilized Net Operating Income \$1,890,838 Overall Capitalization Rate 9.00% Value Indication (rounded) \$21,010,000 Value Per Suite \$122,151

Discounted Cash Flow

Investment Horizon 10 years Reversionary Cap Rate 9.25% Discount Rate 10.00% Value Indication \$20,270,000 Value Per Room \$117,849

Direct Comparison Approach

Concluded Unit Value Range \$115,000 to \$125,000 # of Units 172 Reconciled Value Per Unit \$120,000 Value \$20,640,000

The above value estimate is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.

Competetive Hotels Historical Room Revenue Metrics

	Occi	ipancy	Average Rate		Re	vPAR
	Total	% Change	Total	% Change	Total	% Change
Hisotrical						
Year						
2018	60.07%	0%	\$147.85	0%	\$88.81	0%
2019	59.14%	-2%	\$148.82	1%	\$88.01	-1%
2020	41.10%	-31%	\$134.66	-10%	\$55.35	-37%
Projected						
Year 1	43.16%	0.0%	\$137.35	0.0%	\$59.27	0.0%
Year 2	47.47%	10.0%	\$140.10	2.0%	\$66.51	12.2%
Year 3	52.22%	10.0%	\$147.11	5.0%	\$76.81	15.5%
Year 4	53.26%	2.0%	\$154.46	5.0%	\$82.27	7.1%

Competetive Rental Properties (Airbnb / vrbo) Historical Room Revenue Metrics

	Occi	ıpancy	Avera	ge Rate	Rev	/PAR
	Total	% Change	Total	% Change	Total	% Change
Hisotrical						
Year						
2018	33.00%	0%	\$299.92	0%	\$98.97	0%
2019	38.00%	15%	\$307.58	3%	\$116.88	18%
2020	52.00%	37%	\$286.67	-7%	\$149.07	28%
Projected						
Year 1	54.43%	0.0%	\$272.33	0.0%	\$148.22	0.0%
Year 2	57.15%	5.0%	\$272.33	0.0%	\$155.63	5.0%
Year 3	58.29%	2.0%	\$285.95	5.0%	\$166.68	7.1%
Year 4	59.45%	2.0%	\$300.25	5.0%	\$178.51	7.1%
*Stats provided by Aird	lna,co					

Subject Property Projected Rooms Revenue Metrics

	Occupancy		Average Rate		RevPAR	
	Total	% Change	Total	% Change	Total	% Change
Projected		_		_		
Year 1	45.27%	0.0%	\$216.20	0.0%	\$97.87	0.0%
Year 2	49.23%	8.7%	\$222.57	2.9%	\$109.57	12.0%
Year 3	53.33%	8.3%	\$233.70	5.0%	\$124.63	13.7%
Stabilized	54.45%	2.1%	\$245.39	5.0%	\$133.61	7.2%

File Reference: TOW200518

Direct Comparison Sales

Index No.	Property Name Address Municipality	Year Built (renovated) Size (Rooms) Site Area (Acres)	Sale Date Sale Price Sale Price / Key
	Hidden Valley Resort	1965	April-18
1	1755 Valley Road	100	\$10,050,000
	Huntsville	6.30	\$100,500
	Super 8 Midland	2007	May-15
2	1144 Hugel Ave	65	\$6,900,000
	Midland	1.84	\$106,154
	Holiday Inn & Suites	2008 (2017)	August-19
3	100 Howland Drive	87	\$14,950,000
	Huntsville	1.35	\$171,839
	Best Western Plus Walkerton East Ridge	2012	May-19
4	10 Eastridge Road	50	\$7,700,000
	Brockton	4.10	\$154,000
	The Briars Resort	1975	May-17
5	55 Hedge Road	86	\$13,000,000
	Georgina	145	\$151,163

Investment Sales

Index No.	Property Name Municipality	Size (Rooms)	Sale Date Sale Price Sale Price / Key	NOI NOI / Key SOCR
	Super 8 Midland	65	Nov-19	\$641,700
1	Midland		\$6,900,000	\$9,872.31
			\$106,154	9.30%
	Hampton Inn & Suites Windsor	147	Dec-18	\$2,254,000
2	Windsor		\$24,500,000	\$15,333
			\$166,667	9.20%
	Hidden Valley Resort	100	Aug-18	\$834,150
3	Huntsville		\$10,050,000	\$8,342
			\$100,500	8.30%
	Best Western Brantford	158	May-18	\$1,387,500
4	Brantford		\$18,750,000	\$8,782
			\$118,671	7.40%
	The Briars Resort	86	May-17	\$1,007,500
5	Georgina		\$13,000,000	\$11,715
			\$151,163	7.75%

File Reference: TOW200518

SWOT ANALYSIS

Strengths

- Strong Hotel Market: Prior to the COVID-19 Pandemic the Southern Ontario market had seen an increase in both occupancy and Average Daily Rate (ADR) over the past three years.
- The subject property is of a size and quality which would appeal to both institutional and private investors.
- Location: The subject property is located in Horseshoe Valley, less than a kilometer from Horseshoe Valley Ski Hills and Golf Course, and equidistant from Barrie and Orillia, in close to major access routes.
- Amenities/Facilities: The subject property offers good quality amenities that are attractive to midscale hotel clientele.

Weaknesses

- Competitive Set: There is a moderate number of competitive rental properties located in the area immediately surrounding the subject property.
- Operational: The subject property represents older construction with a layout that is less conducive to efficient hotel operations.

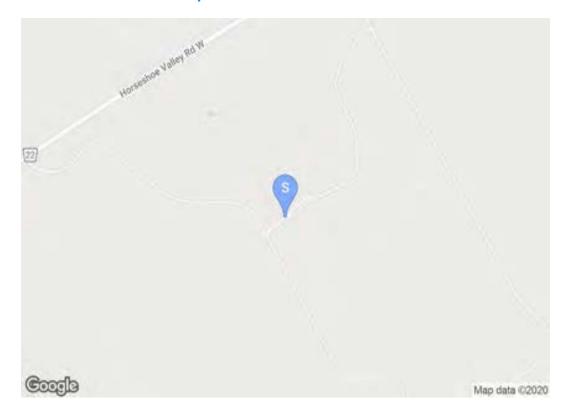
Opportunities

- The subject property currently represents dated interior unit styles. Renovating the units could exponentially increase the ADR and increase the occupancy market share.
- The subject property has not been operated under a branded franchise. Attaching the resort to a well-known hospitality brand could improve performance.

Threats

- Economic Downturn: There is inherent risk associated with any hotel. If there is a substantial recession the hotel industry performance will likely experience decreasing occupancy and ADR rates.
- Disruptive Innovations: Industry innovations, such as Airbnb, can disrupt the climate in the hotel
 industry. While this is a potential threat, the secondary accommodations market within Canada has
 been present for several years now and there has not been a substantial impact from their
 emergence.
- Natural Disasters: Oro-Medonte is not known for having natural disasters, though inclement weather can occur on occasion. Events such as snow and/or ice storms can negatively impact hotel performance during some winter months.
- COVID-19 Pandemic: The current COVID-19 pandemic has dramatically reduced hotel occupancy in Ontario. Based on discussions with experts in the hospitality industry it is believed occupancy rates will return to pre-COVID-19 levels within 24 months assuming there are no unforeseen setbacks.

General Location Map



Aerial Photograph



Photographs of Subject Property



Building Exterior - The Clarence



Building Exterior - The Rockway



Building Exterior – The Norfolk



Building Exterior – The Hansom



Activities Building Exterior



Carriage House Recreation Centre

Photographs of Subject Property (continued)



Indoor/Outdoor Pool



Fitness Centre



Guest Check-In Area



Typical Unit Interior – Living Room / Kitchen



Typical Unit Interior – Bedroom / Bathroom



Typical Unit Interior - Living Room

Terms of Reference

Client and Intended User

The Client of this appraisal is BDO, and the Intended User is BDO.

Purpose and Intended Use of Report

The purpose of this valuation is to estimate the current market value as is of the Subject Property described.

This appraisal is provided on a confidential basis and for the sole and exclusive use by BDO and any other Intended User specifically identified for internal business purposes only and any third party use of or reliance on this Appraisal Report or any materials prepared by Colliers International Realty Advisors Inc. (Colliers), is strictly prohibited, except to the extent that Colliers has provided prior permission in writing, such permission to be provided or withheld in Colliers's sole and exclusive discretion. In the event that Colliers has not provided said permission BDO shall ensure and be responsible for notifying the third party in writing that it should not rely on the Appraisal Report and any use by such third party of the Appraisal Report or any materials prepared by Colliers shall be at its own risk and that Colliers makes no representations or warranties of any kind. Notwithstanding anything to the contrary, Colliers shall not owe any duty to any third party with respect to the Appraisal Report.

The appraisal report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Indemnification and Limitation of Liability

BDO shall indemnify, defend and hold Colliers fully harmless from and against any and all claims, liabilities, damages, costs and expenses (including court costs and reasonable legal fees) resulting from or arising out of the Client's breach of the professional service agreement relating to the Appraisal Report, wrongful acts or omissions (including any failure to perform any duty imposed by law), misrepresentation, distortion or failure to provide complete and accurate information, or any unauthorized use or reliance by third parties on the Appraisal Report or any materials prepared by Colliers. Except for BDO 's indemnification obligations, neither party shall be liable to the other party for any special, consequential, punitive or incidental damages of any kind whatsoever. Moreover, to the maximum extent permitted by law, Colliers' total liability for any losses, claims or damages arising out of or connecting or relating to this agreement (under any applicable theory of law) shall be limited in the aggregate to the total sum of fees and costs received by Colliers from BDO for the applicable subject report(s).

Effective Date

The effective date of this valuation is November 17, 2020.

This Appraisal Report is prepared in the context of the market conditions and other factors (including assumptions and/or materials provided by parties and sources outside of the control of Colliers Realty Advisors Inc.) prevailing as of the effective date. Real estate markets and assets are subject to significant volatility and change; and can be affected by numerous economic and political conditions as well as other conditions. The value contained (if any) in this Appraisal Report is made as of the effective date only and should not be relied on as of any other date without receiving prior written authorization from Colliers.

Property Inspection

The following table illustrates the Colliers professionals involved with this appraisal report, and their status with respect to the property inspection.

Due to COVID-19 restrictions an interior inspection of the subject property was not performed. We have relied on photos provided by the client or available online to determine the quality and condition of the unit interiors.

SUBJECT PROPERTY INSPECTION				
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION	
Eric Sutton AACI, P.App	Yes	Exterior Only	October 22, 2020	

Market Value Definition

For the purposes of this valuation, market value is defined as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 10)

In this case, property includes the "total assets of the business". Please see the definition under "Going Concern", later in this section.

Exposure Time

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is defined as:

"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 6)

Exposure Time is a retrospective function of asking price, property type, and past market conditions and encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable marketing effort. Exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

In practice, the exposure time assumes the following:

- The property was extensively marketed. Potential purchasers could inspect the property at will.
- The owner provided interested agents with any and all relevant property information.
- Negotiations of any offers to purchase were performed in a timely manner.
- The property was maintained at a physical status equivalent to its present condition.
- Market level financing was readily available.
- The seller was not under duress.

Ongoing discussions with agents familiar with the market have indicated that properties like the Subject Property typically require a marketing period of 12 months or less depending on a variety of factors including its location, vacancy levels, tenant quality, size, market conditions, and motivation of the vendor/purchaser. In consideration of these factors, it is concluded that for the Subject property to sell at the market value estimated as of the effective date of this report, an exposure period of approximately 12 months or less would be required.

Scope of the Valuation

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

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

- Property inspection details are indicated previously within the Terms of Reference section of this report.
- No lease review or audit was conducted. This valuation has been prepared on the basis of summary financial and operating data provided directly to us by our client or their designated agents, in either hard copy or electronic form or both. It is assumed that this information, and specifically that relating to the financial performance of the Subject Property described, is accurate. This assumption is critical to the value estimate contained and the authors of this report, and Colliers reserve the right to amend our estimate(s) in whole or in part should the foregoing not be the case.
- A review of a detailed tenant rent roll as provided by our client or their designated agents has been conducted.
- A review has been completed of available data regarding the local market.
- Verification of current land use and zoning regulations has been undertaken. Municipal and neighbourhood information, including tax information, were sourced as noted below and verified where appropriate and possible. Site area and dimensions are from information obtained from the Geowarehouse / MPAC / Client. Should further confirmation of site size and dimensions be required, a legal survey should be commissioned.
- A review of sales and listing data on comparable properties has been undertaken. Comparable market
 information was obtained from our information database and local real estate professionals
 knowledgeable in the Oro Medonte real estate market. It was confirmed, when appropriate, with public
 information at the Geowarehouse or the parties involved when there was reason to doubt its accuracy.
- Discussions have been held with market participants where applicable.

SOURCES OF INFORMATION		
ITEM	SOURCE	
Assessment / Tax Information	MPAC	
Zoning Information	Township of Oro Medonte	
Official Plan Information	Township of Oro Medonte	
Site Size Information	Geowarehouse / MPAC / Client	
Building Size Information	Client / MPAC	
Demographics	Piinpoint	
Comparable Information	MLS / Trebnet / Realnet / Real Cap Analytics	
Legal Description	Geowarehouse	

Colliers cannot be held liable for any errors in the information that was provided by third parties or by Matthew Marchand of BDO. The Appraisal Report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Going Concern

The estimated value is based on the "total assets of the business" which includes enhancement of the value of an operating business enterprise which is provided by the assembly of land, building, labour, capital, equipment, marketing, management, etc. The value estimated herein may include a certain amount of goodwill or enterprise value, the amount of which is sometimes related to the expertise of management. For purposes of this valuation, it is assumed that the property will be under competent management.

Ordinary Assumptions and Limiting Conditions

This report is subject to the Ordinary Assumptions and Limiting Conditions set forth within the Appendix to this appraisal in addition to any specific assumptions that may be stated in the body of the report. These conditions are critical to the value stated and should be thoroughly read and understood before any reliance on this report should be considered.

Extraordinary Limiting Conditions

An Extraordinary Limiting Condition refers to a necessary modification to, or exclusion of, a Standard Rule which may diminish the reliability of the report.

The following Extraordinary Limiting Conditions have been invoked within this report:

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

As of the date of this report Canada and the Global Community is experiencing unprecedented measures undertaken by various levels of government to curtail health related impacts of the Covid-19 Pandemic. The duration of this event is not known. While there is potential for negative impact with respect to micro and macro-economic sectors, as well as upon various real estate markets, it is not possible to predict such impact at present, or the impact of current and future government countermeasures. There is some risk that the Covid-19 Pandemic increases the likelihood of a global recession, however without knowledge of further anticipated government countermeasures at the national and global levels it is not possible to predict any impact at this point in time. Accordingly, this point-in-time valuation assumes the continuation of current

market conditions, and that current longer-term market conditions remain unchanged. Given the market uncertainties of the Covid-19 pandemic, a force majeure event, we reserve the right to revise the value estimation set out in this report for a fee, with an update appraisal report under a separate appraisal engagement, incorporating market information available at that time.

Extraordinary Assumptions (Hypothetical Conditions)

Hypothetical Conditions are a specific type of an Extraordinary Assumption that presumes, as fact, simulated but untrue information about physical, legal or economic characteristics of the subject property or external conditions, and are imposed for purposes of reasonable analysis.

No Extraordinary Assumptions (Hypothetical Conditions) have been invoked within this report.

Extraordinary Assumptions

An Extraordinary Assumption is an assumption, directly related to a specific assignment, which, if found to be false, could materially alter the opinions or conclusions. Extraordinary Assumptions presume as fact otherwise uncertain information about or anticipated changes in the 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 the analysis.

The following Extraordinary Assumptions have been invoked within this report:

We have relied on information provided to us by our client or their designated agents with respect to the status of the tenancy and their contractual rights and obligations, and financial data relating to the income and expenses associated with the Subject Property's operations, as well as the physical attributes of the Subject Property and environmental condition of the site, including any required capital expenditures. The assumptions stated are critical to the value estimate contained and the authors of this report and Colliers reserve the right to amend our estimates should any of these assumptions be altered in whole or in part.

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

The room count and building sizes are based on information obtained from the client. The supplied room count and building sizes are assumed to be accurate but should be confirmed with a building survey if greater accuracy is required. No formal room count was completed for this report.

The appraiser of this report does not have the legal training to interpret any encumbrances registered on the title(s) of the subject property with certainty. Legal counsel should be solicited for a full explanation of any encumbrances. Unless specifically noted within this report, any instruments are assumed to have no significant effect on the market value or marketability of the subject property. Should they have any significant effect on value, such an effect has not been measured within this appraisal. Readers therefore need to investigate any encumbrances independently and determine for themselves the effect that they may or may not have on market value. It is further noted that the property has been appraised as if free and clear of all property-related financing.

Revenue information was provided to the appraiser by the client. This includes both written and verbal information. This information was accepted at face value and not verified by any internal or external process. It

is therefore a vital assumption of this report that this information is a correct representation of the historical operating performance of the hotel. Should it be incorrect due to fraud or negligence, then this report would be void. The appraiser does not certify, in any manner whatsoever, the veracity of the financial statements as supplied by the owner/client. Any party relying upon this report must therefore confirm to their satisfaction the accuracy of the historical data as discussed herein.

This appraisal does not value the subject property as part of a foreclosure process. It values the property with the market value definition as described within the Terms of Reference and Exposure Time parts of this report. Should the property be sold under forced conditions such as those evident within the foreclosure process, the value contained herein would be void. Readers should be aware that properties sold under forced conditions can sell at a significant discount from normal market value.

This appraisal assumes that the competency of the hotel management team is similar or superior to that of the local market average. Should the property be operated by a less-than-average management team, the market value ascertained herein would be void. Poor management of a hotel can negatively affect market value in a profound and long-lasting manner. Changing the hotel management from an incompetent team to a competent team does not produce an immediate benefit to the value. Due to the significant emphasis that market participants put on historical operations data, such a change will normally require a two- or three-year period before the hotel begins to operate at a normalized level.

The appraiser is not a mechanical/electrical systems expert. All building systems, including water, HVAC, sewer, electrical, alarm, elevator, and all other mechanical operating components of the property are assumed to be in good condition for the purposes of this report. A mechanical systems inspector is therefore recommended to determine the true condition of these building components. Readers should be aware that any significant mechanical system deficiencies would suggest a lower value than as appraised herein. The decrease to value can be greater than the cost to remedy such deferred maintenance.

This appraisal assumes that any potential capital expenditure directed toward meeting average brand standards for Property Improvement Plan (PIP) associated with the branding/maintenance of the property is less than 5% of market value. Should the required PIP at the property be in excess of 5%, then an adjustment to the property value would be necessary. Notwithstanding, the physical appearance and condition of the improvements was considered in the selection of the capitalization rates (Income Approaches) and value per room (Direct Comparison Approach).

We assume the hotel can be sold free and clear of any existing management or timeshare ownership agreements and that any license (franchise) can be transferred to a new owner.

The subject property consists a timeshare development under a fee-timeshare structure. Under a Fee-timeshare - the interval owner receives a deed for a specified part of the year, thereby limiting ownership. The timeshare can then be sold, leased or bequeathed. The interest can be mortgaged, and title recorded. In order to determine a market value of the property as is, as an operating hospitality asset, we have assumed the subject is free and clear of all timeshare agreements and is unencumbered by any timeshare agreements.

Due to the consistently changing profile of the COVID-19 Pandemic, there may be immediate, short and long-term effects on the commercial real estate market and broader economy. As of the effective date, we have relied on the information available to us to try reasonably assess and forecast the impact on the hospitality market. This appraisal was completed on the assumption that Ontario will continue to progress through the downturn, and this report does not consider further significant setbacks related to COVID-19

such as a full economic shut-down that would likely, significantly, impact hotel operating performance. The value "as an operating hotel" has been determined assuming the worst of the pandemic has passed, and the market will rebound within 12-24 months.

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

Assemblage

When relevant to the assignment, CUSPAP requires that assemblage must be considered and analyzed as to the effect on value. In the instance of the Subject Property, assemblage is not considered to be a relevant factor, and therefore no analysis is deemed necessary.

Anticipated Public or Private Improvements

When relevant to the assignment, CUSPAP requires that anticipated public or private improvements must be considered and analyzed as to the effect on value. In the instance of the Subject Property, public or private improvements are not considered to be a relevant factor, and therefore no analysis is deemed necessary.

Personal Property

When relevant to the assignment, CUSPAP requires that personal property must be considered and analyzed as to the effect on value. In the instance of the Subject Property, personal property has not considered to be a relevant factor, and therefore no analysis is deemed necessary.

Property Data

Municipal Address

The Subject property is municipally described as 90 Highland Drive, Oro Medonte, Ontario.

Legal Description

The Subject property's legal description is as follows:

P.I.N.	Legal Description
74053-1000, 2000, 3000	Parcel 1-16, Section 51-0ro-3Being Part of Lots 2 and 3, Concession 4Designated as Parts 5,6,7,8,9 and 10 on Plan 51R-26764 Township of Oro-Medonte
74053-4000, 5000	Parcel 1-17, Section 51-Oro-3Part of Lot 2, Concession 4Designated as Parts 11,12,13 and 14 on Plan 51R-26764 Township of Oro-Medonte
74053-6000, 7000, 8000	Parcel 1-18, Section 51-Oro-3 Part of Lot 2, Concession 4Designated as Parts 1,2,3,4,15,16 and 17 on Plan 51R-26764

The information above was provided by the client and legal descriptions were verified via Geowarehouse.

Current Ownership

Available data indicates the following ownership information:

REGISTERED OWNER	SOURCE OF TITLE INFORMATION
Carriage Hills Resort Corporation	MPAC

It is noted that the subject property consists a timeshare development under a fee-timeshare structure wherein the interval owners receives a deed for a specified part of the year, thereby limiting ownership. Each interval timeshare can be sold, leased or bequeathed. The interest can be mortgaged, and title recorded.

In order to determine a market value of the property as is, as an operating hospitality asset, we have assumed the subject is free and clear of all timeshare agreements and is unencumbered by any timeshare agreements.

Ownership History

The subject property was purchased in 2000 by an entity related to Carriage Hills Resort Corporation. Information regarding the purchase in 2000 was not made available to the writer of this report.

There have been no transfers of the Subject Property within the past three years.

Current Contracts

According to available information the subject property is not currently subject to any contract agreements.

Title Encumbrances

For the purposes of this analysis, the instruments registered against the title(s) to the Subject Property are assumed not to have a significant effect on the Subject Property's marketability or its market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of these encumbrances. The Subject Property has been valued as if free and clear of any financing or timeshare deed encumbrances. A copy of the legal description has been included in the Appendix for further reference.

Realty Taxes / Assessment

The current realty tax and assessment information for the Subject Property is summarized as follows:

ROLL NO	TOTAL ASSESSMENT	TOTAL ASSESSMENT PER UNIT	2019 TOTAL TAX LEVY	TOTAL TAX LEVY PER UNIT
4346-010-002-03580-0000	\$20,196,000	\$388,385	\$177,568	\$88,784.01
4346-010-002-03550-0000	\$20,196,000	\$403,920	\$177,568	\$3,551.36
4346-010-002-03540-0000	\$25,096,000	\$369,059	\$220,650	\$3,064.58
Total	\$65,488,000		\$575,786	\$6,695.19
*Tax Levy estiamate as provid	ded by client. 2020 final tax a	mount was not available		

The above tax levy is calculated by multiplying the assessment value by the municipal residential property taxation mill rate. It is assumed the subject property "as an operating hospitality asset" will be re-assessed and taxed at the municipal commercial taxation mill rate, which is more than double to residential rate.

In order to estimate the subject's property assessment value as a hotel operation we have reviewed the assessment values of the competitive set. Based on the size and configuration of the subject property and the units, we have estimated a reassessment value of \$100,000 per unit for a total assessment value of \$17,200,000. The resulting tax levy is \$320,133 in year one of our projection period. A summary of the comparable property assessments is below:

Comparable Tax Assessments						
Hotel	Assessment Value*	Assessment/Room	Assumed Taxes			
Horseshoe Resort	\$6,704,000	\$65,725	\$124,777			
Quality Inn & Conference Centre	\$4,028,000	\$47,388	\$74,971			
Fairfield Inn & Suites Orillia	not available	n/a	n/a			
Comfort Inn Orillia	\$4,059,000	\$52,038	\$75,548			
Best Western Plus Mariposa Inn & Conference Centre	\$3,533,000	\$42,566	\$65,758			

*Source: MPAC

Location Overview



The subject is located in the Township of Oro-Medonte, a predominantly rural township that attracts seasonal recreational visitors. Oro-Medonte is conveniently located between Orillia and Barrie and is approximately 130 kilometres north of Downtown Toronto. The area surrounding the subject property is predominantly rural lands, however, immediately north of the Subject is Horseshoe Valley Resort, which features ski hills, a golf course, and an abundance of seasonal recreational attractions. South of the property there is a new development of single family detached dwellings that are being built around the Horseshoe Valley Golf Course.

Adjacent Land Uses

North Recreational – Horseshoe Valley Resort

South Low Density Residential East Low Density Residential

West Rural Land

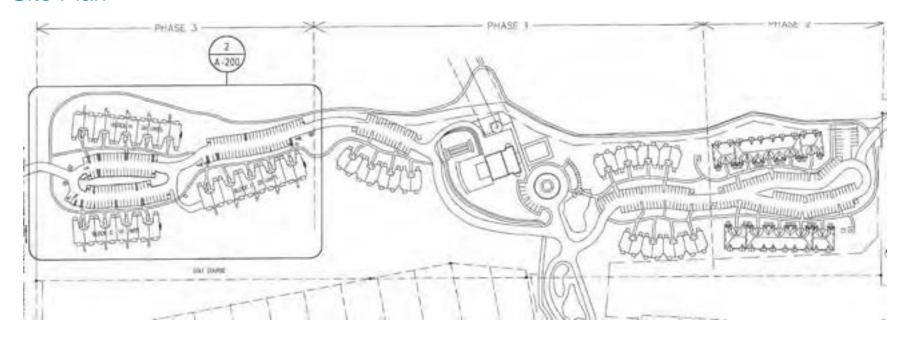
Proximity

The subject property is approximately 90 minutes from Downtown Toronto, and 60 minutes from the heart of Muskoka and Collingwood.

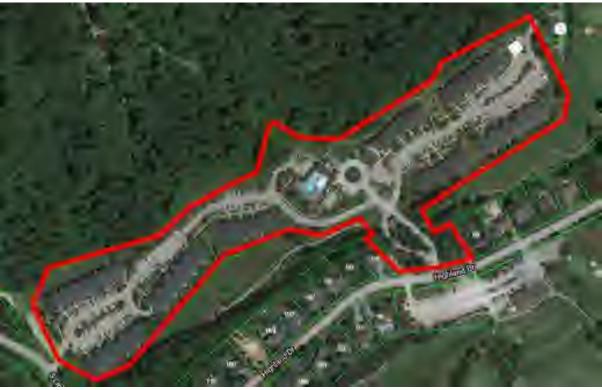
Summary

The subject property is located in the heart of Horseshoe Valley, surrounded by a wide variety of amenities that would attract people seeking an active lifestyle. Its proximity to the Greater Toronto Area, Muskoka, and Collingwood make it an attractive location for a resort style development such Carriage Hills Resort.

Site Plan



Site Description



Area

The site comprises a total area of approximately 19.43 acres (846,371 square feet).

Configuration

The site is irregular in its configuration, as shown on the site plan above.

Street Improvements / Frontage

Street improvements for the Subject Property are as outlined below:

Street Improvements	Frontage	Direction	No. Lanes	Street Type	S
Highland Drive	Limited	Two-Way	Two-Lane	Connector Street	✓

Access / Exposure

Overall access to the property is considered to be average. The site enjoys average exposure characteristics.

Site Coverage Ratio

The site has been developed to a Site Coverage Ratio of 1.65%.

Excess Density

The site has no excess density.

Services

The site is fully serviced.

Topography

The site's topography is sloping and at street grade with adjacent roadways and properties.

Soil Conditions

We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty, and any cost of remedy could potentially impact the value conclusions contained herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.

Demographics

DEMOGRAPHICS AND STATISTICS							
Population	1 km radius	201					
	3 km radius	1,533					
	5 km radius	6,327					
Average Household Income	1 km radius	\$160,899					
	3 km radius	\$151,099					
	5 km radius	\$135,726					

Summary

The site provides average access and average exposure characteristics and no adverse influences are visually apparent.

Land Use Controls

Official Plan



Within the Oro-Medonte Official Plan the subject property falls under the Horseshoe Valley Secondary Plan. Within this secondary plan the subject property is classified as Medium Density Residential.

Permitted uses in the Horseshoe Valley Medium Density Residential designation as shown on Schedule D include townhouse dwellings, multiple dwellings, apartment dwellings and home occupations. Timeshare developments may be permitted. The density of development shall not generally not exceed 30 units per gross hectare. Conditions for approval of development within the Horseshoe Valley Medium Density Residential designation are in Section C14.3.8.

C14.3.8 Conditions for Approval This policy applies to all lands that are subject to Sections C14.3.5 and C14.3.6 of this Plan. Prior to the approval of a Plan of Subdivision and/or a Plan of Condominium application and/or a request to re-zone the lands, Council shall be satisfied that:

- a) the proposed form of servicing for the lands is appropriate and agreed to by the Township and the appropriate agencies;
- b) the proposed location, nature and timing of improvements to Horseshoe Valley Road and other roads is appropriate and agreed to by the Township and the appropriate agencies in accordance with Section C14.3.1; and
- c) the phasing of development is appropriate given the timing of the installation of services and the improvements to Horseshoe Valley Road and other roads.

In addition, the Township may place a Holding Provision on all of the lands in the designations that are the subject of this Section. The implementing Zoning By-law shall specify that minor additions to existing buildings may be permitted without requiring the removal of the Holding Provision.

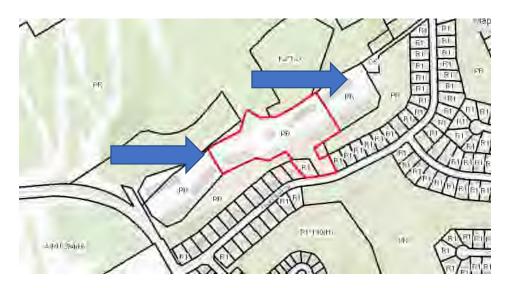
The Holding Provision shall only be lifted once satisfactory arrangements have been made with respect to the upgrading of Horseshoe Valley Road and other roads and when matters dealt with by a) and c) above are dealt with to Council's satisfaction. All development in the designations that are the subject of this Section shall be subject to Site Plan Control.]

Zoning

Zoning bylaws typically establish ranges of permitted and discretionary uses, in addition to development restrictions including such factors as maximum building heights, allowable densities, setback requirements, parking and loading limitations, signage restrictions and other items.

According to the Township of Oro Medonte Zoning By-law 2017-012, the Subject Property is currently classified PR (Private Recreation). An excerpt from the zoning bylaw is included in the appendices to this report.

Zoning Map



A zoning summary and a listing of pertinent zoning requirements are presented below:

	ZONING SUMMARY
Municipality Governing Zoning	Township of Oro Medonte
Zoning Bylaw Number	2017-012
Current Zoning	Private Recreation (PR)
Permitted Uses	Various residential and recreational uses.
Current Use	The current use is permitted under the zoning bylaw.
Is Current Use Legally Permitted	•
Zoning Change	Not Likely

	ZONING REQUIREM	ENTS	
Conforming Use	The existing impro within this zone.	vements represent	a conforming use

Source: Township of Oro Medonte

Land Use Conclusions

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of analysis presented correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

Based on our interpretation of the applicable land use/zoning bylaw, the property use appears to reflect a legally permitted conforming use. However, the authors are not technically qualified to confirm zoning compliance, and for greater certainty in this regard, written confirmation from the municipality and/or a qualified legal opinion should be obtained.

Description of the Improvements



The Subject property consists of a multi-level, multi-building timeshare property constructed in 2000. The property is laid out across multiple two to three storey buildings. To the best of our knowledge, the improvements have been well maintained, but not significantly updated.

Overall, the improvements to the property would be considered average to an investor approaching the property as an operating limited service hotel. The interiors of the units are assumed to reflect well maintained yet dated finishes. Capital expenditure would be required to bring the interior of the units to an quality and aesthetic commensurate of newly constructed hospitality focused assets.

Property Type Limited Service Hospitality Property

No. of Stories Two to Three Stories

No. of Buildings Eight buildings with hotel units and two buildings containing hotel amenities.

Size (as per client)	Building	Units	Size
	Building A	20	24,000
	Building B	16	19,200
	Building C	16	19,200
	Building D	26	31,200
	Building E	26	31,200
	Building F	26	31,200
	Building G	16	19,200
	Building H	26	31,200
	Net Rentable Area	172	206,400 SF

Each room has an interior area of approx. 1,200 sf.

Typical Floor Plate The average floor plate measures 14,000 square feet, more or less.

Year Built The improvements to the property were originally constructed in 2000.

Quality & Condition The property represents average quality construction in average overall condition.

Foundation The building foundation consists of concrete grade beams on drilled, cast-in-place

concrete piles.

Superstructure The superstructure of the building is assumed to comprise a concrete framework.

Floor Structure Floor structures comprise a wood sub-floor over concrete.

Exterior Walls Exterior walls are finished with stucco, decorative stone and millwork.

Roof The roofs consist of asphalt shingles. Though no thorough inspection of the roof

was completed no leaks were observed/reported.

Pedestrian Access /

Pedestrian access/connections to the property comprise ground level entrances. Connections

Each unit has it's own access via outdoor stairways and landings.

Windows / Doors Exterior windows and doors consist of commercial grade double paned glass units

in modern aluminium frames.

Interior Finishing The interior are comprised of gypsum plaster walls, broadloom or ceramic tile

floors, with laminate countertops in the kitchen.

Vertical Access Vertical access to units is via exterior stairways.

Heating / Cooling Electrical heating.

Electrical Electrical service to the building is assumed to be adequate for the needs of its

occupants.

Lighting Lighting throughout the building consists of incandescent fixtures.

Life Safety / Security No sprinkler systems were noted during review of interior photos provided by the

client.

Parking The subject property has adequate onsite parking for the current property use.

Site Improvements The site improvements provide good overall utility for the subject property.

Design and Functionality

The building exhibits good design and functionality characteristics.

Age / Life Analysis

Subject to the above description and the comments below, the following is a summary age / life analysis.

Actual Age	20 years
Effective Age	20 years
Economic Life	55 years
Remaining Economic Life	35 years

The above Age/Life Analysis pertains to the economic viability of the Subject Property in its current state, being the object of professional property management and proactive repairs and maintenance, with regularly scheduled capital expenditures occurring. The Remaining Economic Life does not necessarily represent the remaining physical viability of the existing improvements.

Comments

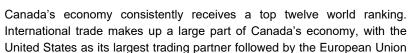
The subject property is comprised of 172 units spread across eight two to three storey walk-up buildings. Each unit is approximately 1,200 square feet of space with at least 2 bedrooms, a kitchen and a bathroom.

Market Overview

Economic Overview - Canada

It should be noted that this overview was prepared on April 13 [2020]. Given how volatile the economy has been in the last month and how quickly things have changed, the information outlined in the overview below may no longer provide an accurate portrayal of the economic conditions existing as of the effective date of this report, however, it has been included to provide an indication of the overall market condition existing as of the date this overview was prepared. Readers are accordingly cautioned not to rely on these projections as fact and should not factor them into their analysis. Colliers does not undertake any responsibility to update or correct the information below at a later date

Canada has the world's 38th largest population and the world's second largest land mass. The country's population is dispersed among 10 provinces and 3 territories with nearly 90% of its people living within 160 kilometers of the United States border. Canada consistently receives a top fifteen Human Development Index ranking and a top twenty ranking for GDP (nominal) per capita.





and China. Key Canadian exports include petroleum, automobiles and auto parts, precious metals, machinery including computers, wood, electrical machinery, aircraft and spacecraft, pharmaceuticals and aluminum. More recently, Canada's high knowledge industries of manufacturing, business services, engineering and computer and management services have received a top ten global knowledge economy ranking from the World Bank Institute.

Presently, the economic and fiscal outlook is extremely uncertain given the World Health Organization's (WHO) declaration of COVID-19 as a Global Pandemic on March 11, 2020. Since which time, the Federal Government has taken the following measures in an attempt to contain the virus:

- i) Government of Canada banned the entry of all non-Canadian or non-permanent residents into Canada;
- ii) Government of Canada, in conjunction with the United States, closed the Canadian-US border to all non-essential travel;
- iii) Parks Canada temporarily suspended all motor vehicle access to all national parks, national historic sites and national marine conservation areas;
- the Government of Canada introduced new domestic transportation measures. All air operators must conduct a health check of travelers before they board a flight within Canada or departing from Canada, based on guidance from the Public Health Agency of Canada. Passengers that present COVID-19 symptoms must be refused by air operators. Individuals who are refused will not be able to travel for a period of 14 days, or until a medical certificate is presented confirming that the traveler's symptoms are not related to COVID-19. They must also notify travelers that they may be subject to provincial or territorial measures at their final destination. Similar restrictions apply to rail companies;
- v) Public Safety Canada developed a set of functions deemed essential in the context of the COVID-19 pandemic to help provinces/territories, Indigenous communities, and municipalities protect their communities while maintaining the reliable operation of critical infrastructure services and functions to ensure the health, safety, and economic well-being of the population. The guidance is not, nor should it be considered to be a federal directive or standard.

The following are some of the largest economic and fiscal impacts that COVID-19 has had on the economy to date.

Unemployment^{1,2}

According to Statistics Canada, through the first wave of COVID-19, related job losses totaled over 1,000,000 in the month of March. This represents the largest monthly decline on record, with employment losses concentrated in accommodations, food service, retail trade, and cultural industries. The following are some of the key takeaways:

- i) Month-over-month job losses totaled, 1,011,000, a record-setting decline over the 124,400 jobs lost in January 2009;
- ii) A further 2.1 million Canadians remain employed, but either worked zero hours or less than half of their usual hours:
- iii) In March, the total hours worked across all industries dropped by 15%;
- iv) The job losses pushed the unemployment rate up to 7.8%, which is the highest rate of unemployment since 2010:
- Job losses were mostly concentrated in smaller businesses. Almost 490,000 jobs were lost by businesses with less than 20 employees, while only 157,000 jobs were lost by companies with over 100 employees; and
- vi) Due to the concentrated losses in lower-wage industries, wage growth rose significantly. The year-over-year wage growth rose by 6.2% in March, representing a significant increase over the year-over-year increase of 4.1% in February.

In March, about one quarter of the potential labour force (23.0%) was unemployed, working reduced hours, or recently out of the labour force. In addition, according to the Conference Board of Canada, shutting down most, if not all, non-essential services across Canada could lead to an estimated cumulative loss of 2.8 million jobs in March and April of 2020. This figure, which represents nearly 15% of total employment, is supported by the a more comprehensive number of insurance claims that have taken place, while the Statistics Canada's Survey's reference week was March 15 – 21, 2020.

Consumer Confidence Index³

Consumer Confidence is defined as a statistical measure of consumers' feelings about current and future economic conditions, used as an indicator of the overall state of the economy. Across Canada, consumer confidence hit a record low, realizing its steepest monthly decline in April 2020. The following are the most notable findings:

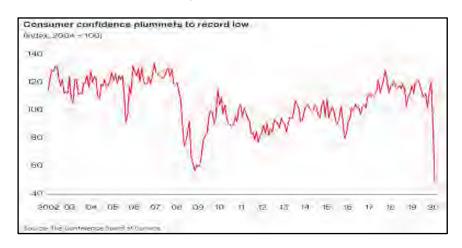
- i) The speed of decline in consumer confidence is unprecedented. Specifically, the Index declined by 73 points in two months, whereas it took 13 months to fall by 73 points during the 2008 financial crisis;
- ii) Canadians are especially worried about the future; 36.1 percent of respondents expect their finances to worsen over the next six months 14 percentage points above the previous record of 22.1 percent;
- iii) Over three-quarters of respondents think now is a bad time to make a major purchase, more than 20 percentage points above the previous record. This would imply that the majority of the population is likely to hold off on buying a new home or new vehicle in the near-term.

¹ Renner, Cory. Conference Board of Canada. "Job Losses Top 1 Million, with More to Come." The Conference Board of Canada. Accessed April 13, 2020. https://www.conferenceboard.ca/insights/blogs/job-losses-top-1-million-with-more-to-come.

² "The Daily." Statistics Canada. Last modified April 9, 2020. https://www150.statcan.gc.ca/n1/daily-quotidien/200409/dq200409a-eng.htm.

³ Renner, Cory. "Consumer Confidence Plummets to a Record Low." The Conference Board of Canada. Last modified April 7, 2020. https://www.conferenceboard.ca/insights/blogs/consumer-confidence-plummets-to-a-record-low.

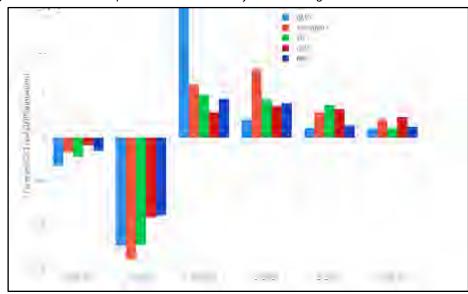
The following chart captures the Consumer Pricing Index since 2002:



Gross Domestic Product (GDP) ⁴

GDP is the broadest quantitative measure of a nation's economic activity. Specifically, it represents a measure of monetary value of all goods and services produced within a nation's geographic borders over a specified period of time (typically one year). The most optimistic point of view is that self-isolation measures will bring the pandemic under control and businesses can return to normalcy by the summer.

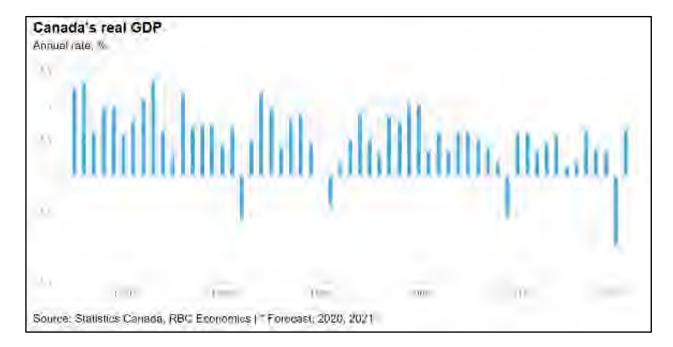
The following are the current GDP predications indicated by Canada's Big Five Banks:



⁴ Kirby, Jason. "Coronavirus plunges Canada's economy into the abyss." McLeans. Last modified April 6, 2020. https://www.macleans.ca/economy/economicanalysis/coronavirus-plunges-canadas-economy-into-the-abyss/.

RBC Economics expects that the economy will be severely disrupted for a total of about 12 weeks, with activity gradually returning to normal after that. The following is their projection as at April 9, 2020:

Canada	2020				2021				2020A	2021A
	<u>Q1</u>	<u>Q2</u>	Q3	Q4	Q1	Q2	Q3	Q4		
GDP 1	4.0	-32,0	20.0	8.0	4.0	3.0	3.0	3.0	-4.9	3.4
Unemployment Rate 7	7.2	14.6	9,5	8.5	8.1	7.7	7.4	7.0	10.0	7.6
Overnight rate 3	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
10-year yield 3	0.70	0.70	0.65	0.70	0,70	0.85	1.00	1,10	0,70	1,10



It is noted that these projections have extremely wide confidence bands around the duration of the shutdown, which, in turn, has a significant impact on the associated projections concluded above.

Under this projection, it is forecast that some industries like education and public sector services should recover relatively rapidly with students returning to classrooms in September and demand for public services ramping up quickly once the worst of the coronavirus has passed. Other industries, like retail and food and accommodation services, will continue to face challenges. Canadians will initially be cautious about going out, and are likely to focus first on paying deferred bills and rebuilding their nest eggs. How quickly construction activity gets back online will be determined by the ability of homeowners to navigate through a period of heavy job losses.

Economic Overview - Ontario

The observations and projections below are taken from the Conference Board of Canada's latest "Metropolitan Outlook" report. As noted therein, "This forecast was prepared on January 2nd [2020], before the coronavirus outbreak and the commodity price crash." As such, this information is included herein to provide an indication of the economic conditions and projections in place prior to these events, but should not be viewed as predictive of future conditions, as these significant events have caused a great deal of uncertainty in the current and near term future economic climate. Readers are accordingly cautioned not to rely on these projections as fact and should not factor them into their analysis. Colliers does not undertake any responsibility to update or correct the information below at a later date.

The Province of Ontario is Canada's most populous province and home to the nation's capital, Ottawa, as well as the nation's largest city, Toronto. Besides having 40% of Canada's population, Ontario has the most culturally diverse population in Canada. The great majority of Ontario's population and arable land is located in the south. In contrast, the larger, northern part of Ontario is sparsely populated.

Ontario generates 39% of Canada's GDP and forms Canada's largest economy. The province's economy is led by its service sector, manufacturing, agriculture, mining and forestry industries. Nearly 50% of



Canada's high tech, financial services and other knowledge intensive industries are employed in Ontario. Meanwhile, Ontario is Canada's manufacturing powerhouse, shipping more than \$258 billion of automobiles, information and communications technologies, biotech, pharmaceuticals and medical devices. In addition, the province's mining industry is among the top 10 producers in the world for nickel and platinum and a significant producer of gold, copper, zinc, cobalt and silver.

Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2007 \$ millions)	798,298	750,029	768.578	T76,559	788.437	799,942
percentage change	7.4	7.6	7.8	17	7.5	7.5
Total employment (000s)	7 435	7 534	7.621	7,703	7 798	7.894
percentage change	27	7.3	7.2	17	r.2	7.2
Unemployment rate (%)	8.6	5.3	8.1	5.10	5.7	á.0
Personal Income per Capita (\$)	48.9YE	51,291	52,720	54,169	55,724	57,263
Population (000s)	14.626	14,712	14,879	75,048	19 220	15,394
percentage change	7.7	7.3	core .	1.7	T.I	7.7
Single-lamily housing starts (000s)	204	234	22.4	2(5	20.9	1,8,7
Multi-family housing starts (000s)	510	:58 2	SE 4	58.6	58.9	57 E
Retail Sales (5 millions)	211/818	259,455	246.893	264,465	262 599	270,624
percentage change	26	3.3	31	31	3.2	31
CPI (base year: 2002=1.0)	1.376	1.494	1.414	1.465	1,494	1.625
percentage change	1.9	20	2.2	21	20	20

Metropolitan Outlook 1: Economic Insights into 13 Canadian Metropolitan Economies – Winter 2020. Ottawa: The Conference Board of Canada, 2020. Figures for 2020 and forward reflect forecasts prepared January 2, 2020.

Economic Overview - Toronto

The observations and projections below are taken from the Conference Board of Canada's latest "Metropolitan Outlook" report. As noted therein, "This forecast was prepared on January 2nd [2020], before the coronavirus outbreak and the commodity price crash." As such, this information is included herein to provide an indication of the economic conditions and projections in place prior to these events, but should not be viewed as predictive of future conditions, as these significant events have caused a great deal of uncertainty in the current and near term future economic climate. Readers are accordingly cautioned to factor this into their analysis and understanding of the information below. Colliers does not undertake any responsibility to update or correct the information below at a later date.

Toronto is the most populous city in Canada, the provincial capital of Ontario, and forms the centre of the most populous metropolitan area in Canada. In addition, Toronto is located within one of North America's fastest growing regions, known as the Golden Horseshoe – Canada's most important economic engine. Culturally, Toronto is one the world's most diverse cities and known as a prominent centre for music, theatre, and motion picture and television production. The Metropolitan Toronto Area consists of 24 municipalities including Mississauga, Brampton, Markham and Vaughan which are interconnected by an extensive road network.



Toronto is Canada's business and financial capital. The

city is the second largest financial services centre in North America after New York and has one of the highest concentrations of financial services company headquarters in the Americas. Toronto is also the headquarters of many large Canadian and multinational corporations as well as a robust and critical concentration of top legal, accounting, consulting, academic and technology providers. The city's other prominent industries include technology, design, financial services, life sciences, education, arts, fashion, business services, environment, food & beverage, and tourism.

Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2007 \$ millions)	882 915	390,390	399 059	407,621)	41E,046	424,409
percentage change	7.6	2.0	22	21	21	20
Total employment (000s)	3.466	3 482	3.541	0,599	3.667	3,739
percentage change	34	0=	7.7	1.6	7.9	20
Unemployment rate (%)	B 0	5.T	8.5	5.5	56	3.4
Personal Income per Capita (\$)	50,279	51,243	52,718	54.197	55,859	57,516
Population (000s)	E 482	6.598	6,704	6,813	8 925	7,037
percentage change	2.2	7.8	1.6	1.6	7.6	7.6
Total Nousing Starts	21/135	97,680	39 620	40,640	40,850	39,680
Retail Sales (\$ millions)	96,844	100.381	103,915	107,565	111 581	115,605
percentage change	40	37	0.4	20	37	3.6
OPI (base year: 2002=1.0)	1 400	1.425	1 459	1.489	7 520	7.550
percentage change	21	2.0	22	21	20	2.0

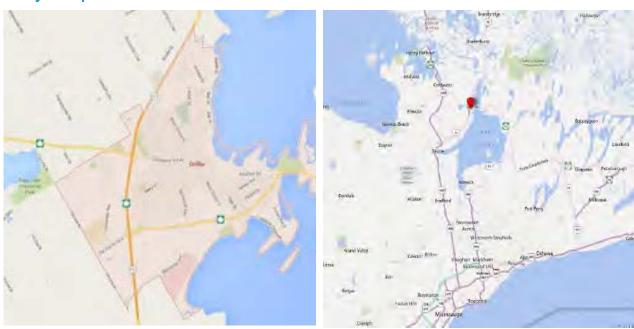
Metropolitan Outlook 1: Economic Insights into 13 Canadian Metropolitan Economies - Winter 2020. Ottawa: The Conference Board of Canada, 2020.

Orillia Market Overview

Orillia is a city in Central Ontario, Canada, on the northern shore of Lake Simcoe and the southern shore of Lake Couchiching. Although located in Simcoe County, the city is politically independent. Orillia is within the southern part Simcoe County. Orillia is located in the central portion of Southern Ontario, approximately 135 km north of Toronto. It is accessible via Highways 27, 400, and 11.

Orillia has a population of approximately 31,166. Known as the "Sunshine City", Orillia is home to large waterfront attractions, annual festivals and other cultural attraction. Orillia is home to Georgina College, Lakehead University also has a campus situated in the downtown core.

City Maps



Economic Overview

Orillia has a great geographic location, on the shores of Lake Simcoe and Lake Couchiching, which attracts a large number of tourists to the area every year. The major industries of employment in Orillia are: manufacturing, government services, customer service, and tourism. The largest employers are: Casino Rama, Orillia Soldiers' Memorial Hospital, Ontario Provincial Police General Headquarters, Nordia, and Kubota Metal Corporation.

Recent development included a \$2.3 million Waterfront Centre which opened in 2017. A community Improvement Plan is in place to upgrade the downtown core. These improvements include signage upgrades, feasibility studies, upgraded façade, and creation of residential units. There is also a vision to improve the Downton and waterfront over the next 20 years to increase the residential population, enhance the shopping and dining experience, and create new community spaces.

Barrie Market Overview

The City of Barrie is in the Greater Golden Horseshoe 94 kilometres north of Toronto, Ontario, 620 kilometres west of Montreal, Quebec, and is located 420 kilometres east of Detroit, Michigan in the United States. Highway 400 runs through Barrie with 5 interchanges and is connected to 3 major provincial highways (90, 27, and 11) along with Highway 400. There are two Go Train stations that service the Barrie area, giving commuter's regular train service to Toronto's Union Station and back during peak hours with summer weekend trains into the Greater Toronto Area. The city is also only 10 minutes away from the Lake Simcoe Regional Airport which allows for small aircraft at the airport and can accommodate both international passengers and freight. The city of Barrie has a population of approximately 197,059.

City Maps





Economic Overview

Barrie is one of the most populous areas within the Greater Golden Horseshoe area. Approximately 40 percent of the land that constitutes Barrie is developed, with the rest mainly being farmland. Barrie features several community and recreation centres, several primary through high schools, as well as Georgian College's main campus.

The key industries in Barrie are healthcare and social assistance (14.9%), hospitality (8.9%), construction (8.0%), and education (7.5%). The largest employers in the private sector were Wolf/Steel/Napolean Appliance, Georgian International Ltd., Sinton Transportation and Transcom. The largest employers in Barrie by public sector was the Simcoe Muskoka Catholic District School Board, Georgian College with and the Royal Victoria Regional Health Centre with. Around fifty-five percent of the labour force in Barrie either has a high school diploma or college certificate with about eight percent having a trade certificate and fifteen percent having a university degree.

2020 Hotel Investment Canada Report

(Provided by Colliers International Hotels)

Megatrends and the Road Ahead

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Resilient Debt Market Conditions

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Previous vs Current Decade

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Traditional	#5.9B	\$1328	147
Strategic	\$7.98	56508	-17%
Toyal	672.29	£19.750	51%





Industry Consolidation

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The Search for Core Real Estate

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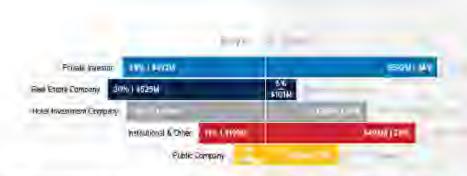
20-YEAR HOTEL INVESTMENT TRENDS





2019 YEAR IN REVIEW





Buyer Confidence Drives Activity

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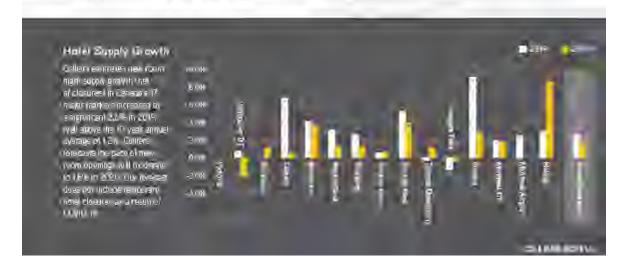
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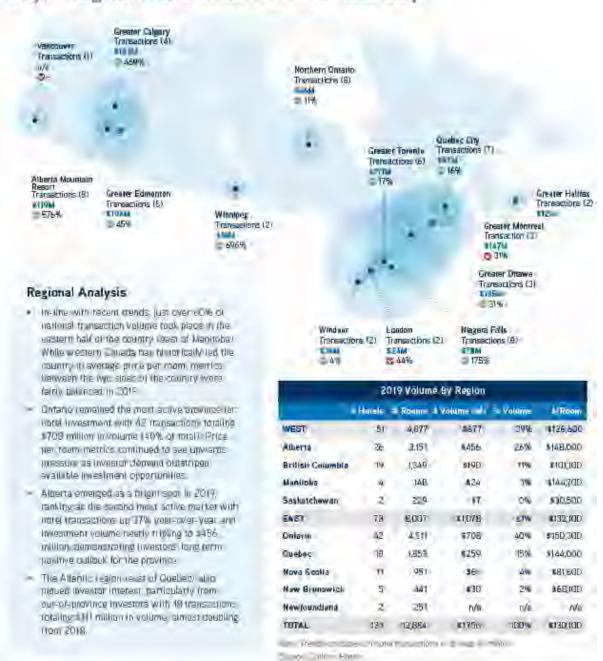
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2019 YEAR IN REVIEW



Major Region Transaction Volume Heat Map



2019 TRANSACTION LIST

Hotel Name	City	Prov.	Rms.	Date	Price	Price/Room	Cap Rate
Best Wastern Focalema Inn	Carrette	AB	B3	dan	126,080,060	\$241,000	i/a
Grove Morbit 1171	Spruos Grave	AB	47	Jan	#5.000(050	#106,AD0	9.5%
LaWowlew Inns & Suites Hinton) (inten	AB	50	Jan	\$3,750,000	168,300	57%
Best Western Airport Int	ajgary	AB	76	War	#67°50,000	575,700	rVs
Best Western Flue Red Dater In L. S.	Ted Deer	AB	772	May	18,750,000	\$95,000	n/a
Bost Western Wainwrigh I'm # 5	Weinwright	ME	85	May	\$9450,000	\$311,2000	nya
Wingste Afrone (1)	Viterie	AS	83	May	SE,500,000	678,300	6/9
Charesu Jasper (B)	lespier:	AB	1979	dan			
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Mermon Lodge (E)	_labeler	AS	(07)	Jen			
Pozimonias Cebins (2)	laspier	AB	57	dan	\$75080,000	n/a	iva
Pyristriio Lake Rasort (2)	Jasper	AH	772	dan			
Sawridge into and Conference Contro (2)	Lasger	AS	150	410			
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Leray's Mater lan	Stratimore	AB	45	Jerry	41,300,000	\$28,900	19/0
The Westin Causey (3)	Caypery	EA	925	dan	EVE	n/a	iv/a
Sendowner (nn (4)	Edson	AB	67	del	in/a	77/4	1/0
Ramada by Windham Edmenton West	Edmonion	WE	102	Auc	58,200,000	180,410	rys
Holiday Inn Express & Suites Edmonion Wirth	Edmonion	AB	76	Sizo	411,750,000	1123700	8.0%
Best Western Plus Shenwood Park I'm & Builds	Sinerwood Park	EA	700	Do	47(,200,000	#/24,¢00	7.696
Hinren Eddge	Hinlan	ME	86	Det	\$8,490,000	#96,60D	10.696
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Best Western Rimstone Ridge Hotel (1)	Rimbey	AB	50	Dec	\$3.070,000	\$50,300	n/a
Quality Into Medicine Hat (6)	Medicine I (a)	WE FIN	121	Dec	eve	n/a	rys
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Alberta - 26 Trades			3,151		SASAM		
Super 9 Carl cour (6)	Caproper	BC	56	FEE	#5,000,000	17/2	hya
Best Western Interment into	inverties	iec.	46	Mar	#4,500,000	#B9,100	nio
Campost Court Mord	Prince George	35	40	Mar	\$5 (80,000	\$75)(C)	iva
Challet More)	(Ilma	EE	48	l)ar	6),313,460	527,400	n/a
North Star lim & Suites (4)	Prince George	BE	98	Mar	8/9	10/3	n/a
Ocuen Marina Hale	Port Alberra	BC	42	Mar	\$2,450,000	\$56,300	n/a
Thursderford Motor Fin (7)	Duman	BE	31	Max	43,788,900	ri/a	8.5%
Clayonum Wilderness Resurt (ILI	Totmo	BC	30	War	#55:286,000	70/3	n/o
Casal Discovery Inn Corrobell R	Campbell River	30	88	Mair	\$12,080,080	\$136,403	7.29
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Harrison Village More	Hamison Hoi Scrings	BC	17	May	\$1,975,000	\$9870D	n/a
Sunny Beach Monel (9)	Pentage	EE.	- 2	May	\$Z233,000	rVá	n/a
Econo Ladge City Contro Inn (4)	Prince George	BC	50	Jul	AND STATE OF THE PARTY.	TVa	nya
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Pscific Galeway Hotel at Vangauver Afrona 110)	Richmana	30	985	Dec	- DOUGO 11, GM	#00,000 n/a	-
British Celurabia - 19 Trades	member 2	20-	1349	Diffic	\$1906	10/4	n/a

Name (1999)	City	Prov.	Rms.	Date	Price	Price/Room	Cap Rate
Reckwoold Morer Inn (11)	Stanawal	ME	- 32	Jan	\$3,990,000	n/a	rya
Vixing into (11)	Dimli .	WE	-34	Mar	100,007,57	TVAT	FMS
Howard Johnson Express Inn-Wirmlose West 11	Wimpec	ME	84	Max	a7.500,000	nya	nya
Carregians Motor Inn	Winitpeg	ME	10	Sec	m10,420,000	3144700	nla
Manitoba - 4 Trades			148		124M		
Days Inn & Suites Monston (12)	Monolon	INE	(8)	Man	\$9,000,000	#59.200	0.3%
Travelodge Stree Marition (12)	Moncton	WB	76	Man	1000,000,21	£55,800	7,29
Comfort inn Barburo	Datum	:NB	76	Jun	\$3,900,000	\$51300	7.7%
Flodd Mitamichi River (13).	Mitemidhi	WB	70	Sec	FI/A	EVIL	10/2
Travelodge Suites by Wyndham Samt John (14)	Saint John	NB	68	Set	\$4,200,000	472.A00	(DED)
New Brunswick - 5 Trailes			- AAY		MOS		
Greenwood Im & Suires Comer Brook (5)	Earner Brook	- OIL	102	28c	TVE	TI/a	ri/a
Mount Peyton Resort & Conterence Centre (5)	Grend Halls- Windson	NL	149	Zec	FI/E	P/a	n/a
Newformilland and Labrador - 2 Trades			251		36/A		
Travelouge Systes Halifax Danmusuh	Darmoun	NS	12	Jan	76,000,000	WCDOD.	20,7300
Best Western Trulico Glengarry	Trure	NE	98	Mar	\$5,400,000	856,700	77/0
Suprer 8 Windson WS	Windson	303	66	Mate	\$5.300,000	MACH NOTE	11.6%
Comlet Inti Hailax	Hailax	NB	63	Jun	45,200,000	46,300	10,09
Super 8 Truna (IBN 16)	Yourd	WG	50	Aug	\$3,C09,09C	145.0E0	1C 4/9
Travelotige Horel Sydney (16)	Syoney	NS	1175	Aug	\$5,100,000	E45,600	7.3%
Holiday fro Express Stellarton Anw (Bosgow (1s)	Svellanton	N3	125	Set	#12,500,000	Nondoon.	TECHNICAL STREET
Travelodge Suices by Wyndham New Glasgow (16)	New Grasgow	WS	63	Sec	\$1,450,000	W. 3.000	RC 3W
Maritime Inn Antigonish	Antigonish	ME	88	Set	13,650,000	#HALIOIT	HEAR
Digby Fines Golf Resort and Spa	Digay	NS	11.6	Dec	\$1,000,0000	TVB	FMa
Hollosy fan Syansy-Walerfront 15	Sydney	WG	(5)	Gec	n/a	ENT	E)/2
Nove Scotta - IV Trades			951		#69tA		
Acvanlage inn Merel	Niegara Faus	ON	35	Jan	\$2,070,000	\$59,100	rya
Aningjon Halel	Paris	DN.	23	Jan	\$4,709,090	\$82,680	10/2
Days (nn Sioux Lookeur (TI(FT)	Sigur Lookgur	ON	40	Jan	\$5,228,600	104	rifa
Heartweiers Ledge	Calledon	WO	15	Jan	\$) 750,000	57(a)700	T1/2
Thirtiloge Cachrane Sours	Cochrone	00	46	Jan	41,200,000	\$90,000	nta
Thursder Bay Int (TT)	Thunder Bay	BN	17	-an	FI,425,000	F/A	n/a
Wiarlen Wiley's Irm	Wiahter	ON	25	Jan	\$1,030,000	849,000	nya
Traveloge Airport North Bay	Vortri Bay	MBI	100	Fletz	46,500,000	#E5.000	FIVE
Fisetiyal /em	Significati	GN	179	Mar	\$7,700,000	\$43,000	FMa
Hording Walley Reserv and Alderro Estate Winery (16)	Mana	ON	150	Mate	TI/E	EVIL	11/2
Pine Ridge Monel	Elängston	000	18	Mar	\$1,225,000	#68100	ntia
Slavbridge Stilles Landon	London	DN	107	Mar	n/a	EV.U	n/a
Teronic Plaza Horel (1999)	Torranna	ON	199	(Mer-	\$20,250,000	n/a	rya
Universal Im and Sures	Niegare Fers	1001	70	Mar	\$1,800,000	142200	FIVE
Budget Inn 2000	Hamilton	SN	35	Apr	\$2.250,00C	B/02-900	n/a
Marcol Folio Inc	Niegara Fialis	ON	40	Apr	52,400,000	#40,000	FIFE
Best Western Plus Weicerton East (Idage	Waikerton	00	50	May	\$7,700,000	5/54/000	rila
Budley Inn Perencerouge	Polergonough	CN	107	May	\$6,108,080	869200	10/2
Rodeway Inn Fallsview (20)	Niegara Falls	ON	61	day	#13,650,000	TVa	rille
Super 8 Timmine (21)	limining	ON	73	Jim	45,500,000	369.000	FIEM
Travelotge Timmins (21)	Vinwins	ON	92	Jun	\$4,700,000	#53,I00	984

2019 TRANSACTION LIST (CONTINUED)

Hotel Name	City	Prov.	Rms	Date	Price	Price/Room	Cap Rate
The Westin Oftowa (31/16)	Offizwa.	-DM	492	JAID	TP di	n/a	n/s
Hallday Inn Express Toronta Namh York	Toronto	ON	163	Jul	\$29,250,000	\$179,406	6.0%
Ramada by Wyndham Ganerague Fravincial Inn	Sananoque	DN	77	dal	94,068,860	\$59,6DC	0/0
Airians Hotel and Conference Centre (22)	Thunder Hay	ON	155	Aug	\$9,500,000	150,100	rv6
Travelodze Thursder Bay (22)	Thursder Bay	ON	101	Aug	\$6,000,000	\$66,500	-06
Ambaissador Holel (23)	Sudfury	DN	45	Aug	\$4550,000	r/a	(40)
Hollow in Express & Suites Humsville	Humaville	ON	87	Aug	174,750,000	\$171,0GO	70,09
Xulights Inn Toronio Scarcorough (25)	Toronio	DM.	62	Aug	\$5,790,000	ri/a	rv.
Ottawa Plazi (m. (20)	Dhawa	DN	65	Aug	\$8,580,000	n/a	0.6
Washing I'm Diwen Sound	Diwery Sound	ON	79	Auz	\$5,600,000	.570,900	100
Ramada by Wyndhein Wegara Falls/Falls/rew (24)	Missard Felici	DM	192	Aug	\$24,408,000	1177100	nvi
Ramada Niazara Falis By The River (24)	(Visaara Palis	DN	1594	Aug	\$11,300,000	\$10,000	n/
Holling Fri & Suites Mississaugs Wast - Masdawyale	Mississeur	ON	120	Diet	424,100,000	4200,000	7.29
Liberty Inn	Clering(on)	DM.	30	00	12,725,000	397,500	n/s
The Peninsyla Inn & Resert	Masara Palis	ON	25	Det	£10,300,000	9100,400	n/
Fairfield Inv. A. Slutes by Marrion Belleville	Belleville	ON	114	New	#9,400,000	582,500	5.09
Moro a Magora Pelis	Misparra Palici	DM	132	Water	19,950,000	1075/400	ny
Shereon Gasway Hotel in Toronto Internacional Airport (16)	Toronto	ON	674	Nov	\$130,000,000	4776,300	10.09
Suger B Midland	Widland	DN	55	No	#6780300	N/GA-Z/RG	0.6
Days Inn Longer (4)	Landan	DM-	957	Dec	n/a	F\/2	FUE
Haliday en & Sures Windson (5)	Whosar	ON-	216	Cer	7/2	71/3	06
Ontario - 42 Trades	W lease	46	4.511	9651	\$706M	IMB	
Quality Inn & Suitas Victoriaville	Victoriaville	OC.	87	Mar	E00.005	\$75,600	rv/s
Edmilatri inn & Suites Earn Michael (4)	Salm Nicous	00	151	May	7/2	7/3	n/s
Quality Hatel Centre de Congrés Saint-Jean-sur-Richelieu	Saint-Jean-sur-Richalleu	CC	112	May	49425800	\$85,200	ri/
Auberon de la Garis (A)	Galinsel	OC.	40	JUP	7/2	71/a	TV
Hotel Plaza Valloy Fold (4)(20)	Salabierry-de-Valleyfield	GC.	170	AUP.			-
Hole: PUR Quebec (A)	Dunner Day	DE.	942	Jur	nya nya	n/a	n/
Hotel Acadis (25)	december 2	QC.	40	dil	IV a	Wa	1.00
The state of the s	Deleber Dity	GC	70	All			
Help EErmilage (25)	Dudhec City				49900,000	+125,300	n/s
Hotel Laursbaurg (25)	Disease City	QC QC	2	All M			
Studios Nouvelle-France (25)	Disease City	OE.			500	00	-
Cownlown Mennos Hard (A)	Mentreal/	-	363	38	T/Z	71/7/	ry
Hollday Inn Montreal Airport	Dalmi Laurent	QC	33B	Aug	424,200,000	192,000	D.
Residence hin by Marriott Montroul Cowntown	Montreal	QC .	3(0)	A4s	163,000,000	#100,000	N
Blest Wasieth Esyal-Mantred (4)	242	BE	80	06	TV di	1/2	ry
Horel Saires eac Brame	ligates	QC	38	Det	<2.7m,000	197,400	0/
Days Inn Trois-Rivières	India-Reviews	DC	76	Nov.	#370R,800	844/360	(1/
A finish M. C. Wood & Fig. 1 or reportations	Saint Suincut	DE	40	G.	12 NED DUD	3 (4,000	ry
Approved to the control of the contr		OC	10	Doc-	7/3	n/a-	0.0
Hatel Le Clas Salm Louis (V)	Eucoric Cny	WL.					
Quality - 18 Trades			1,853		1259M	_	
Hatel Le Clas Salit-Louis (A)	an vari Estevan	9 0	1,853	Oct	17:900,000 14:07:000	\$20,900 \$20,200	r/s

Valuation

Highest and Best Use

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

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

In the case of the subject property appraisal, we are valuing the going-concern, meaning the "total assets of the business" which includes enhancement of the value of an operating business enterprise which is provided by the assembly of land, building, labour, capital, equipment, marketing, management, etc. Therefore, the value conclusion herein is not predicated on the property's highest and best use, rather it's current going concern operation.

Analysis

Legal Permissibility

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

Physical Possibility

 The site comprises ±19.43 acres (as per Geowarehouse) and is of sufficient size and suitable topography to accommodate a resort style hospitality development similar to that situated upon the subject parcels. Therefore, the existing use is physically possible.

Financial Feasibility

The buildings is considered to be functional for the current use. The
economic viability of the subject property is evident by its historical
operating performance and by transactions involving similar properties
throughout Central Ontario. It is assumed the property, as an operating
asset, has been and will continue to be, an income generator as it is
configured.

Maximum Productivity

 Based on the current buildings area and the existing land use bylaws, the property appears to be maximally productive as a condominium development.

Conclusion

 Upon analysis of the four criteria of legal permissibility, physical possibility, financial feasibility, and maximum productivity, the highest and best use for the subject property is considered to be as follows:

As vacant

The improvements to the property contribute positively and substantially to the overall value of the property such that the value of the site as though vacant is significantly lower than the value of the property as though improved. As such, a thorough examination of the highest and best use of the property as vacant has not been completed. It is our considered and professional opinion that the highest and best use of the land as though vacant is as a development site for medium to high density residential development.

As improved

 Based on the foregoing, the highest and best use of the property is considered to be a medium to high density residential development. As mentioned above, this opinion of the property's highest and best use does not form the basis of our valuation.

Valuation Methodology

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

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

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

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

Direct (Overall) Capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step – either by dividing the income estimate by an appropriate income rate or by multiplying the income estimate by an appropriate factor. The income expectancy considered is frequently the current year's income, but the anticipated income for the following year may also be used in some circumstances. The rate or factor selected represents the relationship between income and value observed in the market and is derived through comparable sales analysis. Direct capitalization is market oriented; an appraiser analyzes market evidence and values property be inferring the assumptions of typical investors. Direct capitalization does not explicitly differentiate between the return on and return of capital because investor assumptions are not specified.

Yield Capitalization (Discounted Cash Flow) is a method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate or by developing an overall rate that explicitly reflects the investment's income pattern, value change and yield. The procedure used to convert periodic income and reversion into present value is called discounting; the required yield rate of return is called the discount rate. The discounting procedure presumes that the investor will receive a satisfactory return on the investment and complete recovery of the capital invested. Yield capitalization is also called discounted cash flow analysis, or DCF, because a discount rate is used to calculate the present value of anticipated future cash flows.

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

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

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

Investment characteristics, which influence the development of the internal rate of return, include:

- · Liquidity of the asset;
- · Security of the income stream;
- · Degree of administration; and
- The relative desirability of the real estate vehicle.

In addition, one must be aware of the specific characteristics of the property in question, such as its physical and functional features, the location factors and the operational strengths of the property.

The reversionary capitalization rate utilized is usually similar to the rate that would be applied in present market conditions. At other times, however, the analyst will capitalize income at a slightly higher rate in order to account for the effects of depreciation due to the passage of time or unforeseen changes in market conditions might have an effect on the asset.

Selection of Valuation Methodology

The subject property represents an income-producing investment property, which would be acquired by potential purchasers on the basis of its income-producing capability. As such, it is considered prudent to rely on the Income Approach and the Direct Comparison Approach. The Cost Approach is not used by market participants when pricing assets such as the subject.

The Income Approach

The Income Approach is the primary valuation technique for the subject property. We will rely on both the Direct Capitalization Method and the Discounted Cash Flow Method within the Income Approach. To estimate value using the Income Approach, we prepared operating projections for the property for the next five years. Firstly to determine revenues we must examine the local competitive set and determine the reasonableness of the projected revenues.

Competitive Market Analysis

The subject property's competitive set is comprised of full-service hotels, limited service hotels and independently owned vacation rental properties within Oro-Medonte and the surrounding area. Based on discussions with market experts and the positioning of the subject hotel, the subject's competitive set is summarized in the chart below.

The competitive set comprises 197,100 available room nights (160,600 hotel rooms and 36,500 privately owned vacation rental room nights) within the hospitality market located in Oro-Medonte and the surrounding area (see map below chart).

	Hotel/Motel Name	Address	Municipality	No. of Rooms	Year Opened	Distance from Subject	Scale (As per STR)	Hotel Amenities
	Horseshoe Resort	1101 Horseshoe Valley Road	Oro-Medonte	102	1987	1 km	Independent	Horseshoe Resort offers 102 accommodations with coffee/tea makers and hair dryers. Televisions come with satellite channels, first-run movies, and pay movies. Guests can play rounds at the 18-hole golf course. An indoor pool, an outdoor pool, and a spa tub are on site. Other recreational amenities include a private beach, an outdoor tennis court, ski-in/ski-out access, and a sauna.
	Quality Inn & Conference Centre	201 Woodside Drive	Orillia	85	1975	22 km	Midscale	Along with a restaurant, this smoke-free hotel has an indoor pool and a fitness center. Free buffet breakfast, free WiFi in public areas, and free self parking are also provided. Additionally, a bar/bunge, a spa tub, and a sauna are onsite. All 85 rooms provide conveniences like refrigerators and microwaves, plus free WiFi and TVs with cable channels. Room service, coffee makers, and free local calls are among the other amenities available to guests. Quality Inn & Conference Centre offers 85 air-conditioned accommodations with coffee/tea makers and hair dryers. An indoor pool and a spa tub are on site. Other recreational amenities include a sauna and a fitness center.
THE PART OF THE PA	Fairfield Inn & Suites Orillia	8 Mulcahy Crt	Orillia	92	2021	22 km	Upper Midscale	Along with an indoor pool, this smoke-free hotel has self parking and coffee/fea in a common area. Free continental breakfast and free WiFi in public areas are also provided. Additionally, dry cleaning, laundry facilities, and free newspapers are onsite. All 92 rooms provide conveniences like sofa beds and microwaves, plus coffee makers and flatscreen TVs with cable channels.
	Comfort Inn Orillia	75 Progress Dr	Orillia	78	1991	25 km	Upper Midscale	This smoke-free hotel features coffee/tea in a common area, a business center, and a 24-hour front desk. Free WiFi in public areas and free self parking are also provided. Other amenities include express check-out, free newspapers, and a garden. All 79 rooms boast deep soaking tubs and offer free WiFi and pillowtop beds. Refrigerators and microwaves are standard, as are flat-screen TVs with cable channels.
	Best Western Plus Mariposa Inn & Conference Centre	100 Memorial Av	e Orillia	83	1974	25 km	Upper Midscale	This hotel features a restaurant, an indoor pool, and a 24-hour fitness center. Free WiFi in public areas and free self parking are also provided. Additionally, a bar/lounge, a coffee shop/café, and a snack bar/del are onsite. All 83 rooms boast deep soaking tubs and offer free WiFi and LCD TVs. Other amenities available to guests include refrigerators, microwaves, and room service. An indoor pool and a spa tub are on site. Other recreational amenities include a sauna and a 24-hour fitness center.
airbnb	Airbnb // Vrbo Listings	s Various	Oro-Medonte	100	Various	Various	Not Applicable	There is a significant supply of indipendentally owned rental properties in the Oro-Medonte Area. According to AirDNA there are 104 houses listed for rent and 48 private rooms listed for rent in Oro-Medonte. Basedon on a review of the rental units in appears approx. 52 of the 152 units are located within the subject resort itself, therefore we have assumed 100 units. The quality of these units vary significantly, but in general, they would compete with the subject resort units.

Competitive Set- Performance Results

The following is data compiled from AirDNA.co, a statistics company that gathers data on vacation rental property sales all over the world. AirDNA track occupancy, Average Daily Rate, and RevPAR stats from properties listed on Airbnb and Vrbo. The following are the performance results for vacation property rentals in Oro-Medonte. These properties range from single bedroom condos to 4-5-bedroom homes. The average size of these rentals is 2.7 bedrooms and the average number of guests is 6.7.

Vacation Rental Property Statistics for Oro-Medonte										
Year (Trailing 12)	Occupancy Rate	Daily Rate								
2018	33.00%	\$299.92								
2019	38.00%	\$307.58								
2020	52.00%	\$286.67								

Source: AirDna.co Market Minder

The following statistics are for the Central Ontario Hotel Market, as well as the whole Ontario hotel market.

	Hotel Industry St	atistics for Central (Ontario
Year	Occupancy Rate	Daily Rate	Revenue per Available Room
2008	52.34%	\$127.61	\$68.16
2009	48.08%	\$118.65	\$58.33
2010	50.56%	\$125.89	\$65.90
2011	49.54%	\$124.32	\$63.45
2012	49.44%	\$126.28	\$64.24
2013	50.86%	\$126.84	\$66.16
2014	52.40%	\$127.90	\$68.60
2015	55.24%	\$135.78	\$76.98
2016	57.37%	\$138.83	\$81.59
2017	59.50%	\$140.02	\$85.50
2018	60.07%	\$147.85	\$91.19
2019	59.14%	\$148.82	\$89.90
2020	41.10%	\$134.66	\$61.02

Source: Ministry of Heritage, Sport, Tourism and Culture Industries Ontario (Nov 15, 2020)

	Hotel Industry	y Statistics for Ont	ario
Year	Occupancy Rate	Daily Rate	Revenue per Available Room
2008	63.01%	\$127.42	\$80.58
2009	58.19%	\$119.89	\$69.90
2010	61.33%	\$121.23	\$74.78
2011	62.04%	\$121.74	\$75.86
2012	62.89%	\$124.65	\$78.75
2013	63.27%	\$125.87	\$79.98
2014	65.39%	\$130.38	\$85.78
2015	66.43%	\$138.18	\$92.63
2016	68.81%	\$145.16	\$100.94
2017	70.06%	\$153.56	\$108.77
2018	71.33%	\$161.66	\$116.49
2019	69.97%	\$163.24	\$115.16
2020	35.48%	\$123.34	\$46.10

Source: Ministry of Heritage, Sport, Tourism and Culture Industries Ontario (Nov 15, 2020)

Within the subject property's Central Ontario hospitality market, ADR, RevPAR and Occupancy performance is expected to improve over the coming months and years as the economy works through the COVID-19 Pandemic.

Prior to the COVID-19 Pandemic the market occupancy for hotels remained fairly stable, hovering around 60%, while ADR continued to increase. Overall, the Ontario hospitality industry had seen some of its highest performing years leading up to the COVID-19 Pandemic. The negative impact of the COVID-19 pandemic on the hospitality industry is expected to continue for the foreseeable future, however the consensus amongst industry professionals is the worst has passed and the market should return to pre-COVID levels within 24 months (assuming no unforeseen setbacks).

Prior to the COVID-19 Pandemic the market occupancy for hotels in the subject's market remained fairly stable, hovering around 60%, while ADR continued to increase. Overall, the Ontario hospitality industry had seen some of its highest performing years leading up to the COVID-19 Pandemic. The negative impact of the COVID-19 pandemic on the hospitality industry is expected to continue for the foreseeable future, however the consensus amongst industry professionals is the worst has passed and the market should return to pre-COVID levels within 24 months (assuming no unforeseen setbacks).

Prior to the COVID-19 Pandemic the market occupancy for privately owned vacation rental properties in the subject's market was improving, while ADR was also increasing. The negative impact of the COVID-19 pandemic on the privately owned vacation rental property was not as predominant as on the hotel market. This is primarily due to the subject's location within a tertiary market outside the population density of the Greater Toronto Area. With people's ability to travel significantly hampered by the pandemic they sought more local "staycation" destinations that allow them to maintain proper social distancing. We anticipate this segment of the market to continue to perform at similar levels for the near and distant future.

We have projected the subject property ADR and occupancy rates to stabilize in year 4 of our projection period. This three to five-year (from construction) stabilization period is typical for a newly positioned hotel in the Canadian hospitality industry regardless of external factors.

Market Share and Rate Penetration

The subject property is currently a timeshare development that is operated similar to a resort property. Each of the 172 units within the subject property is assumed to be approximately 1,200 square feet with two bedrooms, two bathrooms, and a full kitchen. There are several units that have the ability to be offered as two separate units, with one unit being on 800 sf one bedroom, one bathroom apartment style unit with a kitchen, and the other being a 400 sf studio style apartment with a kitchen and bathroom. The ability to adjust the room configuration is a benefit to the operator as it offers occupancy flexibility, though it does not significantly impact the projected ADR.

As discussed in previous sections the subject property configuration and accommodations place its classification somewhere between a typical limited service hotel offering and accommodations offered by privately owned vacation rental properties (POVRP). In order to project the subject property's ADR and Occupancy levels we have taken the weight average of the two market segments and applied a projected market share percentage to the weight average market levels.

We have projected the subject property occupancy share at 100% of market in year 1 of our projection period and maintained that 100% of market share through our projection period. Based on the subject's positions in the market we have projected overall occupancy slightly above the average of the hotel segment and slightly below the privately owned vacation property rental segment.

We have projected the ADR market share to perform at 140% of the weighted average market level throughout the projection period. The size, location, and amenities offered at the subject property are mostly superior to those offered by competitive hotels and inferior to those offered by privately owner vacation rental properties, indicating that an ADR greater than the hotel market and less than the ADR should be attainable for the subject property while maintaining a 100% market share of occupancy. We have projected the subject property to be competitive within the Oro-Medonte market and should compete on both ADR and occupancy going forward.

Overall, the subject property is in fair condition, though the interior finishes would be considered dated by today's standards. Significant capital expenditure would be required for the units to achieve ADR competitive with the POVRP. In general, the competitive market consists of hotels and POVRP within short distance of the subject, indicating a moderate amount of overall competition.

Supply and Demand Analysis

Projected Supply

The properties described in the competitive market analysis section are believed to be a representation of the competitive hotel supply in the subject property's market region. We have performed a review of the STR Market Pipeline Report as well as publicly available documents regarding hotel development in the area. Based on this information we have determined there are no competitive hotels confirmed for development in the subject property's area. As such, we have projected supply in line with current market supply. Additionally, the POVRP market sees a constant fluctuation of supply with units being removed and added weekly, therefore we have assumed the supply of these types of units to remain stable.

Current and Forecasted Demand

Occupancy for hotels in Central Ontario prior to COVID-19 was stable and near all-time highs. The COVID-19 Pandemic has significantly decreased occupancy rates which subsequently led to a reduction in market ADR. The competitive data set includes a total of 440 hotel rooms in the market with a total of 160,600 room nights. Details of these properties are outlined in previous pages.

Occupancy for POVRP in Oro-Medonte has increase year-over-year despite of, and perhaps because of the pandemic. According to AirDNA there are 104 houses listed for rent and 48 private rooms listed for rent in Oro-Medonte. Based on a review of the rental units it appears approx. 52 of the 152 units are located within the subject resort itself, therefore we have assumed 100 units or 36,500 room night. The quality of these units varies significantly, but in general, they would compete with the subject resort units.

Forecasted Market Occupancies

The above data forms the base on which we have developed the forecast of occupancies for the hotel's market segment. As indicated earlier, the competitive set for the subject is made up of 440 hotel rooms and 100 POVRPs in Oro-Medonte, Ontario and the surrounding area. The room style offered at the subject property falls somewhere between the rooms offered in each of these segments. Overall, an occupancy higher than the hotel segment is appropriate for the subject as the hotel segment has suffered a larger negative impact from the pandemic than the POVRP segment.

The subject is immediately north of Horseshoe Valley resort and approximately 15 minutes from both Barrie and Orillia. The subject property's performance is assumed to be good when compared to the competitive set and is expected to improve over our projection period due to improving market conditions and more efficient management. The Year One occupancy forecast of the projection period is 45.3% and the year four (stabilized year) occupancy is projected at 54.5%, which is slightly below the 2019 trailing 12 market occupancy level.

Forecasted Market Average Rates

We believe that Oro-Medonte' economy, which primarily consists of rural and/or seasonal recreational use properties will support an ADR of \$224.21 for Year One of the forecast period. This rate is higher than the hotel market segment, as the subject property offers larger units with full kitchens and multiple bathrooms, where a standard hotel room consists of one room with two beds and a mini-bar. The rate is lower than the POVRP segment as the average number of rooms in these properties is 2.7 versus the subject property's

2, and the attraction of renting an entire property rather than a room within a resort setting. Based on discussions with industry professionals we have projected both the market and subject property ADR to increase steadily over our projection period.

Occupancy and Average Daily Rates

Projected Occupancy and ADR

In our supply and demand analysis, we have projected the subject average daily rate to be 140% of market in the stabilizing Year 4 (\$254.48) and remaining around 140% of market through the rest of our projection.

The following summarizes our projected occupancy and average room rate for the subject hotel:

	Carriage I	Hills Resort	t – Projecte	d Results		
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Occupancy	45.3%	49.2%	53.3%	54.5%	55.5%	56.6%
ADR	\$224.21	\$230.82	\$242.35	\$254.48	\$267.19	\$280.55

Source: Colliers International Realty Advisors

The following table provides details on the expected supply and demand for the subject property's market.

		Comp	etetive Yield & Sum	mary of Primary Co	mpetitors					
Year							Proj	ection		
			2019 Trailing 12	2020 Trailing 12	Year 1	Year 2	Year 3	Year 4	Year 5	Year
Supply										
Existing Room Nights - Hotel Rooms	440	rooms	160,600	160,600	160,600	160,600	160,600	160,600	160,600	160,6
Existing Room Nights - Rental Property Rooms	100	rooms	36,500	36,500	36,500	36,500	36,500	36,500	36,500	36,50
Total Supply			197,100	197,100	197,100	197,100	197,100	197,100	197,100	197,1
Projected New Supply			0	0	0	0	0	0	0	0
Total Supply			160,600	160,600	160,600	160,600	160,600	160,600	160,600	160,6
% change year over year			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.09
Demand - Hotel Rooms										
Existing Demand Hotel Rooms			94,979	66,007	66,007	69,307	76,238	83,861	85,539	87,2
New Demand (estimated)				-	3,300	6,931	7,624	1,677	1,711	1,74
Total Demand			94,979	66,007	69,307	76,238	83,861	85,539	87,249	88,9
% change year over year			-	-30.5%	5.0%	10.0%	10.0%	2.0%	2.0%	2.0
Demand - Rental Property Rooms										
Existing Demand			13,718	18,919	18,919	19,865	20,858	21,276	21,701	22,1
New Demand (estimated)			-	-	946	993	417	426	434	44
Total Demand			13,718	18,919	19,865	20,858	21,276	21,701	22,135	22,5
% change year over year			-	37.9%	5.0%	5.0%	2.0%	2.0%	2.0%	2.0
Central Ontario Hotel Market Occupancy			59.1%	41.1%	43.2%	47.5%	52.2%	53.3%	54.3%	55.4
Rental Property Market Occupancy			37.6%	51.8%	54.4%	57.1%	58.3%	59.5%	60.6%	61.9
Central Ontario Hotel Market ADR			\$148.82	\$134.66	\$137.35	\$140.10	\$147.11	\$154.46	\$162.18	\$170.
Rental Property Market ADR			\$307.58	\$286.67	\$272.33	\$285.95	\$300.25	\$315.26	\$331.02	\$347.
				Resort Projections						
			2019 Trailing 12	2020 Trailing 12	Year 1	Year 2	Year 3	Year 4	Year 5	Yea
Weighted Average Market Occupancy			55.1%	43.1%	45.3%	49.2%	53.3%	54.5%	55.5%	56.6
Subject Market Share			-	-	100%	100%	100%	100%	100%	100
Subject Occupancy			-	-	45.3%	49.2%	53.3%	54.5%	55.5%	56.6
Weighted Average Market ADR			\$178.22	\$162.81	\$160.15	\$164.87	\$173.11	\$181.77	\$190.85	\$200
Subject ADR Penetration			-	-	140%	140%	140%	140%	140%	140
Subject ADR			-	-	\$224.21	\$230.82	\$242.35	\$254.48	\$267.19	\$280

Revenue and Expense Analysis

Introduction

When valuing hospitality properties, the Income Approach is usually relied upon. This approach includes analysis of market intelligence and the hotel's projected budget.

The Income Approach to value is based in part, on budgeted operating statements and other data provided by the client.

To estimate value, we prepared operating projections for the property for the next six years. Outlined in this section is a discussion on each of the hotel's major income and expense categories. Revenue and expenses have been forecasted using the Uniform System of Accounts. Expense items are typically calculated as a percentage of either room or gross revenues.

A chart indicating the average revenue and expense ratios for resort and full-service hotels in Ontario is shown below:

Ont	ario Hotel E	xpen	se Trends		
		Full Se	rvice Hotels	Res	ort Hotels
			\$ Per Avail		\$ Per Avail
		%	Room	%	Room
Revenue					
Rooms		68.5	\$43,838	54.5	\$66,506
F&B		25.7	\$16,420	30.5	\$37,161
Other Department	S	5.8	\$3,749	15	\$18,306
Total Revenue		100	\$64,007	100	\$121,973
Departmental Expenses					
Rooms		29.7	\$13,011	23.6	\$15,711
F&B		75.2	\$12,341	76	\$28,249
Other		71.4	\$1,971	50.6	\$8,383
Total Dep Expens	es	57.3	\$27,323	43.6	\$52,343
Undistributed Expenses					
Admin & General		6.0	\$3,825	6.1	\$7,405
Info & Tech		1.9	\$1,234	1.1	\$1,385
Sales & Marketing	1	6.1	\$3,913	5.6	\$6,857
Repairs & Mainter		4.4	\$2,804	4.4	\$5,371
Utilities		4.8	\$3,095	2.7	\$3,232
Total Undistribute	d Expenses	23.2	\$14,871	19.9	\$24,250
Non-Operating Expenses					
Realty Taxes		3.8	\$2,412	2.2	\$2,701
Insurance		0.4	\$287	0.4	\$475
Total Non-Dist. Ex	penses	4.2	\$2,699	2.7	\$3,177
NOI		29.9	\$19,115	34.6	\$42,204
Excludes management & Fra	anchise Royalty F	ees	-		

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Source: Trends in the Hotel Industry - Canadian Edition 2017

The chart below shows the subject property annual operating expenses as provided by the client. There are several line items that would not apply under a typical resort P&L statement including Resort Management Fee, Activities and Bad Debt Expense. In order to estimate the subject property's financial projections, we have applied a combination of market expense levels and historic operating expense levels.

Carriage Hills	Historical Operating Income/E	xpenses
	2018	2019
Net Operating Expense		
Gift Shop	\$0	\$0
Maintenance	\$724,668	\$871,078
Housekeeping	\$1,885,651	\$1,709,965
Common Area/Grounds Maintenance	\$313,677	\$312,567
Common Area	\$0	\$0
<u>Laundry</u>	\$178,945	\$197,345
Reservations	\$0	\$0
Resort Management	\$1,770,093	\$2,018,271
Guest Service	\$478,019	\$406,724
Telephone	\$78,584	\$72,418
Accounting	\$102,973	\$80,849
<u>Utilities</u>	\$886,985	\$846,622
Presidential Reserve	\$0	\$0
<u>Activities</u>	\$298,264	\$308,281
<u>Security</u>	\$61,340	\$60,576
Miscellaneous Service	\$0	\$0
Total Net Operating Expense	\$6,779,199	\$6,884,695
Other Expenses		
Property Tax Expense	\$574,462	\$575,786
Bad Debt Expense	\$1,425,706	\$1,311,535
Total Other Expenses	\$2,000,169	\$1,887,321
Net Income - Operations	-\$8,779,368	\$7,321,305

Rooms Revenue

Occupancy and Average Room Rate

Occupancy and ADR were discussed in the sections above. The following table summarizes the forecasted occupancy levels and average daily rates for the projection period.

	Carriage I	Hills Resor	t – Projecte	d Results		
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Occupancy	45.3%	49.2%	53.3%	54.5%	55.5%	56.6%
ADR	\$224.21	\$230.82	\$242.35	\$254.48	\$267.19	\$280.55

Source: Colliers International Realty Advisors

Based on the above, Room Revenue in Year One is projected in an amount equal to \$6,372,162, representing 97.7% of total revenue.

Food and Beverage Revenue

• There are no food and beverage services offered at the subject property resort. As such, food and beverage revenue has been maintained at \$0 for the duration of our projection period.

Other Revenue

 Other revenue for the subject property is primarily generated from movie/games rentals. We have projected other Revenue at 2.40% of room revenue for the duration of the projection period. This revenue estimate is based levels of limited service hotels within Central Ontario.

Direct Expenses

- **Guest Rooms Expenses** are comprised of guest supplies, housekeeping and front desk wages, housekeeping supplies, telephone fees, etc. We have stabilized these expenses over the duration of the analysis. We have estimated the cost at 30.00% of room revenues for the duration of our forecast, which is in line with historic operating levels and levels of similar hotels within Central Ontario.
- Other Expenses is comprised of various costs associated with miscellaneous services. Within our forecast, this expense is forecasted at 30% of Miscellaneous Revenue, in Year One. This is consistent with market levels.

Undistributed Expenses

- Administrative & General Costs are comprised of professional fees and items such as office expenses, credit card commissions, postage, etc. They are projected at 6.00% of room revenue throughout our projection period. The cost is in line with those of similar properties in Ontario.
- Sales & Marketing is calculated as a percentage of gross room revenue throughout the projection period. This cost includes cost of onsite marketing personnel and materials, as well as commissions

paid to online booking service providers, though the current operation does not utilize traditional hotel booking systems. Advertising cost has been estimated at 5.00% of room revenue through the projection period. The cost is in line with industry trends.

- Repairs and Maintenance (R&M) cost is estimated at 8.00% of revenue, or approximately \$2,960 per
 unit in Year 1 We have maintained R&M at this rate for the remainder of the projection period. The cost
 is below historic rates but in line with market levels. We have accounted for additional expenses within
 the reserve for capital expenditure line item.
- Utilities have been estimated at \$804,291 for Year 1, which is approximately 5% below the 2019 utility amount. We have projected utility expenses to decrease at a rate of 3% per year as the operation becomes more efficient. The cost is in line with historic rates and slightly above industry trends.

Other Expenses

- Management Fees is are typically calculated at 3.0% of total revenue by market participants. We have
 projected management fees at 3.0% of room revenue for the duration of our projection period, which is
 in line with levels of similar hotels in Southern Ontario.
- Municipal Taxes is comprised of realty taxes. Discussion of the realty tax projection ca be found in the
 property data section. Our year one realty taxes are projected at \$320,133, which is equivalent to 5%
 of room revenue in year one. We have inflated the taxes at a rate of 2% per year in subsequent years.
- Franchise Fees are comprised of fees paid for use of hotel branding and banner name. They are projected
 at 7.00% of gross room revenues throughout our projection period. This cost estimate is based on figures
 reported in the HVS 2018 Hotel Franchise Fee Guide.
- Reserve for Replacement is deducted to allow for periodic replacement of furniture, fixtures and
 equipment. We have elected to include a reserve equal to 8.00% of revenue within our analysis. Typical
 reserve for hotel properties ranges from 3% to 6%. Due to the age, size and configuration of the subject
 property a reserve amount above a standard hotel/resort is warranted. The number of buildings and
 overall lot size increases the risk of major capital projects occurring.

			Sul	bject Property	- Financ	ial	Projections A	s A Hote	el O	peration							
	Forecast (CI)		Forecast (0	CI)		Forecast (CI)			Forecast (CI)			Forecast (0	CI)		Forecast (CI)
PERIOD	Year One			Year Two	,		Year Thre	e Year Four		Year Five		e Year Six					
No. of Rooms	172			172		172			172		172				172		
OCCUPANCY	45.27%			49.2%	8.7%		53.3%	8.3%		54.5%	2.1%		55.5%	1.9%		56.6%	2.0%
AVERAGE RATE	\$224.21			\$230.82	2.9%		\$242.35	5.0%		\$254.48	5.0%		\$267.19	5.0%		\$280.55	5.0%
RevPAR	\$101.50			\$113.63			\$129.25			\$138.56			\$148.21			\$158.79	ļ
ROOMS SOLD	28,421			30,907			33,481			34,184			34,824			35,533	
REVENUE																	
Room Revenue	\$ 6,372,162	97.7%	\$	7,133,798	97.7%	\$	8,114,151	97.7%	\$	8,699,002	97.7%	\$	9,304,642	97.7%	\$	9,968,776	97.7%
Other Revenue	\$ 152,932	2.3%	\$	171,211	2.3%	\$	194,740	2.3%	\$	208,776	2.3%	\$	223,311	2.3%	\$	239,251	2.3%
Total Revenue	\$ 6,525,094	100%	\$	7,305,009	100%	\$	8,308,891	100%	\$	8,907,778	100%	\$	9,527,954	100%	\$	10,208,026	100%
DIRECT EXPENSES																	
Guest Rooms	\$ 1,911,648	30.0%	\$	2,140,139	30.0%	\$	2,434,245	30.0%	\$	2,609,701	30.0%	\$	2,791,393	30.0%	\$	2,990,633	30.0%
F&B	\$ -	-	\$	-	-	\$	-	-	\$	-	-	\$	-	-	\$	-	_
Other Expenses	\$ 45,880	0.7%	\$	51,363	0.7%	\$	58,422	0.7%	\$	62,633	0.7%	\$	66,993	0.7%	\$	71,775	0.7%
Total Operating Expenses	\$ 1,957,528	30.0%	\$	2,191,503	30.0%	\$	2,492,667	30.0%	\$	2,672,333	30.0%	\$	2,858,386	30.0%	\$	3,062,408	30.0%
UNDISTRIBUTED EXPENSES																	
Administration & General	\$ 382,330	6.0%	\$	428,028	6.0%	\$	486,849	6.0%	\$	521,940	6.0%	\$	558,279	6.0%	\$	598,127	6.0%
Marketing	\$ 318,608	5.0%	\$	356,690	5.0%	\$	405,708	5.0%	\$	434,950	5.0%	\$	465,232	5.0%	\$	498,439	5.0%
Maintenance	\$ 509,773	8.0%	\$	570,704	8.0%	\$	649,132	8.0%	\$	695,920	8.0%	\$	744,371	8.0%	\$	797,502	8.0%
Utilities	\$ 804,291	12.6%	\$	780,162	10.9%	\$	756,757	9.3%	\$	734,054	8.4%	\$	712,033	7.7%	\$	690,672	6.9%
Total Undistributed Expenses	\$ 2,015,001	30.9%	\$	2,135,584	29.2%	\$	2,298,446	27.7%	\$	2,386,865	26.8%	\$	2,479,915	26.0%	\$	2,584,739	25.3%
OTHER EXPENSES																	
Management Fees	\$ 191,165	3.0%	\$	214,014	3.0%	\$	243,425	3.0%	\$	260,970	3.0%	\$	279,139	3.0%	\$	299,063	3.0%
Property Taxes	\$ 320,133	5.0%	\$	326,536	4.6%	\$	333,066	4.1%	\$	339,728	3.9%	\$	346,522	3.7%	\$	353,453	3.5%
Insurance	\$ 38,233	0.6%	\$	42,803	0.6%	\$	48,685	0.6%	\$	52,194	0.6%	\$	55,828	0.6%	\$	59,813	0.7%
Franchise Fees	\$ 446,051	7.0%	\$	499,366	7.0%	\$	567,991	7.0%	\$	608,930	7.0%	\$	651,325	7.0%	\$	697,814	7.0%
Total Other Expenses	\$ 995,582	15.3%	\$	1,082,718	14.8%	\$	1,193,166	14.4%	\$	1,261,822	14.2%	\$	1,332,814	14.0%	\$	1,410,143	13.8%
Total Expenses	\$ 4,968,111	76.1%	\$	5,409,805	74.1%	\$	5,984,279	72.0%	\$	6,321,020	71.0%	\$	6,671,115	70.0%	\$	7,057,290	69.1%
Reserve for Capital Replacement	\$ 509,773	8.0%	\$	570,704	8.0%	\$	649,132	8.0%	\$	695,920	8.0%	\$	744,371	8.0%	\$	797,502	8.0%
Net Operating Income	\$ 1,047,209	16.0%	\$	1,324,501	18.1%	\$	1,675,479	20.2%	\$	1,890,838	21.2%	\$	2,112,467	22.2%	\$	2,353,234	23.1%

Significant Investment Characteristics of the Subject

It is necessary to understand the specific investment characteristics of the subject property, in order to determine the appropriate yields and capitalization factors necessary to estimate value. The following discussion summarizes the major investment attributes of the property.

Location

- The property is located in the Township of Oro-Medonte immediately south of Horseshoe Valley Resort, Ski Hill and Golf Course. The subject is approximately 500 metres walk from the chairlift at the top of the ski-hill, offer near-ski-in ski-out accommodations.
- Oro-Medonte is primarily a destination location attracting skiers in the winter and hikers/mountain bikers in warmer months. In general, it attracts tourists looking for outdoor adventure experiences.
- Located less than 135 kilometres north of Downtown Toronto, the subject property location is an attractive
 distance for residents of the GTHA to visit. Additionally, the property is equidistant between Barrie and
 Orillia, both are approximately 15 minutes drive and provide all the amenities a guest could require.

Physical Attributes

- The building was built and opened in 2000 (as per MPAC). The overall structure and exterior of the building appear to be in average condition.
- The interior is well maintained though the finishes ae dated and require capital investment to compete with higher end hospitality properties in the area.
- It is assumed herein that all mechanical equipment is in adequate working condition, has been maintained in a professional manner, and that no atypical capital expenses are required.

Operational Attributes

- The subject property configuration and accommodations place its classification somewhere between a typical limited service hotel offering and accommodations offered by privately owned vacation rental properties (POVRP).
- Due to the COIVD pandemic the Ontario Hospitality industry has seen a decrease in performance.
 Discussions within industry professionals indicates the expected timeframe for the hospitality industry to rebound from the pandemic is approximately 24 months. Therefore, we have extended the stabilization timeline for the subject property beyond this into the fourth year of our projection period.
- Based on the configuration, condition, and assumed management of the subject property we anticipate it will operate within market levels of ADR and occupancy for the foreseeable future.

Market Characteristics

The Oro-Medonte market has been steady in recent years prior to COVID-19. Due to COVID-19 there
has been a significant reduction in ADR and Occupancy. Based on recent statistics it appeared as
though the market performance had begun to rebound slightly, with increases in both ADR and
occupancy month over month, however this improvement has been halted by the second wave of
positive COVID cases.

Prior to the pandemic the overall hotel market within Southern Ontario had been improving with some
of the strongest performance results to date. While the pandemic has had a significant negative
impact on the market performance it is expected to return to pre-COIVD levels within two years.

Conclusion

Despite the negative effect from COVID-19 the hotel is expected to steadily increase in performance for the foreseeable future, stabilizing in year four of our projection period. The subject's location, size and configuration make it an attraactive location to operate a hospitality asset.

Investment Analysis

This section sets out the data considered in establishing the investment parameters used in valuing the subject property.

Investor Interviews

As part of our investigation, we conducted interviews with investors, consultants and brokers actively involved in hospitality transactions.

Investors are generally motivated by the following investment criteria:

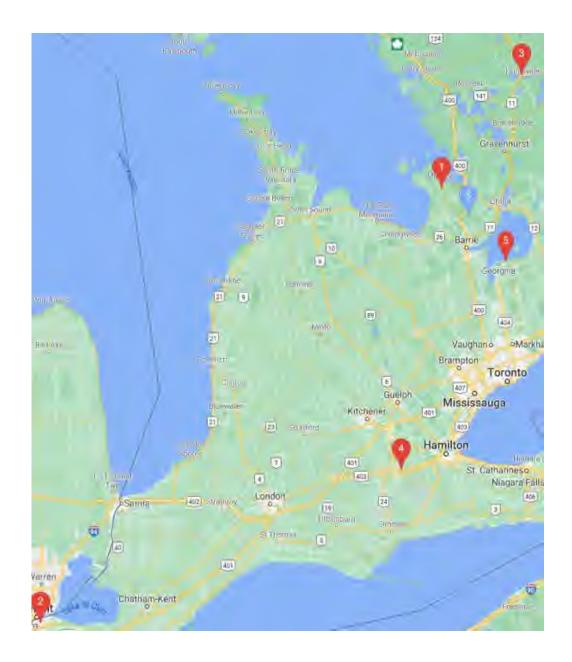
- a) Income Current levels and anticipated.
- b) The security of the income stream competitive threats in the market.
- c) Investors want to minimize their risks: income risks and structural risks. A well designed, properly maintained building contributes to this objective.

With respect to methodology, investors are relying on the Income Approach: Direct Capitalization Method and Discounted Cash Flow. Most investors are concerned with current results and place more weight on current income levels and the Direct Capitalization Method. However, any events adversely affecting current income levels, the Discounted Cash Flow method addresses the improved carrying over the next few years.

Market Data

During our research, we analyzed several recent cap rate transactions across Ontario, in particular areas that would be considered secondary markets, with emphasis on close proximity to major highways. The following are the five transactions thought to be most pertinent to the subject's valuation.

		Capitali	zation Rate	Analysis				
Index No.	Hotel	Municipality	Sale Date	No. Rooms	Year Opened (per STR)	Sale	Price / Key	Cap Rate
1	Super 8 Midland	Midland	Nov-19	65	2007	\$6,900,000	\$106,154	9.3%
2	Hampton Inn & Suites Windsor	Windsor	Dec-18	147	2003	\$24,500,000	\$166,667	9.2%
3	Hidden Valley Resort	Huntsville	Aug-18	100	1965	\$10,050,000	\$100,500	8.3%
4	Best Western Brantford	Brantford	May-18	158	1968 (2016)	\$18,750,000	\$118,671	7.4%
5	The Briars Resort	Georgina	May-17	86	1975	\$13,000,000	\$151,163	7.8%
	Carriage Hills Resort	Oro-Medonte	-	172	2000	-	-	-
*Subject NOI i	s stabilized based on Year Four							



The Hotel transactions provide a range of market based overall capitalization rates of between 7.4% and 9.3%. Hotels with good physical attributes and the perception of income upside tend toward the lower end of this range while older hotels or hotels with above market income production trend towards the higher end of this range. Due to the performance, location, size, competition, and physical condition of the subject, a capitalization rate near the upper end of the comparables range is most appropriate.

Hotel Transactions

The following outlines the transactions investigated as part of this valuation:



Index No. 1 is located in the Central Ontario Town of Midland. The Super 8 Midland is a 65-room limited service hotel which sold in November of 2019 for a sale price of approximately \$6,900,000 which represents an overall capitalization rate of 9.3%. The index was constructed in 2007, it is a 3-storey hotel containing 92 guest rooms, fitness centre, business centre, meeting room, and an adequate amount of surface parking spaces. Overall, the hotel is thought to be of good quality construction in good overall condition.

Overall, Index No. 1 is thought to be in an inferior location than the subject, and with less upside. Indicating the overall capitalization rate for the subject should be lower than the 9.3% capitalization rate represented by Index No. 1.



Index 2 is located in Windsor, Ontario, on the northeast side of Huron Church Road, northeast of Highway 401. The select service hotel sold in December 2018 with a reported cap rate of 9.2%. The purchase price was \$24,500,000, which is equivalent to \$166,667 per key. The property features 147 rooms, free breakfast, free parking, and free Wi-Fi.

Overall, Index No. 2 is thought to be a fully stabilized asset, and therefore has less potential upside than the subject. Additionally, the index location, while it may be

slightly superior there is a larger amount of competition in Windsor than Oro-Medonte. Therefore, the overall capitalization rate for the subject should be slightly lower than the 9.2% capitalization rate represented by Index No. 2.



overall condition.

Index No. 3 is located approximately 7.0 kilometres east of Huntsville, Ontario. Hidden Valley Resort is a 93-room full-service hotel which sold in August of 201 for a sale price of approximately \$10,050,000 which represents a reported overall capitalization rate of 8.3%. The index hotel was constructed in 1965 and periodically renovated since. The resort a restaurant, banquet rooms, meeting rooms, fitness centre, indoor & outdoor pools, sauna, basketball/tennis courts and a small lake for water sport rentals. Overall, the hotel is thought to be of good quality construction in good

Overall, Index No. 3 is thought to be in a slightly superior location than the subject and at the time of purchase the market conditions were considered to be more stable. Indicating the overall capitalization rate for the subject should be higher than the 8.3% capitalization rate represented by Index No. 3.



Index No. 4 is located approximately 200km southwest of the subject property in Brantford, ON. The Best Western Hotel and Conference Centre is a 158-room hotel which sold in May of 2018 for a sale price of approximately \$18,750,000 which represents an overall capitalization rate of 7.4%. The index was constructed in 1968 and fully renovated in 2013, it is a 2-storey hotel containing 158 guest rooms, fitness centre, business centre, conference room, meeting room, restaurant and an adequate amount of surface parking spaces. Overall, the hotel is thought to be of very good

quality construction in very good overall condition.

Overall, Index No. 4 is thought to be in a superior location than the subject and have occurred in a more stable market. Indicating the overall capitalization rate for the subject should be higher than the 7.4% capitalization rate represented by Index No. 4.



Index 5 is located in Georgina, Ontario, at the south end of Lake Simcoe. The Briars Resort & Spa sold in May 2017 with a reported cap rate of 7.8% and a total consideration of \$13,000,000, which is equivalent to \$151,163 per key. The property offers 96 rooms, an 18-hole golf course, 4 outdoor tennis courts, indoor and outdoor pools, sauna, fitness centre and spa. Overall, the hotel is thought to be of good quality construction in good overall condition.

Overall, Index No. 5 is thought to be in a superior location than the subject and have occurred in a more stable market. Therefore, the overall capitalization rate for the subject should be higher than the 7.8% capitalization rate represented by Index No. 5.

Investment Alternatives

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

	INVESTMENT ALTERNATIVES														
Gov't. Yields		Office REIT'S		Industrial REIT'S		Retail REIT'S		Apartment	REIT'S	Diversified REIT					
BOC OR	0.25%	Allied	5.20%	Summit	4.00%	RioCan	10.00%	CAP	3.20%	Morguard	11.1				
GOC 5yr	0.39%	DREAM	5.80%	DREAM	6.00%	First Cptl.	7.10%	Killam	4.20%	H&R	6.7				
GOC 10yr	0.63%	Slate	11.60%	Granite	3.90%	Smart	8.80%	Boardwalk	3.70%	Artis	6.4				

Source: Bank of Canada, BMO Capital Markets as at October 29, 2020

Real Estate Surveys

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

Q3	2020 INVESTMENT PARAMETERS - TOR	ONTO
Investment Type	Overall Capitalization Rates	Discount Rates
Industrial		
Single	3.75% - 4.50%	4.80% - 6.30%
Multi	4.50% - 5.25%	5.00% - 6.50%
Downtown Office		
Class 'AA'	3.75% - 4.75%	5.00% - 6.50%
Class 'B'	4.50% - 5.50%	5.00% - 6.50%*
Suburban Office		
Class 'A'	5.50% - 6.50%	6.00% - 7.50%*
Class 'B'	6.00% - 7.00%	5.50% - 7.50%*
Retail		
Regional/Power	4.25% - 5.25%	5.00% - 6.00%
Community	5.25% - 6.25%	6.00% - 8.30%*
Strip Plaza	4.75% - 6.00%	5.30% - 6.80%*
Multi-Residential		
High Rise	3.50% - 4.50%	
Low Rise	3.00% - 4.00%	

^{*} These IRR's are not updated every quarter. Figures shown are the most recent, but not necessarily current.

Source: Colliers International Realty Advisors (OCR), Altus InSite (IRR)

Discounted Cash Flow Analysis

Based on our investigations, properties such as the subject are currently analyzed using discount rates of 9.50% to 10.50%.

- Due to the impact of COVID-19 we expect income levels for the property to be stabilized in Year 4
 and continue at market levels for the foreseeable future.
- The size, quality, and location of the hotel makes it a desirable asset and we would expect significant investor interest.
- In our opinion, given the location of the property, its condition, and its expected performance level, a discount rate of about 10.00 % should apply to forecasted income.

Reversionary Value

- Following the end of the sixth year of the projection period, the estimated sixth year net operating income is capitalized to determine the estimated future value (reversionary value).
- Based on our analysis, the reversionary capitalization rate is estimated to be 9.25%.
- The value of the property using the above investment parameters is shown below on the following matrix. Detailed calculations are shown below.

DISCOUNTED CASH FLOW ANALYSIS
Subject Property

Rooms: Scenario: 172 DCF - 5 yr

Year	Cash Flow	9.50%	9.75%	10.00%	10.25%	10.50%
1	\$1,047,209	\$956,355	\$954,177	\$952,008	\$949,850	\$947,701
2	\$1,324,501	\$1,104,648	\$1,099,622	\$1,094,629	\$1,089,670	\$1,084,745
3	\$1,675,479	\$1,276,135	\$1,267,434	\$1,258,812	\$1,250,268	\$1,241,802
4	\$1,890,838	\$1,315,218	\$1,303,275	\$1,291,468	\$1,279,794	\$1,268,251
5	\$2,112,467	\$1,341,898	\$1,326,684	\$1,311,676	\$1,296,872	\$1,282,267
6	\$2,353,234					

Reversion rate:

9.25%	(\$25,440,372)	\$14,758,382	\$14,557,818	\$14,360,427	\$14,166,151	\$13,974,935
Plus Cashflow		\$5,994,255	\$5,951,192	\$5,908,593	\$5,866,454	\$5,824,766
Total Present V	alue	\$20,750,000	\$20,510,000	\$20,270,000	\$20,030,000	\$19,800,000
Present Value F	Per Room	\$121,000	\$119,000	\$118,000	\$116,000	\$115,000

Direct Capitalization

Based on our investigations, recent transactions indicate hotels are presently trading on the basis of overall capitalization rates ranging between 7.4% and 9.3%. In considering the appropriate rate of return, the following factors were considered:

In considering the appropriate rate of return for the subject, the following factors were considered:

- The subject hotel has an attractive location within the Township of Oro-Medonte, immediately adjacent to Horseshoe Valley Ski Hill.
- The subject property demonstrates good construction and a well-maintained condition throughout, though the interiors are considered dated.
- The subject property is assumed to reflect stabilized income in Year Four of our projection period and it is anticipated that occupancy rates and ADR will increase in the near term.
- The subject is currently operating within market levels, though the overall market has seen a significant reduction in performance due to COVID-19.

In our opinion, a capitalization rate of 9.00% would be appropriate. Projected Year One income was capitalized as follows:

Value Matrix - Overall Capitalization Carriage Hills Resort, Oro-Medonte						
OCR	OCR Stabilized NOI Value ⁽¹⁾					
8.75%	\$1,890,838	\$21,610,000				
9.00%	\$1,890,838	\$21,010,000				
9.25% \$1,890,838 \$20,440,000						
(1) Rounded to nearest \$10,000						

As such the value for the subject property, excluding consideration for the surplus commercial land, via the Direct Capitalization Approach is between \$20,440,000 and \$21,610,000 (rounded).

Direct Comparison Approach

Introduction

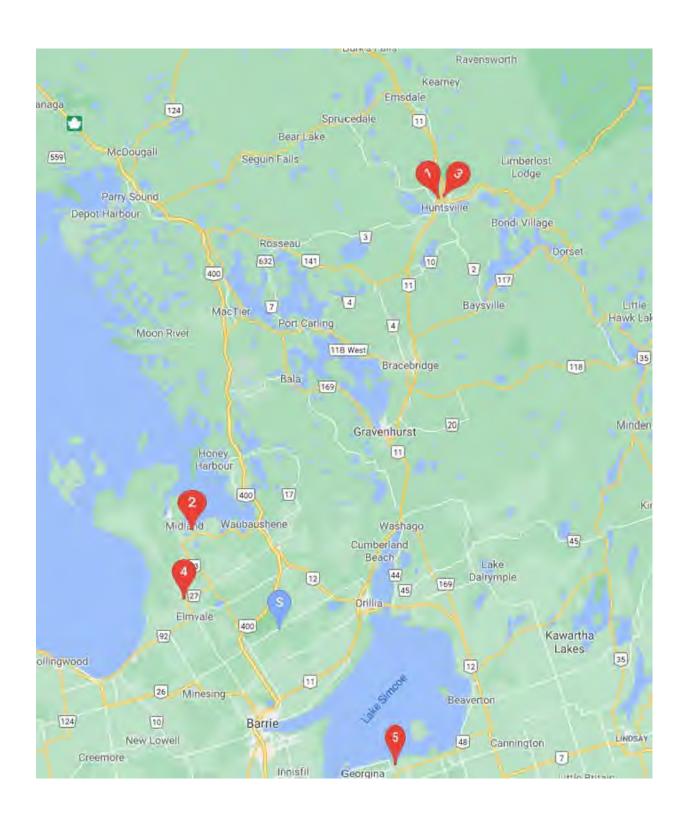
In this approach, the subject is compared to properties that have been the subject of recent market activity and the indicators of value should be similar in terms of physical characteristics, timing and use. The approach relies heavily on the Principle of Substitution, which maintains that a prudent purchaser will not pay more for a property than the cost of obtaining an equally desirable substitute.

Hotel Transactions

We researched the various markets to find transactions involving sales of properties similar to the subject. In this case, we conducted research on fee simple select and/or limited service hospitality properties in locations within secondary markets in Ontario, with emphasis on access to major highways and within close proximity to the subject. The data was analysed on the basis of a price per guest room.

The following outlines the transactions investigated as part of this valuation:

Hotel Transactions & Analysis						
	Subject	Transaction One	Transaction Two	Tramsaction Three	Transaction Four	Transaction Five
Property Name	Carrige Hills Resort	Hidden Valley Resort	Super 8 Midland	Holiday Inn & Suites	Best Western Plus Walkerton East Ridge	The Briars Resort
Address	90 Highlands Dr	1755 Valley Road	1144 Hugel Ave	100 Howland Drive	10 Eastridge Road	55 Hedge Road
Municipality	Oro-Medonte	Huntsville	Midland	Huntsville	Brockton	Georgina
Transaction Price		\$10,050,000	\$6,900,000	\$14,950,000	\$7,700,000	\$13,000,000
Transaction Price per Room		\$100,500	\$106,154	\$171,839	\$154,000	\$151,163
Financing		Market	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)
Adjustment		None	None	None	None	None
Conditions of Sale		Arm's Length	Arm's Length	Arms Length	Arms Length	Arms Length
Adjustment		None	None	None	None	None
•		140110	110110	None	140110	110110
Market		Amr. 40	Nov. 40	A.v. 10	May 10	May 17
Transaction Date Market Conditions (Time)		Apr-18 Declined	Nov-19 Declined	Aug-19 Declined	May-19 Declined	May-17 Declined
Transaction Status		Closed	Closed	Closed	Closed	Closed
Adjustment		Downward	Downward	Downward	Downward	Downward
,						
District						
Location	Good	Good	Good	Good	Average	Good
Access	Good	Good	Good	Good	Good	Good
Competition	Moderate	Moderate	Moderate	Moderate	Low	Moderate
Adjustment		Slight Upward	None	Slight Upward	Upward	Slight Upward
Physical Characteristics						
Site						
Size (acres)	19.430 Acres	6.300 Acres	1.840 Acres	1.350 Acres	4.100 Acres	144.670 Acres
Topography	Sloped	Sloped	Level	Level	Level	Sloping
Configuration	Irregular	Irregular	Irregular	Regular	Regular	Irregular
Improvements						
Property Type	Limited Service Hotel / Resort	Full Service Hotel / Resort	Limited Service Hotel	Limited Service Hotel	Limited Service Hotel	Full Service Hotel / Resort
Size (Rooms)	172	100	65	87	50	86
Design / Layout	Average	Good	Good	Very Good	Very Good	Good
Year Built (Renovated)	2000	1965	2007	2008 (2017)	2012	1975
Amenities	Average	Good	Average	Average	Average	Very Good
Quality	Average	Average	Average	Very Good	Good	Very Good
Condition	Average	Average	Average	Very Good	Good	Very Good
Adjustment		None	Upward	Downward	Downward	Downward
Overall Adjustment		Upward	Upward	Downward	Downward	Downward
Overall Comparability		Inferior	Inferior	Superior	Superior	Superior
Conclusion		Higher than	Higher Than	Lower Than	Lower Than	Lower Than
Per Room		\$100,500	\$106,154	\$171,839	\$154,000	\$151,163



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

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions
- Location
- Physical Characteristics
- Economic Characteristics
- Use
- Non-Realty Items.

Analysis

Property Rights Conveyed

- Rights conveyed relates to the type of ownership transferred. In this case all
 the sale transactions related to the fee simple estate. As such, no adjustments
 under this category as required
- All other indices were for the sale of 100% of the property (none of the indices were stratified). As such, they are considered similar without the need for adjustment.

Financing Terms

Refers to the financing arrangements made when the property sold. In this
regard, financing is not believed to have been a significant motivating factor
in the sales summarized.

Conditions of Sale

• It is not believed that any of the vendors were unduly motivated to divest the properties, and therefore, no adjustments are required for motivation.

Market Conditions

 All indices transactions took place between 2017 and 2019; all indices have been adjusted downwards to account for the decrease in market performance due to the COVID-19 pandemic.

Location

 All indices are located within close proximity to major highways, however some are in superior/inferior locations. Appropriate adjustments have been made for locational characteristics.

Physical Characteristics

 As was the case with location, in our opinion differences in overall physical condition are largely reflected by the property's operating performance.
 However, it is noted that all the indices were reported to be in good to very good overall condition.

Operating Performance

 The net income generated by a property is one of the units of comparison in ranking economic characteristics. The income and expenses pertaining to the property were discussed and set out in the Revenue and Expense analysis section.

Economic Use

Use refers to the productivity of the property versus its potential. In this
case, the property is believed to be near its optimal level in terms of market
positioning when stabilized.

The sale prices reflect unit prices ranging from \$100,500 to \$171,839 per room, prior to adjustments. Sales were adjusted for various factors. The indicated value compares reasonably well to the sales researched and when the characteristics of the property are considered, the size, forecasted stable income environment and dated interiors, the Direct Comparison Approach value of the subject property should be higher than Index 1 and 2; and lower than Index 3, 4, and 5.

Conclusion

Based on our investigations, it is our opinion that the estimated market value, excluding consideration for surplus land, using the Direct Comparison Approach is as follows:

Value Matrix - Direct Comparison Carriage Hills Resort, Oro-Medonte				
Rooms	Price / Key	Value ⁽¹⁾		
172	\$115,000	\$19,780,000		
172	\$120,000	\$20,640,000		
172	\$125,000	\$21,500,000		

⁽¹⁾ Rounded to nearest \$10,000

As such the value for the subject property via the Direct Comparison Approach is between \$19,780,000 and \$21,500,000.

Reconciliation and Final Estimate of Value

The Subject property consists of a multi-level, multi-building timeshare property constructed in 2000. The property is laid out across multiple two to three storey buildings. To the best of our knowledge, the improvements have been well maintained, but not significantly updated.

Overall, the improvements to the property would be considered average to an investor approaching the property as an operating limited service hotel. The interiors of the units are assumed to reflect well maintained yet dated finishes. Capital expenditure would be required to bring the interior of the units to a quality and aesthetic commensurate of newly constructed hospitality focused assets.

The approaches used in this valuation provide the following values:

VALUATION SUMMARY				
VALUATION INDICES	CURRENT MARKET VALUE AS-IS			
INTEREST APPRAISED	Going Concern			
DATE OF VALUE	NOVEMBER 17, 2020			
INCOME APPROACH	1			
Overall Income Capitalization	\$21,010,000			
Overall Income Capitalization \$/Room	\$122,151			
NOI	\$1,890,838			
NOI \$/Room	\$10,933			
Capitalization Rate	9.00%			
DIRECT COMPARISON APP	ROACH			
Direct Comparison	\$20,640,000			
Direct Comparison \$/SF	\$120,000			
FINAL VALUE CONCLUSION				
FINAL VALUE	\$21,010,000			
\$Room	\$122,151			
Implied Capitalization Rate	9.00%			

The subject represents an income-producing hotel, which would likely be purchased by an investor or an owner operator. Consequently, both the Income and Direct Comparison Approaches are considered reliable valuation techniques.

The Income Approach utilizing the Discounted Cash Flow analysis relies on forecasted occupancy and average room rates based on expected fluctuations in the economy. It also allows the appraiser to account for any potential recent and/or future supply entering the market. The Direct Capitalization Approach was also utilized as support.

All three approaches provided value indications within a reasonable range though the concluded value is based on the Overall Capitalization Analysis.

The Cost Approach was not utilized given the difficulty in accurately estimating depreciation for improvements such as the subject property.

Based on the foregoing, and with most weight applied to the Direct Comparison Approach it is our opinion that the current market value as is of the fee simple interest in the property, subject to the assumptions set forth, and as at November 17, 2020, was:

VALUE TYPE	NTEREST APPRAISE	DATE OF VALUE	VALUE
Current Market Value As-Is	Going Concern	November 17, 2020	\$21,010,000

The above value estimate is based on an exposure period of 12 months or less, assuming the basis of a transaction involving cash to the vendor, and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.

Certification

Carriage Hills Resort 90 Highlands Drive, Oro-Medonte, Ontario (See Property Data Section for Legal Description)

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

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions and conclusions are limited only by the reported Assumptions and Limiting conditions, and are my impartial and unbiased professional analyses, opinions and conclusions;
- I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, a conclusion favouring the client, or the occurrence of a subsequent event;
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP);
- I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP;
- Except as disclosed herein, no one has provided significant professional assistance to the person(s) signing this report;
- As of the date of this report the undersigned has fulfilled the requirements of The Appraisal Institute of Canada's Continuing Professional Development Program;
- I am a member in good standing of the Appraisal Institute of Canada;
- I am licensed to practice in the Province of Ontario.

Information pertaining to inspection of the subject property is as follows:

SUBJECT PROPERTY INSPECTION						
APPRAISER INSPECTED EXTENT DATE OF INSPECTION						
Eric Sutton AACI, P.App	Yes	Exterior Only	October 22, 2020			

Final Estimate of Value

Based upon the data, analyses and conclusions contained herein, the current market value of the Fee Simple interest in the property described herein, as at November 17, 2020, is estimated to be as follows:

VALUE TYPE	NTEREST APPRAISEI	DATE OF VALUE	VALUE
Current Market Value As-Is	Going Concern	November 17, 2020	\$21,010,000

Due to the rapidly changing profile of the COVID-19 Pandemic, there may be immediate, short and long-term effects on the commercial real estate market and broader economy. As of the effective date, we have relied on the information available to us to try reasonably assess and forecast the impact on the hospitality market. This appraisal was completed on the assumption that Ontario will continue to progress through the pandemic and this report does not consider further significant setbacks related to COVID-19 such as a full economic shut down that would have the potential to significantly impact hotel operating performance.

The above value estimate is based on an exposure period of 12 months or less, assuming the basis of a transaction involving cash to the vendor, and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.

Appraiser

Erio Sutton AACL DADO

Eric Sutton, AACI, P.App. Date: November 22, 2020 AIC Membership No. 907783

Appendices

Appendix A Ordinary Assumptions and Limiting Conditions

Appendix B Definitions

Appendix C Legal Descriptions

Appendix D Land Use / Zoning

Appendix A

Ordinary Assumptions and Limiting Conditions

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Ordinary Assumptions and Limiting Conditions

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

- This report has been prepared at the request of Matthew Marchand of BDO (the client) for the purpose of providing an estimate of the market value of 90 Highland Drive, Oro Medonte, Ontario (the Subject property) as an operating asset and for the specific use referred to. It is not reasonable for any party other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other party will rely on it for any other purpose. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed.
- 2) This report has been prepared at the request of Matthew Marchand of BDO and for the exclusive (and confidential) use of the recipient as named and for the specific purpose and function as stated. Written consent from the authors must be obtained before any part of the appraisal report can be used for any use by anyone except the client and other intended users identified in the report. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee.
- All copyright is reserved to the author and this report is considered confidential by the author and Matthew Marchand of BDO. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.
- 4) The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
- 5) This appraisal report, its content and all attachments/addendums and their content are the property of the appraiser. The client, intended users and any appraisal facilitator are prohibited, strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.

- 6) The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
- 7) This report is completed on the basis that testimony or appearance in court or at any administrative proceeding concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and for preparation and for any appearances that may be required, and the provision of appropriate additional compensation.
- 8) The estimated market value of the real estate that is the Subject of this appraisal pertains to the value of the **fee simple interest** in the real property. The property rights appraised exclude mineral rights, if any.
- 9) The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).
- 10) The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. However, these data are not guaranteed for accuracy. Unless otherwise stated, we did not verify client-supplied information, which we believed to be correct. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate.
- 11) The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. No title search has been performed, and the appraiser assumes that the title is good and marketable and free and clear of all value influencing encumbrances, encroachments, restrictions or covenants, including leases, unless otherwise noted in this report, and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described. The property is appraised on the basis of it being under responsible ownership. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
- 12) The property has been valued on the basis that there are no outstanding liabilities except as expressly noted, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the Subject property or any portion thereof.
- 13) The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in

- equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate appraised.
- 14) The legal description of the property and the area of the site were obtained from the Geowarehouse. No survey of the property has been made. Any plans and sketches contained in this report show approximate dimensions only and are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
- 15) The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all Government regulations and requirements of law, including all zoning, land use classification, building codes, 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, and that if it doesn't comply, any such non-compliance may affect market value. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
- 16) The term "inspection" refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the CUSPAP.
- 17) The opinions of value and other conclusions contained assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The appraiser has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
- 18) The author of this report is not qualified to comment on environmental issues (including, without limitation any chemical or biological issues) that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.
- 19) Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications

- of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
- 20) 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 with respect to the Subject property's compliance with all applicable regulations, unless such investigations are expressly represented to have been made in this report. Assumptions have been made that the Subject property is in compliance with all such regulations. The Subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
- 21) The interpretation of any leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed, is solely the opinion of the author and should not be construed as a legal interpretation. Further, any summaries of such contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
- 22) The estimated market value of the property does not necessarily represent the value of the underlying shares of the entity owning the property, if the asset is so held, as the value of the shares could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
- 23) Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
- 24) In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
- 25) Unless otherwise noted, the estimated market value of the property referred to is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
- 26) Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed, as of the effective date of this appraisal, cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
- 27) The value expressed is in Canadian dollars.
- 28) This report is only valid if it bears the original or password secured digital signature(s) of the author(s). If transmitted electronically, this report will have been digitally signed and secured with personal

- passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.
- 29) These Ordinary Assumptions and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.
- 30) Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.

Appendix B

Definitions

File Reference: TOW200518

Definitions

Property Interests

Fee Simple

 Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.

Leased Fee Interest

• The ownership interest held by the lessor, which includes the right to the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

 The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

General Definitions

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

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

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

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

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

Discounted Cash Flow Technique offers an opportunity to account for the anticipated growth or decline in income over the term of a prescribed holding period. More particularly, the value of the property is equivalent to the discounted value of future benefits. These benefits represent the annual cash flows (positive or negative) over a given period of time, plus the net proceeds from the hypothetical sale at the end of the investment horizon.

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

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

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

Exposure Time - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Exposure Time" (<u>The Appraisal Institute of Canada</u>, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 6) as:

Page B2

File Reference: TOW200518

"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal."

Fair Value (International Financial Reporting Standards) – IFRS 13 defines "Fair Value" as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Highest and Best Use - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Highest and Best Use" (<u>The Appraisal Institute of Canada</u>, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 8) as:

"The reasonably probable use of Real Property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value."

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

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

Market Value - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Market Value" (<u>The Appraisal Institute of Canada</u>, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 10) as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress."

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

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

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

Appendix C

Legal Descriptions

File Reference: TOW200518

LEGAL DESCRIPTIONS ON PARCEL OF LANDS BY PHASE

BUILDING PHASES W/ PARCEL NUMBER	Units per Parcel	intervals	
PHASE I 1000, 2000, 3000 Parcel 1-16 Section 61-0ro-3 Being Part of Lots 3 and 3, Concession 4 Designated as Parts 5, 6, 7, 8, 9 and 10 on Plan 51R-26764 Township of Oro-Medonts	52	2652 - FULL 5304 - EOY	
PHASE II 4000, 5000 Parcel 1-17 Section 51 Oro-3 Fart of Lot 2, Concession 4 Designated as Parts 11 12 13 and 14 on Plan 51R-26764 Township of Oro-Medonte	52	2652 - FULL 5304 - EOY	
PHASE III 6000, 7000, 8,000 Parcel 1-18: Section 51-Oro-3 Part of Lot 2, Concession 4 Designated as Parts 1,2,3,4,15,16 and 17 on Plan 51R- 26764	68	3468 - FULL 6936 - EOV	
PHASE IV Carriage Ridge Parcel 1-27, Section 51-Oro-3 Being part of Lots 1 and 2 Concession 3 Designated as Part 1 on Plan 51R-31409 (formerly Township of Oro), Township of Oro-Medonte, County of Simooe	3 buildings at 26 units = 78	3978 - FULL 7956 - EOY	

Land Titles Division of Simcoe (No. 51)

Appendix D

Land Use / Zoning

File Reference: TOW200518



Table A5 Environmental Protection, Open Space Private Recreation, Institutional and Future Development Zones [By-law 2013-179, 2017-012]

	Use	Zone				
		EP Environmental Protection	OS Open Space	PR Private Recreation	l Institutional	FD Future Development
A.	Agricultural uses	♦ (1) (2)		100		
В	Agricultural uses intensive	• (1)(2)				
C	Bed and breakfast establishments			•		
D	Cemeteries				•	
E	Community centres					
F	Conservation uses	(2)				Y-1
G	Cross country ski facilities	7.50		•1		•
H	Day nurseries				•	
I-	Downhill ski facilities					4
5	Forestry uses					
Ŕ	Golf courses			100		A
L	Hotels					
M	Infrastructure		•			
N	Libraries		1			
0	Mountain bike facilities			*		
Р	Museums				4.0	
Q	Private parks					
R	Public parks	(2)				

S	Public Starm Sewer System	*			
T	Places of worship			• (3)	
u	Private clubs				
V	Schools, public				
W	Sewage Treatment Facility	•	1	- 11	
X	Stormwater Management Facilities	*			

Special Provisions:

- Only uses that existed on the effective date of this By-law are permitted.
 No buildings or structures, except those required for flood or erosion control are permitted.
 One accessory dwelling unit is permitted on a lot

TAB 4



Narrative Appraisal

Carriage Hills 90 Highland Drive Oro Medonte, Ontario

Effective Date: November 17, 2020

Report Date: November 17, 2020

Prepared For

Matthew Marchand Vice President BDO

Prepared By

Hadley Duncan, AACI, P. App **Executive Director, Toronto West** Valuation & Advisory Services

401 The West Mall Suite 800 Toronto, ON M9C 5L5 www.colliers.com MAIN 416 777 2200 FAX 416 626 5600



Our File: TOW200520

November 17, 2020

BDO 20 Wellington Street East, Suite 500 Toronto, ON M5E 1C5

Attention: Matthew Marchand

Vice President

Dear Mr. Marchand;

Re: Appraisal of Carriage Hills

90 Highland Drive, Oro Medonte, Ontario

In accordance with your request, we have carried out an analysis of the above mentioned property in order to estimate its highest and best use value as is. Based on our investigations, it is our opinion that the highest and best use value as is of the fee simple interest in the Subject Property, as of November 17, 2020, is estimated to be as follows:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Highest And Best Use Value	Fee Simple	November 17, 2020	\$42,740,000

Due to the rapidly changing profile of the COVID-19 Pandemic, there may be immediate, short and long-term effects on the commercial real estate market and broader economy. As of the effective date, we have relied on the information available to us to try reasonably assess and forecast the impact on the hospitality market. This appraisal was completed on the assumption that Ontario will continue to progress through the pandemic and this report does not consider further significant setbacks related to COVID-19 such as a full economic shut down that would have the potential to construct and absorb condominium units.

The above value estimate is based on an exposure period of 12 months or less, assuming the basis of a transaction involving cash to the vendor, and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.

This report describes the methods and approaches to value in support of the above conclusion, and contains the pertinent data gathered in our investigation of the market.

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

Yours very truly,

COLLIERS INTERNATIONAL REALTY ADVISORS INC.

Hadley Duncan, AACI, P. App Executive Director, Toronto West Jonathan Gawrys B.A. Hon, FRI, AACI, P. App Senior Associate, Toronto West



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(\$10,580,000)

\$42,740,000

\$207

Executive Summary

Carriage Hills 90 Highland Drive **Oro Medonte, Ontario**

Final Value Estimate \$42,740,000

PROPERTY INFORMATION		OCCUPANCY INFORMATION	
Property Type	Stacked Townhomes	Size (SF)	206,400
Year Built	2000	Occupied (100.0%)	206,400
Quality / Condition	Average / Average	Vacancy (0.0%)	0
District	Horseshoe Valley	Units	172
Access	Average	Size per Unit	1,200
Site Area (acres) Density Excess Density Land Use/Zoning	19.43 0.24 None PR (Private Recreation)		
VALUE CONCLUSION		VALUATION SUMMARY	
Final Value Estimate Effective Date Value per SF	\$42,740,000 November 17, 2020 \$207	Direct Comparison Approach	\$42,740,000
		DIRECT COMPARISON APPROACH	
	·	Concluded Unit Value/SF	\$255
		Initial Value	\$53,320,000

The above value estimate is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.

Adjustments Adjusted Value

Value per SF

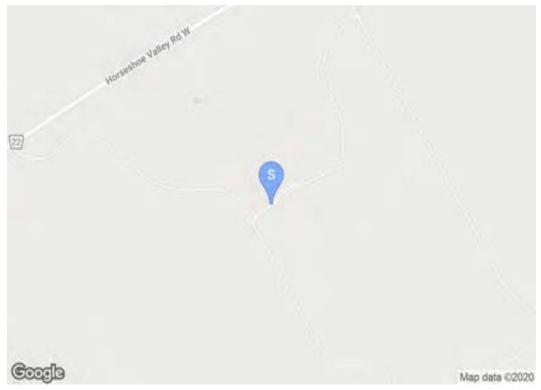


Investment Sales

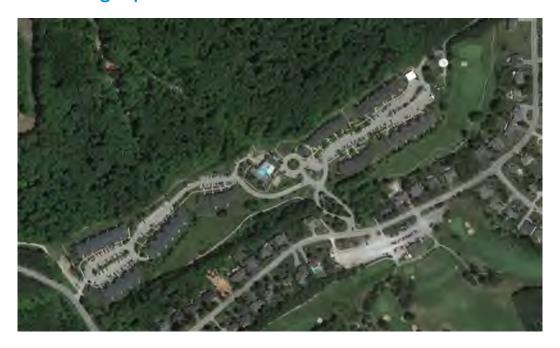
Index	Property Name	Year Built	Sale Date
	2 Bedroom Stacked Townhome	1979	14-Dec-20
1	1102 Horseshoe Valley Road #303	1,342	\$342,000
	Oro Medonte, Ontario	=	\$255
	2 Bedroom Condo	2019	24-Sep-78
2	80 Horseshoe Boulevard #306	1,188	\$394,000
	Oro Medonte, Ontario	-	\$332
	2 Bedroom Condo	2019	8-Jun-59
3	80 Horeshoe Boulevard #506	1,188	\$460,000
	Oro Medonte, Ontario	=	\$387
	2 Bedroom Stacked Townhome	1979	23-Jun-66
4	1102 Horseshoe Valley Road #313	1,342	\$353,000
	Oro Medonte, Ontario	=	\$263
	2 Bedroom Condo	2019	15-Jul-20
5	80 Horseshoe Valley Boulevard	1,188	\$399,999
	Oro Medonte, Ontario	-	\$298



General Location Map



Aerial Photograph





Photographs of Subject Property



Building Exterior - The Clarence



Building Exterior - The Rockway



Building Exterior – The Norfolk



Building Exterior – The Hansom



Activities Building Exterior



Carriage House Recreation Centre



Photographs of Subject Property (continued)



Indoor/Outdoor Pool



Fitness Centre



Guest Check-In Area



Typical Unit Interior – Living Room / Kitchen



Typical Unit Interior - Bedroom / Bathroom



Typical Unit Interior - Living Room



Terms of Reference

Client and Intended User

The Client of this appraisal is BDO, and the Intended User is BDO.

Purpose and Intended Use of Report

The purpose of this valuation is to estimate the highest and best use value as is of the Subject Property described.

This appraisal is provided on a confidential basis and for the sole and exclusive use by BDO and any other Intended User specifically identified for internal business purposes only and any third party use of or reliance on this Appraisal Report or any materials prepared by Colliers International Realty Advisors Inc. (Colliers), is strictly prohibited, except to the extent that Colliers has provided prior permission in writing, such permission to be provided or withheld in Colliers's sole and exclusive discretion. In the event that Colliers has not provided said permission BDO shall ensure and be responsible for notifying the third party in writing that it should not rely on the Appraisal Report and any use by such third party of the Appraisal Report or any materials prepared by Colliers shall be at its own risk and that Colliers makes no representations or warranties of any kind. Notwithstanding anything to the contrary, Colliers shall not owe any duty to any third party with respect to the Appraisal Report.

The appraisal report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Indemnification and Limitation of Liability

BDO shall indemnify, defend and hold Colliers fully harmless from and against any and all claims, liabilities, damages, costs and expenses (including court costs and reasonable legal fees) resulting from or arising out of the Client's breach of the professional service agreement relating to the Appraisal Report, wrongful acts or omissions (including any failure to perform any duty imposed by law), misrepresentation, distortion or failure to provide complete and accurate information, or any unauthorized use or reliance by third parties on the Appraisal Report or any materials prepared by Colliers. Except for BDO 's indemnification obligations, neither party shall be liable to the other party for any special, consequential, punitive or incidental damages of any kind whatsoever. Moreover, to the maximum extent permitted by law, Colliers' total liability for any losses, claims or damages arising out of or connecting or relating to this agreement (under any applicable theory of law) shall be limited in the aggregate to the total sum of fees and costs received by Colliers from BDO for the applicable subject report(s).

Property Rights

The property rights appraised are those of the Fee Simple Interest. The Fee Simple Interest refers to absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.

Effective Date

The effective date of this valuation is November 17, 2020.

This Appraisal Report is prepared in the context of the market conditions and other factors (including assumptions and/or materials provided by parties and sources outside of the control of Colliers Realty Advisors Inc.) prevailing as of the effective date. Real estate markets and assets are subject to significant



volatility and change; and can be affected by numerous economic and political conditions as well as other conditions. The value contained (if any) in this Appraisal Report is made as of the effective date only and should not be relied on as of any other date without receiving prior written authorization from Colliers.

Property Inspection

The following table illustrates the Colliers professionals involved with this appraisal report, and their status with respect to the property inspection.

Due to COVID-19 restrictions an interior inspection was not performed. We have relied on photos provided by the client or available online to determine the quality and condition of the unit interiors.

SUBJECT PROPERTY INSPECTION					
APPRAISER INSPECTED EXTENT DATE OF INSPECTION					
Hadley Duncan, AACI, P. App	No	-	-		
Jonathan Gawrys B.A. Hon, FRI, AACI, P. App	No	-	-		
Eric Sutton, AACI, P.App. Yes Exterior Only October 22, 2020					

Market Value Definition

For the purposes of this valuation, market value is defined as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 10)

Exposure Time

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is defined as:

"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 6)

Exposure Time is a retrospective function of asking price, property type, and past market conditions and encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable marketing effort. Exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

In practice, the exposure time assumes the following:

- The property was extensively marketed. Potential purchasers could inspect the property at will.
- The owner provided interested agents with any and all relevant property information.
- Negotiations of any offers to purchase were performed in a timely manner.
- The property was maintained at a physical status equivalent to its present condition.
- Market level financing was readily available.
- The seller was not under duress.



Ongoing discussions with agents familiar with the market have indicated that properties like the Subject Property typically require a marketing period of 12 months or less depending on a variety of factors including its location, vacancy levels, tenant quality, size, market conditions, and motivation of the vendor/purchaser. In consideration of these factors, it is concluded that for the Subject property to sell at the market value estimated as of the effective date of this report, an exposure period of approximately 12 months or less would be required.

Scope of the Valuation

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

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

- Property inspection details are indicated previously within the Terms of Reference section of this report.
- No lease review or audit was conducted. This valuation has been prepared on the basis of summary financial and operating data provided directly to us by our client or their designated agents, in either hard copy or electronic form or both. It is assumed that this information, and specifically that relating to the financial performance of the Subject Property described, is accurate. This assumption is critical to the value estimate contained and the authors of this report, and Colliers reserve the right to amend our estimate(s) in whole or in part should the foregoing not be the case.
- A review of a detailed tenant rent roll as provided by our client or their designated agents has been conducted.
- A review has been completed of available data regarding the local market.
- Verification of current land use and zoning regulations has been undertaken. Municipal and neighbourhood information, including tax information, were sourced as noted below and verified where appropriate and possible. Site area and dimensions are from information obtained from the Geowarehouse / MPAC / Client. Should further confirmation of site size and dimensions be required, a legal survey should be commissioned.
- A review of sales and listing data on comparable properties has been undertaken. Comparable market
 information was obtained from our information database and local real estate professionals
 knowledgeable in the Oro Medonte real estate market. It was confirmed, when appropriate, with public
 information at the Geowarehouse or the parties involved when there was reason to doubt its accuracy.
- Discussions have been held with market participants where applicable.



	SOURCES OF INFORMATION
ITEM	SOURCE
Assessment / Tax Information	MPAC
Zoning Information	Township of Oro Medonte
Official Plan Information	Township of Oro Medonte
Site Size Information	Geow arehouse / MPAC / Client
Building Size Information	Client / MPAC
Demographics	Pinpoint
Comparable Information	MLS / Trebnet / Realnet / Real Cap Analytics
Legal Description	Geow arehouse

Colliers cannot be held liable for any errors in the information that was provided by third parties or by Matthew Marchand of BDO. The Appraisal Report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Ordinary Assumptions and Limiting Conditions

This report is subject to the Ordinary Assumptions and Limiting Conditions set forth within the Appendix to this appraisal in addition to any specific assumptions that may be stated in the body of the report. These conditions are critical to the value stated and should be thoroughly read and understood before any reliance on this report should be considered.

Extraordinary Limiting Conditions

An Extraordinary Limiting Condition refers to a necessary modification to, or exclusion of, a Standard Rule which may diminish the reliability of the report.

The following Extraordinary Limiting Conditions have been invoked within this report:

No title search has been completed for this appraisal.

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

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



The subject property consists a timeshare development under a fee-timeshare structure. Under a Fee-timeshare - the interval owner receives a deed for a specified part of the year, thereby limiting ownership. The timeshare can be sold, leased or bequeathed. The interest can be mortgaged and title recorded. For the HBU Value we have assumed that the subject property is a strata condomimium.

Extraordinary Assumptions (Hypothetical Conditions)

Hypothetical Conditions are a specific type of an Extraordinary Assumption that presumes, as fact, simulated but untrue information about physical, legal or economic characteristics of the subject property or external conditions, and are imposed for purposes of reasonable analysis.

No Extraordinary Assumptions (Hypothetical Conditions) have been invoked within this report.

Extraordinary Assumptions

An Extraordinary Assumption is an assumption, directly related to a specific assignment, which, if found to be false, could materially alter the opinions or conclusions. Extraordinary Assumptions presume as fact otherwise uncertain information about or anticipated changes in the 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 the analysis.

The following Extraordinary Assumptions have been invoked within this report:

We have relied on information provided to us by our client or their designated agents with respect to the status of the tenancy and their contractual rights and obligations, and financial data relating to the income and expenses associated with the Subject Property's operations, as well as the physical attributes of the Subject Property and environmental condition of the site, including any required capital expenditures. The assumptions stated are critical to the value estimate contained and the authors of this report and Colliers reserve the right to amend our estimates should any of these assumptions be altered in whole or in part.

We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty and any cost of remedy could potentially impact the reported value conclusion. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.

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

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

Assemblage

When relevant to the assignment, CUSPAP requires that assemblage must be considered and analyzed as to the effect on value. In the instance of the Subject Property, assemblage is not considered to be a relevant factor, and therefore no analysis is deemed necessary.



Anticipated Public or Private Improvements

When relevant to the assignment, CUSPAP requires that anticipated public or private improvements must be considered and analyzed as to the effect on value. In the instance of the Subject Property, public or private improvements are not considered to be a relevant factor, and therefore no analysis is deemed necessary.

Personal Property

When relevant to the assignment, CUSPAP requires that personal property must be considered and analyzed as to the effect on value. In the instance of the Subject Property, personal property is not considered to be a relevant factor, and therefore no analysis is deemed necessary.



Property Data

Municipal Address

The Subject property is municipally described as 90 Highland Drive, Oro Medonte, Ontario.

Legal Description

The Subject property's legal description is as follows:

P.I.N.	Legal Description
74053-1000, 2000, 3000	Parcel 1-16, Section 51-0ro-3Being Part of Lots 2 and 3, Concession 4Designated as Parts 5,6,7,8,9 and 10 on Plan 51R-26764 Township of Oro-Medonte
74053-4000, 5000	Parcel 1-17, Section 51-Oro-3Part of Lot 2, Concession 4Designated as Parts 11,12,13 and 14 on Plan 51R-26764 Township of Oro-Medonte
74053-6000, 7000, 8000	Parcel 1-18, Section 51-Oro-3 Part of Lot 2, Concession 4Designated as Parts 1,2,3,4,15,16 and 17 on Plan 51R-26764

Current Ownership

Available data indicates the following ownership information:

REGISTERED OWNER	SOURCE OF TITLE INFORMATION
Carriage Hills Resort Corporation	MPAC

It is noted that the subject property consists a timeshare development under a fee-timeshare structure wherein the interval owners receives a deed for a specified part of the year, thereby limiting ownership. The timeshare can be sold, leased or bequeathed. The interest can be mortgaged and title recorded. However, For the HBU Value we have assumed that the subject property will be converted into a multi-residential strata condominium,

Ownership History

The subject property was purchased in 1997 by an entity related to Carriage Hills Resort Corporation. Information regarding the purchase in 1997 was not made available to the writer of this report.

There have been no transfers of the Subject Property within the past three years.

Title Encumbrances

For the purposes of this analysis, the instruments registered against the title(s) to the Subject Property are assumed not to have a significant effect on the Subject Property's marketability or its market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of these encumbrances. The Subject Property has been valued as if free and clear of any financing. A copy of the legal description has been included in the Appendix for further reference.



Realty Taxes / Assessment

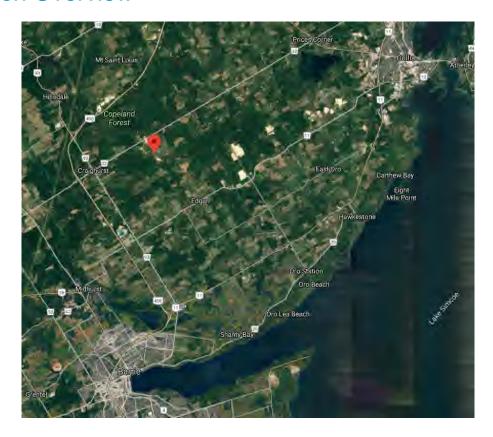
The current realty tax and assessment information for the Subject Property is summarized as follows:

ASSESSMENT & TAXES						
ROLL NO	TOTAL ASSESSMENT	TOTAL ASSESSMENT PER UNIT	2019 TOTAL TAX LEVY	TOTAL TAX LEVY PER UNIT		
4346-010-002-03580-0000	\$20,196,000	\$388,385	\$177,568	\$88,784.01		
4346-010-002-03550-0000	\$20,196,000	\$403,920	\$177,568	\$3,551.36		
4346-010-002-03540-0000	\$25,096,000	\$369,059	\$220,650	\$3,064.58		
Total	\$65,488,000		\$575,786	\$6,695.19		
*Tax Levy estiamate as provided by client. 2020 final tax amount was not available						

Information relating to realty taxes on a sampling of comparable properties can be found within the Expense Comparables table presented within the Income Approach.



Location Overview



The subject is located in the Township of Oro-Medonte, a predominantly rural township that attracts seasonal recreational visitors. Oro-Medonte is conveniently located between Orillia and Barrie and is approximately 130 kilometres north of Downtown Toronto. The area surrounding the subject property is predominantly rural lands, however, immediately north of the Subject is Horseshoe Valley Resort, which features ski hills, a golf course, and an abundance of seasonal recreation attractions. South of the property there is a new development of single family detached dwellings that are being built around the Horseshoe Valley Golf Course.

Adjacent Land Uses

North Recreational – Horseshoe Valley Resort

South Low Density Residential East Low Density Residential

West Rural Land

Proximity

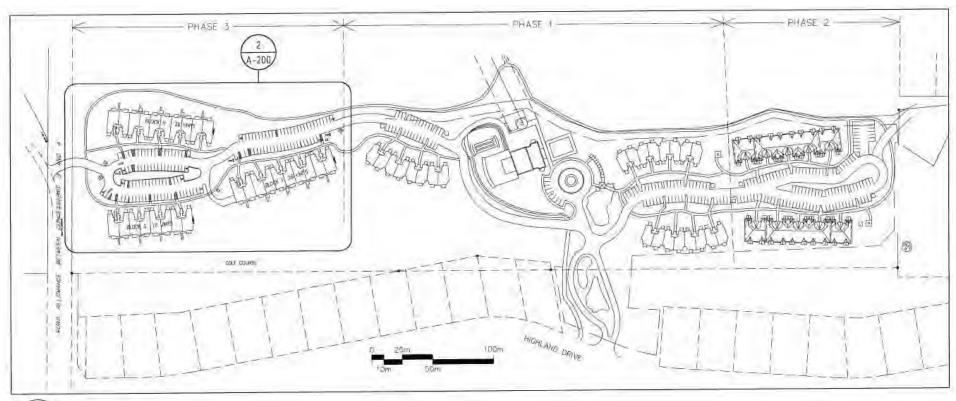
The subject property is approximately 90 minutes from Downtown Toronto, and 60 minutes from the heart of Muskoka and Collingwood.

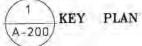
Summary

The subject property is located in the heart of Horseshoe Valley, surrounded by a wide variety of amenities that would attract people seeking an active lifestyle. Its proximity to the Greater Toronto Area, Muskoka, and Collingwood make it an attractive location for a resort style development such Carriage Hills Resort.



Site Plan







Site Description



Area

The site comprises a total area of approximately 19.43 acres (846,371 square feet).

Configuration

The site is irregular in its configuration, as shown on the site plan above.

Street Improvements / Frontage

Street improvements for the Subject Property are as outlined below:

Street Improvements	Frontage	Direction	No. Lanes	Street Type		/
Highland Drive	None	Two-Way	Two-Lane	Connector Street	√	

Access / Exposure

Overall access to the property is considered to be average. The site enjoys average exposure characteristics.

Site Coverage Ratio

The site has been developed to a Site Coverage Ratio of 1.65%.

Excess Density

The site has no excess density.



Services

The site is fully serviced.

Topography

The site's topography is sloping and at street grade with adjacent roadways and properties.

Soil Conditions

We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty, and any cost of remedy could potentially impact the value conclusions contained herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.

Demographics

DEMOGRAPHICS AND STATISTICS					
Population	1 km radius	201			
	3 km radius	1,533			
	5 km radius	6,327			
Average Household Income	1 km radius	\$160,899			
	3 km radius	\$151,099			
	5 km radius	\$135,726			

Summary

The site provides average access and average exposure characteristics and no adverse influences are visually apparent.



Land Use Controls

Official Plan



Within the Oro-Medonte Official Plan the subject property falls under the Horseshoe Valley Secondary Plan. Within this secondary plan the subject property is classified as Medium Density Residential.

Permitted uses in the Horseshoe Valley Medium Density Residential designation as shown on Schedule D include townhouse dwellings, multiple dwellings, apartment dwellings and home occupations. Timeshare developments may be permitted. The density of development shall not generally not exceed 30 units per gross hectare. Conditions for approval of development within the Horseshoe Valley Medium Density Residential designation are in Section C14.3.8.

C14.3.8 Conditions for Approval This policy applies to all lands that are subject to Sections C14.3.5 and C14.3.6 of this Plan. Prior to the approval of a Plan of Subdivision and/or a Plan of Condominium application and/or a request to re-zone the lands, Council shall be satisfied that:

- a) the proposed form of servicing for the lands is appropriate and agreed to by the Township and the appropriate agencies;
- b) the proposed location, nature and timing of improvements to Horseshoe Valley Road and other roads is appropriate and agreed to by the Township and the appropriate agencies in accordance with Section C14.3.1;

and, c) the phasing of development is appropriate given the timing of the installation of services and the improvements to Horseshoe Valley Road and other roads.



In addition, the Township may place a Holding Provision on all of the lands in the designations that are the subject of this Section. The implementing Zoning By-law shall specify that minor additions to existing buildings may be permitted without requiring the removal of the Holding Provision.

The Holding Provision shall only be lifted once satisfactory arrangements have been made with respect to the upgrading of Horseshoe Valley Road and other roads and when matters dealt with by a) and c) above are dealt with to Council's satisfaction. All development in the designations that are the subject of this Section shall be subject to Site Plan Control.

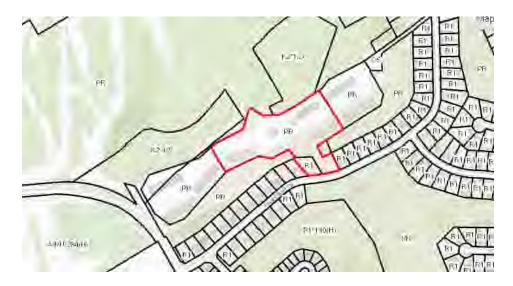
Zoning

Zoning bylaws typically establish ranges of permitted and discretionary uses, in addition to development restrictions including such factors as maximum building heights, allowable densities, setback requirements, parking and loading limitations, signage restrictions and other items.

According to the Township of Oro Medonte Zoning By-law 2017-012, the Subject Property is currently classified PR (Private Recreation). An excerpt from the zoning bylaw is included in the appendices to this report.



Zoning Map



A zoning summary and a listing of pertinent zoning requirements are presented below:

ZONING SUMMARY					
Municipality Governing Zoning	Township of Oro Medonte				
Zoning Bylaw Number	2017-012				
Current Zoning	Private Recreation (PR)				
Permitted Uses	Various residential and recreational uses.				
Current Use	The current use is permitted under the zoning bylaw.				
Is Current Use Legally Permitted?	Yes				
Zoning Change	Not Likely				

ZONING REQUIREMENTS				
Conforming Use	The existing improvements represent a conforming use within this zone.			

Source: Township of Oro Medonte

Land Use Conclusions

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of analysis presented correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

Based on our interpretation of the applicable land use/zoning bylaw, the property use appears to reflect a legally permitted conforming use. However, the authors are not technically qualified to confirm zoning compliance, and for greater certainty in this regard, written confirmation from the municipality and/or a qualified legal opinion should be obtained.



Description of the Improvements



The Subject property consists of a multi-level, multi-building timeshare property constructed in 2000. The property is laid out across multiple two to three storey buildings. To the best of our knowledge, the improvements have been well maintained, but not significantly updated.

Overall, the improvements to the property would be considered average to an investor approaching the property as an operating limited service hotel. The interiors of the units are assumed to reflect well maintained yet dated finishes. Capital expenditure would be required to bring the interior of the units to an quality and aesthetic commensurate of newly constructed multi-residential units.

Property Type Stacked Townhomes

No. of Stories Two to Three Stories

No. of Buildings Eight Buildings

Size

Building	Units	Size
Building A	20	24,000
Building B	16	19,200
Building C	16	19,200
Building D	26	31,200
Building E	26	31,200
Building F	26	31,200
Building G	16	19,200
Building H	26	31,200
Net Rentable Area	172	206,400 SF

Typical Floor Plate The average floor plate measures 14,000 square feet, more or less.



Year Built The improvements to the property were originally constructed in 2000.

Quality & Condition The property represents average quality construction in average overall condition.

Foundation The building foundation consists of concrete foundation walls on strip footings.

Superstructure The superstructure of the building comprises a heavy timber framework.

Floor Structure Floor structures comprise a wood sub-floor over wood joists.

Exterior Walls Exterior walls are finished with stucco, decorative stone and millwork.

Roof The roofs consist of asphalt shingles. Though no thorough inspection of the roof was

completed no leaks were observed/reported.

Pedestrian Access /

Connections

Pedestrian access/connections to the property comprise ground level entrances.

Each unit has it's own access via outdoor stairways and landings.

Windows / Doors Exterior windows and doors consist of commercial grade double paned glass units

in modern aluminium frames.

Interior Finishing The interior are been comprised of gypsum plaster walls, broadloom or ceramic tile

floors, with laminate countertops in the kitchen.

Vertical Access Vertical access to units is via exterior stairways.

Heating / Cooling Electrical heating.

Electrical Electrical service to the building is assumed to be adequate for the needs of its

occupants.

Lighting Lighting throughout the building consists of incadescent fixtures.

Life Safety / Security No sprinkler systems were noted during review of interior photos provided by the

client.

Loading The building does not offer dock, grade or rail loading capabilities.

The building is not equipped with cranes. Cranes

Parking The subject proeprty has adequate onsite parking for the current property use.

Site Improvements The site improvements provide good overall utility for the subject property.

File Reference: TOW200520



Design and Functionality

The building exhibits good design and functionality characteristics.

Age / Life Analysis

Subject to the above description and the comments below, the following is a summary age / life analysis.

Actual Age	20 years
Effective Age	25 years
Economic Life	55 years
Remaining Economic Life	30 years

The above Age/Life Analysis pertains to the economic viability of the Subject Property in its current state, being the object of professional property management and proactive repairs and maintenance, with regularly scheduled capital expenditures occurring. The Remaining Economic Life does not necessarily represent the remaining physical viability of the existing improvements.

Comments

The subject property is comprised of 172 units of stacked townhomes. Each unit is approximately 1,200 square feet of space with 2 bedrooms, a kitchen and a bathroom.



Market Overview Economic Overview – Canada

It should be noted that this overview was prepared on April 13 [2020]. Given how volatile the economy has been in the last month and how quickly things have changed, the information outlined in the overview below may no longer provide an accurate portrayal of the economic conditions existing as of the effective date of this report, however, it has been included to provide an indication of the overall market condition existing as of the date this overview was prepared. Readers are accordingly cautioned not to rely on these projections as fact and should not factor them into their analysis. Colliers does not undertake any responsibility to update or correct the information below at a later date

Canada has the world's 38th largest population and the world's second largest land mass. The country's population is dispersed among 10 provinces and 3 territories with nearly 90% of its people living within 160 kilometers of the United States border. Canada consistently receives a top fifteen Human Development Index ranking and a top twenty ranking for GDP (nominal) per capita.

Canada's economy consistently receives a top twelve world ranking. International trade makes up a large part of Canada's economy, with the United States as its largest trading partner followed by the European Union

and China. Key Canadian exports include petroleum, automobiles and auto parts, precious metals, machinery including computers, wood, electrical machinery, aircraft and spacecraft, pharmaceuticals and aluminum. More recently, Canada's high knowledge industries of manufacturing, business services, engineering and computer and management services have received a top ten global knowledge economy ranking from the World Bank Institute.

Presently, the economic and fiscal outlook is extremely uncertain given the World Health Organization's (WHO) declaration of COVID-19 as a Global Pandemic on March 11, 2020. Since which time, the Federal Government has taken the following measures in an attempt to contain the virus:

- i) Government of Canada banned the entry of all non-Canadian or non-permanent residents into Canada;
- ii) Government of Canada, in conjunction with the United States, closed the Canadian-US border to all non-essential travel;
- iii) Parks Canada temporarily suspended all motor vehicle access to all national parks, national historic sites and national marine conservation areas;
- the Government of Canada introduced new domestic transportation measures. All air operators must conduct a health check of travelers before they board a flight within Canada or departing from Canada, based on guidance from the Public Health Agency of Canada. Passengers that present COVID-19 symptoms must be refused by air operators. Individuals who are refused will not be able to travel for a period of 14 days, or until a medical certificate is presented confirming that the traveler's symptoms are not related to COVID-19. They must also notify travelers that they may be subject to provincial or territorial measures at their final destination. Similar restrictions apply to rail companies;
- v) Public Safety Canada developed a set of functions deemed essential in the context of the COVID-19 pandemic to help provinces/territories, Indigenous communities, and municipalities protect their communities while maintaining the reliable operation of critical infrastructure services and functions to ensure the health, safety, and economic well-being of the population. The guidance is not, nor should it be considered to be a federal directive or standard.



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The following are some of the largest economic and fiscal impacts that COVID-19 has had on the economy to date.

Unemployment^{1,2}

According to Statistics Canada, through the first wave of COVID-19, related job losses totaled over 1,000,000 in the month of March. This represents the largest monthly decline on record, with employment losses concentrated in accommodations, food service, retail trade, and cultural industries. The following are some of the key takeaways:

- i) Month-over-month job losses totaled, 1,011,000, a record-setting decline over the 124,400 jobs lost in January 2009;
- ii) A further 2.1 million Canadians remain employed, but either worked zero hours or less than half of their usual hours:
- iii) In March, the total hours worked across all industries dropped by 15%;
- iv) The job losses pushed the unemployment rate up to 7.8%, which is the highest rate of unemployment since 2010:
- Job losses were mostly concentrated in smaller businesses. Almost 490,000 jobs were lost by businesses with less than 20 employees, while only 157,000 jobs were lost by companies with over 100 employees; and
- vi) Due to the concentrated losses in lower-wage industries, wage growth rose significantly. The year-over-year wage growth rose by 6.2% in March, representing a significant increase over the year-over-year increase of 4.1% in February.

In March, about one quarter of the potential labour force (23.0%) was unemployed, working reduced hours, or recently out of the labour force. In addition, according to the Conference Board of Canada, shutting down most, if not all, non-essential services across Canada could lead to an estimated cumulative loss of 2.8 million jobs in March and April of 2020. This figure, which represents nearly 15% of total employment, is supported by the a more comprehensive number of insurance claims that have taken place, while the Statistics Canada's Survey's reference week was March 15 – 21, 2020.

Consumer Confidence Index³

Consumer Confidence is defined as a statistical measure of consumers' feelings about current and future economic conditions, used as an indicator of the overall state of the economy. Across Canada, consumer confidence hit a record low, realizing its steepest monthly decline in April 2020. The following are the most notable findings:

- i) The speed of decline in consumer confidence is unprecedented. Specifically, the Index declined by 73 points in two months, whereas it took 13 months to fall by 73 points during the 2008 financial crisis;
- ii) Canadians are especially worried about the future; 36.1 percent of respondents expect their finances to worsen over the next six months 14 percentage points above the previous record of 22.1 percent;
- iii) Over three-quarters of respondents think now is a bad time to make a major purchase, more than 20 percentage points above the previous record. This would imply that the majority of the population is likely to hold off on buying a new home or new vehicle in the near-term.

¹ Renner, Cory. Conference Board of Canada. "Job Losses Top 1 Million, with More to Come." The Conference Board of Canada. Accessed April 13, 2020. https://www.conferenceboard.ca/insights/blogs/job-losses-top-1-million-with-more-to-come.

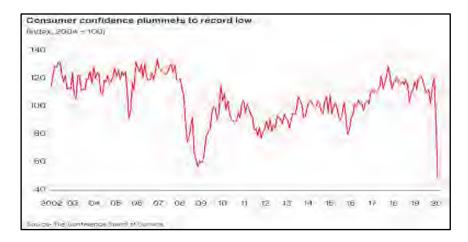
² "The Daily." Statistics Canada. Last modified April 9, 2020. https://www150.statcan.gc.ca/n1/daily-quotidien/200409/dq200409a-eng.htm.

³ Renner, Cory. "Consumer Confidence Plummets to a Record Low." The Conference Board of Canada. Last modified April 7, 2020. https://www.conferenceboard.ca/insights/blogs/consumer-confidence-plummets-to-a-record-low.



Carriage Hills, 90 Highland Drive, Oro Medonte, Ontario

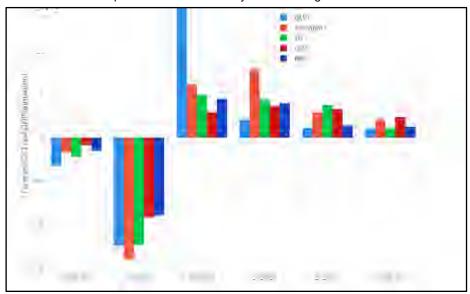
The following chart captures the Consumer Pricing Index since 2002:



Gross Domestic Product (GDP) 4

GDP is the broadest quantitative measure of a nation's economic activity. Specifically, it represents a measure of monetary value of all goods and services produced within a nation's geographic borders over a specified period of time (typically one year). The most optimistic point of view is that self-isolation measures will bring the pandemic under control and businesses can return to normalcy by the summer.

The following are the current GDP predications indicated by Canada's Big Five Banks:



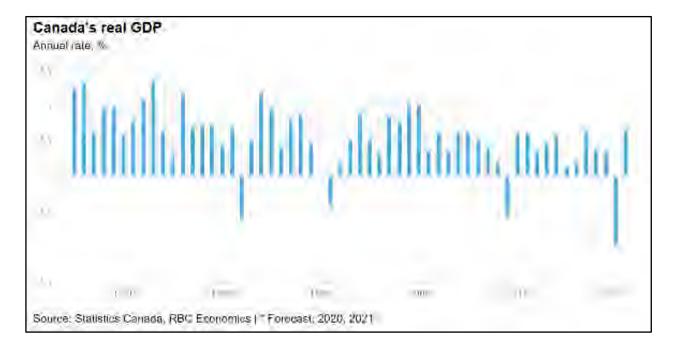
⁴ Kirby, Jason. "Coronavirus plunges Canada's economy into the abyss." McLeans. Last modified April 6, 2020. https://www.macleans.ca/economy/economicanalysis/coronavirus-plunges-canadas-economy-into-the-abyss/.



Carriage Hills, 90 Highland Drive, Oro Medonte, Ontario

RBC Economics expects that the economy will be severely disrupted for a total of about 12 weeks, with activity gradually returning to normal after that. The following is their projection as at April 9, 2020:

Canada	2020				2021				2020A	2021A
	<u>Q1</u>	<u>Q2</u>	Q3	Q4	Q1	Q2	Q3	Q4		
GDP 1	4.0	-32,0	20.0	8.0	4.0	3.0	3.0	3.0	-4.9	3.4
Unemployment Rate 7	7.2	14.6	9,5	8.5	8.1	7.7	7.4	7.0	10.0	7.6
Overnight rate 3	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
10-year yield 3	0.70	0.70	0.65	0.70	0,70	0.85	1.00	1,10	0,70	1,10



It is noted that these projections have extremely wide confidence bands around the duration of the shutdown, which, in turn, has a significant impact on the associated projections concluded above.

Under this projection, it is forecast that some industries like education and public sector services should recover relatively rapidly with students returning to classrooms in September and demand for public services ramping up quickly once the worst of the coronavirus has passed. Other industries, like retail and food and accommodation services, will continue to face challenges. Canadians will initially be cautious about going out, and are likely to focus first on paying deferred bills and rebuilding their nest eggs. How quickly construction activity gets back online will be determined by the ability of homeowners to navigate through a period of heavy job losses.



Economic Overview – Ontario

The observations and projections below are taken from the Conference Board of Canada's latest "Metropolitan Outlook" report. As noted therein, "This forecast was prepared on January 2nd [2020], before the coronavirus outbreak and the commodity price crash." As such, this information is included herein to provide an indication of the economic conditions and projections in place prior to these events, but should not be viewed as predictive of future conditions, as these significant events have caused a great deal of uncertainty in the current and near term future economic climate. Readers are accordingly cautioned not to rely on these projections as fact and should not factor them into their analysis. Colliers does not undertake any responsibility to update or correct the information below at a later date.

The Province of Ontario is Canada's most populous province and home to the nation's capital, Ottawa, as well as the nation's largest city, Toronto. Besides having 40% of Canada's population, Ontario has the most culturally diverse population in Canada. The great majority of Ontario's population and arable land is located in the south. In contrast, the larger, northern part of Ontario is sparsely populated.

Ontario generates 39% of Canada's GDP and forms Canada's largest economy. The province's economy is led by its service sector, manufacturing, agriculture, mining and forestry industries. Nearly 50% of



Canada's high tech, financial services and other knowledge intensive industries are employed in Ontario. Meanwhile, Ontario is Canada's manufacturing powerhouse, shipping more than 8 billion of automobiles, information and communications technologies, biotech, pharmaceuticals and medical devices. In addition, the province's mining industry is among the top 10 producers in the world for nickel and platinum and a significant producer of gold, copper, zinc, cobalt and silver.

Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2007 \$ millions)	798,298	750,029	768.578	T76,559	788.437	799,942
percentage change	7.4	7.6	7.8	17	7.5	7.5
Total employment (000s)	7 435	7 534	7.621	7,703	7 798	7.894
percentage change	27	7.3	7.2	17	r.2	7.2
Unemployment rate (%)	8.6	5.3	8.1	5.10	5.7	á.0
Personal Income per Capita (\$)	48.9YE	51,291	52,720	54,169	55,724	57,263
Population (000s)	14.626	14,712	14,879	75,048	19 220	15,394
percentage change	7.7	7.3	core .	1.7	T.I	7.7
Single-lamily housing starts (000s)	204	234	22.4	2(5	20.9	1,8,7
Multi-family housing starts (000s)	510	:58 2	SE 4	58.6	58.9	57 E
Retail Sales (5 millions)	211/818	259,455	246.893	264,465	262 599	270,624
percentage change	26	3.3	31	31	3.2	31
CPI (base year: 2002=1.0)	1.376	1.494	1.414	1.465	1,494	1.625
percentage change	1.9	20	2.2	21	20	20

Metropolitan Outlook 1: Economic Insights into 13 Canadian Metropolitan Economies – Winter 2020. Ottawa: The Conference Board of Canada, 2020. Figures for 2020 and forward reflect forecasts prepared January 2, 2020.



Economic Overview - Toronto

The observations and projections below are taken from the Conference Board of Canada's latest "Metropolitan Outlook" report. As noted therein, "This forecast was prepared on January 2nd [2020], before the coronavirus outbreak and the commodity price crash." As such, this information is included herein to provide an indication of the economic conditions and projections in place prior to these events, but should not be viewed as predictive of future conditions, as these significant events have caused a great deal of uncertainty in the current and near term future economic climate. Readers are accordingly cautioned to factor this into their analysis and understanding of the information below. Colliers does not undertake any responsibility to update or correct the information below at a later date.

Toronto is the most populous city in Canada, the provincial capital of Ontario, and forms the centre of the most populous metropolitan area in Canada. In addition, Toronto is located within one of North America's fastest growing regions, known as the Golden Horseshoe – Canada's most important economic engine. Culturally, Toronto is one the world's most diverse cities and known as a prominent centre for music, theatre, and motion picture and television production. The Metropolitan Toronto Area consists of 24 municipalities including Mississauga, Brampton, Markham and Vaughan which are interconnected by an extensive road network.



Toronto is Canada's business and financial capital. The

city is the second largest financial services centre in North America after New York and has one of the highest concentrations of financial services company headquarters in the Americas. Toronto is also the headquarters of many large Canadian and multinational corporations as well as a robust and critical concentration of top legal, accounting, consulting, academic and technology providers. The city's other prominent industries include technology, design, financial services, life sciences, education, arts, fashion, business services, environment, food & beverage, and tourism.

Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2007 \$ millions)	382 915	390,390	399.059	407,621	41E 046	424,408
percentage change	7.6	2.0	22	21	21	20
Total employment (000s)	3.466	3 482	3.541	0,599	3.667	3,739
percentage change	34	0=	47	116	7.9	20
Unemployment rate (%)	B 0	5.T	8.5	5.5	5.6	3.4
Personal Incomo per Capita (\$)	50,279	51,243	52.718	54 197	55,850	57,516
Population (000s)	6.482	6.598	6,704	6,813	8 925	7,037
percentage change	2.2	7.8	1.6	16	7.6	7.6
Total Nousing Starts	21/135	97,690	39 620	40,640	40,850	39,680
Retail Sales (\$ millions)	96,844	100 381	103,915	107,555	111.581	115,605
percentage change	40	37	0.4	20	37	3.6
CPI (base year: 2002=1.0)	1 400	1.425	1 459	1.488	7 520	7.550
percentage change	21	2.0	22	21	20	20

Metropolitan Outlook 1: Economic Insights into 13 Canadian Metropolitan Economies - Winter 2020. Ottawa: The Conference Board of Canada, 2020.

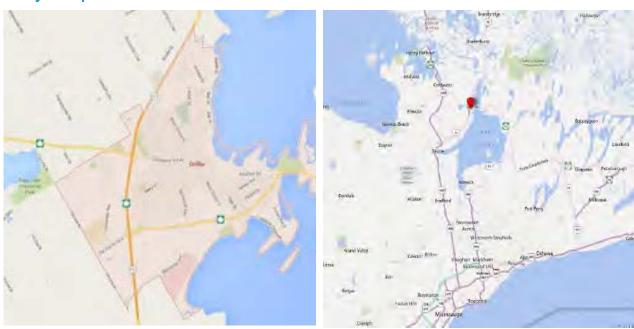


Orillia Market Overview

Orillia is a city in Central Ontario, Canada, on the northern shore of Lake Simcoe and the southern shore of Lake Couchiching. Although located in Simcoe County, the city is politically independent. Orillia is within the southern part Simcoe County. Orillia is located in the central portion of Southern Ontario, approximately 135 km north of Toronto. It is accessible via Highways 27, 400, and 11.

Orillia has a population of approximately 31,166. Known as the "Sunshine City", Orillia is home to large waterfront attractions, annual festivals and other cultural attraction. Orillia is home to Georgina College, Lakehead University also has a campus situated in the downtown core.

City Maps



Economic Overview

Orillia has a great geographic location, on the shores of Lake Simcoe and Lake Couchiching, which attracts a large number of tourists to the area every year. The major industries of employment in Orillia are: manufacturing, government services, customer service, and tourism. The largest employers are: Casino Rama, Orillia Soldiers' Memorial Hospital, Ontario Provincial Police General Headquarters, Nordia, and Kubota Metal Corporation.

Recent development included a \$2.3 million Waterfront Centre which opened in 2017. A community Improvement Plan is in place to upgrade the downtown core. These improvements include signage upgrades, feasibility studies, upgraded façade, and creation of residential units. There is also a vision to improve the Downton and waterfront over the next 20 years to increase the residential population, enhance the shopping and dining experience, and create new community spaces.



Barrie Market Overview

The City of Barrie is in the Greater Golden Horseshoe 94 kilometres north of Toronto, Ontario, 620 kilometres west of Montreal, Quebec, and is located 420 kilometres east of Detroit, Michigan in the United States. Highway 400 runs through Barrie with 5 interchanges and is connected to 3 major provincial highways (90, 27, and 11) along with Highway 400. There are two Go Train stations that service the Barrie area, giving commuter's regular train service to Toronto's Union Station and back during peak hours with summer weekend trains into the Greater Toronto Area. The city is also only 10 minutes away from the Lake Simcoe Regional Airport which allows for small aircraft at the airport and can accommodate both international passengers and freight. The city of Barrie has a population of approximately 197,059.

City Maps





Economic Overview

Barrie is one of the most populous areas within the Greater Golden Horseshoe area. Approximately 40 percent of the land that constitutes Barrie is developed, with the rest mainly being farmland. Barrie features several community and recreation centres, several primary through high schools, as well as Georgian College's main campus.

The key industries in Barrie are healthcare and social assistance (14.9%), hospitality (8.9%), construction (8.0%), and education (7.5%). The largest employers in the private sector were Wolf/Steel/Napolean Appliance, Georgian International Ltd., Sinton Transportation and Transcom. The largest employers in Barrie by public sector was the Simcoe Muskoka Catholic District School Board, Georgian College with and the Royal Victoria Regional Health Centre with. Around fifty-five percent of the labour force in Barrie either has a high school diploma or college certificate with about eight percent having a trade certificate and fifteen percent having a university degree.



Valuation

Highest and Best Use

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

"The reasonably probable use of real property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 8)

The four criteria the highest and best use must meet are analyzed following in relation to both the property as vacant and as currently improved.

As Vacant Analysis

Legal Permissibility

The legal factors that can influence the highest and best use of the Subject site include land use/zoning regulations, private restrictions, building codes, historic designations/district controls, environmental regulations and others, if applicable to the Subject site. In the Subject instance, general ranges of permitted uses under its Private Recreation zoning include a variety of commercial and residential uses. Overall, legal factors appear supportive of a broad range of commercial and residential uses for the Subject site.

Physical Possibility

Regarding physical characteristics, the Subject site is irregular in shape and has sloping topography with average access and average exposure. Physical and locational features appear supportive of a broad range of uses for the site's highest and best use.

Financial Feasibility

Our observations of current market conditions for development at the Subject property's location suggest that development of the site with a residential use would be feasible.

Maximum Productivity

Of the various legally permissible, physically possible, and financially feasible uses available, the maximum productivity of the property would be achieved with a residential development.

As Vacant Conclusion

Based on the previous discussion, the Subject's highest and best use as-vacant is concluded to be as a holding parcel for residential development pending creation of sufficient demand.

As Improved Analysis

Legal Permissibility

The residential use is not currently a permitted use within the applicable zoning and/or land use bylaw requirements affecting the property, however the official plan use allows for the proposed use of a multi-residential development. There are no known private or other restrictions negatively impacting use of the property. Therefore, a residential development is considered legally permissible.



Physical Possibility

The site is of a sufficient size, configuration, and topography to accommodate the property residential use as improved in an efficient and functional manner. Therefore, the residential development is considered physically possible.

Financial Feasibility

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

Maximum Productivity

Of the various legally permissible, physically possible, and financially feasible uses of the property as improved, the use as a residential condominium development is considered to represent the maximum productivity of the property.

As Improved Conclusion

Based on the previous discussion, the highest and best use of the Subject property as-improved is concluded to be represented as a residential development.



Valuation Methodology

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

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

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

- 1) The Cost Approach is a method through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the Subject property to reflect the value of the property interest being appraised.
- 2) The Direct Comparison Approach examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the Subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.
- 3) The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental techniques utilized within the Income Approach include the Overall Income Capitalization and Discounted Cash Flow Techniques.

The Overall Income Capitalization Technique analyzes the relationship of current projected stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

The Discounted Cash Flow Technique models a property's performance over a buyer's investment horizon from the date of acquisition through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.



Selection of Relevant Methodology

The Direct Comparison Approach reflects the actions of prudent purchasers in the valuation of owner occupied properties. Accordingly, the Direct Comparison Approach is deemed applicable, and has been utilized herein.

The current use of the subject property is as a time share private recreational property. We have determined that the subject property's highest and best use would be sold as multi-residential stacked townhouse condominiums, sold as individual units. For the purpose of this analysis, we have looked at other condominiums in comparable locations to determine the value of the subject property on an individual basis. We then adjusted from the top line per unit pricing for construction costs and associated entrepreneurial profits to determine a total end value.



Direct Comparison Approach

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

Given the investment nature of the Subject Property, the sale transactions presented within the Income Approach are considered to be reasonable for use under this method of valuation. It is noted that income producing properties such as the Subject are most relevantly valued through their income characteristics, and therefore the net operating income per square foot must also be given consideration within our analysis.

The transactions summarized and analysed in the table on the following page are considered to be suitably comparable to the Subject property with respect to the characteristics below and to therefore provide a reasonable and reliable indication of value.

In valuing the Subject Property, each of the transactions has been compared to the Subject Property. The basis for comparison included the consideration of the following:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions (Transaction Date and Status)
- Physical Characteristics
- Economic Characteristics



Carriage Hills	Subject	Transaction One	Transaction Two	Transaction Three	Transaction Four	Transaction Five
Property Name	Carriage Hills	2 Bedroom Stacked Tow nhome	2 Bedroom Condo	2 Bedroom Condo	2 Bedroom Stacked Tow nhome	2 Bedroom Condo
Address	90 Highland Drive	1102 Horseshoe Valley Road #303	80 Horseshoe Boulevard #306	80 Horeshoe Boulevard #506	1102 Horseshoe Valley Road #313	80 Horseshoe Valley Boulevard #203
	Oro Medonte, Ontario	Oro Medonte, Ontario	Oro Medonte, Ontario	Oro Medonte, Ontario	Oro Medonte, Ontario	Oro Medonte, Ontario
Transaction Price		\$342.000	\$394,000	\$460,000	\$353,000	\$399.999
Analysis Price		\$342,000	\$394,000	\$460,000	\$353.000	\$399.999
Analysis Price per SF		\$255	\$332	\$387	\$263	\$298
Transactional Characteristics						
Transaction Status		Recorded	Recorded	Recorded	Recorded	Recorded
Transaction Date		12/14/2020	11/27/2020	9/1/2020	8/5/2020	7/15/2020
Market Conditions		Similar	Similar	Similar	Inferior	Inferior
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing		Undisclosed	Undisclosed	Undisclosed	Undisclosed	Undisclosed
Conditions of Sale		Typical	Typical	Typical	Typical	Typical
Motivation		Neutral	Neutral	Neutral	Neutral	Neutral
Transactional Adjustment		None	None	None	Upward	Upward
Site Characteristics						
Site Size (SF)	846.371	-	-	_	-	_
Site Size (Acre)	19.430	_	-	-	-	-
Topography	Sloping	Level	Level	Level	Level	Level
Site Configuration	Irregular	Iregular	Iregular	Iregular	Iregular	Iregular
Location	Average	Sli. Superior	Sli. Superior	Sli. Superior	Sli. Superior	Sli. Superior
Access	Average	Sli. Superior	Sli. Superior	Sli. Superior	Sli. Superior	Sli. Superior
Exposure	Average	Sli. Superior	Sli. Superior	Sli. Superior	Sli. Superior	Sli. Superior
Zoning	PR	R1*62	FD*67	FD*67	R1*62	FD*67
Site Adjustment		Sli. Downward	Sli. Downward	Sli. Downward	Sli. Downward	Sli. Downward
Improvement Characteristics						
Property Type	Residential	Residential	Residential	Residential	Residential	Residential
Sub-Type	Stacked Townhomes	Stacked Townhome	Condo	Condo	Stacked Townhome	Condo
Number of Buildings	8	1	1	1	1	1
Building Structure	Wood	Concrete	Concrete	Concrete	Concrete	Concrete
Design / Layout	Average	Similar	Superior	Superior	Superior	Superior
Quality	Average	Similar	Superior	Superior	Superior	Superior
Condition	Average	Similar	Superior	Superior	Superior	Superior
Building Size (SF)	1,200	1,342	1,188	1,188	1,342	1,342
Year Built	2000	1,342	2019	2019	1979	2019
Parking Ratio/1,000 SF	1.0	1.0	0.0	0.0	1.0	1.0
Bathrooms	2	2	0.0	0.0	2	1.0
Improvement Adjustment		Sli. Downward	Downward 2	Downward	Downward 2	Downward 2
Overall Adjustment		None	Downward	Downward	Downward	Downward
ovoran Aujustinient			Superior	Superior	Superior	Superior
Overall Comparability		Similar	Superior	Superior	Superior	Suberior
Overall Comparability Conclusion		Similar	Lower Than	Lower Than	Lower Than	Lower Than



Analysis

The selected transactions pertain to activity that occurred between July 2020 and December 2020. The properties vary in size from 1,188 square feet to 1,342 square feet and were originally constructed between 1979 and 2019. These transactions represent capital investments that range from a low of \$342,000 to a high of \$460,000. The unit prices per square foot indicated by these transactions vary from a low of \$255 per square foot to a high of \$387.

<u>Index 1</u> is a 2 bedroom stacked townhome located just north of the subject property within Horseshoe Valley on #303 80 Horseshoe Valley Boulevard in Oro Medonte. The transaction property sold for a total purchase price of \$342,000 with a price per square foot of \$255/SF. The transaction property:

• Is located within the Horse Shoe Valley Resort, being a slightly better location relative to the subject.

As a result, a downward adjustment is necessary for a slightly superior location. However, the transaction property is slightly larger than the subject, requiring an upward adjustment for size.

Overall this comparable is considered to be similar to the subject property, and we estimate the subject property per unit pricing to be similar to this property.

<u>Index 2</u> is a 2 bedroom condo located at #303 80 Horseshoe Boulevard, Oro Medonte. The transaction property sold for a total purchase price of \$394,000 with a price per square foot of \$332/SF. The transaction property:

- Is located within the Horse Shoe Valley Resort, being a slightly better location relative to the subject.
- Is brand new and is significantly superior in quality, finishes and condition relative to the subject.

As a result, a downward adjustment is necessary for a slightly superior location and a significant downward adjustment is necessary for superior improvement characteristics. Overall, we estimate the subject property per unit pricing to be less than this transaction.

<u>Index 3</u> is a 2 bedroom condo located at unit #506, 80 Horseshoe Boulevard, Oro Medonte. The transaction property sold for a total purchase price of \$460,000 with a price per square foot of \$387/SF. The transaction property:

- Is located within the Horse Shoe Valley Resort, being a slightly better location relative to the subject.
- Is brand new and is significantly superior in quality, finishes and condition relative to the subject.

As a result, a downward adjustment is necessary for a slightly superior location and a significant downward adjustment is necessary for superior improvement characteristics. Overall, we estimate the subject property per unit pricing to be less than this transaction.

<u>Index 4</u> is a 2 bedroom stacked townhome located just north of the subject property within Horseshoe Valley on #303 80 Horseshoe Valley Boulevard in Oro Medonte. The transaction property sold for a total purchase price of \$353,000 with a price per square foot of \$263/SF. The transaction property:



- Is located within the Horse Shoe Valley Resort, being a slightly better location relative to the subject;
- Represents superior interior finishing relative to the subject.

As a result, a downward adjustment is necessary for a slightly superior location and superior improvement characteristics. However, the transaction property is slightly larger than the subject, requiring an upward adjustment for size.

Overall this comparable is considered to be superior relative to the subject property, and we estimate the subject property per unit pricing to be similar to this property.

<u>Index 5</u> is a 2 bedroom condo located at unit #203, 80 Horseshoe Boulevard, Oro Medonte. The transaction property sold for a total purchase price of \$399,999 with a price per square foot of \$298/SF. The transaction property:

- Is located within the Horse Shoe Valley Resort, being a slightly better location relative to the subject.
- Is brand new and is significantly superior in quality, finishes and condition relative to the subject.

As a result, a downward adjustment is necessary for a slightly superior location and a significant downward adjustment is necessary for superior improvement characteristics. Overall, we estimate the subject property per unit pricing to be less than this transaction.

In consideration of the sale indices reviewed and the accompanying analysis, we are of the professional opinion that an appropriate stabilized unit value range for the Subject property would be between \$230 per square foot and \$280 per square foot. Applying such unit values to the total leasable area of the property results in a range in estimated stabilized values as summarized in the table below.

VALUE MA	ATRIX - DIRECT CO	OMPARISON
SIZE	\$/SF	VALUE ⁽¹⁾
1,200 SF	\$230	\$280,000
1,200 SF	\$255	\$310,000
1,200 SF	\$280	\$340,000

- (1) Round to nearest \$10,000
- (2) Adjustments as previously detailed under Overall Income Capitalization
- (3) Adjusted for Holding and Lease Up, Other Costs



Adjustments to Value

Adjustments have been analyzed to account for such factors as any required capital expenditures in order to make the units saleable at a maximal price to the open market. We have determined that approximately \$15,000 would be required for each unit to upgrade the floors to make them more saleable to prospective owners.

In addition to the total renovation costs, we have included a 15% entrepreneurial profit to the end value of the subject property to account for risk and additional costs that are required to sell the current timeshares as individual condominium units. Typically entrepreneurial profit is between 10%-15%, we have decided to choose a profit on the higher end of this range to account for the conversion and absorption risks associated with the subject property.

ADJUSTMENTS TO VALU	IE .
ADJUSTMENT ITEM	ADJUSTMENT
LEASE-UP COSTS	
Renovation Costs	\$15,000
Total Units	172
Total Renovation Costs	(\$2,580,000)
Entrepreneurial Profit @ 15%	(\$7,998,000)
Renovation + Entrepreneurial Profits	(\$10,578,000)
TOTAL VALUE ADJUSTMENTS	(\$10,580,000)

Rounded to nearest \$10,000

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After adjustments, the subject property per unit pricing is estimated to be \$260,000 per two bedroom unit.

SIZE	SIZE \$/Unit VALUE ⁽¹⁾ ADJUSTMENT ⁽²⁾ ADJUSTED VALUE ⁽¹⁾⁽³⁾					
172	\$280,000	\$48,160,000	(\$9,804,000)	\$38,360,000	\$220,000	
172	\$310,000	\$53,320,000	(\$10,578,000)	\$42,740,000	\$250,000	
172	\$340,000	\$58,480,000	(\$11,352,000)	\$47,130,000	\$270,000	

⁽¹⁾ Round to nearest \$10,000

Summary

Selecting the mid-point of the matrix, the Direct Comparison Approach indicates an estimated value of **\$42,740,000** (rounded) as of the effective date of this valuation.

The above value estimate is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.



Reconciliation and Final Estimate of Value

The Subject Property is a 206,400 SF timeshare building located on a 19.43 acre site. For the purposes of this report, we have assumed that the property can be converted into a multi-residential stacked townhome condominium development. The building represents average quality construction and was in average condition as of the effective date of the report.

The approaches used in this valuation provide the following values:

VALUATION	SUMMARY		
VALUATION INDICES	Highest and Best Use Value		
INTEREST APPRAISED	FEE SIMPLE		
DATE OF VALUE	NOVEMBER 17, 2020		
DIRECT COMPARI	SON APPROACH		
Direct Comparison	\$42,740,000		
Direct Comparison \$/Unit	\$250,000/Unit		
FINAL VALUE	CONCLUSION		
FINAL VALUE \$/SF Value per Unit	\$42,740,000 \$207/SF \$250,000		

As the subject property appeals as an owner user property, our primary approach to value was the Direct Comparison Approach. The Direct Comparison Approach is the approach typically utilized by purchasers of owner user assets in the subject market thus has been relied upon as our primary approach to value.

Based on the foregoing, and with most weight applied to the Direct Comparison Approach it is our opinion that the highest and best use value as is of the fee simple interest in the property, subject to the assumptions set forth, and as at November 17, 2020, was:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Highest And Best Use Value	Fee Simple	November 17, 2020	\$42,740,000

The above value estimate is based on an exposure period of 12 months or less, assuming the basis of a transaction involving cash to the vendor, and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.



Certification

Carriage Hills

	90 Highland Drive, Oro Medonte, Ontario
P.I.N.	Legal Description
74053-1000, 2000, 3000	Parcel 1-16, Section 51-0ro-3Being Part of Lots 2 and 3, Concession 4Designated as Parts 5,6,7,8,9 and 10 on Plan 51R-26764 Township of Oro-Medonte
74053-4000, 5000	Parcel 1-17, Section 51-Oro-3Part of Lot 2, Concession 4Designated as Parts 11,12,13 and 14 on Plan 51R-26764 Township of Oro-Medonte
74053-6000, 7000, 8000	Parcel 1-18, Section 51-Oro-3 Part of Lot 2, Concession 4Designated as Parts 1,2,3,4,15,16 and 17 on Plan 51R-26764

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

- The statements of fact contained in this report are true and correct:
- The reported analyses, opinions and conclusions are limited only by the reported Assumptions and Limiting conditions, and are my impartial and unbiased professional analyses, opinions and conclusions:
- I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, a conclusion favouring the client, or the occurrence of a subsequent event;
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP);
- I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP;
- Scott Stevens, AIC Candidate has provided significant professional assistance to the person(s) signing this report. Assistance included gathering, analyzing and reporting regional, local area, zoning and tax information, confirming some of the comparable data, and assisting with portions of the valuation analysis.
- As of the date of this report the undersigned has fulfilled the requirements of The Appraisal Institute of Canada's Continuing Professional Development Program;
- I am a member in good standing of the Appraisal Institute of Canada;
- I am not required to be licensed to practice in the Province of **Ontario**.



Information pertaining to inspection of the subject property is as follows:

SUBJECT PROPERTY INSPECTION				
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION	
Hadley Duncan, AACI, P. App	No	-	-	
Jonathan Gawrys B.A. Hon, FRI, AACI, P. App	No	-	-	
Eric Sutton, AACI, P.App.	Yes	Exterior Only	October 22, 2020	

Final Estimate of Value

Based upon the data, analyses and conclusions contained herein, the highest and best use value of the Fee Simple interest in the property described herein, as at November 17, 2020, is estimated to be as follows:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Highest And Best Use Value	Fee Simple	November 17, 2020	\$42,740,000

The above value estimate is based on an exposure period of 12 Months or Less, assuming the basis of a transaction involving cash to the vendor, and is subject to the Extraordinary Assumptions, Hypothetical Conditions and Extraordinary Limiting Conditions as detailed within the Terms of Reference section of this report, in addition to the Ordinary Assumptions and Limiting Conditions contained in the Addenda. Any alterations to either the information provided or the assumptions in this report may have a material impact on the value contained herein.

Appraiser Appraiser

Hadley Duncan, AACI, P. App Date: November 17, 2020

AIC Membership No. 906033

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Jonathan Gawrys B.A. Hon, FRI, AACI, P. App

Date: November 17, 2020 AIC Membership No. 907369



Appendices

Appendix A Ordinary Assumptions and Limiting Conditions

Appendix B Definitions

Appendix C Certificate of Title

Appendix D Land Use / Zoning

Appendix E Comparable Transactions



Appendix A

Ordinary Assumptions and Limiting Conditions



Ordinary Assumptions and Limiting Conditions

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

- This report has been prepared at the request of Matthew Marchand of BDO (the client) for the purpose of providing an estimate of the market value of 90 Highland Drive, Oro Medonte, Ontario (the Subject property) and for the specific use referred to. It is not reasonable for any party other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other party will rely on it for any other purpose. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed.
- 2) This report has been prepared at the request of Matthew Marchand of BDO and for the exclusive (and confidential) use of the recipient as named and for the specific purpose and function as stated. Written consent from the authors must be obtained before any part of the appraisal report can be used for any use by anyone except the client and other intended users identified in the report. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee.
- All copyright is reserved to the author and this report is considered confidential by the author and Matthew Marchand of BDO. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.
- 4) The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
- 5) This appraisal report, its content and all attachments/addendums and their content are the property of the appraiser. The client, intended users and any appraisal facilitator are prohibited, strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.



- 6) The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
- 7) This report is completed on the basis that testimony or appearance in court or at any administrative proceeding concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and for preparation and for any appearances that may be required, and the provision of appropriate additional compensation.
- 8) The estimated market value of the real estate that is the Subject of this appraisal pertains to the value of the fee simple interest in the real property. The property rights appraised exclude mineral rights, if any.
- 9) The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).
- 10) The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. However, these data are not guaranteed for accuracy. Unless otherwise stated, we did not verify client-supplied information, which we believed to be correct. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate.
- 11) The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. No title search has been performed, and the appraiser assumes that the title is good and marketable and free and clear of all value influencing encumbrances, encroachments, restrictions or covenants, including leases, unless otherwise noted in this report, and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described. The property is appraised on the basis of it being under responsible ownership. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
- 12) The property has been valued on the basis that there are no outstanding liabilities except as expressly noted, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the Subject property or any portion thereof.
- 13) The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in



- equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate appraised.
- 14) The legal description of the property and the area of the site were obtained from the Geowarehouse. No survey of the property has been made. Any plans and sketches contained in this report show approximate dimensions only and are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
- 15) The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all Government regulations and requirements of law, including all zoning, land use classification, building codes, 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, and that if it doesn't comply, any such non-compliance may affect market value. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
- 16) The term "inspection" refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the CUSPAP.
- 17) The opinions of value and other conclusions contained assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The appraiser has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
- 18) The author of this report is not qualified to comment on environmental issues (including, without limitation any chemical or biological issues) that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.
- 19) Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications



- of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
- 20) 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 with respect to the Subject property's compliance with all applicable regulations, unless such investigations are expressly represented to have been made in this report. Assumptions have been made that the Subject property is in compliance with all such regulations. The Subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
- 21) The interpretation of any leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed, is solely the opinion of the author and should not be construed as a legal interpretation. Further, any summaries of such contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
- 22) The estimated market value of the property does not necessarily represent the value of the underlying shares of the entity owning the property, if the asset is so held, as the value of the shares could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
- 23) Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
- 24) In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
- 25) Unless otherwise noted, the estimated market value of the property referred to is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
- 26) Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed, as of the effective date of this appraisal, cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
- 27) The value expressed is in Canadian dollars.
- 28) This report is only valid if it bears the original or password secured digital signature(s) of the author(s). If transmitted electronically, this report will have been digitally signed and secured with personal



- passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.
- 29) These Ordinary Assumptions and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.
- 30) Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.



Appendix B

Definitions



Definitions

Property Interests

Fee Simple

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.

Leased Fee Interest

 The ownership interest held by the lessor, which includes the right to the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

General Definitions

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

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

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

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

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

Discounted Cash Flow Technique offers an opportunity to account for the anticipated growth or decline in income over the term of a prescribed holding period. More particularly, the value of the property is equivalent to the discounted value of future benefits. These benefits represent the annual cash flows (positive or negative) over a given period of time, plus the net proceeds from the hypothetical sale at the end of the investment horizon.

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

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



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

Exposure Time - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Exposure Time" (<u>The Appraisal Institute of Canada</u>, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 6) as:

"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal."

Fair Value (International Financial Reporting Standards) – IFRS 13 defines "Fair Value" as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Highest and Best Use - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Highest and Best Use" (<u>The Appraisal Institute of Canada</u>, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 8) as:

"The reasonably probable use of Real Property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value."

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

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

Market Value - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Market Value" (<u>The Appraisal Institute of Canada</u>, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 10) as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress."

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



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

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



Appendix C

Legal Descriptions



LEGAL DESCRIPTIONS ON PARCEL OF LANDS BY PHASE

BUILDING PHASES W/ PARCEL NUMBER	Units per Parcel	intervals 2652 - FULL 5304 - EOY	
PHASE I 1000, 2000, 3000 Farcel 1-16 Section 51-0ro-3 Being Part of Lots 3 and 3, Concession 4 Designated as Parts 5, 6, 7, 8, 9 and 10 on Plan 51R-26764 Township of Oro-Medonts	52		
PHASE II 4000, 5000 Parcel 1-17 Section 51 Oro-3 Fart of Lot 2, Concession 4 Designated as Parts 11 12 13 and 14 on Plan 51P-26764 Township of Oro-Medonts	52	2652 - FULL 5304 - EOY	
PHASE III 6000, 7000, 8,000 Farcel 1-18: Section 51-Oro-3 Fart of Lot 2, Concession 4 Designated as Parts 1,2 3,4 15,16 and 17 on Plan 51R- 26764	68	3468 - FULL 6936 - EOY	
PHASE IV Carriage Ridge Parcel 1-27, Section 51-0ro-3 Being part of Lots 1 and 2 Concession 3 Designated as Part 1 on Plan 51R-31409 (formerly Township of Oro), Township of Oro-Medonte, County of Simooe	3 buildings at 26 units = 78	3978 - FULL 7956 - EOY	

Land Titles Division of Simcoe (No. 51)



Appendix D

Land Use / Zoning



Zoning

PR - Private Recreational Zone

R1 - Residential One

OS - Open Space



Table A5
Environmental Protection, Open Space Private Recreation, Institutional and Future Development
Zones [By-law 2013-179, 2017-012]

	Use	Zone					
		EP Environmental Protection	OS Open Space	PR Private Recreation	l Institutional	FD Future Development	
A.	Agricultural uses	(1)(2)					
В	Agricultural uses intensive	• (1) (2)					
C	Bed and breakfast establishments			•			
D	Cemeteries						
E	Community centres				4		
F	Conservation uses	(2)			1.7	Y-1	
G	Cross country ski facilities	7.00		•1		•	
H	Day nurseries				•		
I-	Downhill ski facilities			(6)		4	
3	Forestry uses					10	
K	Golf courses			rite.		A".	
L.	Hotels					*	
M	Infrastructure		•				
N	Libraries		+		4	1	
0	Mountain bike facilities						
Р	Museums				4.0		
Q	Private parks						
R	Public parks	(2)					



S	Public Starm Sewer System				
T	Places of worship			(3)	
U	Private clubs				
V	Schools, public				
W	Sewage Treatment Facility	*	1	- []-	
X	Stormwater Management Facilities	*			

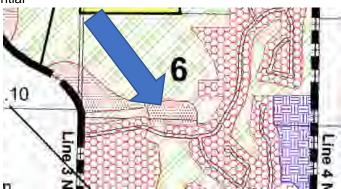
Special Provisions:

- Only uses that existed on the effective date of this By-law are permitted.
 No buildings or structures, except those required for flood or erosion control are permitted.
 One accessory dwelling unit is permitted on a lot.



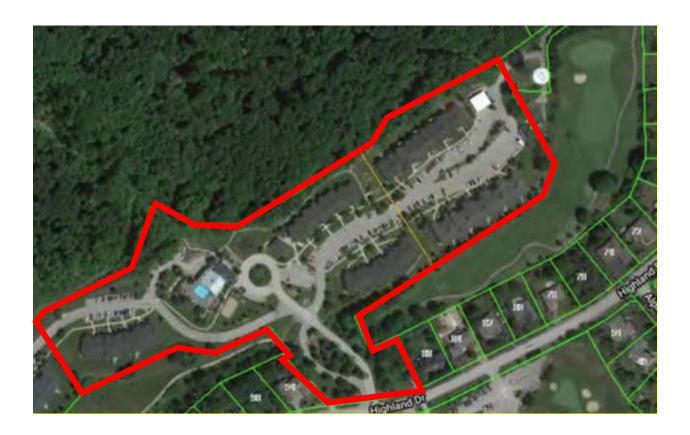
Official Plan

Medium Density Residential











Appendix E

Comparable Transactions



COMPARABLE 1: 2 Bedroom Condo #303 1102 Horseshoe Valley Road, Oro Medonte, ON





LOCATION / SITE INFORMATION

1102 Horseshow Valley #303 Oro Medonte, Ontario City, Province Legal Description Long Legal Exists Site Size Strata Topogrphy Level Location Good Access Good Exposure Good R1*62 Zoning

SALE INFORMATION

Purchaser TAPPER, MERNA AILEEN; Vendor TAPPER, ROBERT HARRY 12/14/2020 Transaction Date Transaction Price \$3,420,000 \$3,420,000 Analysis Price Rights Transferred Fee Simple Undisclosed Financing Conditions of Sale Typical

IMPROVEMENTS INFORMATION

Property Type Sub-Type Two Bedroom Stacked Townhouse No. of Floors **Building Structure** Concrete Design / Layout Good Quality Good Condition Good Class В Unit Size (SF) 1342 Year Built 1979 Parking 1 Washrooms 2 Bedrooms 2

ANALYSIS INFORMATION

Price per SF \$255

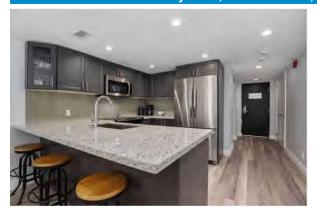
REMARKS

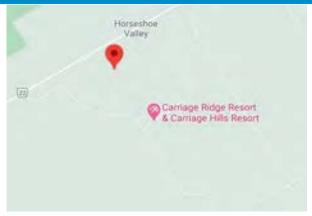
Two bedroom stacked townhome with good quality finishes similar to the subject property.



COMPARABLE 2:

#306 - 80 Horseshoe Valley Blvd, Oro Medonte, Ontario





LOCATION / SITE INFORMATION

Address 80 Horseshoe Boulevard #306
City, Province Oro Medonte, Ontario
Legal Description Long Legal Exists
Site Size Strata

 Site Size
 Strata

 Topogrphy
 Level

 Location
 Good

 Access
 Good

 Exposure
 Good

 Zoning
 FD*67

SALE INFORMATION

Purchaser

Vendor

Kenny Zhi Qin Lin

Transaction Date
11/27/2020

Transaction Price
\$394,000

Analysis Price
\$394,000

Rights Transferred
Financing
Undisclosed

Conditions of Sale
Typical

IMPROVEMENTS INFORMATION

Property Type Residential
Sub-Type 2 Bedroom Condo

No. of Floors 1

Building Structure Concrete Very Good Design / Layout Very Good Quality Condition Excellent Class В Unit Size (SF) 1188 Year Built 2019 Parking 0 Washrooms 2 Bedrooms 2

ANALYSIS INFORMATION

Price per SF \$332/SF

REMARKS

This transaction property consists of a new 2 bedroom condominium located at Horseshoe Valley Resort.



COMPARABLE 3:

#506 - 80 Horseshoe Valley Boulevard, Oro Medonte, Ontario





LOCATION / SITE INFORMATION

Address 80 Horseshoe Boulevard #506
City, Province Oro Medonte, Ontario
Legal Description Long Legal Exists
Site Size Strata

 Site Size
 Strata

 Topogrphy
 Level

 Location
 Good

 Access
 Good

 Exposure
 Good

 Zoning
 FD*67

SALE INFORMATION

Purchaser Vendor Verma, Anil; Lalit, Kamlesh

Transaction Date 9/1/2020
Transaction Price \$460,000
Analysis Price \$460,000
Rights Transferred Fee Simple
Financing Undisclosed
Conditions of Sale Typical

IMPROVEMENTS INFORMATION

Property Type Residential
Sub-Type 2 Bedroom Condo

No. of Floors 1

Building Structure Concrete Very Good Design / Layout Very Good Quality Condition Excellent Class В Unit Size (SF) 1188 Year Built 2019 Parking 0 Washrooms 2 Bedrooms 2

ANALYSIS INFORMATION

Price per SF \$387

REMARKS

This transaction property consists of a new 2 bedroom condominium located at Horseshoe Valley Resort.



COMPARABLE 4: 2 Bedroom Stacked Townhome #313 - 1102 Horseshoe Valley Road, Oro Medonte, ON





LOCATION / SITE INFORMATION

Address 1102 Horseshoe Valley Road #313

City, Province Oro Medonte, Ontario

Legal Description Long Legal Exists

Site Size Strata Topogrphy Level Location Good Access Good Exposure Good Zoning R1*62

IMPROVEMENTS INFORMATION

Residential Property Type

Sub-Type Stacked 2 Bedroom Townhome

No. of Floors

Building Structure Concrete Design / Layout Very Good Very Good Quality Condition Very Good Class В

Unit Size (SF) 1342 Year Built 1979 Parking 1 Washrooms 2 2 Bedrooms

SALE INFORMATION

Purchaser Maryanne Labrash

Cowen, Kenneth Russel; Cowen, Vendor

Deborra Lynne; Cowen, Stephen

William Russell;

Transaction Date 8/5/2020 \$353,000 **Transaction Price** \$353,000 Analysis Price Rights Transferred Fee Simple Financing Undisclosed Conditions of Sale Typical

ANALYSIS INFORMATION

\$263 Price per SF

REMARKS

This transaction property consists of a renovated 2 bedroom stacked townhome condominium located at Horseshoe Valley Resort.



COMPARABLE 5: 2 Bedroom Condo #203 - 80 Horseshoe Boulevard, Oro Medonte, ON





LOCATION / SITE INFORMATION

Address 80 Horseshoe Boulevard #203 City, Province Oro Medonte, Ontario Legal Description Long Legal Exists Site Size Strata Topogrphy Level Location Good Access Good Exposure Good Zoning FD*67

SALE INFORMATION

Purchaser Cormier, Matthew Mark; Arora, Anmol; Arora, Varnika; Vendor 12/11/2020 Transaction Date Transaction Price \$399,000 \$399,000 Analysis Price Rights Transferred Fee Simple Financing Undisclosed Conditions of Sale Typical

IMPROVEMENTS INFORMATION

Property Type Residential Sub-Type 2 Bedroom Condo No. of Floors **Building Structure** Concrete Design / Layout Very Good Very Good Quality Condition Excellent Class В Unit Size (SF) 1188 Year Built 2019 Parking 0 Washrooms 2 Bedrooms 2

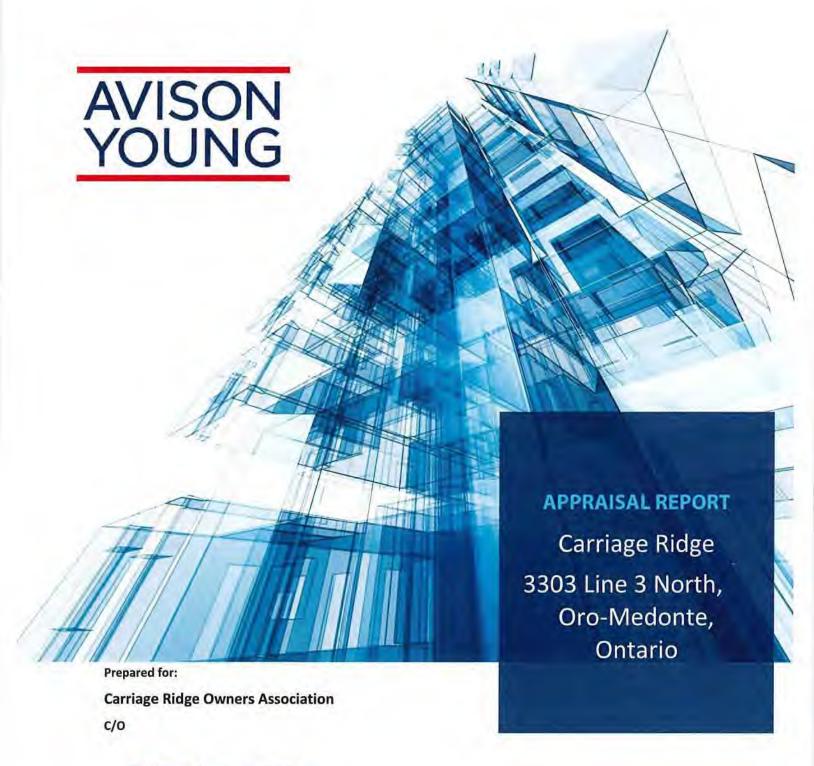
ANALYSIS INFORMATION

Price per SF \$336

REMARKS

This transaction property consists of a new 2 bedroom condominium located at Horseshoe Valley Resort.

TAB 5





Prepared by:

Avison Young Valuation & Advisory Services, LP
55 Commerce Valley Drive West, Suite 501, Mailbox #7, Markham, ON L3T 7V9
T 905 474 1155 F 905 886 5744 www.avisonyoung.ca





January 28, 2021

55 Commerce Valley Drive West, Suite 501 Markham, ON L3T 7V9 Canada

T 905.474.1155 F 905.886.5744

avisonyoung.com

Carriage Ridge Owners Association C/O BDO Canada Limited 20 Wellington Street East, Suite 500 Toronto, ON M5E 1C5

Attention: Matthew Marchand, CPA, CMA, CIRP, LIT, Vice President, Corporate FRS

Re: Carriage Ridge, 3303 Line 3 North, Oro-Medonte, Ontario

At your request, we have examined the above-referenced property for the purpose of estimating the prospective stabilized market value operating as a hotel/resort, as of December 1, 2020. It is our understanding this report is being prepared for internal valuation purposes. This report satisfies appropriate industry and client standards.

The subject property is currently operating as a timeshare. Carriage Ridge is located on the east side of Line 3 North, south of Horseshoe Valley Road West, in the Township of Oro-Medonte and Province of Ontario. The 8.41-acre site is improved with three, two and three-storey buildings containing a total of 78 two-bedroom suites.

The Income Capitalization and Direct Comparison approaches have both been used in estimating the market value of the subject property. The Income Capitalization Approach, using a form of Direct Capitalization and the Direct Comparison Approach are given equal weight in reconciling a final market value estimate. The Cost Approach has not been developed in this report.

An exposure and marketing period of six to twelve months is forecast at our estimate of market value. A thorough review of this appraisal report should be made to fully understand the criteria and basis for the final value estimate.



Based upon our investigation of the real estate market and after considering all of the pertinent facts as set forth in the body of this appraisal report, as of December 1, 2020, the subject property has a prospective stabilized market value of:

Due to the Coronavirus pandemic, local health authorities are strongly advising (or mandating) limited exposure to or contact with other people. Entering properties for inspection purposes is contrary to local health authority advice and is not possible at this time. This appraisal assignment was completed without full physical access to the property since December 27, 2019. Property details have been identified and collected through other means as noted in this report.

ELEVEN MILLION DOLLARS (\$11,000,000)

Hypothetical Condition:

The prospective market value estimate concluded herein is based on the conversion of the timeshare concept to a hotel/resort use and operating in such capacity and that any required capital expenditures be completed. The subject cannot currently function as a legal commercial hotel/resort property without a zoning change from the Township from its current permitted residential use. However, we are making an assumption that a zoning change can occur and the property could function as a hotel/resort.

The Full Narrative appraisal report that follows sets forth the pertinent data and analyses leading to the conclusions presented herein. The Appraisal Requirements section of this report sets out the basis of the appraisal, definitions and the valuation methodology and must be read to gain a full understanding of the process.

Respectfully submitted,

Justin McWatters, BHK

justin.mcwatters@avisonyoung.com

watters

Matthew McWatters, B.Comm, AACI, P. App. matthew.mcwatters@avisonyoung.com

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Appraiser's Qualifications

Executive Summary



Property Type	Hotel/Resort (Hypothetical, requires zoning change)				
Owner of Record	Carriage Hill Resort Four Inc. (Carriage Ridge)				
Purpose	Estimating the prospective stabilized market value operating as a hotel/resort.				
Intended Use	Internal Valuation Purposes				
Intended User	Carriage Ridge Owners Association c/o BDO Canada Limited				
Sales History	The subject property has not sold in the past three years nor is it currently available for sale on the open market.				
Property Rights Appraised	Fee Simple Interest				
Date of Inspection	December 27, 2019				
Date of Valuation	December 1, 2020				
Total Site Area	8.41 acres				
Highest and Best Use	Hotel/Resort (Hypothetical, requires zoning change to be legally permissible)				
Estimated Exposure Marketing Time	6 to 12 months				

78

VALUATION CONCLUSION

CARRIAGE RIDGE

TOTAL NUMBER OF ROOMS

ESTIMATED VALUE PER ROOM (ROUNDED) \$140,000

FINAL ESTIMATE OF VALUE \$11,000,000

Property Data



PROJECT OVERVIEW

Carriage Ridge Owners Association ("CROA") is a not-for-profit corporation vested with the operation, maintenance, alteration, improvement and protection of the Carriage Ridge timeshare resort. CROA is currently in a court process with an Administrator. On October 15, 2020, a court order was issued authorizing the closure of the Carriage Hills resort effective January 6, 2021. An application has also been brought forth to appoint a Receiver on January 6, 2021 and for a marketing and sales process of the resort.

The hypothetical hotel/resort use faces the requirement and costs of a zoning by-law change from the existing residential zone which has an exception that allows a timeshare establishment is permitted to be converted to a commercial zone that would allow for a full-time hotel/resort use. This needs to be done in order to avoid being impacted by the short term rental by-law recently passed by the Township. With the current impact of COVID-19 on the hospitality and national hotel industry affecting year over year national occupancy rates which are down 48% and yearly room revenues are down approximately 60% for hotel operators, the peak exposure for the property as hotel may not be at this current time.

There is however an uncertainty regarding the time and costs associated with navigating the Township in order to rezone the subject property. The current Residential Two (R2) zoning does not allow for a hotel use, as the property has an exception in place to operate as a timeshare. The property would require a zoning change to a Local Commercial (LC) Zone or a Village One (V1) Zone to allow for a hotel use.

Property Data



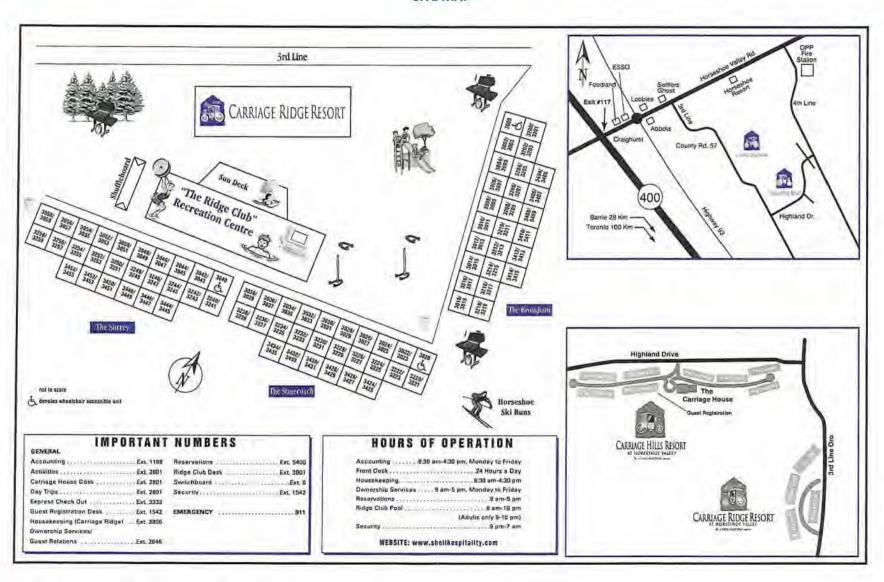
CARRIAGE RIDGE - 3303 LINE 3 NORTH, ORO-MEDONTE

Carriage Ridge is situated on 8.41 acres, with three buildings and 78 units. The three buildings were built in one phase and The Surrey, The Stagecoach and The Brougham were built in 2004. Each fully furnished and tastefully appointed unit takes advantage of the natural setting. Each unit has a full kitchen, private deck and gas fireplace. The amenities include barbecue area, indoor children's pool (indoor), concierge, fitness centre, game room, horseshoes, picnic area, hot tub (outdoor), playground, spa services, swimming pool (indoor), walking trails and internet cafe. Currently, four 2-bedroom units and one accessible 2-bedroom unit are out of commission and require construction to be brought back into functional use.



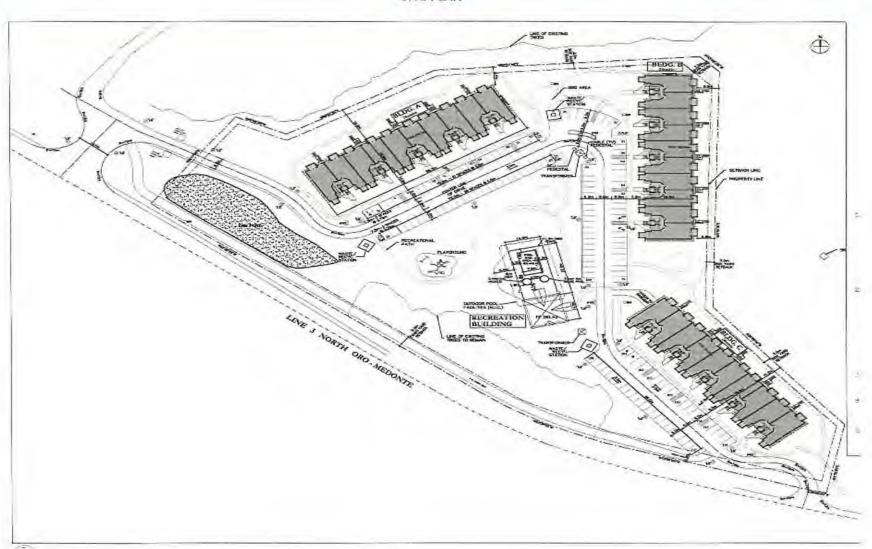


SITE MAP



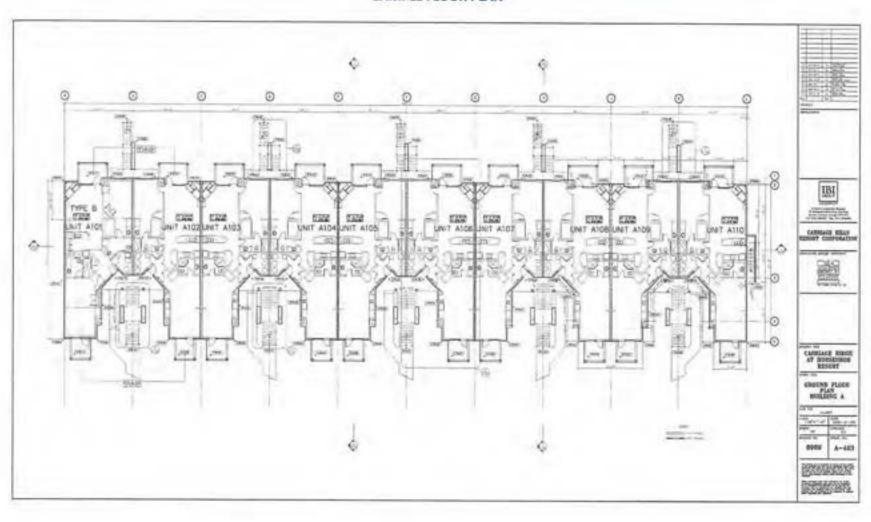


SITE PLAN





SAMPLE FLOOR PLAN



Property Data



MUNICIPAL ADDRESS

3303 Line 3 North, Oro-Medonte , Ontario

SITE DESCRIPTION

Location	The subject property is located on the east side of Line 3 North, south of Horseshoe Valley Road West.
Land Area	8.41 acres
Topography	The site is largely rectangular in shape and is situated at grade with Line 3 North.

SITE IMPROVEMENTS

Parking	141 surface parking spaces.			
Access	Vehicle access is provided from Line 3 North.			
Landscaping	Adequate for the prospective use.			
Condition	Improvements are considered to be in average physical condition.			
Utilities	Appear adequate for a prospective hotel/resort use.			
Easements / Restrictions	None that would have a negative impact on the value or marketability of the subject property.			
Commentary	Overall, the subject site is capable of supporting development consistent with the prospective use.			

Property Data



Use	Prospective hotel/resort				
No. of Buildings	Three				
No. of Stories	Two & three-storey				
Chronological Age	2004				
Condition	Average				
Structure	Reinforced poured concrete and wood frame with stone veneer and wood siding exterior walls.				
Roof	Pitched roof, metal (not inspected).				
Interior Flooring	Ceramic and broadloom flooring.				
Interior Walls	Drywall taped and painted.				
Ceilings	Smooth ceilings				
Lighting	Electric and drop down light fixtures.				
Electrical	Adequate				
Elevators	None				
HVAC	Heating and air conditioning is provided by gas fired forced air units.				
Deferred Maintenance	According to estimates provided in the Reserve Study completed by Armstrong Consulting Inc. on January 14, 2019, the subject property required approximately \$3,500,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$4,500,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards.				
Effective Age	15 Years				
Remaining Economic Life	50 years				





Exterior Units



Side Exterior





The Ridge Club



Pavilion



INTERIOR PHOTOGRAPHS



Kitchen



Kitchenette



Washroom



Washroom



Family Room



Bedroom

Property Data





In-Suite Laundry/Hot Water Tank



Recreation Centre Front Desk



Recreation Centre Lounge



Recreation Centre Games Room



Recreation Centre Gym



Recreation Centre Indoor Pool

Property Data



Commentary

The subject properties are located at the top of Horseshoe Resort ski hill, just 20 minutes north from Barrie and are surrounded by the resort and single-family homes. The former golf course that was a part of Horseshoe Resort has been closed and is slated for further development of single-family homes. Horseshoe Resort is more than just alpine skiing and has an amazing variety of winter and summer activities and adventures as well as resort style amenities and restaurants. Winter activities include alpine skiing, cross country skiing, snow tubing, fat biking, snowshoeing, skating and snowmobiling. The summer activities treetop trekking course, mountain biking, zip line, beach volleyball, disc golf, ATV adventures, lake access and wakeboarding park.

VETTA Nordic Spa, a luxurious outdoor day spa has officially broken ground in Oro-Medonte this past November. The spa will be built on a 26-acre parcel of land within the Horseshoe Valley in close proximity to Carriage Hills & Carriage Ridge Resort. VETTA will be one of Canada's premier outdoor Nordic spas operating year-round, offering guest the opportunity to take time to "relax and reconnect with others, escape the fast-paced North American lifestyle, and recharge physically and mentally."

The project includes a main building to house a lobby, offices, change rooms, a bistro and massage rooms, swimming pools, steam rooms, saunas, landscaping and surface parking. The facility will recognize traditional Finnish design and sauna customs with modern details that is expected to be open in summer 2021.



TOWNSHIP OF DRO-MEDONTE OFFICIAL PLAN

The subject property falls within the Schedule D – Horseshoe Valley Development Node is designated "Horseshoe Valley – Medium Density Residential" within the Township of Oro-Medonte Official Plan (refer to Official Plan Land Use Map & Schedule D Map).

C14.3 Horseshoe Valley Resort Node

A number of specific land use designations have been developed for the Horseshoe Valley Resort node. It is the intent of this Plan to encourage the development of the lands within Horseshoe Valley Resort node for a variety of residential, commercial and recreational uses, primarily on full sewer and water service.

The Township recognizes that the role and function of the Horseshoe Valley Resort is evolving and that the area will serve as a focus for many forms of development in the future. Many of these forms of development will have a market area that extends far beyond the boundaries of the municipality.

C14.3.2 Timeshare Developments

Where timeshare developments are listed as a permitted use in a designation, the policies of this section apply. For purposes of this Plan, a timeshare development is a commercial use that contains accommodation units that are either held in two or more ownerships, with the occupancy of each unit being shared by the owners, or which are held in one ownership, with each of the units available to be rented/leased or used by different parties on a weekly or monthly basis but does not include hotel.

A timeshare establishment may be located in a freestanding building or be contained within a multi-use building. For the purposes of this Plan, a hotel is defined as a premise that contains rooms without cooking facilities that are accessed by a common indoor corridor system and which are rented on a temporary basis to the public for accommodation purposes and which may contain a public dining area and which may also contain meeting rooms and accessory banquet facilities and other accessory uses such as gift shops, fitness centres, restaurants, nightclubs and convention facilities.

It shall be a policy of this Plan that all new timeshare developments require a rezoning and shall also be subject to a development agreement that is into as a condition of severance, subdivision or condominium. One of the purposes of this agreement will be to ensure that matters of municipal interest and jurisdiction, such as, but not limited to, the administration and collection of taxes, other charges, levies, fees, and the provision of notices, are addressed to the Township's satisfaction.

As a condition of such an agreement, the owners shall provide all reasonably required information on the form of the time-share agreement and other documents, so that these matters of municipal interest and jurisdiction can be properly assessed prior to the issuance of any building permit. The agreement may also provide for additional funds or security to pay for any increased municipal administrative costs occasioned by the timeshare form of ownership structure.



C14.3.6 Horseshoe Valley Medium Density Residential Designation

Permitted uses in the *Horseshoe Valley Medium Density Residential* designation as shown on Schedule D includes townhouse dwellings, apartment dwellings and home occupations. Timeshare developments may be permitted. The density of development shall not generally not exceed 30 units per gross hectare. Conditions for approval of development with the *Horseshoe Valley Medium Density Residential* designation are in Section C14.3.8

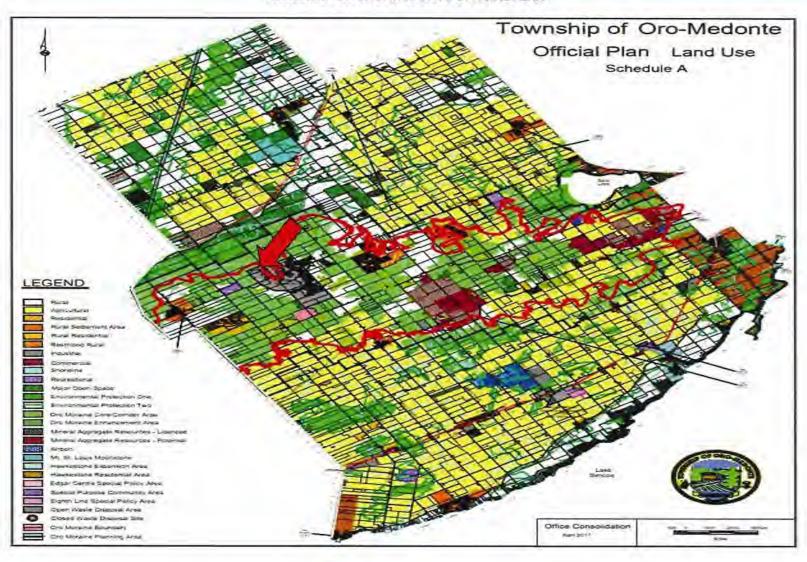
C14.3.8 Conditions for Approval

This policy applies to all lands that are subject to Sections C14.3.5 and C14.3.6 of this Plan. Prior to the approval of a Plan of Subdivision and/or a Plan of Condominium application and/or a request to re-zone the lands, Council shall be satisfied that:

- The proposed form of servicing for the lands is appropriate and agreed to by the Township and the appropriate agencies;
- b) The proposed location, nature and timing of the improvements to Horseshoe Valley Road and other roads is appropriate and agreed to by the Township and the appropriate agencies in accordance with Section C14.3.31; and,
- The phasing of development is appropriate given the timing of the installation of services and the improvements to Horseshoe Valley Road and other Roads

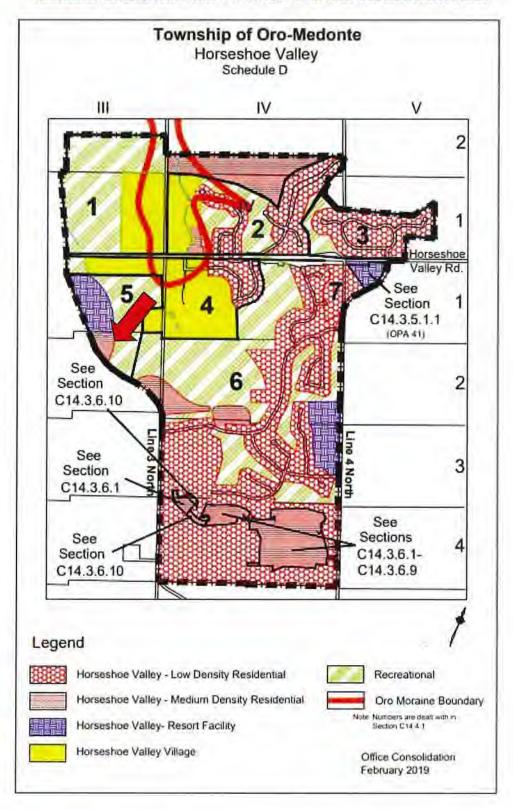


TOWNSHIP OF ORO-MEDONTE OFFICIAL PLAN





TOWNSHIP OF ORO-MEDONTE - HORSESHOE VALLEY DEVELOPMENT NODE





ZONING BY-LAW

Residential Two Zone (R2) Permitted Uses

The Residential Two (R2) Zone applies to lands that are the site of townhouses or apartment buildings in the Township. Apartment buildings are permitted on the subject site.

	Use	Zone							
		R1 Residential One	R2 Residential Two	RUR1 Rural Residential One	RUR2 Rural Residential Two	SR Shoreline Residential	RLS Residential Limited Service		
Α	Single Detached Dwellings	•		•	•	•	•		
В	Semi Detached Dwellings	•							
C	Townhouse Dwellings		+						
D	Multiple Dwellings		•						
E	Apartment Dwellings		•						
F	Day Nurseries			1000					
G	Home Occupations	•	•	•	•	•	•		
Н	Private Home Daycare	•	•	•	•		•		
L	Residential Care Homes	•	•	*	•	•	•		

Exception R2*123

*123 - Parts of Lots 2 and 3, Concession 4 (Former Oro)

Notwithstanding any other provisions in this By-law, a *timeshare establishment* is permitted on the lands denoted by the symbol *123 on the schedules to this By-law.



Private Recreational Zone (PR) Permitted Uses

The Private Recreational (PR) Zone generally applies to lands that are the site of a private recreational facility, such as a ski hill or a golf course.

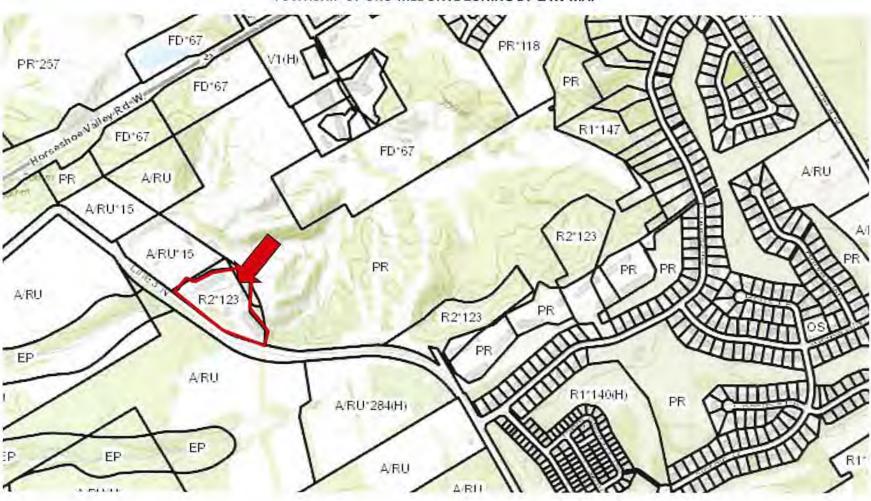
	Use	Zone							
		EP Environmental Protection	OS Open Space	PR Private Recreation	I Institutional	FD Future Development			
A	Agricultural uses	♦ (1) (2)							
В	Agricultural uses intensive	* (1) (2)							
С	Bed and breakfast establishments			•					
D	Cemeteries								
E	Community centres								
F	Conservation uses	♦ (2)		•					
G	Cross country ski facilities			•		×			
Н	Day nurseries								
	Downhill ski facilities								
J	Forestry uses	-				Will and the second			
K	Golf courses								
L	Hotels								
M	Infrastructure								
N	Libraries				•	1			
0	Mountain bike facilities			•					
Р	Museums								
Q	Private parks			1					
R	Public parks	(2)	•		•				
F	S Public Storm Sewer System		•						
1	T Places of worship				* (3)				
	U Private clubs				7.77				
1	V Schools, public			1177					
1	W Sewage Treatment Facility		•						
	X Stormwater Management Facilities								

Special Provisions:

- 1. Only uses that existed on the effective date of this By-law are permitted.
- 2. No buildings or structures, except those required for flood or erosion control are permitted
- 3. One accessory dwelling unit is permitted on a lot



TOWNSHIP OF ORO-MEDONTE ZONING BY-LAW MAP





Assessed Value – Current Use	Carriage Ridge – 3303 Line 3 North
	2020 Assessment - \$46,332,000

Market Overview





ECONOMIC OVERVIEW

Canada's GDP bounced back in Q3, increasing by 8.9% (40.5% at an annualized rate) however recovery is expected to stall in Q4. While the increase did not meet forecasters' expectations, it still marked a significant bounce-back in output with almost three-quarters of the total 18% March/April GDP drop retraced as of September. Consumer spending on goods and residential investment rebounded sharply to stand above pre-shock levels. Business investment also bounced back despite ongoing weakness in the oil & gas sector.

Employment jumped another 62k in November while the unemployment rate slid to 8.5%. The jump in employment in November was still the smallest gain in employment of the now 7-month employment recovery to-date. But it was better-than-expected given concerns that re-imposition of virus containment measures would slow hiring. Overall, a little over 80% of the employment drop in the spring was retraced as of November.

The economy regained ground however the re-imposition of virus containment measures, although not as stringent to-date as those imposed in the spring, is putting a cap on the near-term recovery. Statistics Canada's preliminary estimate of October GDP was up 0.2%, however this is likely to be followed by pullback in November, led by another downturn in hotel and restaurant sales and softer retail activity with Toronto/Peel region temporarily shuttering non-essential retailers. The rebound to-date has also been decidedly smaller in travel and hospitality-related services. Output in accommodation & food services remained almost 30% below pre-shock levels in September contributing to the weakness in consumer spending on services. RBC expects the recovery will essentially ground to a halt in Q4.

For businesses struggling with containment measures, the light at the end of the tunnel comes from recent vaccine news, as well as the high level of household savings. The combination of exceptionally large government income supports and the 'forced' savings for higher-income households who normally spend more on discretionary purchases resulted in household savings balances spiking a cumulative \$160 billion relative to pre-COVID levels through the last three quarters. At least some of those substantial savings will be spent once virus containment measures can be sustainably eased.

	04/2019	Q1/2020	O2/2020	Q3/2020	O:N5050
	unne DoD	alized %			YoY %
Consumer spending	2.0	-10 1	-44-3	62 8	45
Goods	-0.2	-8.7	-29 1	86 8	4 8
Services	37	-tt t	-54 1	44 3	-116
Government spending	19	-1.5	-12 3	13.5	0.0
Residential Investment	2.9	-14	47.7	167 3	9.5
Business investment	-5.9	-06	-55 1	25.8	-14 8
Structures	1.7	6 9	498	-12	-14 3
M&E	-17.4	-12.7	-63 6	91.6	-15.8
Exports	42	-6.6	-56 7	718	-9.7
Imports	-29	-9.3	65.0	113 7	-99
GDP	0.4	-7.3	-38.1	40.5	-5.2
Hausehold disposable income	5.4	5.9	52.3	-12 0	10.6
Saving rate (%)	2.0	5 9	27.5	14 6	11/200
Source Statistics Canada, RBC Economica					

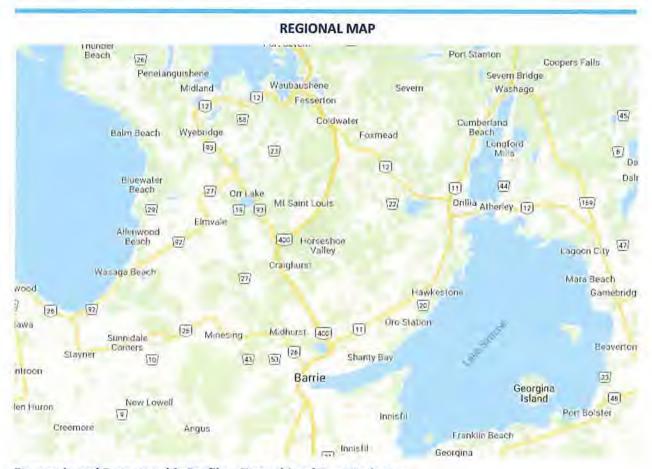
Market Overview



REGIONAL OVERVIEW

- Oro-Medonte is a thriving rural community of more than 20,000 full-time residents. Covering 61,000
 hectares of land in the heart of Simcoe County, the Township is highlighted by a picturesque
 landscape of prominent rolling hills and nearly 40 kilometres of beautiful Lake Simcoe shoreline.
- Located between the Cities of Barrie and Orillia, Oro-Medonte serves as the gateway through which Northern and Southern Ontario are connected and is conveniently situated for residents, tourists and business alike.
- Oro-Medonte is strategically located in the heart of Simcoe County. With Highways 11, 12, 93 and 400 all conveniently accessible from municipal roadways, Oro-Medonte is the gateway through which Northern and Southern Ontario are connected, affording residents, tourists, and businesses easy access to the Township and points beyond.





Economic and Demographic Profile - Township of Oro-Medonte

21,036 (2016 Statistics Canada)
9,013 (2016 Statistics Canada)
\$95,667 (2016 Statistics Canada)
11,730 (2016 Statistics Canada)
5.9% (2016 Statistics Canada)
 Residential/Farm – 0.856808% Multi-Residential – 0.856808% Commercial Occupied – 1.861238% Industrial Occupied – 2.172311%

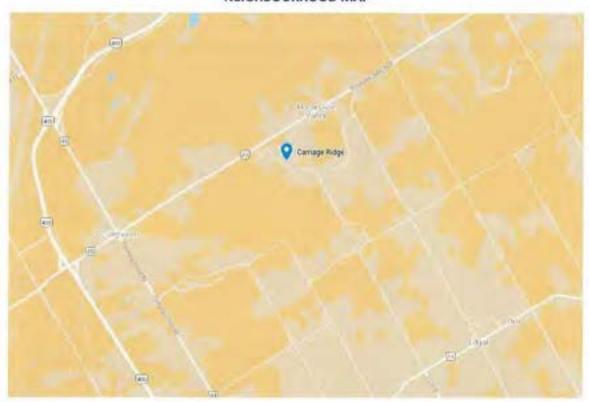
Source of Information - Township of Oro-Medonte website & Statistics Canada



NEIGHBOURHOOD ANALYSIS

The immediate neighbourhood is generally bounded by Horseshoe Valley Road West to the north, Highway No. 400 to the west, Line 5 North to the east, and Bass Lake Side Road West to the south.

NEIGHBOURHOOD MAP



Adjacent Land Use

North - Horseshoe Valley Resort

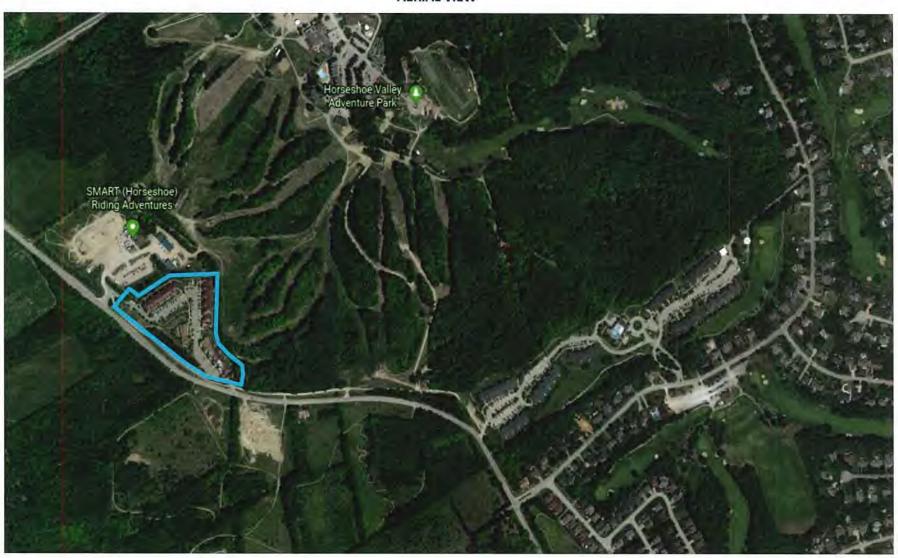
South - Residential Uses (Single Family)

East - Horseshoe Valley Resort & Residential Uses

West - Vacant Land



AERIAL VIEW





HOTEL MARKET OVERVIEW - 2019 YEAR IN REVIEW (COLLIERS)

					Analysis by Seg	ATT THE REAL PROPERTY.		
		Volume (\$M)	% of Volume	# of Hotels	Price per Room	Avg. Deal Size (SM)	Avg. # of Rooms	Avg. Cap Rate (9
	Full Service	\$932	53%	22	\$192,500	542.4	223	6.8
	Focused Service	\$232	13%	14	\$144,900	\$16.6	114	7.0
	Limited Service	\$592	34%	93	\$75,200	\$6.4	69	8.59
ġ	Total	\$1,756	100%	129	\$130,100	\$11.5	100	7.15
	18-0 - 10-11-011-0-94-						-	where Lawerali
		***************************************					mited Service	

	2	019 Volun	ne By Region		
	# Hatels	@ Rooms	\$ Volume (M)	% Volume	\$/Room
WEST	51	4,877	\$677	39%	\$126,600
Alberta	26	3,151	3450	26%	1148,000
British Columbia	19	1,349	1190	111/6	\$101,100
Manitoba	6	148	324	17/5	\$144,700
Saskatchewan	2	229	\$7	0%	\$30,500
EAST	79	8,007	\$1,078	61%	\$132,100
Ontario	42	4,511	\$709	40%	\$150,200
Quebec	18	1,853	\$259	15%	\$144,000
Nova Scotia	11	951	\$69	4%	581,600
New Brunswick	5	441	\$30	2%	168,100
Newloundland	2	251	n/a	n/a	n/a
TOTAL	129	12,884	\$1,756	100%	\$120,100

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- Of the 129 transactions in 2019, Ontario remained the most active province for hotel investment with 42 transactions totaling \$708 million in volume (49% of total). Price per room metrics continued to see upwards pressure as investor demand outstripped available opportunities.
- In-line with recent trends, just over 60% of national transaction volume took place in the eastern
 half of the country (east of Manitoba). While western Canada has historically led the country in
 average price per room, metrics between the two sides of the country were fairly balanced in 2019.



HOTEL MARKET OVERVIEW - Q3 OVERVIEW

- According to the Colliers INNvestment Canada Hotel Report Q3 2020, the transaction volume for Canadian hotel real estate year to date is down 39% and approximately 71% when excluding hotels sold for conversion.
- Year to date 2020 \$777 million in hotel real estate has changed hands. 53% of this total is directly related to purchases for conversion to alternate use or redevelopment.

CANADIAN HOTEL TRANSACTION VOLUME YTD 2020

	\$	YOY Change
Q1	\$299M	+24%
Q2	\$221M	-67%
Ø3	\$257M	-29%
YTD Q3/2020	\$777M	-39%

age 04 2030

- A total of \$257 million in hotel real estate transacted across the country in the third quarter with 68% volume attributed to hotels that sold for conversion or alternate use.
- Since the onset of the Covid-19 global pandemic, the majority of hotel operators have been battling
 with significantly depressed revenues with little certainty on how long it will take for demand trends
 and pricing power to return. It is now clear that the hotel investment cycle has reset and near-term
 uncertainty has resulted in opaque valuations, resulting in a decrease in transaction volumes.
- In-place and next year cap rates have become effectively meaningless, with investors instead focused on pre-Covid metrics (e.g. 2019). Still, there is a large bid/ask spread, with sellers generally reluctant to budge much on now "prior peak values", and buyers demanding significant discounts to account for the reset of the market cycle, increased risk profile over short- to medium-term, as well as lack of available debt options. These dynamics are also not exclusive to Canada with Covid-19 causing havoc to the worldwide hotel sector, particularly to those with reliance on cross border or fly-in travel.
- There was just one lender-driven sale that occurred in the quarter, although it was a distress situation that predated Covid-19.





- Year-over year (YOY) occupancy declines moderate over the over summer travel season, supported
 by regional drive-to resort markets and generally smaller roadside and secondary/tertiary market
 hotels. Most urban markets and particularly larger hotels still suffered from relatively low demand
 from both leisure and corporate segments.
- A peak in Canadian hotel summer demand coincided with the run up to Labour Day (September 7th).
 Post Labour Day, national occupancy has continued to decelerate on a YOY basis, trending between -48% and -56% YOY in recent weeks, as per STR, as case counts accelerated and summer leisure demand abated.
- The current environment has been punitive to Canadian hotel real estate investors and hospitality operators with YOY room revenues approximately 60% lower year-to-date Q3, according to STR.
- We expect that the fourth quarter will be slow for hotel transactions, with some additional activity
 for hotels acquired for transient shelters or other conversions in major urban centres. There are also
 only a handful of receivership sales on the market and we do not expect any material uptick in
 lender driven activity in Q4.



COMPETITIVE MARKET OVERVIEW

		Summary of Competitive Hote	els						
						Standard Room			
No.	Name	Address	Rooms	Distance From Subject (KMs)	Avg Week Day Spring Rate	Avg Weekend Spring Rate	Avg Winter Week Day Rate	Avg Winter Weekend Rate	
1	The Inn at Horseshoe	1101 Horseshoe Valley Road West, Oro-Medonte	101	2.5	\$139	\$149	\$179	\$249	
2	Fairfield Inn & Suites Barrie	261 Essa Road, Barrie	74	29.6	\$149	\$149	\$109	\$129	
3	Holiday Inn Express & Suites	500 Hume Street, Collingwood	93	51.7	\$126	\$157	\$121	\$166	
4	Blue Mountain - Grand Georgian Village Suites	156 Jozo Weider Boulevard, Blue Mountains	n/a	57	\$203	\$247	\$256	\$346	
Averag	e Nightly Rate				\$154	\$176	\$166	\$223	

- · Four hotels have been identified as competitors within the subject market place.
- In the winter months demand for hospitality picks up with the subjects close proximity to Horseshoe Ski Resort. Rates in the winter months are typically higher than those in the off season.

Map of Competitive Hotels





Method of Valuation

The three traditional approaches to value, Cost, Direct Comparison, and Income Capitalization, have been considered in estimating the market value for the subject property. Based on the likely motivations of the typical purchaser, the Income Approach and the Direct Comparison Approach are developed in this report.

The Cost Approach has not been developed in this report. The Income Approach is developed first followed by the Direct Comparison Approach which is followed by the Reconciliation and a Final Estimate of Value.

The Direct Comparison Approach is presented first followed by the Income Approach, which is in turn followed by Reconciliation and a Final Estimate of Value.

DIRECT COMPARISON APPROACH

The unit of comparison relied upon in this section is overall sale price and the price expressed on a per room basis. Following is a Summary of Comparable Sales as well as an analysis of the data and a conclusion as to an estimate of value.

Adjustments to Sale Data

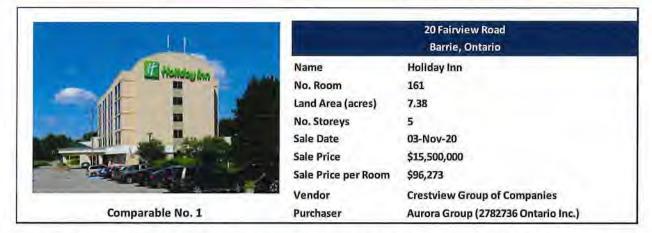
The sales selected for this analysis are compared to the subject property and appropriate adjustments for the elements of comparison are considered. Elements of comparison analysed in this valuation include conditions of sale, market conditions, location, physical characteristics, economic characteristics and use/zoning considerations.



				Summary of	Compar	able Sal	es			
Sale No.	Name	Address	Sale Date	Vendor/Purchaser	Sale Price	Land Area (Acres)	# of Storeys	# of Rooms	Price per Room	Comments
1	Holiday Inn, Barrie	20 Fairview Road, Barrie	3-Nov-20	Crestview Group of Companies to Aurora Group (2782736 Ontario Inc.)	\$15,500,000	7.38	5	161	\$96,273	Air conditioning, TV, internet, indoor pool, fitness centre, lounge/bar and conference rooms.
2	Super 8 by Wyndham, Midland	1144 Hugel Avenue, Midland	25-Nov-19	Sainaath Inc. to United Hotels Inc.	\$6,900,000	1.85	3	65	\$106,154	Air conditioning, TV, internet, indoor pool, fitness centre and continental breakfast.
3	Holiday Inn Express, Huntsville	100 Howland Drive, Huntsville	15-Aug-19	Huntsville 100 Howland Drive to 2705461 Ontario Inc.	\$14,950,000	1.35	.5	87	5171,839	Air conditioning, TV, internet, indoor pool, fitness centre and cafe. Sold at a going-in capitalization rate of 8,75%.
4	Quality Inn, Owen Sound	950 Sixth Street, Owen Sound	7-Aug-19	Hotels of Georgian Bay Ltd. to Grey & Bruce Hospitality Inc.	\$5,600,000	3.81	2	79	\$70,886	Air conditioning, TV, internet, indoor pool, fitness centre, lounge/bar and conference rooms.
5	Hockley Valley Resort, Mono ¹	793522 Mono 3rd Line, Mono	20-Mar-19	Hockley Valley Resort Limited to Surray Group of Hotels (2679987 Ontario Inc.)	\$42,760,000	307.00	5	104	\$411,154	Acquisition of Hockley Valley Resort (include: 18 hole golf course, 15 ski runs and 8,000 square foot spa) as well as the 77-acre vineyard and winery called Adamo Estate Winery.
6	Holiday Inn Express, Pembroke	8 International Drive, Pembroke	4-Dec-18	Good Night Hotel Inc. to 2465620 Ontario Inc.	\$11,900,000	5.81	4	75	\$158,667	Air conditioning, TV, internet, indoor pool, fitness centre and conference rooms.
7	SureStay Plus by Best Western	791 Durham Street, Kincardine	22-Nov-18	Callaghan Inn Ltd to 11027069 Canada Corp	\$5,500,000	2.03	3	59	\$93,220	Air conditioning, TV, internet, fitness centre, restaurant, continental breakfast.
8	Staybridge Suites Guelph	11 Corporate Court, Guelph	1-Nov-18	Easton's Group of Hotels to EWC Corporate Court Hotel Holdings Inc.	\$16,500,000	2.04	5	120	\$137,500	Air conditioning, TV, internet, business centre, fitness centre and indoor pool.
9	Best Western Plus, Orangeville	7 Buena Vista Drive, Orangeville	20-Sep-18	Select Orangeville Hotel GP to 2650493 Ontario Inc. (Sunray Group)	\$10,665,000	7.18	4	84	\$126,964	Air conditioning, TV, internet, indoor pool, fitness centre, business centre, and continental breakfast.
10	Hidden Valley Resort, Huntsville	1755 Valley Road, Huntsville	20-Aug-18	2263480 Ontario Inc. to 2557264 Ontario Ltd.	\$6,104,340	6,27	3	100	\$61,043	Indoor & outdoor pools, sauna, exercise room private sandy beach, restaurant, convention facilities and business centre. Located across from Hidden Valley Ski Area.

³ Please note the subject property includes acquisition of Hockley Valley Resort (includes 18 hole golf course, 15 ski runs and 8,000 square foot spa) as well as the 77-acre vineyard and winery called Adamo Estate Winery.





Comments: This 7.38 acre site is improved with a 5-storey hotel containing a total of 161 rooms. It is located on the east side of Fairview Road, south of Essa Road, right off of Highway No. 400 in the City of Barrie. Each room features air conditioning, TV, and internet. There is an indoor pool, fitness centre, lounge/bar and conference rooms.



Comments: This 1.84 acre site is improved with a 3-storey select service hotel containing 65 rooms. It is located on the east side of Hugel Avenue, north of Yonge Street in the Town of Midland. Each room features air conditioning, TV, and internet. There is an indoor pool, hot tub, fitness centre and breakfast buffet for guests.





Comments: This 1.35 acre site is improved with a 5-storey select service hotel containing a total of 87 rooms. It is located on the south side of Howland Drive, west of Centre Street North, right off of Highway 11 in the Town of Huntsville. Each room features air conditioning, TV, and internet. There is an indoor pool, fitness centre and cafe for guests. The property sold at a going-in capitalization rate of 8.75%.



Comments: This 3.80 acre site is improved with a 1-storey select service hotel containing a total of 79 rooms. It is located on the north side of Sixth Street, east of Highway 6 in the City of Owen Sound. Each room features air conditioning, TV, and internet. There is an indoor pool, fitness centre and conference rooms for guests.





Comparable No. 5

Hockley Valley Resort - 793522 3rd Line Mono, Ontario Name Hockley Valley Resort No. Room 104 Land Area (acres) 307 No. Storeys 5 Sale Date 20-Mar-19 Sale Price \$42,760,000 Sale Price per Room \$411,154 Vendor **Hockley Valley Resort Limited** Purchaser Sunray Group of Hotels (2679987 Ontario Inc.)

Comments: This 307 acre site is improved with a 5-storey hotel containing a total of 104 rooms as well as 18 hole golf course, 15 ski runs, full service spa and 77-acre vineyard/winery. It is located on the west side of 3rd Line, south of Hockley Road, in the Township of Mono. Each room features air conditioning, TV, and internet. There is an indoor and outdoor pool, fitness centre and conference rooms for guests.



Comparable No. 6

8 International Drive Pembroke, Ontario					
Name	Holiday Inn Express				
No. Room	75				
Land Area (acres)	5.81				
No. Storeys	4				
Sale Date	04-Dec-18				
Sale Price	\$11,900,000				
Sale Price per Room	\$158,667				
Vendor	Good Night Hotel Inc.				
Purchaser	2465620 Ontario Inc.				

Comments: This 5.81 acre site is improved with a 4-storey select service hotel containing a total of 75 rooms. It is located on the northwest corner of International Drive and Upper Valley Drive, just off of Highway 17 in the Town of Pembroke. Each room features air conditioning, TV, and internet. There is an indoor pool, and fitness centre for guests.





Comments: This 2.03 acre site is improved with a 3-storey select service hotel containing a total of 59 rooms. It is located on the northwest corner of Durham Street and Highway 21 in the Town of Kincardine. Each room features air conditioning, TV, and internet. There is a fitness centre for guests. Callaghan Inn Ltd (vendor) provided a \$3,600,000 loan at a 6.00% interest rate.

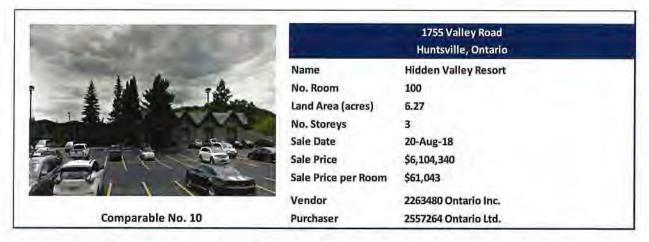


Comments: This 2.04 acre site is improved with a 5-storey select service hotel containing a total of 120 rooms. It is located on the north side of Corporate Court, east of Highway 6 in the City of Guelph. Each room features air conditioning, TV, and internet. There is an indoor pool and fitness centre for guests.





Comments: This 7.18 acre site is improved with a 4-storey select service hotel containing a total of 184 rooms. It is located on the south side of Buena Vista Drive, east of Highway 10 in the Town of Orangeville. Each room features air conditioning, TV, and internet. There is an indoor pool, fitness centre and business centre for guests.



Comments: This 6.27 acre site is improved with a 3-storey hotel containing a total of 100 rooms. It is located on the east side of Valley Road, south of Highway 60, in the Town of Huntsville. Each room features air conditioning, TV, and internet. There is an indoor and outdoor pool, lake access, restaurant, fitness centre and conference rooms for guests. The property is located across the road from Hidden Valley Ski Area and in close proximity to Deerhurst Resort.



MAP OF COMPARABLE SALES





Conclusions - Direct Comparison Approach

A search was conducted for sales of hotels in the surrounding area within a reasonable time frame. Due to the lack of sales in the immediate area we had to expand our search throughout Ontario. The foregoing sales are considered to be the most comparable to the subject and represents transaction activity since August of 2018.

The sales demonstrate a range of prices from \$5,500,000 to \$42,760,000 or \$61,043 to \$411,154 per suite. Variances in sale price achieved are largely due to location, number of rooms, amenities, age, condition and quality of the improvements. Please note that properties with a higher number of rooms typically trade at a lower price per room due to the impact of economies of scale.

Sale No. 1, Holiday Inn, Barrie, represents the most recent comparable sale and the nearest comparable sale. The property is improved with a 5-storey, Holiday Inn with 161 rooms on a 7.38 acre site in close proximity to Highway No. 400. The property sold on November 3, 2020 for a total consideration of \$15,500,000 or \$96,273 per room.

Sale No. 2, Super 8 by Wyndham, Midland represents a recent comparable sale. The property is improved with 3-storey, Super 8 by Wyndham with 65 rooms on a 1.84-acre site. The property sold on November 25, 2019 for a total consideration of \$6,900,000 or \$106,154 per room.

Sale No. 3, Holiday Inn Express, Huntsville is improved with a 5-storey, Holiday Inn Express with 87 guest rooms on a 1.35-acre site. The property sold on August 15, 2019 for a total consideration of \$14,950,000 or \$171,839 per suite. The property sold at a going-in capitalization rate of 8.75%.

Sale No. 4, Quality Inn, Owen Sound represents a recent comparable sale that sits near the low end the range of comparable sales on total dollar amount and price per room basis. The property is improved with 2-storey, Quality Inn with 79 rooms on a 3.8-acre site. The property sold on August 7, 2019 for a total consideration of \$5,600,000 or \$70,886 per room.

Sale No. 5, Hockley Valley Resort, Mono, represents the high end of the range of comparable sales on a total dollar amount and on a price per room basis. The property is improved with a 5-storey Hockley Valley Resort which includes 100 guest rooms on a 307 acre site encompassing the entirety of the resort and not solely a hotel property. The property sold on March 20, 2019 for a total consideration of \$42,760,000 or \$411,154 per room. The property would need to be adjusted for the acquisition including not just a hotel but the entire resort complex which includes a ski hill, golf course, spa and winery.

Sale No. 6, Holiday Inn Express, Pembroke, is improved with a 4-storey Holiday Inn Express with 75 guest rooms on a 5.81 acre site. The property sold on December 4, 2018 for a total consideration of \$11,900,000 or \$158,667 per room.



Sale No. 7, SureStay Plus by Best Western, Kincardine represents the low end of the range of comparable sales on a total dollar amount. The property is improved with a 3-storey select service hotel with 59 guest rooms. The property sold on November 22, 2018 for a total consideration of \$5,500,000 or \$93,220 per room.

Sale No. 8, Staybridge Suites, Guelph, is improved with a 5-storey select service hotel with 120 guest rooms on a 2.04 acre site. The property sold on November 1, 2018 for a total consideration of \$16,500,000 or \$137,500 per room.

Sale No. 9, Best Western Plus, Orangeville is improved with a 4-storey Best Western Plus with 84 guest rooms on a 7.18 acre site. The property sold on September 20, 2018 for a total consideration of \$10,665,000 or \$126,964 per room.

Sale No. 10, Hidden Valley Resort, represents the low end of the range of comparable sales on a price per room basis. The property is improved with a 3-storey hotel with 100 guest rooms on a 6.27 acre site. The property sold on August 20, 2018 for a total consideration of \$6,104,340 or \$61,043 per room.

Having regard to the range of values produced by the sales and to the subject's location in close proximity to the top of the ski hill, number of rooms, condition and quality of the interior finish, it is our opinion that a final value estimate of \$11,000,000 (rounded), or \$140,000 per room is supported by the market evidence.



INCOME APPROACH

The primary means of valuation is a form of Direct Capitalization which converts the annual stabilized operating income into a value using a rate of return or capitalization rate.

Direct (Overall) Capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value. The income expectancy considered is frequently the current year's income, but the anticipated income for the following year may also be used in some circumstances. The rate or factor selected represents the relationship between income and value observed in the market and is derived through comparable sales analysis.

Investment characteristics, which influence the development of the internal rate of return, include:

- Liquidity of the asset;
- Security of the income stream;
- Degree of administration; and
- The relative desirability of the real estate vehicle.

In addition, one must be aware of the specific characteristics of the property in question, such as its physical and functional features, the location factors and the operational strengths of the property. At other times, however, the analyst will capitalize income at a slightly higher rate in order to account for the effects of depreciation due to the passage of time or unforeseen changes in market conditions might have an effect on the asset.

Revenue and Expense Analysis

When valuing hotel properties, the Income Approach is usually relied upon. This approach typically includes analysis of historic results for the property, a review of current year results and management's budget.

To estimate value, we prepared operating projections for the property for the next year. Results are based on market assumptions for similar properties. Outlined in this section is a discussion on each of the hotel's major income and expense categories. The income in this method is based on the revenue achieved following completion of all renovations.



Room Rates

We conducted a survey of nightly room rates for accommodations in the subject's immediate and surrounding area.

	Summary of Competitive I	lotels					
					Stimut	rd Room	
Name	Address	Rooms	Distance From Subject (KMs)	Ava Week Day Spring Rate	Ave Weekend Spring flatu	Avy Winter Week Day Rate	Avg Winter Wenkend Rate
The Inn at Horseshoe	1101 Horseshoe Valley Road West, Oro-Medonte	101	2.5	\$139	\$149	\$179	\$249
Fairfield Inn & Suites Barrie	261 Essa Road, Barrie	74	29.6	\$149	\$149	\$109	\$129
Holiday Inn Express & Suites	500 Hume Street, Collingwood	93	51.7	\$126	\$157	\$121	\$166
Blue Mountain - Grand Georgian Village Suites	156 Jozo Weider Boulevard, Blue Mountains	n/a	57	\$203	\$247	\$256	\$346
Average Nightly Rate				\$154	\$176	\$166	\$223

The nightly rates for hotels in the subject neighbourhood and surrounding areas ranges from \$126 to \$203 for a weekday night in the Spring off season, \$149 to \$247 for a weekend night in the Spring off season, \$111 to \$252 for a weekday night in the Winter and \$111 to \$300 for a weekend night in the Winter. All of the rates are for a standard room. Two of the comparable properties, The Inn at Horseshoe and Blue Mountain – Grand Georgian Village Suites benefit from superior pricing due to the affiliation with the resort property to which they are owned by.

The most comparable hotel is the Inn at Horseshoe which is located at the base of the mountain in Horseshoe Valley Resort and in the closest proximity to the subject. The nightly rate for this hotel is \$139 for a spring weekday night, \$149 for a spring weekend night, \$179 for a winter weekday night and \$249 for a weekend winter night.

We have projected the daily rack rate following the conversion of the property to a hotel to be approximately \$165 per room. The projected daily rack rate is supported by the market evidence.

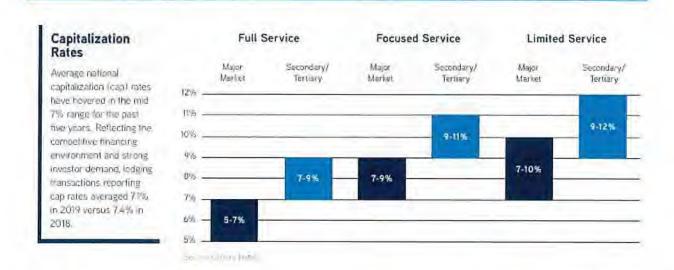


Market Data - Hotel Capitalization Rates

		Summary of Market Derive	Capitali	zation Rates			
Sale No	Hotel Name	Address	Year Sold	Sale Price	Number of Rooms	\$/Room	Cap Rate
1	Fairfield Inn & Suites	407 North Front Street, Belleville	2019	\$9,400,000	114	\$82,456	5.30%
2	Sheraton Gateway Hotel	Terminal 3, Mississauga	2019	\$130,000,000	474	\$274,262	10,30%
3	Parkview Arms	935 Queen Street West, Toronto	2019	\$7,250,000	61	\$118,852	5.60%
4	Holiday Inn Express	100 Howland Drive, Huntsville	2019	\$14,950,000	87	\$171,839	8.75%
5	Super 8	730 Algonquin Boulevard East, Timmins	2019	\$6,500,000	73	\$89,041	9.80%
6	Travelodge	1136 Riverside Drive, Timmins	2019	\$4,900,000	92	\$53,261	9.80%
7	Comfort Inn	1 Hospitality Drive, Fort Erie	2019	\$3,900,000	70	\$55,714	7.00%
8	Arlington Hotel	106 Grand River Street North, Paris	2019	\$1,900,000	24	\$79,167	4.35%
9	Best Western	19 Holiday Drive, Brantford	2018	\$18,750,000	158	\$118,671	8.70%
10	London Residency Inn	2010 Dundas Street, London	2018	\$2,200,000	50	\$44,000	6.55%
11	Holiday Inn	590 Argus Road, Oakville	2017	\$19,437,500	147	\$132,228	7.40%
12	Quality Inn	950 Walkers Line, Burlington	2017	\$159,888,000	110	\$1,453,527	6.00%
13	Best Western	830 St. David Street North, Fergus	2017	\$4,870,000	33	\$147,576	9.30%
14	Fairfield Inn & Suites	150 Westcreek Boulevard, Brampton	2016	\$14,300,000	107	\$133,645	8.10%
15	Travelodge	300 Bayfield Street, Barrie	2016	\$8,700,000	130	\$66,923	7.30%
16	Comfort Inn	1200 O'Brien Street, North Bay	2015	\$4,700,000	60	\$78,333	14.20%
17	Comfort Inn	676 Lakeshore Drive, North Bay	2015	\$2,400,000	81	\$29,630	11.50%
18	Comfort Inn	75 Hart Drive, Barrie	2015	\$3,210,000	58	\$55,345	8.00%

A survey of hotel sales since 2017 shows a range from 5.30% to 14.20% depending on location, financial history, number of rooms and amenities.





Based on our investigations, recent transactions indicate comparable hotels are presently trading on the basis of overall capitalization rates ranging between 9% and 12% in tertiary markets. We have added a 300 bps increase for investor risk due to the challenges involved. In considering the appropriate rate of return, the following factors were considered: The subject property is not legally zoned to operate as a hotel. The area is predominantly dominated by seasonal activities with the heaviest occupancy projected to occur in the winter months. The rooms are all laid out as suites with a kitchen, separate bedrooms and living room and not your standard open concept hotel room.

Based on the quality of the asset, risk, number of rooms, amenities and growth expectations, a capitalization rate of **15.00%** is supported by the market evidence.



Income/Expense Summary

In order to accurately project the operating income, we have referenced our databank of comparative revenues and competing hotels. Results are based on market assumptions for similar properties. The following is our analysis and projection of operating income for the subject. Results are based on market assumptions for similar properties.

Gross Rental Revenue

The average Daily Rack Rate of the hotel is projected at \$165 per room given the location of the hotel in close proximity to the top of the ski hill.

Other Income

We have predicted \$0 per annum for additional revenue generated from guest laundry, conference room rentals and supplies.

Occupancy Rate

Given the location of the hotel in close proximity to the top of the ski hill, room rates, demand and market occupancy rates based on seasonal demand of the subject location, we have projected an occupancy rate of 65%.



Operating Expenses

We have estimated the projected operating expenses based on similar hotels in the marketplace. We have also referenced our databank of comparative expenses and estimated the market expenses.

The following is our analysis and projection of operating expenses for the subject.

Realty Taxes

The realty taxes are projected at \$195,000 per annum or \$2,500 per room.

Insurance

Insurance is projected at \$31,200 per annum or \$400 per room, per annum.

Departmental Costs

Departmental costs (room expenses including salaries and wages for front desk staff and housekeeping) are projected at \$390,000 per annum or \$5,000 per room.

Operations & Maintenance

Operations & Maintenance is projected at \$78,000 per annum or \$1,000 per room.

Administrative & General Expenses

Administrative & General Expenses are projected at \$117,000 per annum or \$1,500 per room.

Marketing

Marketing is projected at \$97,500 per annum or \$1,250 per room.

Franchise/Operator Fee

We have assigned a market rate of 7.50% of Effective Gross Income for the franchise/operator fee. This equates to \$229,006 or \$2,936 per room.

Utilities

Utilities are projected at \$144,300 per annum or \$1,850 per room.

Management Fee

Management Fee is projected at \$42,900 per annum or \$550 per room.

Reserve for Replacement

We have assigned a market rate of 2.50% of Effective Gross Income for reserve for replacement. This equates to \$76,335 per annum or \$979 per room.



Revenue Projection					
	No of Rooms	Occupancy	Daily Rack Rate	RevPAR	Rooms Sold
Carriage Ridge	78	65%	\$165	\$107	18,506
TOTAL NO ROOMS	78				18,506
Potential Gross Rental Incom	e (PGI)		\$3,053,408		
Other Income			\$0		
Gross Income			\$3,053,408		\$39,146
Effective Gross Income (EGI)			\$3,053,408		
Expenses					Per Room
Realty Taxes			\$195,000		\$2,500
Insurance			\$31,200		\$400
Departmental Costs			\$390,000		\$5,000
Operations & Maintenance			\$78,000		\$1,000
Administrative & General Exp	enses		\$117,000		\$1,500
Marketing			\$97,500		\$1,250
Franchise/Operator Fee - 7.5%	6 EGI		\$229,006		\$2,936
Utilities			\$144,300		\$1,850
Management Fee			\$42,900		\$550
Reserve for Replacement - 2.5	% EGI		\$76,335		\$979
Total Expenses			\$1,401,241		\$17,965
Expense Ratio (Expenses/EGI)			45.89%		
Net	Operating Income	(NOI)	\$1,652,167		
	Canitalization Ret	70	1E 00%		
	Capitalization Rat	E	15.00%		
	Value		\$11,014,445		\$141,211
	Rounded		\$11,000,000		\$140,000



Conclusions - Income Analysis

Based on our investigations, recent transactions indicate comparable hotels are presently trading on the basis of overall capitalization rates ranging between 9% and 12% in tertiary markets. We have added a 300 bps increase for investor risk due to the challenges involved. In considering the appropriate rate of return, the following factors were considered:

- The subject property is not legally zoned to operate as a hotel.
- The area is predominantly dominated by seasonal activities with the heaviest occupancy projected to occur in the winter months.
- The rooms are all laid out as suites with a kitchen, separate bedrooms and living room and not your standard open concept hotel room.
- Based on the quality of the asset, risk, number of rooms, amenities and growth expectations, a
 capitalization rate of 15.00% is supported by the market evidence.

The Direct Capitalization Method is designed to examine the property operation and determine its income generating capability. Based on the financial performance of the subject property, the location, number of rooms, close proximity to the ski hill, amenities and condition and quality of the building, a capitalization rate of 15.00%, a value estimate of \$11,000,000 (rounded), or \$140,000 per room is appropriate and supported by the marketplace.



Conclusion - Hotel/Resort Valuation

The subject property being sold off as a hotel property would benefit from the recreational nature of the immediate area, predominantly in the winter making units desirable as a vacation destination for families. Minimal capital would be required in order to convert or furnish the units into hotel rooms as the property is operating as a 'pseudo' hotel while currently a timeshare with existing amenities in place that would be found similar to the competition in the area. The one main amenity lacking from the site would be food and beverage options. There is however an uncertainty regarding the time and costs associated with navigating the Township in order to rezone the subject property. The current Residential Two (R2) zoning does not allow for a hotel use, as the property has an exception in place to operate as a timeshare. The property would require a zoning change to a commercial zone use.

Based on the above Hotel/Resort valuation, the project value prior to any capital expenses being deducted demonstrates an estimated value of \$11,000,000 (rounded), or \$140,000 per room.

All outstanding Capital Expenses required on the property have not been taken into consideration. According to estimates provided, the subject property required approximately \$3,500,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$4,500,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards. Therefore, a total of approximately \$8,000,000 (rounded) would be required in missed and future capital expenses to the site to achieve this desired value. The costs would equate to an estimated \$100,000 per room (rounded) if all expenses are deemed necessary and require attention.



RECONCILIATION AND FINAL ESTIMATE OF VALUE

Between the various approaches, the following estimated market value of the subject as a prospective hotel/resort property is concluded:

Income Approach \$11,000,000

Direct Comparison Approach \$11,000,000

Cost Approach Not Developed

Each of the two valuation methods developed in this report are very closely tied to one another as the stabilized net operating income from the property as projected by the Income Approach is converted to a value estimate a capitalization rate which is derived from the market.

The Direct Comparison Approach produced ten sales of hotels located in the subject's surrounding area that are considered the most comparable and represent the most recent activity. All the sales were found to provide sufficient evidence as to the value expressed on an overall sale price basis and price per room, it is our opinion that a final value estimate of \$11,000,000 (rounded), or \$140,000 per room is supported by the market evidence.

The market transactions provided an indication of both the prevailing market price per room well as the prevailing initial yield rates. Given the market information as well as the subject property profile, it was deemed that the capitalization rate of **15.00%** was supported by market evidence. Consequently, the Income Approach using a form of the Direct Capitalization analysis produced a prospective stabilized market value **\$11,000,000** (rounded), or **\$140,000** per room.



Property Rights Appraised	The property rights being appraised are those of the "Fee Simple". Fee Simple interest is an ownership interest unencumbered by any other user.				
Purpose	Estimating the prospective stabilized market value operating as a hotel/resort.				
Intended Use	Internal Valuation Purposes				
Intended User	Carriage Ridge Owners Association c/o BDO Canada Limited				
Date of Inspection	December 27, 2019				
Effective Date of Valuation	December 1, 2020				
Definition of Market Value	"Market Value" is defined as the "most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming that the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing the 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 sales or concessions granted by anyone associated with the sale. 				



Exposure Time	Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical sale at the estimated market value on the effective date of the appraisal. Reasonable exposure encompasses not only adequate, sufficient and reasonable "time" but also adequate, sufficient and reasonable effort. In addition to price, exposure time is also a function of use and type of real estate. The subject is comprised of a prospective hotel/resort buildings containing a total of 78 suites located in the Township of Oro-Medonte. Based on our statistical data regarding days on market, discussions with brokers and information derived through analysis of comparable data, it is our opinion a reasonable exposure time for the subject is approximately six to twelve				
Scope of Valuation and Reporting Process	 During the course of preparing this valuation, the appraiser: Made a full inspection of the property. Reviewed available data regarding the local hotel and resort market. Reviewed the current historical income and expense statements and operating budget. Reviewed data on comparable sale transactions. Confirmed all data relied upon in the valuation process. Prepared a full appraisal report in accordance with the 				
Legal Description	Canadian Uniform Standards of Professional Appraisal Practice ("Standards"). CON 3, PT LOTS 1 AND 2, RP 51R31409, PART 1				

The subject property has not sold in the past three years nor is it

currently available for sale on the open market.

Sales History



Highest and Best Use

Real estate is valued in terms of its highest and best use. Highest and best use is defined as:

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

Source: The Dictionary of Real Estate Appraisal Third Edition, 1993 Appraisal Institute

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



Subject Property - As	Though
Vacant	

Physically Possible

Analysis of the site characteristics and nearby improvements in the area indicates the subject could adequately support physical development.

Legally Permissible

We are appraising this property under a hypothetical condition, based on a change in zoning to permit hotel/resort use. The zoning classification is Residential Two (R2) Zone applies to lands. The property would require a zoning change to a Local Commercial (LC) Zone or a Village One (V1) Zone to allow for a hotel use.

Financially Feasible

Hotel uses are clearly financially feasible in this location; room rates support new development.

Maximally Productive

The subject property is ideally suited for a hotel development and based on the character of the neighborhood; the maximally productive use of the subject site would be a hotel/resort development.

Commentary

The project is currently operating as a timeshare and the value contained herein is estimated based on a hypothetical scenario.

Subject Property – As Improved

Given the existing improvements and the hypothetical condition, the conversion to a hotel/resort is deemed to be the highest and best use of the property as improved.



ASSUMPTIONS, LIMITING CONDITIONS, DISCLAIMERS AND LIMITATIONS OF LIABILITY

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

- This report is prepared only for the client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the authors. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the appraisal fee has no effect on liability. Reliance on this report without authorization or for an unauthorized use is unreasonable.
- Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author(s).
- 3) The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. No registry office search has been performed and the author assumes that the title is good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
- 4) Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the appraiser. Any information provided by the appraiser is for informational purposes only and any reliance is unreasonable. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
- 5) No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.



- 6) This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to: adequate time to review the report and related data, and the provision of appropriate compensation.
- 7) Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighbouring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
- 8) The author is not qualified to comment on detrimental environmental, chemical or biological conditions that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air which may include but are not limited to moulds and mildews or the conditions that may give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. It is an assumption of this report that the property complies with all regulatory requirements concerning environmental, chemical and biological matters, and it is assumed that the property is free of any detrimental environmental, chemical legal and biological conditions that may affect the market value of the property appraised. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical or biological conditions that may impact the value conclusion herein, that party is advised to retain an expert qualified in such matters. The author expressly denies any legal liability related to the effect of detrimental environmental, chemical or biological matters on the market value of the property.
- 9) The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.
- 10) The term "inspection" refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.



- 11) The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.
- 12) The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The author acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the author's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author's privacy policy and in accordance with the PIPEDA.
- 13) The author has agreed to enter into the assignment as requested by the client named in this report for the use specified by the client, which is stated in this report. The client has agreed that the performance of this report and the format are appropriate for the intended use.
- 14) This report, its content and all attachments/addendums and their content are the property of the author. The client, authorized users and any appraisal facilitator are prohibited, strictly forbidden, and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.
- 15) If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the author can be reasonably relied upon.
- 16) Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending, underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.



- 17) Values contained in this appraisal are based on market conditions as at the time of this report. This appraisal does not provide a prediction of future values. In the event of market instability and/or disruption, values may change rapidly and such potential future events have been NOT been considered in this report. As this appraisal does not and cannot consider any changes to the property appraised or market conditions after the effective date, readers are cautioned in relying on the appraisal after the effective date noted herein.
- 18) As of the date of this report Canada and the Global Community is experiencing unprecedented measures undertaken by various levels of government to curtail health related impacts of the Covid-19 Pandemic. The duration of this event is not known. While there is potential for negative impact with respect to micro and macro-economic sectors, as well as upon various real estate markets, it is not possible to predict such impact at present, or the impact of current and future government countermeasures. There is some risk that the Covid-19 Pandemic increases the likelihood of a global recession, however without knowledge of further anticipated government countermeasures at the national and global levels it is not possible to predict any impact at this point in time. Accordingly, this point-in-time valuation assumes the continuation of current market conditions, and that current longer-term market conditions remain unchanged. Given the market uncertainties of the Covid-19 pandemic, a force majeure event, we reserve the right to revise the value estimation set out in this report for a fee, with an update appraisal report under a separate appraisal engagement, incorporating market information available at that time.

Certification



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

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my impartial and unbiased professional analyses, opinions and conclusions;
- I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment.
- 4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in and compensation is not contingent upon developing or reporting predetermined results, the amount of value estimate, a conclusion favouring the client, or the occurrence of a subsequent event.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the CUSPAP.
- I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP;
- Except as herein disclosed, no one has provided significant professional assistance to the person(s) signing this report;
- As of the date of this report the undersigned has fulfilled the requirements of the AIC's Continuing Professional Development Program;
- 10. The undersigned is (are all) members in good standing of the Appraisal Institute of Canada.

CO-SIGNING AIC APPRAISER'S CERTIFICATION If an AIC appraiser has co-signed this appraisal report, he or she certifies and agrees that "I directly supervised the appraiser who prepared this appraisal report and, having reviewed the report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certification and am taking full responsibility for the appraisal and the appraisal report."

PROPERTY IDENTIFICATION

Address: 3303 Line 3 North

City: Oro-Medonte Province: Ontario Postal Code: L0L 1T0

Certification



By reason of my investigation and by virtue of my experience, I have been able to form and have formed the opinion that as of December 1, 2020, the subject property has a prospective stabilized market value of:

Due to the Coronavirus pandemic, local health authorities are strongly advising (or mandating) limited exposure to or contact with other people. Entering properties for inspection purposes is contrary to local health authority advice and is not possible at this time. This appraisal assignment was completed without full physical access to the property since December 27, 2019. Property details have been identified and collected through other means as noted in this report.

(\$11,000,000)

Hypothetical Condition:

The prospective market value estimate concluded herein is based on the conversion of the timeshare concept to a hotel/resort use and operating in such capacity and that any required capital expenditures be completed. The subject cannot currently function as a legal commercial hotel/resort property without a zoning change from the Township from its current permitted residential use. However, we are making an assumption that a zoning change can occur and the property could function as a hotel/resort.

AS SET OUT ELSEWHERE IN THIS REPORT, THIS REPORT IS SUBJECT TO CERTAIN ASSUMPTIONS AND LIMITING CONDITIONS, THE VERIFICATION OF WHICH IS OUTSIDE THE SCOPE OF THIS REPORT.

APPRAISER SIGNATURE

CO-SIGNING AIC APPRAISER SIGNATURE

AIC DESIGNATION/STATUS: AACI, P.App

DATE OF REPORT/DATE SIGNED: January 28,

NAME: Matthew McWatters

Membership #: 905430

2021

NAME: Justin McWatters

AIC DESIGNATION/STATUS: AIC Candidate

1 watters

Member

Membership #: 906825

DATE OF REPORT/DATE SIGNED: January 28,

2021

PERSONALLY INSPECTED THE SUBJECT

PROPERTY: No

DATE OF INSPECTION: Not Inspected

LICENSE INFO: Not Applicable

SOURCE OF DIGITAL SIGNATURE SECURITY:

Encrypted PDF File

SOURCE OF DIGITAL SIGNATURE SECURITY:

LICENSE INFO: Not Applicable

PERSONALLY INSPECTED THE SUBJECT

DATE OF INSPECTION: December 27, 2019

Encrypted PDF File

PROPERTY: Yes

NOTE: For this appraisal to be valid, an original or a password protected digital signature is required.



Addenda

Appraiser Qualifications

Curriculum Vitae





MATTHEW MCWATTERS B. COMM, AACI, P. APP.

EDUCATION/QUALIFICATIONS

AIC Post-Graduate Certificate in Real Property Valuation (PGCV)
The University of British Columbia, Vancouver, British Columbia, 2013

Bachelor of Commerce, Information Technology Management Ryerson University, Toronto, Ontario, 2003

PROFESSIONAL AFFILIATIONS

Appraisal Institute of Canada, (AACI) 2015 (Member No. 905430)

PROFESSIONAL CAREER

Avison Young Valuation & Advisory Services

Principal, Senior Vice President, Valuation & Advisory Services
January 2016 to Present

Metrix Realty Group

Vice President April 2005 to December 2015

Bank of Nova Scotia, Electronic Banking Division

February 2005 to September 2005

EXPERIENCE

Experience in the valuation of a wide range of property types including office, retail, industrial, multi-residential properties and commercial condominiums, as well as development land, recreational facilities and many special use facilities. Matthew has worked on valuations in all asset classes across Canada with a focus on investment grade office, industrial and retail valuations.

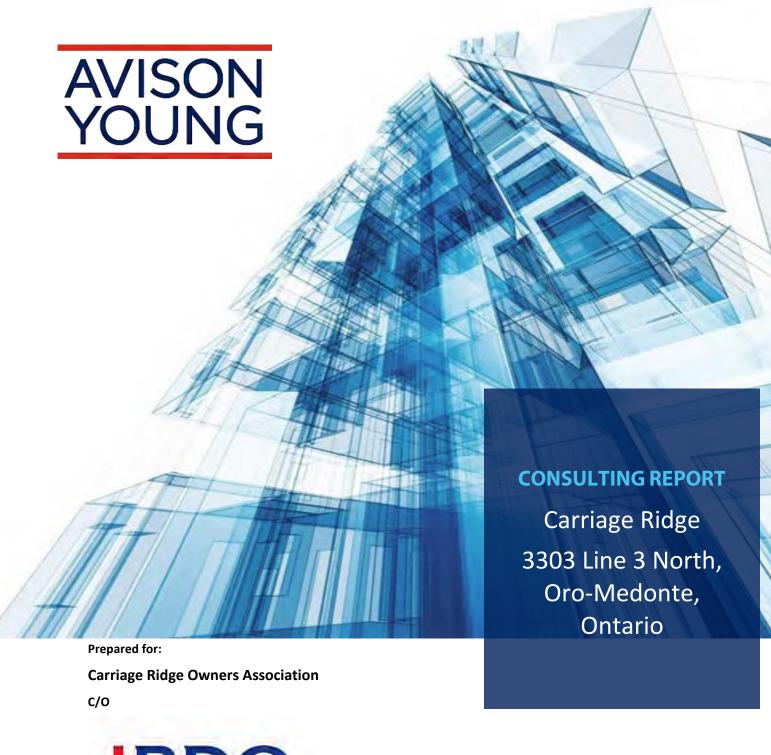
Matthew produces cash flows and financial models using the latest version of Argus for investment properties. Provided financial modelling for valuation purposes on some Canada's largest office assets.

EXPERT WITNESS

Qualified as an expert witness for rental arbitration.

PROFESSIONAL DEVELOPMENT

Matthew is a member of the Avison Young Global Valuation & Advisory Affinity Group.





Prepared by:

Avison Young Valuation & Advisory Services, LP
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T 905 474 1155 F 905 886 5744 www.avisonyoung.ca





55 Commerce Valley Drive West, Suite 501 Markham, ON L3T 7V9 Canada

T 905.474.1155 F 905.886.5744

avisonyoung.com

February 1, 2021

Carriage Ridge Owners Association C/O BDO Canada Limited 20 Wellington Street East, Suite 500 Toronto, ON M5E 1C5

Attention: Matthew Marchand, CPA, CMA, CIRP, LIT, Vice President, Corporate FRS

Re: Carriage Ridge, 3303 Line 3 North, Oro-Medonte, Ontario

At your request, we have examined the above-referenced property for the purpose of estimating the prospective scenario that determines the highest and best use, as of December 1, 2020. It is our understanding this report is being prepared for internal decision making purposes. This report satisfies appropriate industry and client standards.

The subject property is currently operating as a timeshare. Carriage Ridge is located on the east side of Line 3 North, south of Horseshoe Valley Road West, in the Township of Oro-Medonte and Province of Ontario. The 8.41-acre site is improved with three, two and three-storey buildings containing a total of 78 two-bedroom suites.

Respectfully submitted,

Avison Young Valuation and Advisory Services, LP

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Executive Summary



Property Type	78 2-bedrooom units operating under timeshare program
Owner of Record	Carriage Hill Resort Four Inc. (Carriage Ridge)
Purpose	Estimate the prospective scenario that determines the highest and best use.
Intended Use	Internal Decision Making Purposes
Intended User	Carriage Ridge Owners Association c/o BDO Canada Limited
Sales History	The subject property has not sold in the past three years nor is it currently available for sale on the open market.
Date of Inspection	December 27, 2019
Date of Valuation	December 1, 2020
Total Site Area	8.41 acres
Assessed Value – Current Use	Carriage Ridge – 3303 Line 3 North 2020 Assessment - \$46,332,000

CONCLUSION

CARRIAGE RIDGE

TOTAL NUMBER OF UNITS 78

SCENARIO 1 – HOTEL/RESORT\$11,000,000SCENARIO 2 – MULTI-RESIDENTIAL CONVERSION\$11,700,000SCENARIO 3 – CONDOMINIUM SALES\$14,820,000

FINAL ESTIMATE \$14,820,000

Scope of Work



PROJECT OVERVIEW

Carriage Ridge Owners Association ("CROA") is a not-for-profit corporation vested with the operation, maintenance, alteration, improvement and protection of the Carriage Ridge timeshare resort. CROA is currently in a court process with an Administrator. On October 15, 2020, a court order was issued authorizing the closure of the Carriage Hills resort effective January 6, 2021. An application has also been brought forth to appoint a Receiver on January 6, 2021 and for a marketing and sales process of the resort.

Due to the current COVID-19 situation, the report is subject to extraordinary assumptions and extraordinary limiting conditions. The property was previously inspected on December 27, 2019. Both the client and the appraiser understand that an interior physical of inspection of the property and comparables has not been performed due to COVID-19. The appraiser reviewed available data regarding the local and surrounding condominium, multi-residential and hotel/resort market, verified current land use and zoning regulations, reviewed the all financial data made available by the receiver, reviewed data on comparable sale transactions for improved hotel, multi-residential and hotel/resort properties and confirmed all data relied upon in the valuation process. The physical characteristics used to develop this report are based on documents, records etc. described above and on other information provided by sources identified above. It is assumed that the information provided by the sources is accurate.

At the request of the receiver, they require value guidance to identify possible uses and determine what possible use generates the greatest return. The first scenario is the continued resort use, the second scenario is to lease out the units to tenants under 12-month leases and the third scenario is file a plan of condominium ownership and register the individual units, create a reserve fund and sell them into the marketplace.

Each scenario provides with it a unique set of challenges to the converted use because title to the Resorts' real property is divided into 17,408 tenancies in common (Carriage Ridge & Carriage Hills), it would be extremely difficult, time consuming and expensive to have each existing Member sell their portion of the real estate to the ultimate purchaser. It may also be detrimental to the sale process to have potential purchasers attempt to investigate title when considering making an offer to purchase.

The first scenario of continued resort use faces the requirement and costs of a zoning by-law change from the existing residential zone which has an exception that allows a timeshare establishment is permitted to be converted to a commercial zone that would allow for a full-time hotel/resort use. This needs to be done in order to avoid being impacted by the short term rental by-law recently passed by the Township. With the current impact of COVID-19 on the hospitality and national hotel industry affecting year over year national occupancy rates which are down 48% and yearly room revenues are down approximately 60% for hotel operators, the peak exposure for the property as hotel may not be at this current time.

Scope of Work



In the second scenario, uncertainty regarding the time and costs associated with navigating the Township in order to convert the property ownership and ensure each individual unit is being compliant with the building code. The potential rental of 78 units will require several years to lease up and the potential to flood the market. Sufficient demand may be unlikely with a small local population and insufficient grocery, food and beverage amenities in close proximity.

In the third scenario, there is also an uncertainty regarding the time and costs associated with navigating the Township in order to register the property and each individual unit as a condominium as well as being compliant with the building code. The potential sale of 78 units will require several years and the potential to oversaturate a competitive marketplace.



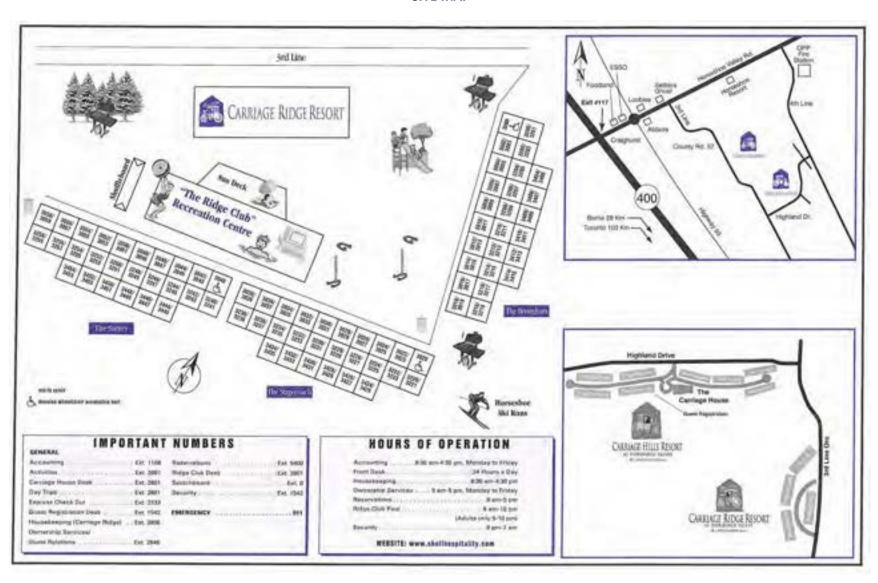
PROPERTY OVERVIEW - CARRIAGE RIDGE - 3303 LINE 3 NORTH, ORO-MEDONTE

Carriage Ridge is situated on 8.41 acres, with three buildings and 78 units. The three buildings were built in one phase and The Surrey, The Stagecoach and The Brougham were built in 2004. Each fully furnished and tastefully appointed unit takes advantage of the natural setting. Each unit has a full kitchen, private deck and gas fireplace. The amenities include barbecue area, indoor children's pool (indoor), concierge, fitness centre, game room, horseshoes, picnic area, hot tub (outdoor), playground, spa services, swimming pool (indoor), walking trails and internet cafe. Currently, four 2-bedroom units and one accessible 2-bedroom unit are out of commission and require construction to be brought back into functional use.



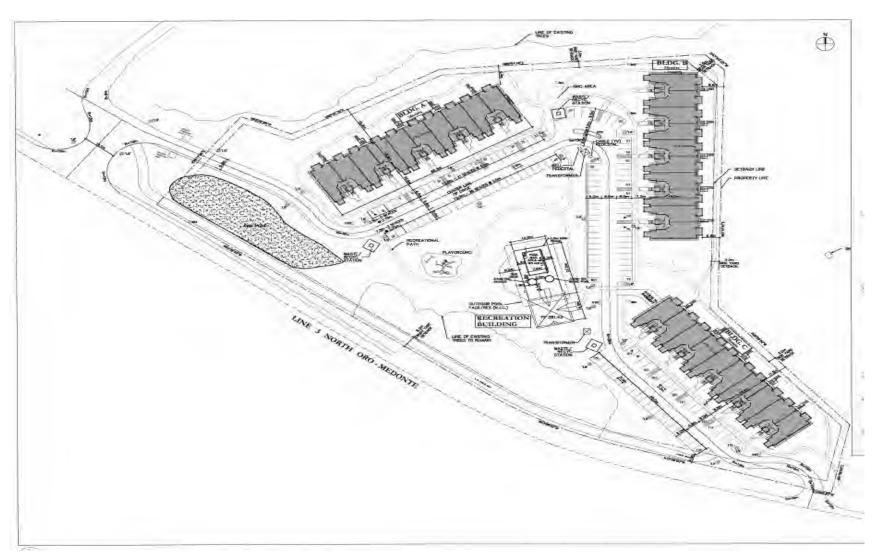


SITE MAP



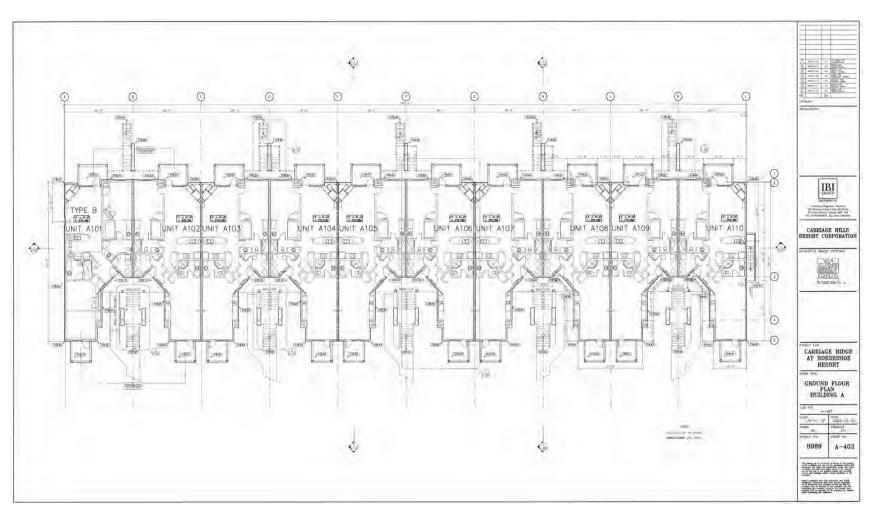


SITE PLAN





SAMPLE FLOOR PLAN





MUNICIPAL ADDRESS					
3303 Line 3 North, Oro-Medor	3303 Line 3 North, Oro-Medonte , Ontario				
SITE DESCRIPTION					
Location	The subject property is located on the east side of Line 3 North, south of Horseshoe Valley Road West.				
Land Area	8.41 acres				
Topography	The site is largely rectangular in shape and is situated at grade with Line 3 North.				
SITE IMPROVEMENTS					
Parking	141 surface parking spaces.				
Access	Vehicle access is provided from Line 3 North.				
Landscaping	Adequate for the current use.				
Condition	Improvements are considered to be in average physical condition.				
Utilities	Appear adequate for the current timeshare resort use.				
Easements / Restrictions	None that would have a negative impact on the value or marketability of the subject property.				
Commentary	Overall, the subject site is capable of supporting development consistent with the existing use.				



Use	Timeshare Resort		
No. of Buildings	Three		
No. of Stories	Two & three-storey		
Chronological Age	2004		
Condition	Average		
Structure	Reinforced poured concrete and wood frame with stone veneer and wood siding exterior walls.		
Roof	Pitched roof, metal (not inspected).		
Interior Flooring	Ceramic and broadloom flooring.		
Interior Walls	Drywall taped and painted.		
Ceilings	Smooth ceilings		
Lighting	Electric and drop down light fixtures.		
Electrical	Adequate		
Elevators	None		
HVAC	Heating and air conditioning is provided by gas fired forced air units.		
Deferred Maintenance	According to estimates provided in the Reserve Study completed by Armstrong Consulting Inc. on January 14, 2019, the subject property required approximately \$3,500,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$4,500,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards.		
Effective Age	15 Years		
Remaining Economic Life	50 years		





Exterior Units



Side Exterior





The Ridge Club



Pavilion



INTERIOR PHOTOGRAPHS



Kitchen



Kitchenette



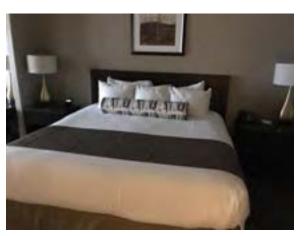
Washroom



Washroom



Family Room



Bedroom





In-Suite Laundry/Hot Water Tank



Recreation Centre Front Desk



Recreation Centre Lounge



Recreation Centre Games Room



Recreation Centre Gym



Recreation Centre Indoor Pool



TOWNSHIP OF ORO-MEDONTE OFFICIAL PLAN

The subject property falls within the Schedule D – Horseshoe Valley Development Node is designated "Horseshoe Valley – Medium Density Residential" within the Township of Oro-Medonte Official Plan (refer to Official Plan Land Use Map & Schedule D Map).

C14.3 Horseshoe Valley Resort Node

A number of specific land use designations have been developed for the Horseshoe Valley Resort node. It is the intent of this Plan to encourage the development of the lands within Horseshoe Valley Resort node for a variety of residential, commercial and recreational uses, primarily on full sewer and water service.

The Township recognizes that the role and function of the Horseshoe Valley Resort is evolving and that the area will serve as a focus for many forms of development in the future. Many of these forms of development will have a market area that extends far beyond the boundaries of the municipality.

C14.3.2 Timeshare Developments

Where timeshare developments are listed as a permitted use in a designation, the policies of this section apply. For purposes of this Plan, a timeshare development is a commercial use that contains accommodation units that are either held in two or more ownerships, with the occupancy of each unit being shared by the owners, or which are held in one ownership, with each of the units available to be rented/leased or used by different parties on a weekly or monthly basis but does not include hotel.

A timeshare establishment may be located in a freestanding building or be contained within a multi-use building. For the purposes of this Plan, a hotel is defined as a premise that contains rooms without cooking facilities that are accessed by a common indoor corridor system and which are rented on a temporary basis to the public for accommodation purposes and which may contain a public dining area and which may also contain meeting rooms and accessory banquet facilities and other accessory uses such as gift shops, fitness centres, restaurants, nightclubs and convention facilities.

It shall be a policy of this Plan that all new timeshare developments require a rezoning and shall also be subject to a development agreement that is into as a condition of severance, subdivision or condominium. One of the purposes of this agreement will be to ensure that matters of municipal interest and jurisdiction, such as, but not limited to, the administration and collection of taxes, other charges, levies, fees, and the provision of notices, are addressed to the Township's satisfaction.

As a condition of such an agreement, the owners shall provide all reasonably required information on the form of the time-share agreement and other documents, so that these matters of municipal interest and jurisdiction can be properly assessed prior to the issuance of any building permit. The agreement may also provide for additional funds or security to pay for any increased municipal administrative costs occasioned by the timeshare form of ownership structure.



C14.3.6 Horseshoe Valley Medium Density Residential Designation

Permitted uses in the *Horseshoe Valley Medium Density Residential* designation as shown on Schedule D includes townhouse dwellings, apartment dwellings and home occupations. Timeshare developments may be permitted. The density of development shall not generally not exceed 30 units per gross hectare. Conditions for approval of development with the *Horseshoe Valley Medium Density Residential* designation are in Section C14.3.8

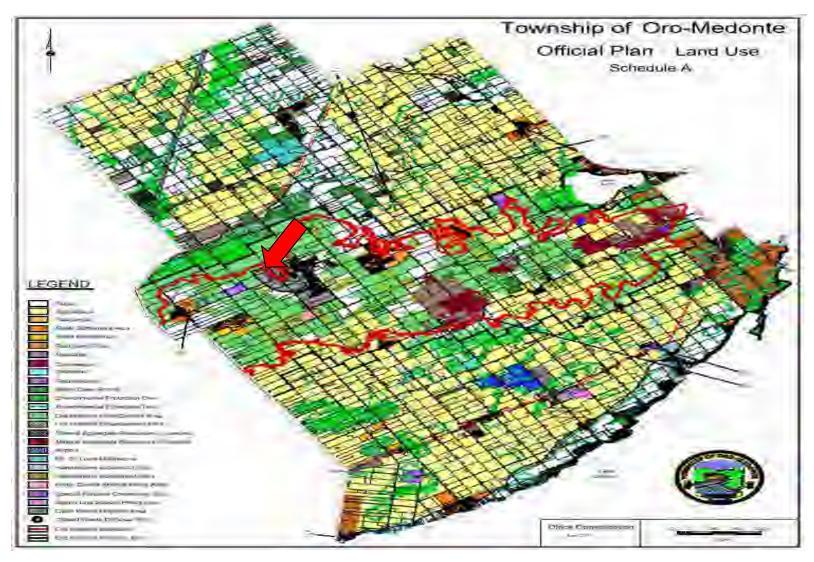
C14.3.8 Conditions for Approval

This policy applies to all lands that are subject to Sections C14.3.5 and C14.3.6 of this Plan. Prior to the approval of a Plan of Subdivision and/or a Plan of Condominium application and/or a request to re-zone the lands, Council shall be satisfied that:

- a) The proposed form of servicing for the lands is appropriate and agreed to by the Township and the appropriate agencies;
- The proposed location, nature and timing of the improvements to Horseshoe Valley Road and other roads is appropriate and agreed to by the Township and the appropriate agencies in accordance with Section C14.3.31; and,
- c) The phasing of development is appropriate given the timing of the installation of services and the improvements to Horseshoe Valley Road and other Roads

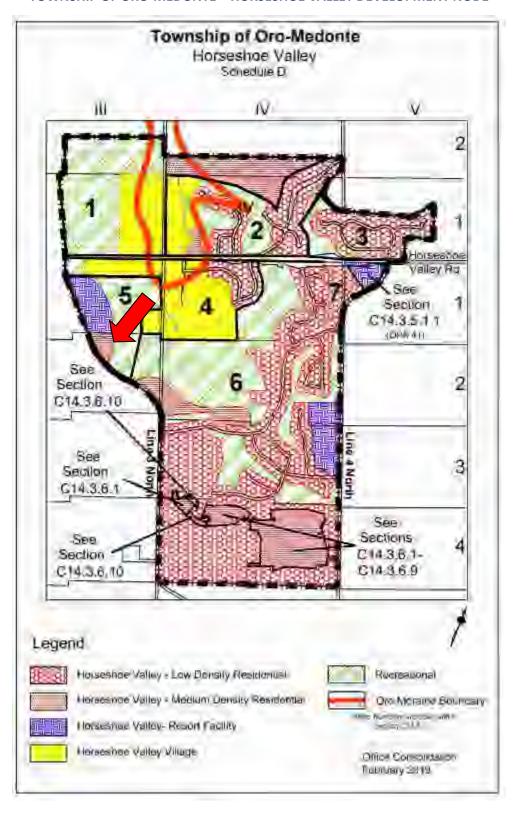


TOWNSHIP OF ORO-MEDONTE OFFICIAL PLAN





TOWNSHIP OF ORO-MEDONTE – HORSESHOE VALLEY DEVELOPMENT NODE





ZONING BY-LAW

Residential Two Zone (R2) Permitted Uses

The Residential Two (R2) Zone applies to lands that are the site of townhouses or apartment buildings in the Township. Apartment buildings are permitted on the subject site.

	Use	Zone					
		R1 Residential One	R2 Residential Two	RUR1 Rural Residential One	RUR2 Rural Residential Two	SR Shoreline Residential	RLS Residential Limited Service
A	Single Detached Dwellings	• 0				*	***************************************
В	Semi Detached Dwellings	•					
C	Townhouse Dwellings		•				
D	Multiple Dwellings		•				
E	Apartment Dwellings		•				
F	Day Nurseries						
G	Home Occupations	•	•		•	1.	30
H	Private Home Daycare	•	•	8	•	•	*
I	Residential Care Homes	•	•		•	•	

Exception R2*123

*123 – Parts of Lots 2 and 3, Concession 4 (Former Oro)

Notwithstanding any other provisions in this By-law, a *timeshare establishment* is permitted on the lands denoted by the symbol *123 on the schedules to this By-law.



Private Recreational Zone (PR) Permitted Uses

The Private Recreational (PR) Zone generally applies to lands that are the site of a private recreational facility, such as a ski hill or a golf course.

П	Use	Zone						
		EP Environmental Protection	OS Open Space	PR Private Recreation	l Institutional	FD Future Davelopment		
A	Agricultural uses	(1).(2)						
В	Agricultural uses intensive	* (1) (2)						
C	Bed and breakfast establishments			•				
D	Cemeteries							
E	Community centres							
P	Conservation uses	+ (2)	Ye			¥ .		
G	Cross country ski facilities			*		9		
Н	Day nurseries				4			
	Downhill ski facilities					4		
J	Forestry uses		*			7		
K	Golf courses							
L)	Hotels:					•		
M	Infrastructure		+					
N	Libraries:				A	()		
0	Mountain bike facilities			*	+ "			
Р	Museums			()	•			
Ö	Private parks							
R	Public parks	(2)	+					
	S Public Storm Sewer	r						
1	T Places of worship		1		(2)			
1	J Private clubs							
11/4	V Schools, public		14 4		4:1			
	W Sewage Treatment Facility		•					
	X Stormwater Management Facilities							

Special Provisions.

- Only uses that existed on the effective date of this By-law are permitted.
 No buildings or structures, except those required for flood or erosion control are permitted.
- 3. One accessory dwelling unit is permitted on a lot



TOWNSHIP OF ORO-MEDONTE ZONING BY-LAW MAP







RBC Economics

ECONOMIC OVERVIEW

Canada's GDP bounced back in Q3, increasing by 8.9% (40.5% at an annualized rate) however recovery is expected to stall in Q4. While the increase did not meet forecasters' expectations, it still marked a significant bounce-back in output with almost three-quarters of the total 18% March/April GDP drop retraced as of September. Consumer spending on goods and residential investment rebounded sharply to stand above pre-shock levels. Business investment also bounced back despite ongoing weakness in the oil & gas sector.

Employment jumped another 62k in November while the unemployment rate slid to 8.5%. The jump in employment in November was still the smallest gain in employment of the now 7-month employment recovery to-date. But it was better-than-expected given concerns that re-imposition of virus containment measures would slow hiring. Overall, a little over 80% of the employment drop in the spring was retraced as of November.

The economy regained ground however the re-imposition of virus containment measures, although not as stringent to-date as those imposed in the spring, is putting a cap on the near-term recovery. Statistics Canada's preliminary estimate of October GDP was up 0.2%, however this is likely to be followed by pullback in November, led by another downturn in hotel and restaurant sales and softer retail activity with Toronto/Peel region temporarily shuttering non-essential retailers. The rebound to-date has also been decidedly smaller in travel and hospitality-related services. Output in accommodation & food services remained almost 30% below pre-shock levels in September contributing to the weakness in consumer spending on services. RBC expects the recovery will essentially ground to a halt in Q4.

For businesses struggling with containment measures, the light at the end of the tunnel comes from recent vaccine news, as well as the high level of household savings. The combination of exceptionally large government income supports and the 'forced' savings for higher-income households who normally spend more on discretionary purchases resulted in household savings balances spiking a cumulative \$160 billion relative to pre-COVID levels through the last three quarters. At least some of those substantial savings will be spent once virus containment measures can be sustainably eased.

	Q4/2019	Q1/2020	Q2/2020	Q3/2020	Q3/2020
	QoQ annu	alized %			YoY %
Consumer spending	2.0	-10.1	-44.3	62.8	-4.5
Goods	-0.2	-8.7	-29.1	86.8	4.8
Services	3.7	-11.1	-54.1	44.3	-11.6
Government spending	1.9	-1.5	-12.3	13.5	0.0
Residential investment	-2.9	-1.4	47.7	187.3	9.5
Business investment	-5.9	-0.6	-55.1	25.8	-14.8
Structures	1.7	6.9	-49.8	-1.2	-14.3
M&E	-17.4	-12.7	-63.6	91.8	-15.8
Exports	4.2	-6.6	-56.7	71.8	-9.7
Imports	-2.9	-9.3	-65.0	113.7	-9.9
GDP	0.4	-7.3	-38.1	40.5	-5.2
Household disposable income	5.4	5.9	52.3	-12.0	10.6
Saving rate (%)	2.0	5.9	27.5	14.6	
Source: Statistics Canada, RBC Economics					

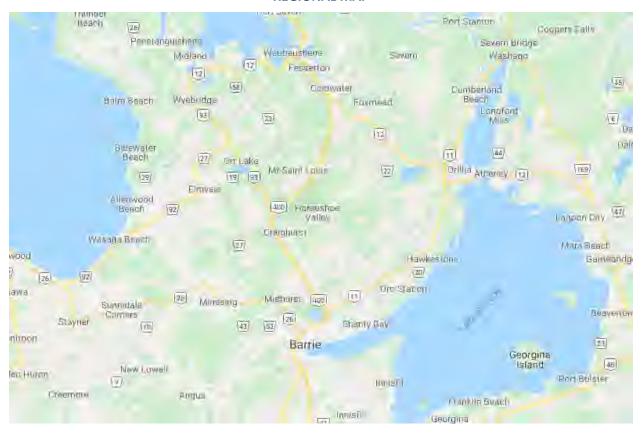


REGIONAL OVERVIEW

- Oro-Medonte is a thriving rural community of more than 20,000 full-time residents. Covering 61,000
 hectares of land in the heart of Simcoe County, the Township is highlighted by a picturesque
 landscape of prominent rolling hills and nearly 40 kilometres of beautiful Lake Simcoe shoreline.
- Located between the Cities of Barrie and Orillia, Oro-Medonte serves as the gateway through which Northern and Southern Ontario are connected and is conveniently situated for residents, tourists and business alike.
- Oro-Medonte is strategically located in the heart of Simcoe County. With Highways 11, 12, 93 and 400 all conveniently accessible from municipal roadways, Oro-Medonte is the gateway through which Northern and Southern Ontario are connected, affording residents, tourists, and businesses easy access to the Township and points beyond.



REGIONAL MAP



Economic and Demographic Profile - Township of Oro-Medonte

Population	21,036 (2016 Statistics Canada)		
Total Private Dwellings	9,013 (2016 Statistics Canada)		
Median Household Income	\$95,667 (2016 Statistics Canada)		
Labour Force	11,730 (2016 Statistics Canada)		
Unemployment Rate	5.9% (2016 Statistics Canada)		
Municipal Tax Rates (2020)	 Residential/Farm – 0.856808% Multi-Residential – 0.856808% Commercial Occupied – 1.861238% Industrial Occupied – 2.172311% 		

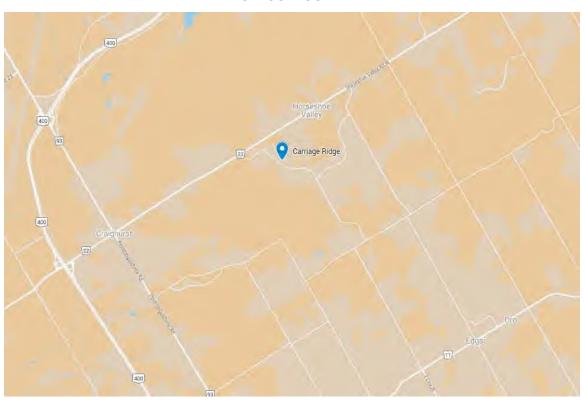
Source of Information - Township of Oro-Medonte website & Statistics Canada



NEIGHBOURHOOD ANALYSIS

The immediate neighbourhood is generally bounded by Horseshoe Valley Road West to the north, Highway No. 400 to the west, Line 5 North to the east, and Bass Lake Side Road West to the south.

NEIGHBOURHOOD MAP



Adjacent Land Use

North - Horseshoe Valley Resort

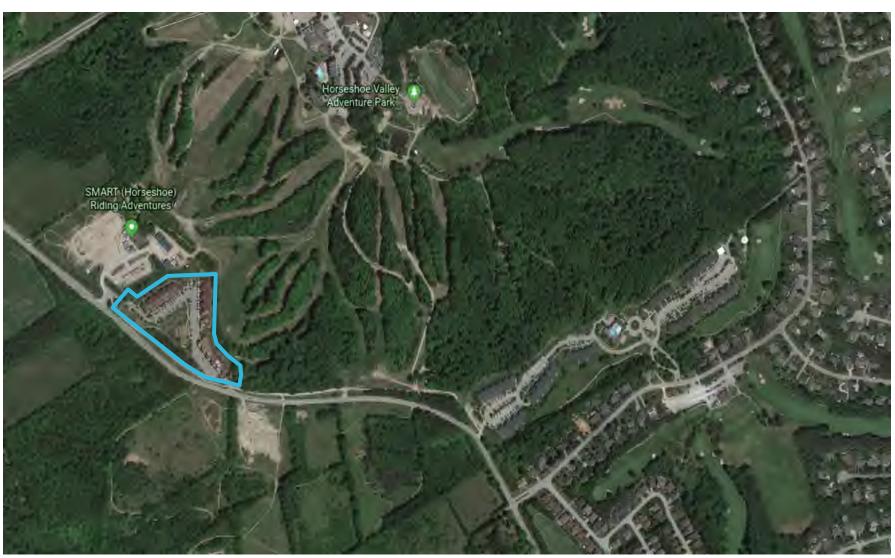
South - Residential Uses (Single Family)

East - Horseshoe Valley Resort & Residential Uses

West - Vacant Land



AERIAL VIEW



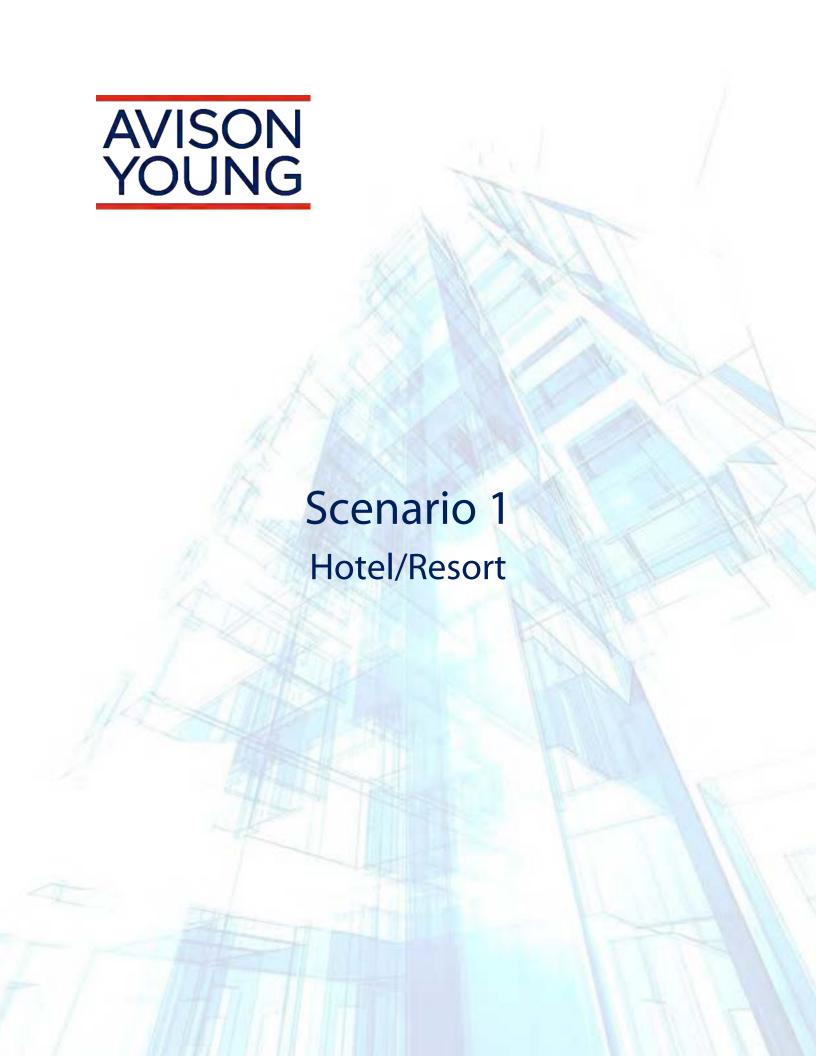


COMMENTARY

The subject properties are located at the top of Horseshoe Resort ski hill, just 20 minutes north from Barrie and are surrounded by the resort and single-family homes. The former golf course that was a part of Horseshoe Resort has been closed and is slated for further development of single-family homes. Horseshoe Resort is more than just alpine skiing and has an amazing variety of winter and summer activities and adventures as well as resort style amenities and restaurants. Winter activities include alpine skiing, cross country skiing, snow tubing, fat biking, snowshoeing, skating and snowmobiling. The summer activities treetop trekking course, mountain biking, zip line, beach volleyball, disc golf, ATV adventures, lake access and wakeboarding park.

VETTA Nordic Spa, a luxurious outdoor day spa has officially broken ground in Oro-Medonte this past November. The spa will be built on a 26-acre parcel of land within the Horseshoe Valley in close proximity to Carriage Hills & Carriage Ridge Resort. VETTA will be one of Canada's premier outdoor Nordic spas operating year-round, offering guest the opportunity to take time to "relax and reconnect with others, escape the fast-paced North American lifestyle, and recharge physically and mentally."

The project includes a main building to house a lobby, offices, change rooms, a bistro and massage rooms, swimming pools, steam rooms, saunas, landscaping and surface parking. The facility will recognize traditional Finnish design and sauna customs with modern details that is expected to be open in summer 2021.



Scenario 1



SCENARIO 1 – HOTEL/RESORT SALES

The subject property being sold off as a hotel property would benefit from the recreational nature of the immediate area, predominantly in the winter, making units desirable as a vacation destination for families. Minimal capital would be required in order to convert or furnish the units into hotel rooms as the property is operating as a 'pseudo' hotel while currently a timeshare with existing amenities in place that would be found similar to the competition in the area. The one main amenity lacking from the site would be food and beverage options.

There is however an uncertainty regarding the time and costs associated with navigating the Township in order to rezone the subject property. The current Residential Two (R2) zoning has a site specific exception that allows for a timeshare establishment and does not allow for a permanent hotel use. The property would require a zoning change to a commercial zone use.

With the current impact of COVID-19 on the hospitality and national hotel industry affecting year over year national occupancy rates which are down 48% and yearly room revenues are down approximately 60% for hotel operators, the peak exposure for the property as hotel may not be at this current time.

The subject property as a hotel property may benefit from the recent by-law passed within the Township of Oro-Medonte of residential properties banning short term rental accommodations with respect to the existing prohibition on commercial accommodations in dwelling units. The Township has decided to institute a ban on any rentals of any residential property including principal residences, vacation and recreational properties, anywhere in the township for any period from 1 day to 28 days. In effect, a traditional month to month residential tenancy or longer is the only form of rental which the bylaw would not ban.

All outstanding Capital Expenses required on the property have not been taken into consideration. According to estimates provided in the Reserve Study completed by Armstrong Consulting Inc. on January 14, 2019, the subject property required approximately \$3,500,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$4,500,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards. Therefore, a total of approximately \$8,000,000 (rounded) would be required in missed and future capital expenses to the site to achieve this desired value. The costs would equate to an estimated \$100,000 per room (rounded) if all expenses are deemed necessary and require attention.

We have performed a Sales and Incomes Analysis of hotel/resorts sold in the surrounding area, which is used to determine the total sale price of the property as a hotel/resort and the price per room on a stabilized basis of that scenario.



HOTEL MARKET OVERVIEW - 2019 YEAR IN REVIEW (COLLIERS)





- Of the 129 transactions in 2019, Ontario remained the most active province for hotel investment with 42 transactions totaling \$708 million in volume (49% of total). Price per room metrics continued to see upwards pressure as investor demand outstripped available opportunities.
- In-line with recent trends, just over 60% of national transaction volume took place in the eastern half of the country (east of Manitoba). While western Canada has historically led the country in average price per room, metrics between the two sides of the country were fairly balanced in 2019.



HOTEL MARKET OVERVIEW – Q3 OVERVIEW

- According to the Colliers INNvestment Canada Hotel Report Q3 2020, the transaction volume for Canadian hotel real estate year to date is down 39% and approximately 71% when excluding hotels sold for conversion.
- Year to date 2020 \$777 million in hotel real estate has changed hands. 53% of this total is directly related to purchases for conversion to alternate use or redevelopment.



- A total of \$257 million in hotel real estate transacted across the country in the third quarter with 68% volume attributed to hotels that sold for conversion or alternate use.
- Since the onset of the Covid-19 global pandemic, the majority of hotel operators have been battling
 with significantly depressed revenues with little certainty on how long it will take for demand trends
 and pricing power to return. It is now clear that the hotel investment cycle has reset and near-term
 uncertainty has resulted in opaque valuations, resulting in a decrease in transaction volumes.
- In-place and next year cap rates have become effectively meaningless, with investors instead focused on pre-Covid metrics (e.g. 2019). Still, there is a large bid/ask spread, with sellers generally reluctant to budge much on now "prior peak values", and buyers demanding significant discounts to account for the reset of the market cycle, increased risk profile over short- to medium-term, as well as lack of available debt options. These dynamics are also not exclusive to Canada with Covid-19 causing havoc to the worldwide hotel sector, particularly to those with reliance on cross border or fly-in travel.
- There was just one lender-driven sale that occurred in the quarter, although it was a distress situation that predated Covid-19.





- Year-over year (YOY) occupancy declines moderate over the over summer travel season, supported
 by regional drive-to resort markets and generally smaller roadside and secondary/tertiary market
 hotels. Most urban markets and particularly larger hotels still suffered from relatively low demand
 from both leisure and corporate segments.
- A peak in Canadian hotel summer demand coincided with the run up to Labour Day (September 7th).
 Post Labour Day, national occupancy has continued to decelerate on a YOY basis, trending between -48% and -56% YOY in recent weeks, as per STR, as case counts accelerated and summer leisure demand abated.
- The current environment has been punitive to Canadian hotel real estate investors and hospitality operators with YOY room revenues approximately 60% lower year-to-date Q3, according to STR.
- We expect that the fourth quarter will be slow for hotel transactions, with some additional activity for hotels acquired for transient shelters or other conversions in major urban centres. There are also only a handful of receivership sales on the market and we do not expect any material uptick in lender driven activity in Q4.



COMPETITIVE MARKET OVERVIEW

Summary of Competitive Hotels								
						Standa	rd Room	
				Distance From		Avg		Avg Winter
No.	Name	Address	Rooms	Subject	Day Spring	Weekend	Week Day	Weekend
				(KMs)	Rate	Spring Rate	Rate	Rate
1	The Inn at Horseshoe	1101 Horseshoe Valley Road West, Oro-Medonte	101	2.5	\$139	\$149	\$179	\$249
2	Fairfield Inn & Suites Barrie	261 Essa Road, Barrie	74	29.6	\$149	\$149	\$109	\$129
3	Holiday Inn Express & Suites	500 Hume Street, Collingwood	93	51.7	\$126	\$157	\$121	\$166
4	Blue Mountain - Grand Georgian Village Suites	156 Jozo Weider Boulevard, Blue Mountains	n/a	57	\$203	\$247	\$256	\$346
Average	e Nightly Rate		\$154	\$176	\$166	\$223		

- Four hotels have been identified as competitors within the subject market place.
- In the winter months demand for hospitality picks up with the subjects close proximity to Horseshoe Ski Resort. Rates in the winter months are typically higher than those in the off season.



Hotel/Resort Sales

The unit of comparison relied upon in this section is overall sale price and the price expressed on a per room basis. Following is a Sales Analysis of Comparable Sales as well as an analysis of the data and a conclusion as to an estimate of value.

The sales selected for this analysis are compared to the subject property and appropriate adjustments for the elements of comparison are considered. Elements of comparison analysed in this valuation include conditions of sale, market conditions, location, physical characteristics, economic characteristics and use/zoning considerations.



				Summary of	Compar	able Sal	es			
Sale No.	Name	Address	Sale Date	Vendor/Purchaser	Sale Price	Land Area (Acres)	# of Storeys	# of Rooms	Price per Room	Comments
1	Holiday Inn, Barrie	20 Fairview Road, Barrie	3-Nov-20	Crestview Group of Companies to Aurora Group (2782736 Ontario Inc.)	\$15,500,000	7.38	5	161	\$96,273	Air conditioning, TV, internet, indoor pool, fitness centre, lounge/bar and conference rooms.
2	Super 8 by Wyndham, Midland	1144 Hugel Avenue, Midland	25-Nov-19	Sainaath Inc. to United Hotels Inc.	\$6,900,000	1.85	3	65	\$106,154	Air conditioning, TV, internet, indoor pool, fitness centre and continental breakfast.
3	Holiday Inn Express, Huntsville	100 Howland Drive, Huntsville	15-Aug-19	Huntsville 100 Howland Drive to 2705461 Ontario Inc.	\$14,950,000	1.35	5	87	\$171,839	Air conditioning, TV, internet, indoor pool, fitness centre and cafe. Sold at a going-in capitalization rate of 8.75%.
4	Quality Inn, Owen Sound	950 Sixth Street, Owen Sound	7-Aug-19	Hotels of Georgian Bay Ltd. to Grey & Bruce Hospitality Inc.	\$5,600,000	3.81	2	79	\$70,886	Air conditioning, TV, internet, indoor pool, fitness centre, lounge/bar and conference rooms.
5	Hockley Valley Resort, Mono ¹	793522 Mono 3rd Line, Mono	20-Mar-19	Hockley Valley Resort Limited to Sunray Group of Hotels (2679987 Ontario Inc.)	\$42,760,000	307.00	5	104	\$411,154	Acquisition of Hockley Valley Resort (includes 18 hole golf course, 15 ski runs and 8,000 square foot spa) as well as the 77-acre vineyard and winery called Adamo Estate Winery.
6	Holiday Inn Express, Pembroke	8 International Drive, Pembroke	4-Dec-18	Good Night Hotel Inc. to 2465620 Ontario Inc.	\$11,900,000	5.81	4	75	\$158,667	Air conditioning, TV, internet, indoor pool, fitness centre and conference rooms.
7	SureStay Plus by Best Western	791 Durham Street, Kincardine	22-Nov-18	Callaghan Inn Ltd to 11027069 Canada Corp	\$5,500,000	2.03	3	59	\$93,220	Air conditioning, TV, internet, fitness centre, restaurant, continental breakfast.
8	Staybridge Suites Guelph	11 Corporate Court, Guelph	1-Nov-18	Easton's Group of Hotels to EWC Corporate Court Hotel Holdings Inc.	\$16,500,000	2.04	5	120	\$137,500	Air conditioning, TV, internet, business centre, fitness centre and indoor pool.
9	Best Western Plus, Orangeville	7 Buena Vista Drive, Orangeville	20-Sep-18	Select Orangeville Hotel GP to 2650493 Ontario Inc. (Sunray Group)	\$10,665,000	7.18	4	84	\$126,964	Air conditioning, TV, internet, indoor pool, fitness centre, business centre, and continental breakfast.
10	Hidden Valley Resort, Huntsville	1755 Valley Road, Huntsville	20-Aug-18	2263480 Ontario Inc. to 2557264 Ontario Ltd.	\$6,104,340	6.27	3	100	\$61,043	Indoor & outdoor pools, sauna, exercise room, private sandy beach, restaurant, convention facilities and business centre. Located across from Hidden Valley Ski Area.

¹ Please note the subject property includes acquisition of Hockley Valley Resort (includes 18 hole golf course, 15 ski runs and 8,000 square foot spa) as well as the 77-acre vineyard and winery called Adamo Estate Winery.





Comments: This 7.38 acre site is improved with a 5-storey hotel containing a total of 161 rooms. It is located on the east side of Fairview Road, south of Essa Road, right off of Highway No. 400 in the City of Barrie. Each room features air conditioning, TV, and internet. There is an indoor pool, fitness centre, lounge/bar and conference rooms.



Comments: This 1.84 acre site is improved with a 3-storey select service hotel containing 65 rooms. It is located on the east side of Hugel Avenue, north of Yonge Street in the Town of Midland. Each room features air conditioning, TV, and internet. There is an indoor pool, hot tub, fitness centre and breakfast buffet for guests.





100 Howland Drive Huntsville, Ontario Name **Holiday Inn Express** 87 No. Room Land Area (acres) 1.35 5 No. Storeys Sale Date 15-Aug-19 **Sale Price** \$14,950,000 Sale Price per Room \$171,839 Vendor **Huntsville 100 Howland Drive** Purchaser 2705461 Ontario Inc.

Comments: This 1.35 acre site is improved with a 5-storey select service hotel containing a total of 87 rooms. It is located on the south side of Howland Drive, west of Centre Street North, right off of Highway 11 in the Town of Huntsville. Each room features air conditioning, TV, and internet. There is an indoor pool, fitness centre and cafe for guests. The property sold at a going-in capitalization rate of 8.75%.



Comparable No. 4

950 Sixth Street Owen Sound, Ontario						
Name	Quality Inn					
No. Room	79					
Land Area (acres)	3.8					
No. Storeys	1					
Sale Date	07-Aug-19					
Sale Price	\$5,600,000					
Sale Price per Room	\$70,886					
Vendor	The Corporation of the City of Owen Sound					
Purchaser	Grey & Bruce Hospitality Inc.					

Comments: This 3.80 acre site is improved with a 1-storey select service hotel containing a total of 79 rooms. It is located on the north side of Sixth Street, east of Highway 6 in the City of Owen Sound. Each room features air conditioning, TV, and internet. There is an indoor pool, fitness centre and conference rooms for guests.





Comparable No. 5

Hockley Valley Resort - 793522 3rd Line

Mono, Ontario

Name Hockley Valley Resort

 No. Room
 104

 Land Area (acres)
 307

 No. Storeys
 5

Sale Price \$42,760,000 Sale Price per Room \$411,154

Vendor Hockley Valley Resort Limited

Purchaser Sunray Group of Hotels (2679987 Ontario Inc.)

Comments: This 307 acre site is improved with a 5-storey hotel containing a total of 104 rooms as well as 18 hole golf course, 15 ski runs, full service spa and 77-acre vineyard/winery. It is located on the west side of 3rd Line, south of Hockley Road, in the Township of Mono. Each room features air conditioning, TV, and internet. There is an indoor and outdoor pool, fitness centre and conference rooms for guests.



Comparable No. 6

	8 International Drive
	Pembroke, Ontario
me	Holiday Inn Express
_	

 No. Room
 75

 Land Area (acres)
 5.81

 No. Storeys
 4

Sale Price 04-Dec-18
Sale Price \$11,900,000
Sale Price per Room \$158,667

Vendor Good Night Hotel Inc.
Purchaser 2465620 Ontario Inc.

Comments: This 5.81 acre site is improved with a 4-storey select service hotel containing a total of 75 rooms. It is located on the northwest corner of International Drive and Upper Valley Drive, just off of Highway 17 in the Town of Pembroke. Each room features air conditioning, TV, and internet. There is an indoor pool, and fitness centre for guests.





Comments: This 2.03 acre site is improved with a 3-storey select service hotel containing a total of 59 rooms. It is located on the northwest corner of Durham Street and Highway 21 in the Town of Kincardine. Each room features air conditioning, TV, and internet. There is a fitness centre for guests. Callaghan Inn Ltd (vendor) provided a \$3,600,000 loan at a 6.00% interest rate.



Comments: This 2.04 acre site is improved with a 5-storey select service hotel containing a total of 120 rooms. It is located on the north side of Corporate Court, east of Highway 6 in the City of Guelph. Each room features air conditioning, TV, and internet. There is an indoor pool and fitness centre for guests.





	7 Buena Vista Drive
	Orangeville, Ontario
Name	Best Western Plus
No. Room	84
Land Area (acres)	7.18
No. Storeys	4
Sale Date	20-Sep-18
Sale Price	\$10,665,000
Sale Price per Room	\$126,964
Vendor	Select Orangeville Hotel GP
Purchaser	2650493 Ontario Inc. (Sunray Group)

Comments: This 7.18 acre site is improved with a 4-storey select service hotel containing a total of 184 rooms. It is located on the south side of Buena Vista Drive, east of Highway 10 in the Town of Orangeville. Each room features air conditioning, TV, and internet. There is an indoor pool, fitness centre and business centre for guests.



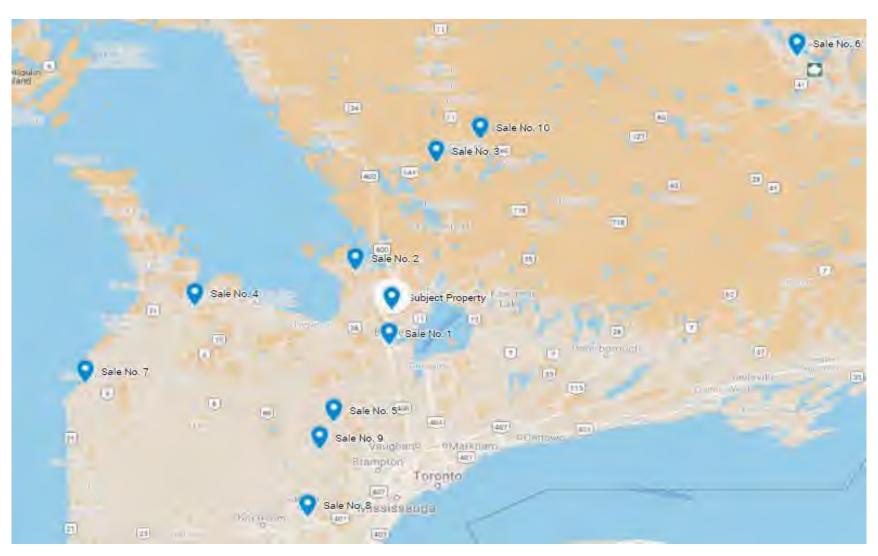
1755 Valley Road							
Huntsville, Ontario							
Name	Hidden Valley Resort						
No. Room	100						
Land Area (acres)	6.27						
No. Storeys	3						
Sale Date	20-Aug-18						
Sale Price	\$6,104,340						
Sale Price per Room	\$61,043						
Vendor	2263480 Ontario Inc.						
Purchaser	2557264 Ontario Ltd.						

Comparable No. 10

Comments: This 6.27 acre site is improved with a 3-storey hotel containing a total of 100 rooms. It is located on the east side of Valley Road, south of Highway 60, in the Town of Huntsville. Each room features air conditioning, TV, and internet. There is an indoor and outdoor pool, lake access, restaurant, fitness centre and conference rooms for guests. The property is located across the road from Hidden Valley Ski Area and in close proximity to Deerhurst Resort.



MAP OF COMPARABLE SALES





Sales Analysis

A search was conducted for sales of hotels in the surrounding area within a reasonable time frame. Due to the lack of sales in the immediate area we had to expand our search throughout Ontario. The foregoing sales are considered to be the most comparable to the subject and represents transaction activity since August of 2018.

The sales demonstrate a range of prices from \$5,500,000 to \$42,760,000 or \$61,043 to \$411,154 per suite. Variances in sale price achieved are largely due to location, number of rooms, amenities, age, condition and quality of the improvements. Please note that properties with a higher number of rooms typically trade at a lower price per room due to the impact of economies of scale.

Sale No. 1, Holiday Inn, Barrie, represents the most recent comparable sale and the nearest comparable sale. The property is improved with a 5-storey, Holiday Inn with 161 rooms on a 7.38 acre site in close proximity to Highway No. 400. The property sold on November 3, 2020 for a total consideration of \$15,500,000 or \$96,273 per room.

Sale No. 2, Super 8 by Wyndham, Midland represents a recent comparable sale. The property is improved with 3-storey, Super 8 by Wyndham with 65 rooms on a 1.84-acre site. The property sold on November 25, 2019 for a total consideration of \$6,900,000 or \$106,154 per room.

Sale No. 3, Holiday Inn Express, Huntsville is improved with a 5-storey, Holiday Inn Express with 87 guest rooms on a 1.35-acre site. The property sold on August 15, 2019 for a total consideration of \$14,950,000 or \$171,839 per suite. The property sold at a going-in capitalization rate of 8.75%.

Sale No. 4, Quality Inn, Owen Sound represents a recent comparable sale that sits near the low end the range of comparable sales on total dollar amount and price per room basis. The property is improved with 2-storey, Quality Inn with 79 rooms on a 3.8-acre site. The property sold on August 7, 2019 for a total consideration of \$5,600,000 or \$70,886 per room.

Sale No. 5, Hockley Valley Resort, Mono, represents the high end of the range of comparable sales on a total dollar amount and on a price per room basis. The property is improved with a 5-storey Hockley Valley Resort which includes 100 guest rooms on a 307 acre site encompassing the entirety of the resort and not solely a hotel property. The property sold on March 20, 2019 for a total consideration of \$42,760,000 or \$411,154 per room. The property would need to be adjusted for the acquisition including not just a hotel but the entire resort complex which includes a ski hill, golf course, spa and winery.

Sale No. 6, Holiday Inn Express, Pembroke, is improved with a 4-storey Holiday Inn Express with 75 guest rooms on a 5.81 acre site. The property sold on December 4, 2018 for a total consideration of \$11,900,000 or \$158,667 per room.



Sale No. 7, SureStay Plus by Best Western, Kincardine represents the low end of the range of comparable sales on a total dollar amount. The property is improved with a 3-storey select service hotel with 59 guest rooms. The property sold on November 22, 2018 for a total consideration of \$5,500,000 or \$93,220 per room.

Sale No. 8, Staybridge Suites, Guelph, is improved with a 5-storey select service hotel with 120 guest rooms on a 2.04 acre site. The property sold on November 1, 2018 for a total consideration of \$16,500,000 or \$137,500 per room.

Sale No. 9, Best Western Plus, Orangeville is improved with a 4-storey Best Western Plus with 84 guest rooms on a 7.18 acre site. The property sold on September 20, 2018 for a total consideration of \$10,665,000 or \$126,964 per room.

Sale No. 10, Hidden Valley Resort, represents the low end of the range of comparable sales on a price per room basis. The property is improved with a 3-storey hotel with 100 guest rooms on a 6.27 acre site. The property sold on August 20, 2018 for a total consideration of \$6,104,340 or \$61,043 per room.

Having regard to the range of values produced by the sales and to the subject's location in close proximity to the top of the ski hill, number of rooms, condition and quality of the interior finish, it is our opinion that a final value estimate of \$11,000,000 (rounded), or \$140,000 per room is supported by the market evidence.



INCOME ANALYSIS

The primary means of valuation is a form of Direct Capitalization which converts the annual stabilized operating income into a value using a rate of return or capitalization rate.

Direct (Overall) Capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value. The income expectancy considered is frequently the current year's income, but the anticipated income for the following year may also be used in some circumstances. The rate or factor selected represents the relationship between income and value observed in the market and is derived through comparable sales analysis. The income in this method is based on the revenue achieved following completion of all renovations.

Investment characteristics, which influence the development of the internal rate of return, include:

- Liquidity of the asset;
- Security of the income stream;
- Degree of administration; and
- The relative desirability of the real estate vehicle.

In addition, one must be aware of the specific characteristics of the property in question, such as its physical and functional features, the location factors and the operational strengths of the property. At other times, however, the analyst will capitalize income at a slightly higher rate in order to account for the effects of depreciation due to the passage of time or unforeseen changes in market conditions might have an effect on the asset.

Revenue and Expense Analysis

When valuing hotel properties, the Income Analysis is usually relied upon. This approach typically includes analysis of historic results for the property, a review of current year results and management's budget.

To estimate value, we prepared operating projections for the property for the next year. Results are based on market assumptions for similar properties. Outlined in this section is a discussion on each of the hotel's major income and expense categories. The income in this method is based on the revenue achieved following completion of all renovations.



Room Rates

We conducted a survey of nightly room rates for accommodations in the subject's immediate and surrounding area.

Summary of Competitive Hotels								
	Standard Room							
			Distance From		Avg			
Name	Address	Rooms	Subject (KMs)	Day Spring Rate	Weekend Spring Rate	Week Day Rate	Weekend Rate	
The Inn at Horseshoe	1101 Horseshoe Valley Road West, Oro-Medonte	101	2.5	\$139	\$149	\$179	\$249	
Fairfield Inn & Suites Barrie	261 Essa Road, Barrie	74	29.6	\$149	\$149	\$109	\$129	
Holiday Inn Express & Suites	500 Hume Street, Collingwood	93	51.7	\$126	\$157	\$121	\$166	
Blue Mountain - Grand Georgian Village Suites	156 Jozo Weider Boulevard, Blue Mountains	n/a	57	\$203	\$247	\$256	\$346	
Average Nightly Rate				\$154	\$176	\$166	\$223	

The nightly rates for hotels in the subject neighbourhood and surrounding areas ranges from \$126 to \$203 for a weekday night in the Spring off season, \$149 to \$247 for a weekend night in the Spring off season, \$111 to \$252 for a weekday night in the Winter and \$111 to \$300 for a weekend night in the Winter. All of the rates are for a standard room. Two of the comparable properties, The Inn at Horseshoe and Blue Mountain – Grand Georgian Village Suites benefit from superior pricing due to the affiliation with the resort property to which they are owned by.

The most comparable hotel is the Inn at Horseshoe which is located at the base of the mountain in Horseshoe Valley Resort and in the closest proximity to the subject. The nightly rate for this hotel is \$139 for a spring weekday night, \$149 for a spring weekend night, \$179 for a winter weekday night and \$249 for a weekend winter night.

We have projected the daily rack rate following the conversion of the property to a hotel to be approximately **\$165** per room. The projected daily rack rate is supported by the market evidence.



Market Data – Hotel Capitalization Rates

	Summary of Market Derived Capitalization Rates								
Sale No	Hotel Name	Address	Year Sold	Sale Price	Number of Rooms	\$/Room	Cap Rate		
1	Fairfield Inn & Suites	407 North Front Street, Belleville	2019	\$9,400,000	114	\$82,456	5.30%		
2	Sheraton Gateway Hotel	Terminal 3, Mississauga	2019	\$130,000,000	474	\$274,262	10.30%		
3	Parkview Arms	935 Queen Street West, Toronto	2019	\$7,250,000	61	\$118,852	5.60%		
4	Holiday Inn Express	100 Howland Drive, Huntsville	2019	\$14,950,000	87	\$171,839	8.75%		
5	Super 8	730 Algonquin Boulevard East, Timmins	2019	\$6,500,000	73	\$89,041	9.80%		
6	Travelodge	1136 Riverside Drive, Timmins	2019	\$4,900,000	92	\$53,261	9.80%		
7	Comfort Inn	1 Hospitality Drive, Fort Erie	2019	\$3,900,000	70	\$55,714	7.00%		
8	Arlington Hotel	106 Grand River Street North, Paris	2019	\$1,900,000	24	\$79,167	4.35%		
9	Best Western	19 Holiday Drive, Brantford	2018	\$18,750,000	158	\$118,671	8.70%		
10	London Residency Inn	2010 Dundas Street, London	2018	\$2,200,000	50	\$44,000	6.55%		
11	Holiday Inn	590 Argus Road, Oakville	2017	\$19,437,500	147	\$132,228	7.40%		
12	Quality Inn	950 Walkers Line, Burlington	2017	\$159,888,000	110	\$1,453,527	6.00%		
13	Best Western	830 St. David Street North, Fergus	2017	\$4,870,000	33	\$147,576	9.30%		
14	Fairfield Inn & Suites	150 Westcreek Boulevard, Brampton	2016	\$14,300,000	107	\$133,645	8.10%		
15	Travelodge	300 Bayfield Street, Barrie	2016	\$8,700,000	130	\$66,923	7.30%		
16	Comfort Inn	1200 O'Brien Street, North Bay	2015	\$4,700,000	60	\$78,333	14.20%		
17	Comfort Inn	676 Lakeshore Drive, North Bay	2015	\$2,400,000	81	\$29,630	11.50%		
18	Comfort Inn	75 Hart Drive, Barrie	2015	\$3,210,000	58	\$55,345	8.00%		

A survey of hotel sales since 2017 shows a range from 5.30% to 14.20% depending on location, financial history, number of rooms and amenities.





Based on our investigations, recent transactions indicate comparable hotels are presently trading on the basis of overall capitalization rates ranging between 9% and 12% in tertiary markets. We have added a 300 bps increase for investor risk due to the challenges involved. In considering the appropriate rate of return, the following factors were considered: The subject property is not legally zoned to operate as a hotel. The area is predominantly dominated by seasonal activities with the heaviest occupancy projected to occur in the winter months. The rooms are all laid out as suites with a kitchen, separate bedrooms and living room and not your standard open concept hotel room.

Based on the quality of the asset, risk, number of rooms, amenities and growth expectations, a capitalization rate of **15.00%** is supported by the market evidence.



Income/Expense Summary

In order to accurately project the operating income, we have referenced our databank of comparative revenues and competing hotels. Results are based on market assumptions for similar properties. The following is our analysis and projection of operating income for the subject. Results are based on market assumptions for similar properties.

Gross Rental Revenue

The average Daily Rack Rate of the hotel is projected at \$165 per room given the location of the hotel in close proximity to the top of the ski hill.

Other Income

We have predicted \$0 per annum for additional revenue generated from guest laundry, conference room rentals and supplies.

Occupancy Rate

Given the location of the hotel in close proximity to the top of the ski hill, room rates, demand and market occupancy rates based on seasonal demand of the subject location, we have projected an occupancy rate of 65%.



Operating Expenses

We have estimated the projected operating expenses based on similar hotels in the marketplace. We have also referenced our databank of comparative expenses and estimated the market expenses.

The following is our analysis and projection of operating expenses for the subject.

Realty Taxes

The realty taxes are projected at \$195,000 per annum or \$2,500 per room.

Insurance

Insurance is projected at \$31,200 per annum or \$400 per room, per annum.

Departmental Costs

Departmental costs (room expenses including salaries and wages for front desk staff and housekeeping) are projected at \$390,000 per annum or \$5,000 per room.

Operations & Maintenance

Operations & Maintenance is projected at \$78,000 per annum or \$1,000 per room.

Administrative & General Expenses

Administrative & General Expenses are projected at \$117,000 per annum or \$1,500 per room.

Marketing

Marketing is projected at \$97,500 per annum or \$1,250 per room.

Franchise/Operator Fee

We have assigned a market rate of 7.50% of Effective Gross Income for the franchise/operator fee. This equates to \$229,006 or \$2,936 per room.

Utilities

Utilities are projected at \$144,300 per annum or \$1,850 per room.

Management Fee

Management Fee is projected at \$42,900 per annum or \$550 per room.

Reserve for Replacement

We have assigned a market rate of 2.50% of Effective Gross Income for reserve for replacement. This equates to \$76,335 per annum or \$979 per room.



Revenue Projection								
	No of Rooms	Occupancy	Daily Rack Rate	RevPAR	Rooms Sold			
Carriage Ridge	78	65%	\$165	\$107	18,506			
TOTAL NO ROOMS	78				18,506			
Potential Gross Rental Incor	ne (PGI)		\$3,053,408					
Other Income			\$0					
Gross Income			\$3,053,408		\$39,146			
Effective Cross Income (ECI)			¢2.0F2.400					
Effective Gross Income (EGI) \$3,053,408								
Expenses					Per Room			
Realty Taxes			\$195,000		\$2,500			
Insurance			\$31,200		\$400			
Departmental Costs			\$390,000		\$5,000			
Operations & Maintenance			\$78,000		\$1,000			
Administrative & General Ex	penses		\$117,000		\$1,500			
Marketing			\$97,500		\$1,250 \$2,936			
Franchise/Operator Fee - 7.5	5% EGI		\$229,006					
Utilities			\$144,300	\$1,850				
Management Fee			\$42,900					
Reserve for Replacement - 2	.5% EGI		\$76,335		\$979			
Total Expenses			\$1,401,241		\$17,965			
Expense Ratio (Expenses/EG	il)		45.89%					
Ne	t Operating Income ((NOI)	\$1,652,167					
140	- cparating intollic (+ 1 ,00 2 ,100					
	Capitalization Rate		15.00%					
	Value		\$11,014,445		\$141,211			
			, , , , , , , ,		,,			
	Rounded		\$11,000,000		\$140,000			



Conclusions – Income Analysis

Based on our investigations, recent transactions indicate comparable hotels are presently trading on the basis of overall capitalization rates ranging between 9% and 12% in tertiary markets. We have added a 300 bps increase for investor risk due to the challenges involved. In considering the appropriate rate of return, the following factors were considered:

- The subject property is not legally zoned to operate as a hotel.
- The area is predominantly dominated by seasonal activities with the heaviest occupancy projected to occur in the winter months.
- The rooms are all laid out as suites with a kitchen, separate bedrooms and living room and not your standard open concept hotel room.
- Based on the quality of the asset, risk, number of rooms, amenities and growth expectations, a
 capitalization rate of 15.00% is supported by the market evidence.

The Direct Capitalization Method is designed to examine the property operation and determine its income generating capability. Based on the financial performance of the subject property, the location, number of rooms, close proximity to the ski hill, amenities and condition and quality of the building, a capitalization rate of 15.00%, a value estimate of \$11,000,000 or \$140,000 per room is appropriate and supported by the marketplace.



Conclusion - Hotel/Resort Scenario

The subject property being sold off as a hotel property would benefit from the recreational nature of the immediate area, predominantly in the winter making units desirable as a vacation destination for families. Minimal capital would be required in order to convert or furnish the units into hotel rooms as the property is operating as a 'pseudo' hotel while currently a timeshare with existing amenities in place that would be found similar to the competition in the area. The one main amenity lacking from the site would be food and beverage options. There is however an uncertainty regarding the time and costs associated with navigating the Township in order to rezone the subject property. The current Residential Two (R2) zoning does not allow for a hotel use, as the property has an exception in place to operate as a timeshare. The property would require a zoning change to a commercial zone use.

Based on the above Hotel/Resort Scenario, the project value prior to any capital expenses being deducted demonstrates an estimated value of \$11,000,000 (rounded), or \$140,000 per room.

All outstanding Capital Expenses required on the property have not been taken into consideration. According to estimates provided, the subject property required approximately \$3,500,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$4,500,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards. Therefore, a total of approximately \$8,000,000 (rounded) would be required in missed and future capital expenses to the site to achieve this desired value. The costs would equate to an estimated \$100,000 per room (rounded) if all expenses are deemed necessary and require attention.



Scenario 2 Multi-Residential Conversion



SCENARIO 2 – MULTI-RESIDENTIAL CONVERSION

The subject property being sold as apartment rental properties would provide buyers with a turn-key ready to use apartments that are already fully furnished and ready for occupancy. The area can benefit from its close proximity to Barrie, as well as the local amenities of a ski resort and year round activities that may appeal to older individuals looking to downsize and no longer desire to own a property and instead choose to lease.

There is however an uncertainty regarding the time and costs associated with navigating the Township in order to convert the property ownership and ensure each individual unit is being compliant with the building code. The potential rental of 78 units will require several years to lease up and the potential to flood the market. Sufficient demand may be unlikely with a small local population and insufficient grocery, food and beverage amenities in close proximity.

It should also be noted that within the Township of Oro-Medonte a review has been conducted of residential properties banning short term rental accommodations with respect to the existing prohibition on commercial accommodations in dwelling units. The Township has decided to institute a ban on any rentals of any residential property including principal residences, vacation and recreational properties, anywhere in the township for any period from 1 day to 28 days. In effect, a traditional month to month residential tenancy or longer is the only form of rental which the bylaw would not ban.

All outstanding Capital Expenses required on the property have not been taken into consideration. According to estimates provided in the Reserve Study completed by Armstrong Consulting Inc. on January 14, 2019, the subject property required approximately \$3,500,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$4,500,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards. Therefore, a total of approximately \$8,000,000 (rounded) would be required in missed and future capital expenses to the site to achieve this desired value. The costs would equate to an estimated \$100,000 per suite (rounded) if all expenses are deemed necessary and require attention.

We have performed a Sales Analysis of multi-residential properties sold in the surrounding area, which is used to determine the total sale price of the property as a multi-residential apartment rental building and the price per suite on a stabilized basis of that scenario.



Multi-Residential Sales

The unit of comparison relied upon in this section is the price expressed on a per apartment suite basis as well as derived capitalization rates. The following is a Summary of the Most Comparable Sales.

The sales selected for this analysis are compared to the subject property, and appropriate adjustments for the elements of comparison are considered. Elements of comparison analyzed in this valuation include real property rights conveyed, financing terms, and conditions of sale, market conditions, location, physical characteristics, economic characteristics, and use/zoning considerations.



	Summary of Most Comparable Multi-Residential Sales										
Sale No.	Address	Sale Date	Vendor/Purchaser	Sale Price	No. of Suites	Price Per Suite	Comments				
1	430 Ferndale Drive South, Barrie	01-Sep-20	Pinemount Ferndale GP Inc. to Starlight Investments Ltd.	\$24,000,000	64	\$375,000	4-storey apartment building containing a total of 64 suites. Suite mix is made up of 32 one-bedroom and 32 two- bedroom suites. The property was acquired as new construction and no income details were provided.				
2	94 Sanford Street, Barrie	30-Jul-20	Albanese Property Management Inc. to 94 Sanford Street Inc.	\$2,500,000	12	\$208,333	3-storey apartment building containing a total of 12 suites. Suite mix is made up of 12 two-bedroom suites. Going-in capitalization rate of 4.52% with an estimated NOI of \$113,250 or average NOI per suite of \$9,438.				
3	320 Emms Drive, Barrie	12-Dec-19	Syndicau Developments Inc. to Greenbanktree Power Corporation	\$6,500,000	24	\$270,833	3-storey apartment building containing a total of 24 suites. Suite mix varies from one and two-bedroom suites. Goingin capitalization rate of 3.90% with an estimated NOI of \$253,500 or average NOI per suite of \$10,653.				
4	135 Atherley Road, Orillia	24-Jul-19	Littlewood Properties 3 Inc. to Starlight Investments Ltd.	\$7,800,000	48	\$162,500	3.5-storey apartment building containing a total of 48 suites. Suite mix is split equally between one and two bedroom suites.				
5	337 West Street North, Orillia	03-Apr-19	Terober Holdings Inc. to Northstone Properties Inc.	\$7,600,000	50	\$152,000	Townhouse complex containing a total of 50 two-storey suites. Suite mix varies from two, three and four-bedroom suites.				
6	78-92 Glenwood Drive, Barrie	14-Dec-18	2299767 Ontario Inc. to 1921540 Ontario Ltd.	\$1,780,000	8	\$222,500	Townhouse complex containing a total of 8 two-storey suites. Suite mix is all comprised of two-bedroom suites.				
7	Starlight Investments/SiteLine Group Portfolio Sale	08-Aug-18	Starlight Investments to SiteLine Group	\$17,751,553	74	\$239,886	5 Apartment buildings containing a total of 74 suites. Suite mix varies per building. Properties located at 278 St. Vincent Street, 56 Donald Street, 170 Grove Street East & 174-178 Grove Street East, Barrie				
8	208-212 North Street, Clearview	15-Mar-18	Stayner Clearview Townhomes Inc. to Ventawood Management Inc.	\$4,325,000	30	\$144,167	Townhouse complex containing a total of 30 two-storey suites. Suite mix is all comprised of two-bedroom suites.				
9	151 Marina Park Avenue, Midland	28-Nov-17	Romspen Mortgage Investment Fund to Skyline Real Estate Holdings Inc.	\$15,300,000	55	\$278,182	4-storey apartment building containing a total of 55 suites. Suite mix varies from one, one + den, two and two + den bedroom suites.				



PHOTOGRAPHS OF COMPARABLE MULTI-RESIDENTIAL SALES



Sale No. 1 – 430 Ferndale Drive South, Barrie



Sale No. 2 – 94 Sanford Street, Barrie





Sale No. 3 – 320 Emms Drive, Barrie



Sale No. 4 – 135 Atherley Road, Orillia





Sale No. 5 – 337 West Street North, Orillia



Sale No. 6 – 78-92 Glenwood Drive, Barrie





Sale No. 7 (Portfolio) – 278 St. Vincent Street, Barrie



Sale No. 7 (Portfolio) – 56 Donald Street, Barrie





Sale No. 7 (Portfolio) – 170 Grove Street East, Barrie



Sale No. 7 (Portfolio) – 174-178 Grove Street East, Barrie





Sale No. 8 – 208-212 North Street, Clearview



Sale No. 9 – 151 Marina Park Avenue, Midland



Sales Analysis

A search was conducted for sales of multi-residential buildings located in the surrounding area of Simcoe County, that have occurred within a reasonable time frame and represents activity in the immediate area since November of 2017.

The sales demonstrate a range in price from a low of \$1,780,000 to a high of \$24,000,000 or \$144,167 to \$375,000 per suite. Variances in sale price achieved are largely due to location, size of the building, current use, and degree and quality of the interior finish.

Sale No. 1, 430 Ferndale Drive South, Barrie, represents the most recent comparable multi-residential sale located south of the subject property. The property is improved with a newly constructed 4-storey apartment building, built in 2019 with a total of 64 suites (32 1-bedroom and 32 2-bedroom). The property was acquired on September 1, 2020 for a total consideration of \$24,000,000 or \$375,000 per suite. At the time of acquisition no financial details were available as the property was not yet fully leased.

Sale No. 2, 94 Sanford Street, Barrie, represents a recent comparable multi-residential sale located south of the subject property. The property is improved with a 3-storey apartment building, built in 1996 with a total of 12 suites all of which are 2-bedrooms. The property was acquired on July 30, 2020 for a total consideration of \$2,500,000 or \$208,333 per suite. The property was acquired with a going-in capitalization rate of 4.52% representing an estimated NOI of \$113,250 or an average NOI per suite of \$9,438.

Sale No. 3, 320 Emms Drive, Barrie, represents a recent comparable multi-residential sale located south of the subject property. The property is known as 'Pinewood Estate' and is improved with a 3-storey apartment building, built in 2002 with a total of 24 suites (two 1-bedroom and 22 2-bedroom). The property was acquired on December 12, 2019 for a total consideration of \$6,500,000 or \$270,833 per suite. The property was acquired with a going-in capitalization rate of 3.90% representing an estimated NOI of \$253,500 or an average NOI per suite of \$10,653.

Sale No. 4, 135 Atherley Road, Orillia, represents a recent comparable multi-residential sale located east of the subject property. The property is known as 'Atherley Place Apartments' and is improved with a 3.5-storey apartment building, built in 1988 with a total of 48 suites (24 1-bedroom and 24 2-bedroom). The property was acquired on July 24, 2019 for a total consideration of \$7,800,000 or \$162,500 per suite.

Sale No. 5, 337 West Street North, Orillia, represents a comparable multi-residential sale located east of the subject property. The property is known as 'Coventry Townhomes' and is improved with 50 2-storey townhomes, built in 1969 with a total of 50 suites (four 2-bedroom, 40 3-bedroom and six 4-bedroom). The property was acquired on April 3, 2019 for a total consideration of \$7,600,000 or \$152,000 per suite.



Sale No. 6, 78-92 Glenwood Drive, Barrie, represents a comparable multi-residential sale located south of the subject property. The property is improved with eight 2-storey townhomes, built in 1966 with a total of eight suites (eight 2-bedroom). The property was acquired on December 14, 2018 for a total consideration of \$1,780,000 or \$222,500 per suite.

Sale No. 7, 278 Vincent Street, 56 Donald Street, 170 Grove Street East and 174-178 Grove Street East, Barrie, represents a recent portfolio sale of multi-residential properties located south of the subject property between Starlight Investments to SiteLine Group. The four properties include five apartment buildings and are improved with a 2.5 to 3.5-storey apartment buildings with various suite mixes for a total 74 suites. The property was acquired on August 8, 2018 for a total consideration of \$17,751,553 or an aggregate price per suite of \$239,886.

Sale No. 8, 208-212 North Street, Clearview, represents a comparable multi-residential sale located west of the subject property. The property is known as 'Clearview Townhomes' and is improved with 30 2-storey townhomes, built in 1988 with a total of 30 suites (30 2-bedroom). The property was acquired on March 15, 2018 for a total consideration of \$4,325,000 or \$144,167 per suite.

Sale No. 9, 151 Marina Park Avenue, Midland, represents a comparable multi-residential sale located north of the subject property. The property is known as 'Baypoint Villas' and is improved with a 4-storey apartment building, built in 2016 with a total of 55 suites (24 1-bedroom + den, three 1-bedroom, 24 2-bedroom + den and four 2-bedroom). The property was acquired on November 28, 2017 for a total consideration of \$15,300,000 or \$278,182 per suite.

Sales Conclusions

The foregoing sales produced a range in value from \$144,167 to \$375,000 per suite with the average being \$228,156 per suite. Two sales produced a going-in capitalization rate which ranged from 3.90% to 4.52%. The variance in the sale price is largely due to differences in location, suite mix and size, condition and quality of the improvements.

Therefore, given the subject properties are low-rise buildings with no common interior hallways and the suite mix with 100% of the units 2-bedrooms, an overall capitalization rate of 6.50% is likely appropriate and targeted in our analysis. The Income Analysis for the subject property produced a pro-forma NOI of \$760,625 and using a capitalization rate of 6.50% a value of \$11,700,000, or \$150,000 (rounded) per suite is indicated and supported by the market transactions.



INCOME ANALYSIS

The Income Approach includes an analysis of the subject rent roll, market rent, operating expenses and the determination of gross income and a stabilized net operating income.

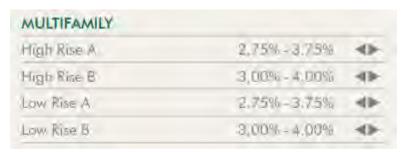
The Direct Capitalization Approach is developed, which typically converts an estimate of a single year's income expectancy into an indication of value using an appropriate capitalization rate. After an analysis of pertinent data to select an appropriate capitalization rate, pro forma net operating income is capitalized to an estimation of current market value.

The gross revenue is comprised of rental income. There is no additional projected income. The proforma income statement is developed as follows:



Market Data - Overall Capitalization

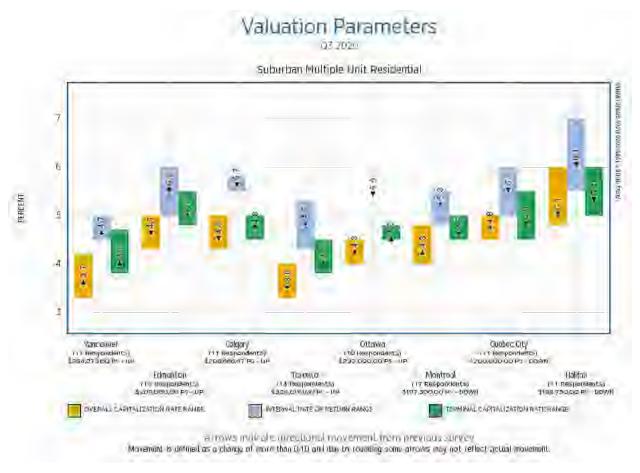
We analyzed the Q3 2020 Canadian Cap Rates & Investment Insights from CBRE. Focusing on the National and Toronto Market and Multifamily segment specifically. "Despite concerns regarding rent collection rates and new government regulations early in the pandemic, multifamily cash flows have remained resilient and cap rates for the sector continued to compress in the third quarter. The national average multifamily cap rate figure for High Rise Class A and High Rise Class B assets compressed by 4 basis points and 6 bps, respectively in Q3 2020. Pricing for rental properties has now largely returned to pre-COVID levels and with insulated fundamentals and cheap debt, the sector is very strongly positioned going into the end of 2020." — CBRE



Due to the lack of data north of the Greater Toronto Area, we have therefore analysed the Toronto market which is the closest major Canadian Market, while considering that adjustments upwards must be made based on being situated north of Toronto. "Multifamily – Low Rise Class A" in the Toronto market ranges from 2.75% to 3.75% overall capitalization rates, remaining unchanged from Q2 2020. "Multifamily – Low Rise Class B" in the Toronto market ranges from 3.00% to 4.00% overall capitalization rates, remaining unchanged from Q2 2020. Multifamily Low Rise is defined as "multi-unit properties typically 4-storeys and below in height." Class A is defined as, "newer properties which are situated in desirable neighbourhoods, well-serviced by public transit, demand above average rents, and are furbished with top of the line finishes and amenities."

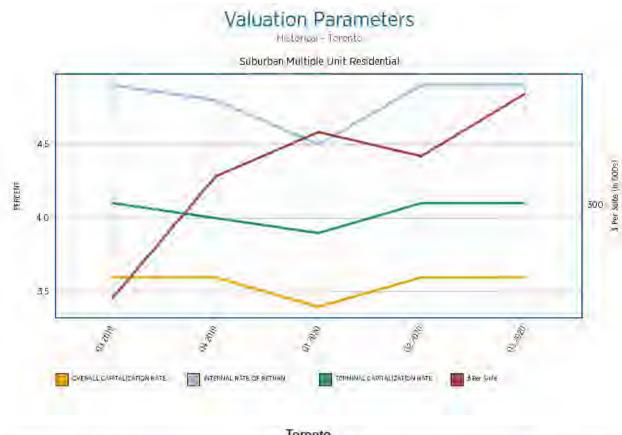


We analyzed the previous quarter investment trends for Canada's overall Suburban multiple unit residential valuation parameters from Altus Insite. Focusing on the Toronto market (closest sub-market), the benchmark valuation parameters for suburban multi-unit residential properties places Toronto at 3.6% Overall Capitalization Rate Range, shifting downwards from the previous quarter and the Terminal Cap Rate Range is 4.1%, shifting downwards. Overall Capitalization rates have decreased from 3.70% to 3.60% over the past five quarters.



In addition, we analyzed the previous five-quarter investment trends for Toronto's Suburban Multiple Unit Residential valuation parameters from Altus Insite. Focusing on the Toronto Suburban market, the benchmark valuation parameters for suburban multi unit residential properties places 2020 Q3 at 3.6% Overall Capitalization Rate Range, remaining unchanged from the previous quarter and the Terminal Cap Rate Range is 4.1%, also remaining unchanged from the previous quarter. The average price per suite increased to \$335,000, up from the previous quarter at \$315,454.55 per suite.





Toronto								
	Overall Capitalization Rate	Internal Rate of Return	Terminal Capitalization Rate	SPS				
Q3 2020	3.6	4.9	4.1	335,000.00				
Q2 2020	3.6	4.9	4.1	315,454.55				
01 2020	3.4	45	3.9	323,000.00				
Q4 2019	3.6	4.8	4.0	309,090.91				
03 2019	3,6	4.9	4.1	270,806.64				

The Direct Comparison Approach highlights nine sales of apartment buildings and one apartment portfolio that we developed as market sales. Two of the Direct Comparison sales reported a going-in capitalization rate of 3.90% to 4.52%. Having regard to the foregoing and given the potential income that can generated by the subject property to create a stabilized value, the time required for the lease up period, risk, the quality of finish and the location outside the GTA in a secondary market, we feel that an appropriate capitalization rate for the subject property would be situated towards the higher end of the range at about **6.50%**, which takes into account a 5.00% vacancy and credit loss.



Operating Income – Carriage Ridge

In order to accurately project the operating income, we have referenced our databank of comparative revenues and from competing rental buildings. The following is our analysis and projection of operating income for the subject.

Gross Rental Revenue

Based on the market evidence, we have projected a rental rate of \$1,600 per apartment per month, for the 78 two-bedroom suites. We have not put in place a guideline increase rate at this time due to the prospective rental rates we have assigned to the property.

Laundry Revenue

An amount of \$0 for laundry revenue has been assigned as each unit has in-suite laundry.

Parking Revenue

An amount of \$0 has been assigned for the outdoor surface parking spaces. Parking is generally included in the monthly rental rates.

General Vacancy

According to CMHC statistics, vacancy levels in the Barrie CMA overall vacancy rate remained unchanged at 2.9%. Given the time required for the lease up period, the location of the buildings outside of Barrie, age of the properties, and all two-bedroom suites, we have projected a vacancy rate and credit loss factor of 5.00%.



Operating Expenses – Carriage Ridge

We have compared our operating expenses to competing rental buildings. We have also referenced our databank of comparative expenses. The following is our analysis and projection of operating expenses for the subject.

Realty Taxes

The realty taxes are estimated at \$253,500 per annum or \$3,250 per suite.

Hydro

The total hydro costs are projected at \$250 per suite.

Gas

The total gas costs for the subject are projected at \$650 per suite.

Water & Sewer

The total water & sewer costs for the subject are projected at \$500 per suite.

Insurance

The insurance expense is projected at \$15,600 per annum or \$200 per suite.

Salaries & Benefits

Salaries & benefits cost is projected at \$58,500 or \$750 per suite.

Leasing and Marketing

Leasing and marketing expenses are projected at \$15,600 per annum or \$200 per suite.

General and Administrative

General and administrative expenses are projected at \$15,600 per annum or \$200 per suite.

Repair and Maintenance

Repairs and maintenance are projected at \$144,300 per annum or \$1,850 per suite.

Management

We have applied a market management fee of 3.50% of effective gross income.



ROFORMA STATEMENT			Oro-M	Carriage Ridg edonte, Ontari
ASIC RENTAL SUMMARY				
		Avg. Monthly	Est. Monthly	Annua
Bldg. and Suite Type	# of Suites	Rent Per Suite	Revenue	Revenu
partments - Three Buildings				
Two-Bedroom	<u>78</u>	\$1,600	\$124 <u>,800</u>	<u>\$1,497,6</u>
	<u></u> 78	\$1,600	\$124,800	\$1,497,6
TOTAL GROSS RENTAL INCOME	78	\$1,600	\$124,800	\$1,497,6
ICOME SUMMARY				
evenues				
Gross Rental Income				\$1,497,6
Parking Income (Surface)				
Laundry Income (In-Suite Laundry)				
ross Potential Income				\$1,497,6
acancy Allowance	5.00%			\$74,8
fective Gross Income			_	\$1,422,7
perating Expenses				
	<u>Annual</u>	<u>Per Suite</u>	<u>% of EGI</u>	
Realty Taxes	\$253,500	\$3,250	17.82%	
Gas	\$50,700	\$650	3.56%	
Hydro (Common Area)	\$19,500	\$250	1.37%	
Water & Sewer	\$39,000	\$500	2.74%	
Insurance	\$15,600	\$200	1.10%	
Salaries & Benefits	\$58,500	<i>\$750</i>	4.11%	
Leasing & Marketing	\$15,600	\$200	1.10%	
General & Administrative	\$15,600	\$200	1.10%	
Repair and Common Area Maintenance	\$144,300	\$1,850	10.14%	
Property Management (3.5%)	<u>\$49,795</u>	<u>\$638</u>	<u>3.50%</u>	
	\$662,095	\$8,488	46.54%	
tal Operating Expenses				(\$662,0
et Operating Income				\$760,6
pitalization Rate	6.50%			\$11,701,9
timated market value (Rounded)				\$11,700,0
			er Suite er Suite (Rounded)	\$150,0 \$150,0



Conclusions – Income Analysis

The Income Analysis is designed to examine the property operation and determine its income generating capability on a stabilized basis. The Sales Analysis which follows indicated prices between \$144,167 and \$375,000 per apartment suite. Based on the prospective financial performance of the subject property which is currently not established a rental apartment complex, as well as the condition and quality of the building, a value towards the lower end of the range is considered appropriate and when using a capitalization rate of 6.50% (as discussed in the Sales Analysis) a value of \$11,700,000, or \$150,000 (rounded) per suite is appropriate and supported by the marketplace.

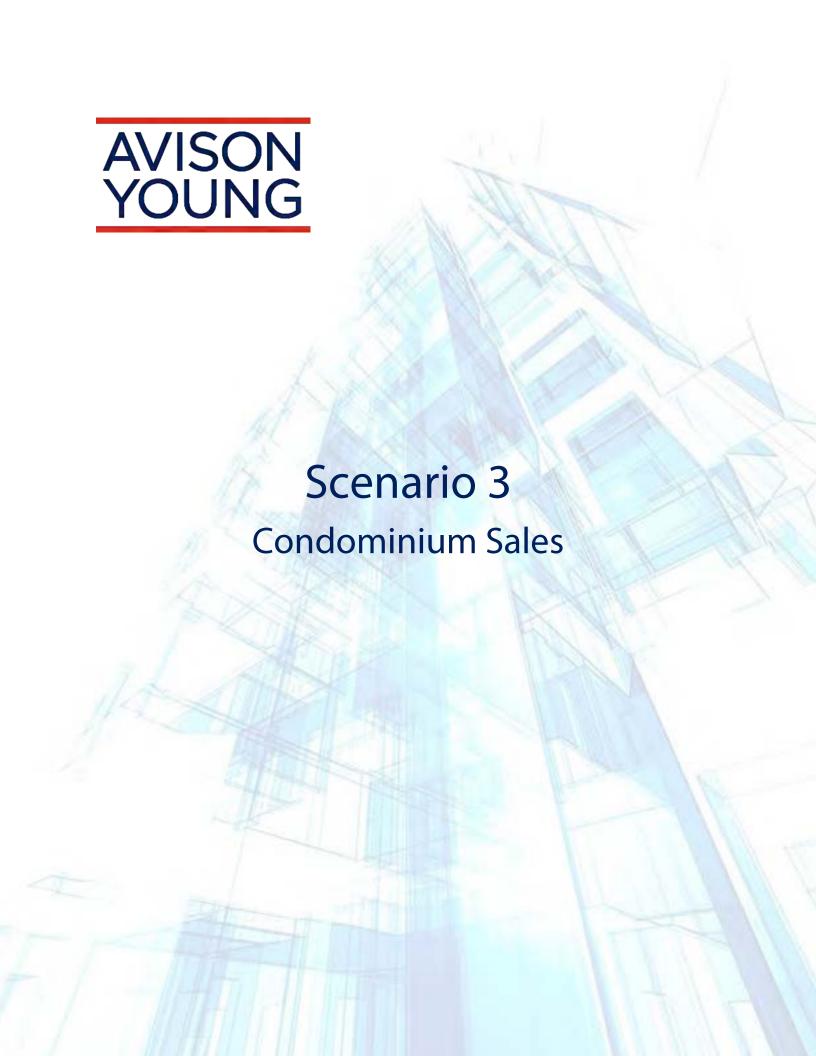


Conclusions - Multi-Residential Sales Scenario

The subject property being sold as apartment rental properties would provide buyers with a turn-key ready to use apartments that are already fully furnished and ready for occupancy. The area can benefit from its close proximity to Barrie, as well as the local amenities of a ski resort and year round activities that may appeal to older individuals looking to downsize and no longer desire to own a property and instead choose to lease. There is however an uncertainty regarding the time and costs associated with navigating the Township in order to convert the property ownership and ensure each individual unit is being compliant with the building code. The potential rental of 78 units will require several years to lease up and the potential to flood the market. Sufficient demand may be unlikely with a small local population and insufficient grocery, food and beverage amenities in close proximity.

Based on the above multi-residential conversion scenario, the project value prior to any capital expenses being deducted demonstrates an estimated value of \$11,700,000 (rounded), or \$150,000 per suite.

All outstanding Capital Expenses required on the property have not been taken into consideration. According to estimates provided, the subject property required approximately \$3,500,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$4,500,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards. Therefore, a total of approximately \$8,000,000 (rounded) would be required in missed and future capital expenses to the site to achieve this desired value. The costs would equate to an estimated \$100,000 per suite (rounded) if all expenses are deemed necessary and require attention.





SCENARIO 3 – CONDOMINIUM SALES

The subject property being sold off as condominium units would project a higher financial upside for buyers in the scenario as the property would benefit from the recreational nature of the immediate area making units desirable for vacation properties for families, a sudden increase in demand for vacation properties since the beginning of Covid-19 and the minimal capital required in order to convert the units.

There is however an uncertainty regarding the time and costs associated with navigating the Township in order to register the property and each individual unit as a condominium as well as being compliant with the building code. The potential sale of 78 units will require several years and the potential to flood the market. It should be noted that the subject property is not registered as a condominium and this is not legally permissible at the moment.

Within the Township of Oro-Medonte a review has been conducted of residential properties banning short term rental accommodations with respect to the existing prohibition on commercial accommodations in dwelling units. The Township has decided to institute a ban on any rentals of any residential property including principal residences, vacation and recreational properties, anywhere in the township for any period from 1 day to 28 days. In effect, a traditional month to month residential tenancy or longer is the only form of rental which the bylaw would not ban.

All outstanding Capital Expenses required on the property have not been taken into consideration. According to estimates provided in the Reserve Study completed by Armstrong Consulting Inc. on January 14, 2019, the subject property required approximately \$3,500,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$4,500,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards. Therefore, a total of approximately \$8,000,000 (rounded) would be required in missed and future capital expenses to the site to achieve this desired value. The costs would equate to an estimated \$100,000 per suite (rounded) if all expenses are deemed necessary and require attention. In addition, a reserve fund needs to be created and the condominium needs to be registered.

We have performed a Sales Analysis of condominium units sold in the immediate area, which is used to determine the total gross retail sellout value of all of the residential units. A residual calculation has been made to deduct all of the sales costs, expenses and investor profit from the sale of the units.



Condominium Sales

The unit of comparison relied upon in this section is overall sale price and the price expressed on a per square foot of unit area basis. Following is a Summary of Comparable sales located in the subject's immediate and surrounding area and an analysis of the data and a conclusion as to an estimate of value.

The sales selected for this analysis are compared to the subject property and appropriate adjustments for the elements of comparison are considered. Elements of comparison analysed in this valuation include conditions of sale, market conditions, location, physical characteristics, economic characteristics, condition and quality of the development.



	Condominium Listings & Transactions Horseshoe Valley, Oro-Medonte									
Sales No.	Address	Unit Type	Parking	Year Built	Sold Date	Days on Market	Square Feet	Sale Price	Price Per Square Foot	
1	1102 Horseshoe Valley Road West, 303	2 Bedroom Condominium	Unassigned surface	1979	Nov-20	87	1,342	\$342,000	\$255	
2	40 Horseshoe Boulevard, 406	2 Bedroom Condominium	1 Owned underground	2015	Nov-20	9	646	\$341,000	\$528	
3	80 Horseshoe Boulevard, 306	2 Bedroom Condominium	Unassigned surface	1983	Oct-20	39	1,188	\$445,220	\$375	
4	40 Horseshoe Boulevard, 113	1 Bedroom Condominium	1 Surface space	2015	Sep-20	38	680	\$325,900	\$479	
5	40 Horseshoe Boulevard, 303	1 Bedroom Condominium	1 Owned underground	2015	Aug-20	33	755	\$325,000	\$430	
6	80 Horseshoe Boulevard, 506	2 Bedroom Condominium	Unassigned surface	1983	Aug-20	34	1,188	\$460,000	\$387	
7	40 Horseshoe Boulevard, 307	2 Bedroom Condominium	1 Surface space	2015	Jul-20	18	755	\$325,000	\$430	
8	80 Horseshoe Boulevard, 203	2 Bedroom + Den Condominium	Unassigned surface	1983	Jul-20	29	1,188	\$399,999	\$337	
9	40 Horseshoe Boulevard, 215	2 Bedroom Condominium	1 Owned underground	2015	Jul-20	28	755	\$305,000	\$404	
10	40 Horseshoe Boulevard, 409	2 Bedroom Condominium	1 Owned underground	2015	Jul-20	13	906	\$349,000	\$385	
11	40 Horseshoe Boulevard, 317	2 Bedroom Condominium	Unassigned surface	2015	Jul-20	55	985	\$327,500	\$332	
12	1102 Horseshoe Valley Road West, 313	2 Bedroom Condominium	Unassigned surface	1979	Jun-20	43	1,342	\$353,000	\$263	



PHOTOGRAPHS OF COMPARABLE SALES



Sale No. 1 – 1102 Horseshoe Valley Road West, 303



Sale No. 2 – 40 Horseshoe Boulevard, 406



Sale No. 3 - 80 Horseshoe Boulevard, 306



Sale No. 4 – 40 Horseshoe Boulevard, 113



Sale No. 5 – 40 Horseshoe Boulevard, 303



Sale No. 6 – 80 Horseshoe Boulevard, 506





Sale No. 7 - 40 Horseshoe Boulevard, 307



Sale No. 8 – 80 Horseshoe Boulevard, 203



Sale No. 9 – 40 Horseshoe Boulevard, 215



Sale No. 10 – 40 Horseshoe Boulevard, 409



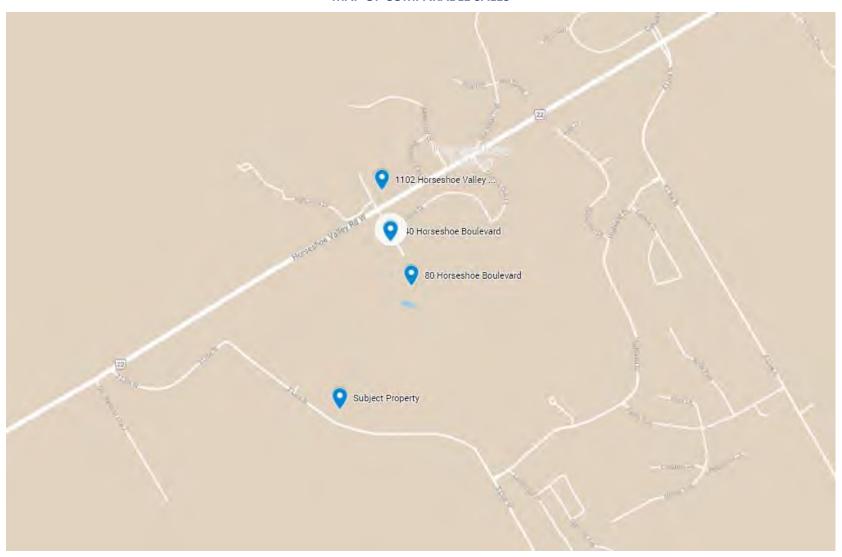
Sale No. 11 – 40 Horseshoe Boulevard, 317



Sale No. 12 – 1102 Horseshoe Valley Road West, 313



MAP OF COMPARABLE SALES





Sales Analysis

A search was conducted for sales of residential condominium units located in the immediate area of Horseshoe Valley, that have occurred within a reasonable time frame and represents activity in the immediate area since June of 2020.

The sales demonstrate a range in price from a low of \$305,000 to a high of \$460,000 or \$255 to \$528 per square foot. Variances in sale price achieved are largely due to location, unit size, number of bedrooms, age of the building, parking and quality of the interior finish. Carriage Ridge was constructed in 2004 and all of the units are 2-bedrooms with surface parking and a location at the top of Horseshoe Valley Ski Area which could allow for ski in and out potential in the winter season. Additional on-site amenities would be made available to Condominium Corporation including the pool, gym, games room and other common elements.

Sale No. 1, 1102 Horseshoe Valley Road West, Unit 303 represents the most recent comparable condominium sale within close proximity to Horseshoe Valley Resort. The sale also represents the low end of the range of comparable sales on a price per square foot basis. The condominium is a 2-bedroom unit, built in 1979 that is approximately 1,342 square feet. The property was acquired on November 21, 2020 for a total consideration of \$342,000 or \$255 per square foot. The property would be the most similar to the subject in terms of walk-up access, surface parking and unit size.

Sale No. 2, 40 Horseshoe Boulevard, Unit 406 represents a recent comparable condominium sale within close proximity to Horseshoe Valley Resort and represents the high end of the range of comparable sales on a price per square foot basis. The condominium is a 2-bedroom unit, built in 2015 that is approximately 646 square feet. The property was acquired on November 20, 2020 for a total consideration of \$341,000 or \$528 per square foot. The property would be superior to the subject in terms of location in the village, one owned underground parking space, building age, interior hallways and elevator access and condition and quality of interior finishes.

Sales No.'s 4 & 5, 40 Horseshoe Boulevard, Units 113 & 303 represents only 1-bedroom apartment units within close proximity to Horseshoe Valley Resort and sit near the high end of the range of comparable sales on a price per square foot basis. The 1-bedroom condominium units were built in 2015 and range in size from 680 to 755 square feet. The properties were acquired for a total consideration of \$325,000 to \$325,900 or \$430 to \$479 per square foot. The properties would be superior to the subject in terms of location in the village, building age, interior hallways and elevator access and condition and quality of interior finishes. Smaller units tend to trade for a higher price per square foot due to the impact of the economies of scale.



Sale No. 6, 80 Horseshoe Boulevard, Unit 506 represents a recent comparable condominium sale within close proximity to Horseshoe Valley Resort and represents the high end of the range of comparable sales on a total acquisition price basis. The condominium is a 2-bedroom unit, built in 1983 that is approximately 1,188 square feet. The property was acquired on August 7, 2020 for a total consideration of \$460,000 or \$387 per square foot. The property would be superior to the subject in terms of location in the village, interior hallways, elevator access and condition and quality of interior finishes.

Sale No. 9, 40 Horseshoe Boulevard, Unit 215 represents a recent comparable condominium sale within close proximity to Horseshoe Valley Resort and represents the low end of the range of comparable sales on a total acquisition price basis. The condominium is a 2-bedroom unit, built in 2015 that is approximately 755 square feet. The property was acquired on July 13, 2020 for a total consideration of \$305,000 or \$404 per square foot. The property would be superior to the subject in terms of location in the village, one owned underground parking space, interior hallways, elevator access and condition and quality of interior finishes. However, the unit is much smaller in size compared the subject property.

Sales Conclusions

The foregoing sales produced a range in value from \$305,000 to \$460,000 or \$255 to \$528 per square foot with the average being \$358,218 or \$384 per square foot. The sales range in building age from 1979 to 2015 with the most recently constructed building, 40 Horseshoe Boulevard sales sitting at the high end of the range on a price per square foot basis. The variance in the sale price is largely due to differences in location, number of bedrooms, unit size, underground or surface parking, condition and quality of the interior finishes.

Therefore, given the subject properties are low-rise buildings with walk-up access only, close proximity to the top of the ski hill, surface parking spaces and 100% of the units are 2-bedrooms, therefore it is our opinion a unit in the development being sold as a condominium would have a final estimate of value at \$320,000 per unit, as indicated and supported by the market transactions.



Gross Retail Sellout Value

We have estimated an average retail price equal to \$320,000 per unit.

Residual Calculations

A Development Pro-Forma simply makes a deduction for the all of the "costs" associated with the project including profit. Following is a discussion of each of the deductions which is followed by the Development Pro-Forma calculations.

Estimated Project Costs

The following costs have been estimated from market estimates. We have made adjustments based on our knowledge of how the market might treat the costs when entering the scheme at this point in the process. All estimated project costs are percentages of total revenue from the sale of the units.

Broker Commission

A 4% Commission was estimated on the sale of all units.

Advertising

In addition to marketing to condominium buyers, the larger concept must be advertised to the public during construction so that from opening day onward there is sufficient traffic for potential buyers. We have estimated advertising costs of 3.00%.

Property Taxes, Legal, Engineering Reports & Reserve Fund Study

Property Taxes, Legal, Engineering Reports and Reserve Fund Study Costs of 7.50% has been estimated. Following the Reserve Fund Study, a fund must be created and the condominium must be registered which is an additional cost.

Financing

Financing costs of 5.50% has been estimated.

Contingency

Contingency costs of 5.00% has been estimated.

Investor Profit

Due to difficulties in estimating the time it will take to collect the proceeds from the closing of the condominium sales which happens upon registration of plan, we have estimated a higher Investor Profit for the subject property. A 15.00% Investor Profit was selected for the subject property based on the concept.



Residual Calculations

Condominium Sales Scenario Carriage Ridge							
	Number of Units	Per Unit	Total				
Revenue							
Gross Retail Sellout	78	<u>\$320,000</u>		\$24,960,000			
Total Revenue		\$320,000		\$24,960,000			
Expenses							
Broker Commission	4.00%	\$12,800	\$998,400				
Advertising	3.00%	\$9,600	\$748,800				
Legal, Engineering Reports & Reserve Fund Study	7.50%	\$24,000	\$1,872,000				
Financing	5.50%	\$17,600	\$1,372,800				
Contingency	5.00%	\$16,000	\$1,248,000				
Subtotal Expenses	25.00%	\$80,000	\$6,240,000				
Investor Profit	15.00%		<u>\$3,744,000</u>				
Total Expenses	40.00%			<u>\$9,984,000</u>			
Residual Value (After Expenses)				\$14,976,000			
		Price Per l	Jnit (Rounded)	\$190,000			

Conclusion

Based on the above Condominium Sales Scenario and the units selling in their current condition, the project value net all expenses and investor profit demonstrates an estimated value of \$14,820,000 or \$190,000 per unit.



Discount for Time

Due to difficulties in estimating the time it will take to collect the proceeds from the closing of the condominium sales which happens upon registration of plan, we have estimated a higher Investor Profit for the subject property. However, in order to demonstrate a typical sales period, we have projected that it will take approximately 5 years to receive revenue based on the anticipated timeline as well as the time necessary to complete the registration of the plan of condominium. We have selected a 10% Discount Rate which is applied against the total gross retail sales revenue for five years.

Condominium Sales - Carriage Ridge Unit Price Scenario - \$320,000									
Phase	Unit Price	Number of Units Sold	Gross Sales Price	Discount Rate	Number of Years	NPV			
Phase 1	\$320,000	20	\$6,400,000	10%	1	\$5,818,182			
Phase 2	\$320,000	20	\$6,400,000	10%	2	\$5,289,256			
Phase 3	\$320,000	20	\$6,400,000	10%	3	\$4,808,415			
Phase 4	\$320,000	10	\$3,200,000	10%	4	\$2,185,643			
Phase 5	\$320,000	8	\$2,560,000	10%	5	\$1,589,559			
		78	\$24,960,000	Tot	al Value - Phase 1 - 5	\$19,691,054			
	Total Value - Phase 1 - 5 Rounded								
Total Value - Phase 1-5 Per Unit									
Total Value - Phase 1-5 Per Unit (Rounded)									



Gross Retail Sellout Value – Additional Options

For demonstration purposes, we have provided two additional options for the gross retail sellout value if the units were to achieve a lower price than concluded previously. We have provided two estimates of \$300,000 and \$280,000 to assist with decision making purposes.

Residual Calculations - \$300,000 per Unit

Condominium Sales Scenario Carriage Ridge							
	Number of Units	Per Unit	Total				
Revenue							
Gross Retail Sellout	78	\$300,000		\$23,400,000			
Total Revenue		\$300,000		\$23,400,000			
Expenses							
Broker Commission	4.00%	\$12,000	\$936,000				
Advertising	3.00%	\$9,000	\$702,000				
Legal, Engineering Reports & Reserve Fund Study	7.50%	\$22,500	\$1,755,000				
Financing	5.50%	\$16,500	\$1,287,000				
Contingency	5.00%	\$15,000	\$1,170,000				
Subtotal Expenses	25.00%	\$75,000	\$5,850,000				
Investor Profit	15.00%		\$3,510,000				
Total Expenses	40.00%			<u>\$9,360,000</u>			
Residual Value (After Expenses)				\$14,040,000			
		Price Per U	nit (Rounded)	\$180,000			

Conclusion

Based on the above Condominium Sales Scenario, the project value net all expenses and investor profit demonstrates an estimated value of \$14,040,000 or \$180,000 per unit.



Residual Calculations - \$280,000 per Unit

Condominium Sales Scenario Carriage Ridge							
	Number of Units	Per Unit	Total				
Revenue							
Gross Retail Sellout	78	<u>\$280,000</u>		\$21,840,000			
Total Revenue		\$280,000		\$21,840,000			
Expenses							
Broker Commission	4.00%	\$11,200	\$873,600				
Advertising	3.00%	\$8,400	\$655,200				
Legal, Engineering Reports & Reserve Fund Stud	7.50%	\$21,000	\$1,638,000				
Financing	5.50%	\$15,400	\$1,201,200				
Contingency	5.00%	\$14,000	\$1,092,000				
Subtotal Expenses	25.00%	\$70,000	\$5,460,000				
Investor Profit	15.00%		\$3,276,000				
Total Expenses	40.00%			\$8,736,000			
Residual Value (After Expenses)				\$13,104,000			
		Price Per l	Jnit (Rounded)	\$170,000			

Conclusion

Based on the above Condominium Sales Scenario, the project value net all expenses and investor profit demonstrates an estimated value of \$13,260,000 or \$170,000 per unit.



Conclusion – Condominium Sales Scenario

The subject property being sold off as condominium units would project a higher financial upside for buyers in the scenario. There is however an uncertainty regarding the time and costs associated with navigating the Township in order to register the property and each individual unit as a condominium as well as being compliant with the building code. The potential sale of 78 units will require several years and the potential to flood the market. It should be noted that the subject property is not registered as a condominium and this is not legally permissible at the moment. In addition, as demonstrated the Gross Retail Sellout could vary depending on the achieved sales project.

Based on the above Condominium Sales Scenario, the project value net all expenses and investor profit demonstrates an estimated value of \$14,820,000 or \$190,000 per unit.

All outstanding Capital Expenses required on the property have not been taken into consideration. According to estimates provided, the subject property required approximately \$3,500,000 worth of capital expenses in the years 2019 and 2020 that has not yet been completed. In the years 2021 to 2023, another \$4,500,000 (rounded) was estimated to be required to bring the buildings, amenities and site up to sufficient operational standards. Therefore, a total of approximately \$8,000,000 (rounded) would be required in missed and future capital expenses to the site to achieve this desired value. The costs would equate to an estimated \$100,000 per suite (rounded) if all expenses are deemed necessary and require attention. In addition, a reserve fund needs to be created for the condominium to be registered.



CONCLUSION

Between the various approaches, the following estimated market values were concluded:

Scenario 1 – Hotel/Resort \$11,000,000

Scenario 2 – Multi-Residential \$11,700,000

Scenario 3 – Condominium Sales \$14,820,000

After a review of the three scenarios, the subject property being sold off as condominium units would project the greatest return for buyers if this were legally permissible. Consequently, a value estimate of \$14,820,000 or \$190,000 per unit for the subject property is considered appropriate for the subject property.



ASSUMPTIONS, LIMITING CONDITIONS, DISCLAIMERS AND LIMITATIONS OF LIABILITY

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

- 1) This report is prepared only for the client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the authors. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the consulting fee has no effect on liability. Reliance on this report without authorization or for an unauthorized use is unreasonable.
- 2) Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author(s).
- 3) The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. No registry office search has been performed and the author assumes that the title is good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the subject property or any portion of the subject property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
- 4) Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the appraiser. Any information provided by the appraiser is for informational purposes only and any reliance is unreasonable. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
- 5) No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.



- 6) This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to: adequate time to review the report and related data, and the provision of appropriate compensation.
- 7) Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighbouring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
- 8) The author is not qualified to comment on detrimental environmental, chemical or biological conditions that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air which may include but are not limited to moulds and mildews or the conditions that may give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. It is an assumption of this report that the property complies with all regulatory requirements concerning environmental, chemical and biological matters, and it is assumed that the property is free of any detrimental environmental, chemical legal and biological conditions that may affect the market value of the property appraised. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical or biological conditions that may impact the value conclusion herein, that party is advised to retain an expert qualified in such matters. The author expressly denies any legal liability related to the effect of detrimental environmental, chemical or biological matters on the market value of the property.
- 9) The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.
- 10) The term "inspection" refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.



- 11) The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.
- 12) The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The author acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the author's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author's privacy policy and in accordance with the PIPEDA.
- 13) The author has agreed to enter into the assignment as requested by the client named in this report for the use specified by the client, which is stated in this report. The client has agreed that the performance of this report and the format are appropriate for the intended use.
- 14) This report, its content and all attachments/addendums and their content are the property of the author. The client, authorized users and any appraisal facilitator are prohibited, strictly forbidden, and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this consulting report, addendum, all attachments and the data contained within for any commercial, or other, use.
- 15) If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the consulting file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the author can be reasonably relied upon.
- 16) Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending, underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.



- 17) Values contained in this report are based on market conditions as at the time of this report. This consulting report does not provide a prediction of future values. In the event of market instability and/or disruption, values may change rapidly and such potential future events have been NOT been considered in this report. As this consulting report does not and cannot consider any changes to the property or market conditions after the effective date, readers are cautioned in relying on the consulting report after the effective date noted herein.
- 18) As of the date of this report Canada and the Global Community is experiencing unprecedented measures undertaken by various levels of government to curtail health related impacts of the Covid-19 Pandemic. The duration of this event is not known. While there is potential for negative impact with respect to micro and macro-economic sectors, as well as upon various real estate markets, it is not possible to predict such impact at present, or the impact of current and future government countermeasures. There is some risk that the Covid-19 Pandemic increases the likelihood of a global recession, however without knowledge of further anticipated government countermeasures at the national and global levels it is not possible to predict any impact at this point in time. Accordingly, this point-in-time valuation assumes the continuation of current market conditions, and that current longer-term market conditions remain unchanged. Given the market uncertainties of the Covid-19 pandemic, a force majeure event, we reserve the right to revise the value estimation set out in this report for a fee, with an update report under a separate engagement, incorporating market information available at that time.

Conclusion



After a review of the three scenarios, the subject property being sold off as condominium units would project the greatest return for buyers if were legally permissible. Consequently, a value estimate of \$14,820,000 or \$190,000 per unit for the subject property would be considered appropriate for the subject property. The multi-residential conversion scenario would result in the second highest value estimate of \$11,700,000 or \$150,000 per suite. The hotel/resort scenario would result in the lowest value estimate of \$11,000,000 or \$140,000 per room.

Extraordinary Assumption:

Due to the Coronavirus pandemic, local health authorities are strongly advising (or mandating) limited exposure to or contact with other people. Entering properties for inspection purposes is contrary to local health authority advice and is not possible at this time. This assignment was completed without full physical access to the property since December 27, 2019.

Respectfully submitted,

Avison Young Valuation and Advisory Services, LP

TAB 7



Narrative Appraisal

Carriage Ridge Resort 3303 3 Line North

Oro Medonte, Ontario

Effective Date: November 17, 2020 Report Date: November 17, 2020

Prepared For

Matthew Marchand Vice President BDO

Prepared By

Eric Sutton AACI, P.App Senior Associate, Valuations, Toronto Valuation & Advisory Services



Our File: TOW200520

November 17, 2020

BDO 20 Wellington Street East, Suite 500 Toronto, ON M5E 1C5

Attention: Matthew Marchand, Vice President

Dear Mr. Marchand:

Re: Appraisal of Carriage Ridge Resort as an Operating Hotel Asset - 3303 3 Line North, Oro Medonte, Ontario

In accordance with your request, we have carried out an analysis of the above-mentioned property in order to estimate its current market value as an operating asset. The property rights appraised herein represent the Fee Simple as an Operating Asset. The appraisal excludes any existing or proposed property financing. Based on our investigations, it is our opinion that the current market value as is, as of November 17, 2020, is estimated to be as follows:

VALUE TYPE	NTEREST APPRAISE	DATE OF VALUE	VALUE
Current Market Value As-Is	Going Concern	November 17, 2020	\$9,750,000

Due to the rapidly changing profile of the COVID-19 Pandemic, there may be immediate, short and long-term effects on the commercial real estate market and broader economy. As of the effective date, we have relied on the information available to us to try reasonably assess and forecast the impact on the hospitality market. This appraisal was completed on the assumption that Ontario will continue to progress through the pandemic and this report does not consider further significant setbacks related to COVID-19 such as a full economic shut down that would have the potential to significantly impact hotel operating performance.

The above value estimate is based on an exposure period of 12 months or less, assuming the basis of a transaction involving cash to the vendor, and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.

This report describes the methods and approaches to value in support of the above conclusion, and contains the pertinent data gathered in our investigation of the market.

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

Yours very truly,

COLLIERS INTERNATIONAL REALTY ADVISORS INC.

Eric Sutton AACI, P.App

Senior Associate, Valuations, Toronto



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Executive Summary





Property Information

Property Name Carriage Ridge Resort
Address 78
Municipality Oro-Medonte
Property Type Limited Service Resort Style Hotel
Hotel Scale Mid-Class
Valuation Assumptions As An Operating Entity

Property Data

Size (Units) 78
Year Opened 2004
Quality/Condition Average / Average
Land Use/Zoning PR - Private Recreation
Site Size (acres) 8.40 (as per MPAC)

Value Conclusion - "As Is"

Final Value Estimate - Hotel \$9,750,000

Effective Date November 17, 2020

Value Per Unit \$125,000

Total Value \$9,750,000

Direct Income Capitalization

Stabilized Net Operating Income \$877,467

Overall Capitalization Rate 9.00%

Value Indication (rounded) \$9,750,000

Value Per Suite \$125,000

Discounted Cash Flow

 Investment Horizon
 10 years

 Reversionary Cap Rate
 9.25%

 Discount Rate
 10.00%

 Value Indication
 \$9,390,000

 Value Per Room
 \$120,385

Direct Comparison Approach

Concluded Unit Value Range \$120,000 to \$130,000 # of Units 78

Reconciled Value Per Unit \$125,000 Value \$9,750,000

The above value estimate is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.

Competetive Hotels Historical Room Revenue Metrics

	Occupancy		Avera	Average Rate		vPAR
	Total	% Change	Total	% Change	Total	% Change
Hisotrical						
Year						
2018	60.07%	0%	\$147.85	0%	\$88.81	0%
2019	59.14%	-2%	\$148.82	1%	\$88.01	-1%
2020	41.10%	-31%	\$134.66	-10%	\$55.35	-37%
Projected						
Year 1	43.16%	0.0%	\$137.35	0.0%	\$59.27	0.0%
Year 2	47.47%	10.0%	\$140.10	2.0%	\$66.51	12.2%
Year 3	52.22%	10.0%	\$147.11	5.0%	\$76.81	15.5%
Year 4	53.26%	2.0%	\$154.46	5.0%	\$82.27	7.1%

Competetive Rental Properties (Airbnb / vrbo) Historical Room Revenue Metrics

	Occupancy		Average Rate		RevPAR	
	Total	% Change	Total	% Change	Total	% Change
Hisotrical						
Year						
2018	33.00%	0%	\$299.92	0%	\$98.97	0%
2019	38.00%	15%	\$307.58	3%	\$116.88	18%
2020	52.00%	37%	\$286.67	-7%	\$149.07	28%
Projected						
Year 1	54.43%	0.0%	\$272.33	0.0%	\$148.22	0.0%
Year 2	57.15%	5.0%	\$272.33	0.0%	\$155.63	5.0%
Year 3	58.29%	2.0%	\$285.95	5.0%	\$166.68	7.1%
Year 4	59.45%	2.0%	\$300.25	5.0%	\$178.51	7.1%
*Stats provided by Airc	lna,co					

Subject Property Projected Rooms Revenue Metrics

	Occupancy		Average Rate		RevPAR	
	Total	% Change	Total	% Change	Total	% Change
Projected		_		_		
Year 1	45.27%	0.0%	\$216.20	0.0%	\$97.87	0.0%
Year 2	49.23%	8.7%	\$222.57	2.9%	\$109.57	12.0%
Year 3	53.33%	8.3%	\$233.70	5.0%	\$124.63	13.7%
Stabilized	54.45%	2.1%	\$245.39	5.0%	\$133.61	7.2%

File Reference: TOW200520

Investment Sales

Index No.	Property Name Municipality	Size (Rooms)	Sale Date Sale Price Sale Price / Key	NOI NOI / Key SOCR
	Super 8 Midland	65	Nov-19	\$641,700
1	Midland		\$6,900,000	\$9,872.31
			\$106,154	9.30%
	Hampton Inn & Suites Windsor	147	Dec-18	\$2,254,000
2	Windsor		\$24,500,000	\$15,333
			\$166,667	9.20%
3	Hidden Valley Resort	100	Aug-18	\$834,150
	Huntsville		\$10,050,000	\$8,342
			\$100,500	8.30%
5	Best Western Brantford	158	May-18	\$1,387,500
	Brantford		\$18,750,000	\$8,782
			\$118,671	7.40%
	The Briars Resort	86	May-17	\$1,007,500
	Georgina		\$13,000,000	\$11,715
			\$151,163	7.75%

Direct Comparison Sales

Index No.	Property Name Address Municipality	Year Built (renovated) Size (Rooms) Site Area (Acres)	Sale Date Sale Price Sale Price / Key
1	Hidden Valley Resort	1965	April-18
	1755 Valley Road	100	\$10,050,000
	Huntsville	6.30	\$100,500
	Super 8 Midland	2007	May-15
2	1144 Hugel Ave	65	\$6,900,000
	Midland	1.84	\$106,154
	Holiday Inn & Suites	2008 (2017)	August-19
3	100 Howland Drive	87	\$14,950,000
	Huntsville	1.35	\$171,839
	Best Western Plus Walkerton East Ridge	2012	May-19
4	10 Eastridge Road	50	\$7,700,000
	Brockton	4.10	\$154,000
	The Briars Resort	1975	May-17
5	55 Hedge Road	86	\$13,000,000
	Georgina	145	\$151,163

File Reference: TOW200520

SWOT ANALYSIS

Strengths

- Strong Hotel Market: Prior to the COVID-19 Pandemic the Southern Ontario market had seen an increase in both occupancy and Average Daily Rate (ADR) over the past three years.
- The subject property is of a size and quality which would appeal to both institutional and private investors.
- Location: The subject property is located in Horseshoe Valley, less than a kilometer from Horseshoe Valley Ski Hills and Golf Course, and equidistant from Barrie and Orillia, in close to major access routes.
- Amenities/Facilities: The subject property offers good quality amenities that are attractive to midscale hotel clientele.

Weaknesses

- Competitive Set: There is a moderate number of competitive rental properties located in the area immediately surrounding the subject property.
- Operational: The subject property represents older construction with a layout that is less conducive to efficient hotel operations.

Opportunities

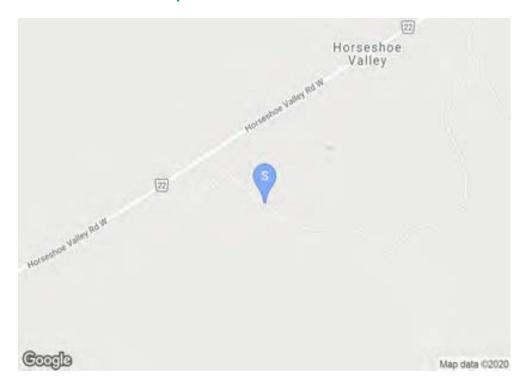
- The subject property currently represents dated interior unit styles. Renovating the units could exponentially increase the ADR and increase the occupancy market share.
- The subject property has not been operated under a branded franchise. Attaching the resort to a well-known hospitality brand could improve performance.

Threats

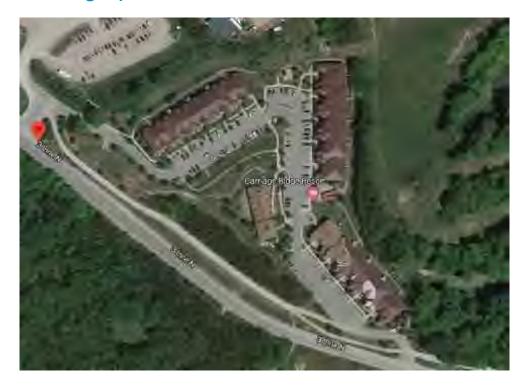
- Economic Downturn: There is inherent risk associated with any hotel. If there is a substantial recession the hotel industry performance will likely experience decreasing occupancy and ADR rates.
- Disruptive Innovations: Industry innovations, such as Airbnb, can disrupt the climate in the hotel
 industry. While this is a potential threat, the secondary accommodations market within Canada has
 been present for several years now and there has not been a substantial impact from their
 emergence.
- Natural Disasters: Oro-Medonte is not known for having natural disasters, though inclement weather can occur on occasion. Events such as snow and/or ice storms can negatively impact hotel performance during some winter months.
- COVID-19 Pandemic: The current COVID-19 pandemic has dramatically reduced hotel occupancy in Ontario. Based on discussions with experts in the hospitality industry it is believed occupancy rates will return to pre-COVID-19 levels within 24 months assuming there are no unforeseen setbacks.

File Reference: TOW200520 Page 4

General Location Map



Aerial Photograph



Photographs of Subject Property



Building Exterior



View from Line 3 N



Carriage Ridge Trail



Building Exterior

Photographs of Subject Property (continued)



Indoor Pool



Playground



Guest Check-In Area



Typical Unit Interior – Living Room / Kitchen



Typical Unit Interior – Bedroom / Bathroom



Typical Unit Interior - Living Room

Terms of Reference

Client and Intended User

The Client of this appraisal is BDO, and the Intended User is BDO.

Purpose and Intended Use of Report

The purpose of this valuation is to estimate the current market value as is of the Subject Property described.

This appraisal is provided on a confidential basis and for the sole and exclusive use by BDO and any other Intended User specifically identified for internal business purposes only and any third party use of or reliance on this Appraisal Report or any materials prepared by Colliers International Realty Advisors Inc. (Colliers), is strictly prohibited, except to the extent that Colliers has provided prior permission in writing, such permission to be provided or withheld in Colliers's sole and exclusive discretion. In the event that Colliers has not provided said permission BDO shall ensure and be responsible for notifying the third party in writing that it should not rely on the Appraisal Report and any use by such third party of the Appraisal Report or any materials prepared by Colliers shall be at its own risk and that Colliers makes no representations or warranties of any kind. Notwithstanding anything to the contrary, Colliers shall not owe any duty to any third party with respect to the Appraisal Report.

The appraisal report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Indemnification and Limitation of Liability

BDO shall indemnify, defend and hold Colliers fully harmless from and against any and all claims, liabilities, damages, costs and expenses (including court costs and reasonable legal fees) resulting from or arising out of the Client's breach of the professional service agreement relating to the Appraisal Report, wrongful acts or omissions (including any failure to perform any duty imposed by law), misrepresentation, distortion or failure to provide complete and accurate information, or any unauthorized use or reliance by third parties on the Appraisal Report or any materials prepared by Colliers. Except for BDO 's indemnification obligations, neither party shall be liable to the other party for any special, consequential, punitive or incidental damages of any kind whatsoever. Moreover, to the maximum extent permitted by law, Colliers' total liability for any losses, claims or damages arising out of or connecting or relating to this agreement (under any applicable theory of law) shall be limited in the aggregate to the total sum of fees and costs received by Colliers from BDO for the applicable subject report(s).

Effective Date

The effective date of this valuation is November 17, 2020.

This Appraisal Report is prepared in the context of the market conditions and other factors (including assumptions and/or materials provided by parties and sources outside of the control of Colliers Realty Advisors Inc.) prevailing as of the effective date. Real estate markets and assets are subject to significant volatility and change; and can be affected by numerous economic and political conditions as well as other conditions. The value contained (if any) in this Appraisal Report is made as of the effective date only and should not be relied on as of any other date without receiving prior written authorization from Colliers.

Property Inspection

The following table illustrates the Colliers professionals involved with this appraisal report, and their status with respect to the property inspection.

Due to COVID-19 restrictions an interior inspection of the subject property was not performed. We have relied on photos provided by the client or available online to determine the quality and condition of the unit interiors.

SUBJECT PROPERTY INSPECTION							
APPRAISER INSPECTED EXTENT DATE OF INSPECTION							
Eric Sutton AACI, P.App	Yes	Exterior Only	October 22, 2020				

Market Value Definition

For the purposes of this valuation, market value is defined as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 10)

In this case, property includes the "total assets of the business". Please see the definition under "Going Concern", later in this section.

Exposure Time

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is defined as:

"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 6)

Exposure Time is a retrospective function of asking price, property type, and past market conditions and encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable marketing effort. Exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

In practice, the exposure time assumes the following:

- The property was extensively marketed. Potential purchasers could inspect the property at will.
- The owner provided interested agents with any and all relevant property information.
- Negotiations of any offers to purchase were performed in a timely manner.
- The property was maintained at a physical status equivalent to its present condition.
- Market level financing was readily available.
- The seller was not under duress.

Ongoing discussions with agents familiar with the market have indicated that properties like the Subject Property typically require a marketing period of 12 months or less depending on a variety of factors including its location, vacancy levels, tenant quality, size, market conditions, and motivation of the vendor/purchaser. In consideration of these factors, it is concluded that for the Subject property to sell at the market value estimated as of the effective date of this report, an exposure period of approximately 12 months or less would be required.

Scope of the Valuation

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

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

- Property inspection details are indicated previously within the Terms of Reference section of this report.
- No lease review or audit was conducted. This valuation has been prepared on the basis of summary financial and operating data provided directly to us by our client or their designated agents, in either hard copy or electronic form or both. It is assumed that this information, and specifically that relating to the financial performance of the Subject Property described, is accurate. This assumption is critical to the value estimate contained and the authors of this report, and Colliers reserve the right to amend our estimate(s) in whole or in part should the foregoing not be the case.
- A review of a detailed tenant rent roll as provided by our client or their designated agents has been conducted.
- A review has been completed of available data regarding the local market.
- Verification of current land use and zoning regulations has been undertaken. Municipal and neighbourhood information, including tax information, were sourced as noted below and verified where appropriate and possible. Site area and dimensions are from information obtained from the Geowarehouse / MPAC / Client. Should further confirmation of site size and dimensions be required, a legal survey should be commissioned.
- A review of sales and listing data on comparable properties has been undertaken. Comparable market
 information was obtained from our information database and local real estate professionals
 knowledgeable in the Oro Medonte real estate market. It was confirmed, when appropriate, with public
 information at the Geowarehouse or the parties involved when there was reason to doubt its accuracy.
- Discussions have been held with market participants where applicable.

	SOURCES OF INFORMATION
ITEM	SOURCE
Assessment / Tax Information	MPAC
Zoning Information	Township of Oro Medonte
Official Plan Information	Township of Oro Medonte
Site Size Information	Geowarehouse / MPAC / Client
Building Size Information	Client / MPAC
Demographics	Piinpoint
Comparable Information	MLS / Trebnet / Realnet / Real Cap Analytics
Legal Description	Geowarehouse

Colliers cannot be held liable for any errors in the information that was provided by third parties or by Matthew Marchand of BDO. The Appraisal Report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Going Concern

The estimated value is based on the "total assets of the business" which includes enhancement of the value of an operating business enterprise which is provided by the assembly of land, building, labour, capital, equipment, marketing, management, etc. The value estimated herein may include a certain amount of goodwill or enterprise value, the amount of which is sometimes related to the expertise of management. For purposes of this valuation, it is assumed that the property will be under competent management.

Ordinary Assumptions and Limiting Conditions

This report is subject to the Ordinary Assumptions and Limiting Conditions set forth within the Appendix to this appraisal in addition to any specific assumptions that may be stated in the body of the report. These conditions are critical to the value stated and should be thoroughly read and understood before any reliance on this report should be considered.

Extraordinary Limiting Conditions

An Extraordinary Limiting Condition refers to a necessary modification to, or exclusion of, a Standard Rule which may diminish the reliability of the report.

The following Extraordinary Limiting Conditions have been invoked within this report:

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

As of the date of this report Canada and the Global Community is experiencing unprecedented measures undertaken by various levels of government to curtail health related impacts of the Covid-19 Pandemic. The duration of this event is not known. While there is potential for negative impact with respect to micro and macro-economic sectors, as well as upon various real estate markets, it is not possible to predict such impact at present, or the impact of current and future government countermeasures. There is some risk that the Covid-19 Pandemic increases the likelihood of a global recession, however without knowledge of further anticipated government countermeasures at the national and global levels it is not possible to predict

any impact at this point in time. Accordingly, this point-in-time valuation assumes the continuation of current market conditions, and that current longer-term market conditions remain unchanged. Given the market uncertainties of the Covid-19 pandemic, a force majeure event, we reserve the right to revise the value estimation set out in this report for a fee, with an update appraisal report under a separate appraisal engagement, incorporating market information available at that time.

Extraordinary Assumptions (Hypothetical Conditions)

Hypothetical Conditions are a specific type of an Extraordinary Assumption that presumes, as fact, simulated but untrue information about physical, legal or economic characteristics of the subject property or external conditions, and are imposed for purposes of reasonable analysis.

No Extraordinary Assumptions (Hypothetical Conditions) have been invoked within this report.

Extraordinary Assumptions

An Extraordinary Assumption is an assumption, directly related to a specific assignment, which, if found to be false, could materially alter the opinions or conclusions. Extraordinary Assumptions presume as fact otherwise uncertain information about or anticipated changes in the 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 the analysis.

The following Extraordinary Assumptions have been invoked within this report:

We have relied on information provided to us by our client or their designated agents with respect to the status of the tenancy and their contractual rights and obligations, and financial data relating to the income and expenses associated with the Subject Property's operations, as well as the physical attributes of the Subject Property and environmental condition of the site, including any required capital expenditures. The assumptions stated are critical to the value estimate contained and the authors of this report and Colliers reserve the right to amend our estimates should any of these assumptions be altered in whole or in part.

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

The room count and building sizes are based on information obtained from the client. The supplied room count and building sizes are assumed to be accurate but should be confirmed with a building survey if greater accuracy is required. No formal room count was completed for this report.

The appraiser of this report does not have the legal training to interpret any encumbrances registered on the title(s) of the subject property with certainty. Legal counsel should be solicited for a full explanation of any encumbrances. Unless specifically noted within this report, any instruments are assumed to have no significant effect on the market value or marketability of the subject property. Should they have any significant effect on value, such an effect has not been measured within this appraisal. Readers therefore need to investigate any encumbrances independently and determine for themselves the effect that they may or may not have on market value. It is further noted that the property has been appraised as if free and clear of all property-related financing.

Revenue information was provided to the appraiser by the client. This includes both written and verbal

information. This information was accepted at face value and not verified by any internal or external process. It is therefore a vital assumption of this report that this information is a correct representation of the historical operating performance of the hotel. Should it be incorrect due to fraud or negligence, then this report would be void. The appraiser does not certify, in any manner whatsoever, the veracity of the financial statements as supplied by the owner/client. Any party relying upon this report must therefore confirm to their satisfaction the accuracy of the historical data as discussed herein.

This appraisal does not value the subject property as part of a foreclosure process. It values the property with the market value definition as described within the Terms of Reference and Exposure Time parts of this report. Should the property be sold under forced conditions such as those evident within the foreclosure process, the value contained herein would be void. Readers should be aware that properties sold under forced conditions can sell at a significant discount from normal market value.

This appraisal assumes that the competency of the hotel management team is similar or superior to that of the local market average. Should the property be operated by a less-than-average management team, the market value ascertained herein would be void. Poor management of a hotel can negatively affect market value in a profound and long-lasting manner. Changing the hotel management from an incompetent team to a competent team does not produce an immediate benefit to the value. Due to the significant emphasis that market participants put on historical operations data, such a change will normally require a two- or three-year period before the hotel begins to operate at a normalized level.

The appraiser is not a mechanical/electrical systems expert. All building systems, including water, HVAC, sewer, electrical, alarm, elevator, and all other mechanical operating components of the property are assumed to be in good condition for the purposes of this report. A mechanical systems inspector is therefore recommended to determine the true condition of these building components. Readers should be aware that any significant mechanical system deficiencies would suggest a lower value than as appraised herein. The decrease to value can be greater than the cost to remedy such deferred maintenance.

This appraisal assumes that any potential capital expenditure directed toward meeting average brand standards for Property Improvement Plan (PIP) associated with the branding/maintenance of the property is less than 5% of market value. Should the required PIP at the property be in excess of 5%, then an adjustment to the property value would be necessary. Notwithstanding, the physical appearance and condition of the improvements was considered in the selection of the capitalization rates (Income Approaches) and value per room (Direct Comparison Approach).

We assume the hotel can be sold free and clear of any existing management or timeshare ownership agreements and that any license (franchise) can be transferred to a new owner.

The subject property consists a timeshare development under a fee-timeshare structure. Under a Fee-timeshare - the interval owner receives a deed for a specified part of the year, thereby limiting ownership. The timeshare can then be sold, leased or bequeathed. The interest can be mortgaged, and title recorded. In order to determine a market value of the property as is, as an operating hospitality asset, we have assumed the subject is free and clear of all timeshare agreements and is unencumbered by any timeshare agreements.

The subject property currently operates along side Carriage Hills Resort, located adjacent to the subject at 90 Highlands Drive, Oro-Medonte. It is an assumption of this report that the subject hotel is operating with Carriage Hills Resort, utilizing the same management, staff and operations.

Due to the consistently changing profile of the COVID-19 Pandemic, there may be immediate, short and long-term effects on the commercial real estate market and broader economy. As of the effective date, we have relied on the information available to us to try reasonably assess and forecast the impact on the hospitality market. This appraisal was completed on the assumption that Ontario will continue to progress through the downturn, and this report does not consider further significant setbacks related to COVID-19 such as a full economic shut-down that would likely, significantly, impact hotel operating performance. The value "as an operating hotel" has been determined assuming the worst of the pandemic has passed, and the market will rebound within 12-24 months.

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

Assemblage

When relevant to the assignment, CUSPAP requires that assemblage must be considered and analyzed as to the effect on value. In the instance of the Subject Property, assemblage is not considered to be a relevant factor, and therefore no analysis is deemed necessary.

Anticipated Public or Private Improvements

When relevant to the assignment, CUSPAP requires that anticipated public or private improvements must be considered and analyzed as to the effect on value. In the instance of the Subject Property, public or private improvements are not considered to be a relevant factor, and therefore no analysis is deemed necessary.

Personal Property

When relevant to the assignment, CUSPAP requires that personal property must be considered and analyzed as to the effect on value. In the instance of the Subject Property, personal property is not considered to be a relevant factor, and therefore no analysis is deemed necessary.

Property Data

Municipal Address

The Subject property is municipally described as 3303 3 Line North, Oro Medonte, Ontario.

Legal Description

Legal Description

The Subject property's legal description is as follows:

P.I.N.

740531409 Parcel 1-27, Section 51-Oro-3 Being part of Lots 1 and 2, Concession 3, Designated as Part 1 on Plan 51R-31409 (formerly Township of Oro),

Township of Oro-Medonte, County of Simcoe

The information above was provided by the client and legal descriptions were verified via Geowarehouse.

Current Ownership

Available data indicates the following ownership information:

REGISTERED OWNER	SOURCE OF TITLE INFORMATION
Carriage Hills Resort Corporation	MPAC

It is noted that the subject property consists a timeshare development under a fee-timeshare structure wherein the interval owners receives a deed for a specified part of the year, thereby limiting ownership. Each interval timeshare can be sold, leased or bequeathed. The interest can be mortgaged, and title recorded.

In order to determine a market value of the property as is, as an operating hospitality asset, we have assumed the subject is free and clear of all timeshare agreements and is unencumbered by any timeshare agreements.

Ownership History

The subject property was purchased in 1997 by an entity related to Carriage Hills Resort Corporation. Information regarding the purchase in 1997 was not made available to the writer of this report.

There have been no transfers of the Subject Property within the past three years.

Current Contracts

According to available information the subject property is not currently subject to any contract agreements.

Title Encumbrances

For the purposes of this analysis, the instruments registered against the title(s) to the Subject Property are assumed not to have a significant effect on the Subject Property's marketability or its market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of these encumbrances. The Subject Property has been valued as if free and clear of any financing or timeshare deed encumbrances. A copy of the legal description has been included in the Appendix for further reference.

Realty Taxes / Assessment

The current realty tax and assessment information for the Subject Property is summarized as follows:

	ASSESSMENT & TAXES							
ROLL NO	TOTAL ASSESSMENT	TOTAL ASSESSMENT PER UNIT	2019 TOTAL TAX LEVY	TOTAL TAX LEVY PER UNIT				
4346-010-002-03540-0000	\$26,417,000	\$338,679	\$261,108	\$3,347.54				

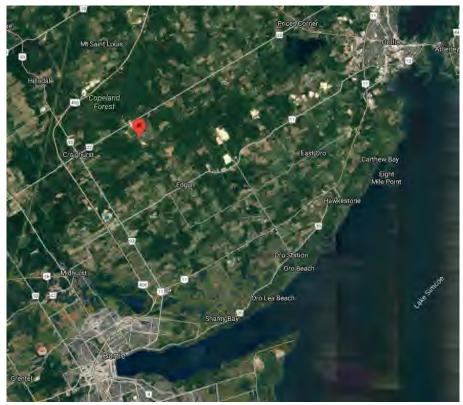
The above tax levy is calculated by multiplying the assessment value by the municipal residential property taxation mill rate. It is assumed the subject property "as an operating hospitality asset" will be re-assessed and taxed at the municipal commercial taxation mill rate, which is more than double to residential rate.

In order to estimate the subject's property assessment value as a hotel operation we have reviewed the assessment values of the competitive set. Based on the size and configuration of the subject property and the units, we have estimated a reassessment value of \$100,000 per unit for a total assessment value of \$7,800,000. The resulting tax levy is \$145,177 in year one of our projection period. A summary of the comparable property assessments is below:

Compa	Comparable Tax Assessments							
Hotel	Assessment Value*	Assessment/Room	Assumed Taxes					
Horseshoe Resort	\$6,704,000	\$65,725	\$124,777					
Quality Inn & Conference Centre	\$4,028,000	\$47,388	\$74,971					
Fairfield Inn & Suites Orillia	not available	n/a	n/a					
Comfort Inn Orillia	\$4,059,000	\$52,038	\$75,548					
Best Western Plus Mariposa Inn & Conference Centre	\$3,533,000	\$42,566	\$65,758					

*Source: MPAC

Location Overview



The subject is located in the Township of Oro-Medonte, a predominantly rural township that attracts seasonal recreational visitors. Oro-Medonte is conveniently located between Orillia and Barrie and is approximately 130 kilometres north of Downtown Toronto. The area surrounding the subject property is predominantly rural lands, however, immediately north of the Subject is Horseshoe Valley Resort, which features ski hills, a golf course, and an abundance of seasonal recreational attractions. South of the property there is a new development of single family detached dwellings that are being built around the Horseshoe Valley Golf Course.

Adjacent Land Uses

North Recreational – Horseshoe Valley Resort

South Low Density Residential East Low Density Residential

West Rural Land

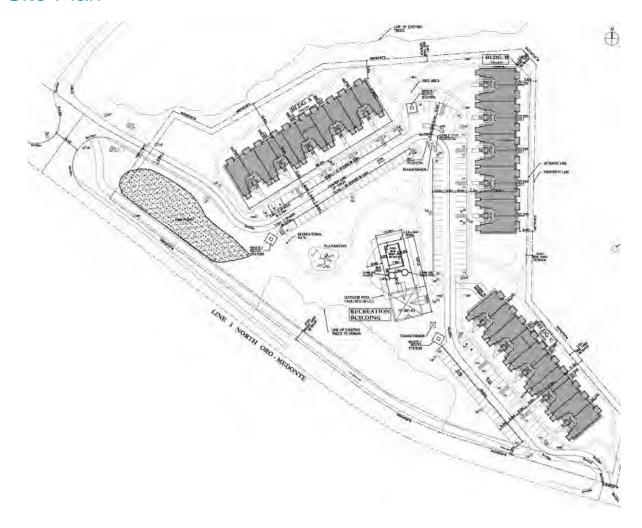
Proximity

The subject property is approximately 90 minutes from Downtown Toronto, and 60 minutes from the heart of Muskoka and Collingwood.

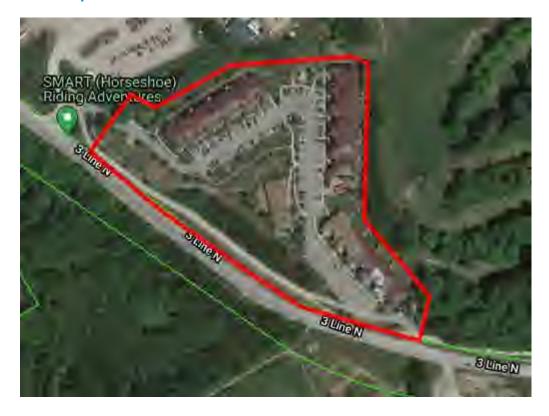
Summary

The subject property is located in the heart of Horseshoe Valley, surrounded by a wide variety of amenities that would attract people seeking an active lifestyle. Its proximity to the Greater Toronto Area, Muskoka, and Collingwood make it an attractive location for a resort style development such as Carriage Ridge Resort.

Site Plan



Site Description



Area

The site comprises a total area of approximately 8.40 acres (365,856 square feet).

Configuration

The site is irregular in its configuration, as shown on the site plan above.

Street Improvements / Frontage

Street improvements for the Subject Property are as outlined below:

Street Improvements	Frontage	Direction	No. Lanes	Street Type	2 10 10 10 10 10 10 10 10 10 10 10 10 10
3 Line North	Limited	Two-Way	Two-Lane	Connector Street	✓

Access / Exposure

Overall access to the property is considered to be average. The site enjoys average exposure characteristics.

Site Coverage Ratio

The site has been developed to a Site Coverage Ratio of 26.14%.

Excess Density

The site has no excess density.

Services

The site is fully serviced.

Topography

The site's topography is sloping and at street grade with adjacent roadways and properties.

Soil Conditions

We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty, and any cost of remedy could potentially impact the value conclusions contained herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.

Demographics

DEMOGRAPHICS AND STATISTICS					
Population	1 km radius	201			
	3 km radius	1,533			
	5 km radius	6,327			
Average Household Income	1 km radius	\$160,899			
	3 km radius	\$151,099			
	5 km radius	\$135,726			

Summary

The site provides average access and average exposure characteristics and no adverse influences are visually apparent.

Land Use Controls

Official Plan



Within the Oro-Medonte Official Plan the subject property falls under the Horseshoe Valley Secondary Plan. Within this secondary plan the subject property is classified as Medium Density Residential.

Permitted uses in the Horseshoe Valley Medium Density Residential designation as shown on Schedule D include townhouse dwellings, multiple dwellings, apartment dwellings and home occupations. Timeshare developments may be permitted. The density of development shall not generally not exceed 30 units per gross hectare. Conditions for approval of development within the Horseshoe Valley Medium Density Residential designation are in Section C14.3.8.

C14.3.8 Conditions for Approval This policy applies to all lands that are subject to Sections C14.3.5 and C14.3.6 of this Plan. Prior to the approval of a Plan of Subdivision and/or a Plan of Condominium application and/or a request to re-zone the lands, Council shall be satisfied that:

- the proposed form of servicing for the lands is appropriate and agreed to by the Township and the appropriate agencies;
- the proposed location, nature and timing of improvements to Horseshoe Valley Road and other roads is appropriate and agreed to by the Township and the appropriate agencies in accordance with Section C14.3.1; and

 the phasing of development is appropriate given the timing of the installation of services and the improvements to Horseshoe Valley Road and other roads.

In addition, the Township may place a Holding Provision on all of the lands in the designations that are the subject of this Section. The implementing Zoning By-law shall specify that minor additions to existing buildings may be permitted without requiring the removal of the Holding Provision.

The Holding Provision shall only be lifted once satisfactory arrangements have been made with respect to the upgrading of Horseshoe Valley Road and other roads and when matters dealt with by a) and c) above are dealt with to Council's satisfaction. All development in the designations that are the subject of this Section shall be subject to Site Plan Control.]

Zoning

Zoning bylaws typically establish ranges of permitted and discretionary uses, in addition to development restrictions including such factors as maximum building heights, allowable densities, setback requirements, parking and loading limitations, signage restrictions and other items.

According to the Township of Oro Medonte Zoning By-law 2017-012, the Subject Property is currently classified PR / R2*123 / A/RU*15 (Private Recreation / Agricultural / Residential 2). An excerpt from the zoning bylaw is included in the appendices to this report.

Zoning Map



A zoning summary and a listing of pertinent zoning requirements are presented below:

ZONING SUMMARY

Municipality Governing Zoning Township of Oro Medonte

Zoning Bylaw Number 2017-012

Current Zoning

Private Recreation / Agricultural / Residential 2 (PR /

R2*123 / A/RU*15)

Permitted Uses Various residential and recreational uses.

Current Use The current use is permitted under the zoning bylaw.

Is Current Use Legally Permitted'Yes

Zoning Change Not Likely

	ZONIN	IG REQL	JIREMENTS				
Conforming Use		existing n this zor	improvements ne.	represent	а	conforming	use

Source: Township of Oro Medonte

Land Use Conclusions

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of analysis presented correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

Based on our interpretation of the applicable land use/zoning bylaw, the property use appears to reflect a legally permitted conforming use. However, the authors are not technically qualified to confirm zoning compliance, and for greater certainty in this regard, written confirmation from the municipality and/or a qualified legal opinion should be obtained.

Description of the Improvements



The Subject property consists of a multi-level, multi-building timeshare property constructed in 2004. The property is laid out across multiple two to three storey buildings. To the best of our knowledge, the improvements have been well maintained, but not significantly updated.

Overall, the improvements to the property would be considered average to an investor approaching the property as an operating limited service hotel. The interiors of the units are assumed to reflect well maintained yet dated finishes. Capital expenditure would be required to bring the interior of the units to an quality and aesthetic commensurate of newly constructed hospitality focused assets.

Property	Ту	pe	Limited Service Hospitality Property
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No. of Stories Two to three

Size (as per client)	Building	Units	Size
	Building A	26	31,200
	Building B	26	31,200
	Building C	26	31,200
	Building D	-	2,077
	Net Rentable Area	78	95,677 SF

Each room has an interior area of approx. 1,200 sf.

Typical Floor Plate The average floor plate measures 14,112 square feet, more or less.

Year Built The improvements to the property were originally constructed in 2004.

Quality & Condition The property represents average quality construction in average overall condition.

Foundation The building foundation consists of concrete grade beams on drilled, cast-in-place

concrete piles.

Superstructure The superstructure of the building is assumed to comprise a concrete framework.

Floor Structure Floor structures comprise a wood sub-floor over concrete.

Exterior Walls Exterior walls are finished with stucco, decorative stone and millwork.

Roof The roofs consist of asphalt shingles. Though no thorough inspection of the roof

was completed no leaks were observed/reported.

Pedestrian Access / Connections

Pedestrian access/connections to the property comprise ground level entrances.

Each unit has its own access via outdoor stairways and landings.

Windows / Doors Exterior windows and doors consist of commercial grade double paned glass units

in modern aluminium frames.

Interior Finishing The interior are comprised of gypsum plaster walls, broadloom or ceramic tile

floors, with laminate countertops in the kitchen.

Vertical Access Vertical access to units is via exterior stairways.

Heating / Cooling Electrical heating.

Electrical Electrical service to the building is assumed to be adequate for the needs of its

occupants.

Lighting Lighting throughout the building consists of incandescent fixtures.

Life Safety / Security No sprinkler systems were noted during review of interior photos provided by the

client.

Parking The subject property has adequate onsite parking for the current property use.

Site Improvements The site improvements provide good overall utility for the subject property.

Design and Functionality

The building exhibits good design and functionality characteristics.

Age / Life Analysis Subject to the above description and the comments below, the following is a

summary age / life analysis.

Actual Age 16 years
Effective Age 16 years
Economic Life 55 years
Remaining Economic Life 39 years

The above Age/Life Analysis pertains to the economic viability of the Subject Property in its current state, being the object of professional property management and proactive repairs and maintenance, with regularly scheduled capital expenditures occurring. The Remaining Economic Life does not necessarily represent the remaining physical viability of the existing improvements.

Comments

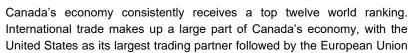
The subject property is comprised of 78 units spread across three two to three storey walk-up buildings. Each unit is approximately 1,200 square feet of space with at least 2 bedrooms, a kitchen and a bathroom.

Market Overview

Economic Overview - Canada

It should be noted that this overview was prepared on April 13 [2020]. Given how volatile the economy has been in the last month and how quickly things have changed, the information outlined in the overview below may no longer provide an accurate portrayal of the economic conditions existing as of the effective date of this report, however, it has been included to provide an indication of the overall market condition existing as of the date this overview was prepared. Readers are accordingly cautioned not to rely on these projections as fact and should not factor them into their analysis. Colliers does not undertake any responsibility to update or correct the information below at a later date

Canada has the world's 38th largest population and the world's second largest land mass. The country's population is dispersed among 10 provinces and 3 territories with nearly 90% of its people living within 160 kilometers of the United States border. Canada consistently receives a top fifteen Human Development Index ranking and a top twenty ranking for GDP (nominal) per capita.





and China. Key Canadian exports include petroleum, automobiles and auto parts, precious metals, machinery including computers, wood, electrical machinery, aircraft and spacecraft, pharmaceuticals and aluminum. More recently, Canada's high knowledge industries of manufacturing, business services, engineering and computer and management services have received a top ten global knowledge economy ranking from the World Bank Institute.

Presently, the economic and fiscal outlook is extremely uncertain given the World Health Organization's (WHO) declaration of COVID-19 as a Global Pandemic on March 11, 2020. Since which time, the Federal Government has taken the following measures in an attempt to contain the virus:

- i) Government of Canada banned the entry of all non-Canadian or non-permanent residents into Canada;
- ii) Government of Canada, in conjunction with the United States, closed the Canadian-US border to all non-essential travel;
- iii) Parks Canada temporarily suspended all motor vehicle access to all national parks, national historic sites and national marine conservation areas;
- the Government of Canada introduced new domestic transportation measures. All air operators must conduct a health check of travelers before they board a flight within Canada or departing from Canada, based on guidance from the Public Health Agency of Canada. Passengers that present COVID-19 symptoms must be refused by air operators. Individuals who are refused will not be able to travel for a period of 14 days, or until a medical certificate is presented confirming that the traveler's symptoms are not related to COVID-19. They must also notify travelers that they may be subject to provincial or territorial measures at their final destination. Similar restrictions apply to rail companies;
- v) Public Safety Canada developed a set of functions deemed essential in the context of the COVID-19 pandemic to help provinces/territories, Indigenous communities, and municipalities protect their communities while maintaining the reliable operation of critical infrastructure services and functions to ensure the health, safety, and economic well-being of the population. The guidance is not, nor should it be considered to be a federal directive or standard.

The following are some of the largest economic and fiscal impacts that COVID-19 has had on the economy to date.

Unemployment^{1,2}

According to Statistics Canada, through the first wave of COVID-19, related job losses totaled over 1,000,000 in the month of March. This represents the largest monthly decline on record, with employment losses concentrated in accommodations, food service, retail trade, and cultural industries. The following are some of the key takeaways:

- i) Month-over-month job losses totaled, 1,011,000, a record-setting decline over the 124,400 jobs lost in January 2009;
- ii) A further 2.1 million Canadians remain employed, but either worked zero hours or less than half of their usual hours:
- iii) In March, the total hours worked across all industries dropped by 15%;
- iv) The job losses pushed the unemployment rate up to 7.8%, which is the highest rate of unemployment since 2010:
- Job losses were mostly concentrated in smaller businesses. Almost 490,000 jobs were lost by businesses with less than 20 employees, while only 157,000 jobs were lost by companies with over 100 employees; and
- vi) Due to the concentrated losses in lower-wage industries, wage growth rose significantly. The year-over-year wage growth rose by 6.2% in March, representing a significant increase over the year-over-year increase of 4.1% in February.

In March, about one quarter of the potential labour force (23.0%) was unemployed, working reduced hours, or recently out of the labour force. In addition, according to the Conference Board of Canada, shutting down most, if not all, non-essential services across Canada could lead to an estimated cumulative loss of 2.8 million jobs in March and April of 2020. This figure, which represents nearly 15% of total employment, is supported by the a more comprehensive number of insurance claims that have taken place, while the Statistics Canada's Survey's reference week was March 15 – 21, 2020.

Consumer Confidence Index³

Consumer Confidence is defined as a statistical measure of consumers' feelings about current and future economic conditions, used as an indicator of the overall state of the economy. Across Canada, consumer confidence hit a record low, realizing its steepest monthly decline in April 2020. The following are the most notable findings:

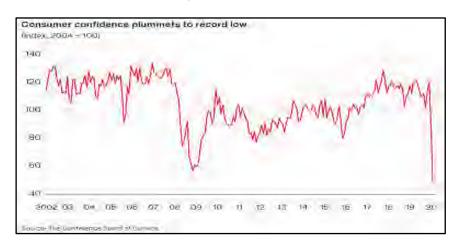
- i) The speed of decline in consumer confidence is unprecedented. Specifically, the Index declined by 73 points in two months, whereas it took 13 months to fall by 73 points during the 2008 financial crisis;
- ii) Canadians are especially worried about the future; 36.1 percent of respondents expect their finances to worsen over the next six months 14 percentage points above the previous record of 22.1 percent;
- iii) Over three-quarters of respondents think now is a bad time to make a major purchase, more than 20 percentage points above the previous record. This would imply that the majority of the population is likely to hold off on buying a new home or new vehicle in the near-term.

¹ Renner, Cory. Conference Board of Canada. "Job Losses Top 1 Million, with More to Come." The Conference Board of Canada. Accessed April 13, 2020. https://www.conferenceboard.ca/insights/blogs/job-losses-top-1-million-with-more-to-come.

² "The Daily." Statistics Canada. Last modified April 9, 2020. https://www150.statcan.gc.ca/n1/daily-quotidien/200409/dq200409a-eng.htm.

³ Renner, Cory. "Consumer Confidence Plummets to a Record Low." The Conference Board of Canada. Last modified April 7, 2020. https://www.conferenceboard.ca/insights/blogs/consumer-confidence-plummets-to-a-record-low.

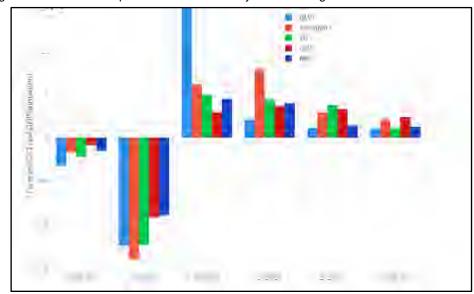
The following chart captures the Consumer Pricing Index since 2002:



Gross Domestic Product (GDP) 4

GDP is the broadest quantitative measure of a nation's economic activity. Specifically, it represents a measure of monetary value of all goods and services produced within a nation's geographic borders over a specified period of time (typically one year). The most optimistic point of view is that self-isolation measures will bring the pandemic under control and businesses can return to normalcy by the summer.

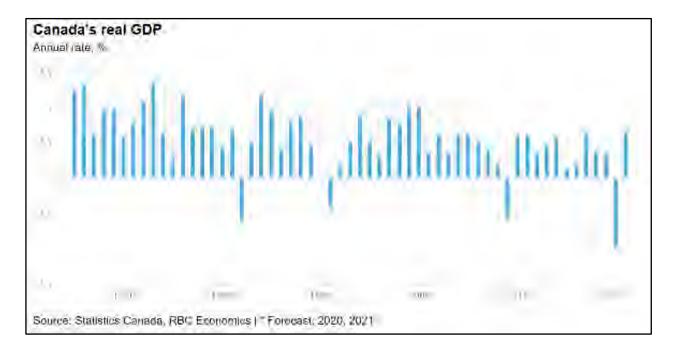
The following are the current GDP predications indicated by Canada's Big Five Banks:



⁴ Kirby, Jason. "Coronavirus plunges Canada's economy into the abyss." McLeans. Last modified April 6, 2020. https://www.macleans.ca/economy/economicanalysis/coronavirus-plunges-canadas-economy-into-the-abyss/.

RBC Economics expects that the economy will be severely disrupted for a total of about 12 weeks, with activity gradually returning to normal after that. The following is their projection as at April 9, 2020:

Canada	2020				2021				2020A	2021A
	<u>Q1</u>	<u>Q2</u>	Q3	Q4	Q1	Q2	Q3	Q4		
GDP 1	-4.0	-32,0	20.0	8.0	4.0	3.0	3.0	3.0	-4.9	3.4
Unemployment Rate 2	7.2	14.6	9,5	8.5	8.1	7.7	7.4	7.0	10.0	7.6
Overnight rate 3	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
10-year yield 3	0.70	0.70	0.65	0.70	0,70	0.85	1.00	1,10	0,70	1,10



It is noted that these projections have extremely wide confidence bands around the duration of the shutdown, which, in turn, has a significant impact on the associated projections concluded above.

Under this projection, it is forecast that some industries like education and public sector services should recover relatively rapidly with students returning to classrooms in September and demand for public services ramping up quickly once the worst of the coronavirus has passed. Other industries, like retail and food and accommodation services, will continue to face challenges. Canadians will initially be cautious about going out, and are likely to focus first on paying deferred bills and rebuilding their nest eggs. How quickly construction activity gets back online will be determined by the ability of homeowners to navigate through a period of heavy job losses.

Economic Overview - Ontario

The observations and projections below are taken from the Conference Board of Canada's latest "Metropolitan Outlook" report. As noted therein, "This forecast was prepared on January 2nd [2020], before the coronavirus outbreak and the commodity price crash." As such, this information is included herein to provide an indication of the economic conditions and projections in place prior to these events, but should not be viewed as predictive of future conditions, as these significant events have caused a great deal of uncertainty in the current and near term future economic climate. Readers are accordingly cautioned not to rely on these projections as fact and should not factor them into their analysis. Colliers does not undertake any responsibility to update or correct the information below at a later date.

The Province of Ontario is Canada's most populous province and home to the nation's capital, Ottawa, as well as the nation's largest city, Toronto. Besides having 40% of Canada's population, Ontario has the most culturally diverse population in Canada. The great majority of Ontario's population and arable land is located in the south. In contrast, the larger, northern part of Ontario is sparsely populated.

Ontario generates 39% of Canada's GDP and forms Canada's largest economy. The province's economy is led by its service sector, manufacturing, agriculture, mining and forestry industries. Nearly 50% of



Canada's high tech, financial services and other knowledge intensive industries are employed in Ontario. Meanwhile, Ontario is Canada's manufacturing powerhouse, shipping more than \$258 billion of automobiles, information and communications technologies, biotech, pharmaceuticals and medical devices. In addition, the province's mining industry is among the top 10 producers in the world for nickel and platinum and a significant producer of gold, copper, zinc, cobalt and silver.

Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2007 \$ millions)	798,298	750,029	768.578	T76,559	788.437	799,942
percentage change	7.4	7.6	7.8	17	7.5	7.5
Total employment (000s)	7 435	7 534	7.621	7,703	7 798	7.894
percentage change	27	7.3	7.2	17	r.2	7.2
Unemployment rate (%)	8.6	5.3	8.1	5.10	5.7	á.0
Personal Income per Capita (\$)	48.9YE	51,291	52,720	54,169	55,724	57,263
Population (000s)	14.626	14,712	14,879	75,048	19 220	15,394
percentage change	7.7	7.3	core .	1.7	T.I	7.7
Single-lamily housing starts (000s)	204	234	22.4	2(5	20.9	1,8,7
Multi-family housing starts (000s)	510	:58 2	SE 4	58.6	58.9	57 E
Retail Sales (5 millions)	211/818	259,455	246.893	264,465	262 599	270,624
percentage change	26	3.3	31	31	3.2	31
CPI (base year: 2002=1.0)	1.376	1.494	1.414	1.465	1,494	1.625
percentage change	19	20	2.2	21	20	20

Metropolitan Outlook 1: Economic Insights into 13 Canadian Metropolitan Economies – Winter 2020. Ottawa: The Conference Board of Canada, 2020. Figures for 2020 and forward reflect forecasts prepared January 2, 2020.

Economic Overview - Toronto

The observations and projections below are taken from the Conference Board of Canada's latest "Metropolitan Outlook" report. As noted therein, "This forecast was prepared on January 2nd [2020], before the coronavirus outbreak and the commodity price crash." As such, this information is included herein to provide an indication of the economic conditions and projections in place prior to these events, but should not be viewed as predictive of future conditions, as these significant events have caused a great deal of uncertainty in the current and near term future economic climate. Readers are accordingly cautioned to factor this into their analysis and understanding of the information below. Colliers does not undertake any responsibility to update or correct the information below at a later date.

Toronto is the most populous city in Canada, the provincial capital of Ontario, and forms the centre of the most populous metropolitan area in Canada. In addition, Toronto is located within one of North America's fastest growing regions, known as the Golden Horseshoe – Canada's most important economic engine. Culturally, Toronto is one the world's most diverse cities and known as a prominent centre for music, theatre, and motion picture and television production. The Metropolitan Toronto Area consists of 24 municipalities including Mississauga, Brampton, Markham and Vaughan which are interconnected by an extensive road network.



Toronto is Canada's business and financial capital. The

city is the second largest financial services centre in North America after New York and has one of the highest concentrations of financial services company headquarters in the Americas. Toronto is also the headquarters of many large Canadian and multinational corporations as well as a robust and critical concentration of top legal, accounting, consulting, academic and technology providers. The city's other prominent industries include technology, design, financial services, life sciences, education, arts, fashion, business services, environment, food & beverage, and tourism.

Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2007 \$ millions)	882 915	390,390	399 059	407,621)	41E,046	424,409
percentage change	7.6	2.0	22	21	21	20
Total employment (000s)	3.466	3 482	3.541	0,599	3.667	3,739
percentage change	34	0=	7.7	1.6	7.9	20
Unemployment rate (%)	B 0	5.T	8.5	5.5	56	3.4
Personal Incomo per Capita (\$)	50,279	51,243	52,718	54.197	55,859	57,516
Population (000s)	E 482	6.598	6,704	6,813	8 925	7,037
percentage change	2.2	7.8	1.6	1.6	7.6	7.6
Total Nousing Starts	21/135	97,680	39 620	40,640	40,850	39,680
Retail Sales (\$ millions)	96,844	100.381	103,915	107,565	111 581	115,605
percentage change	40	37	0.4	20	37	3.6
OPI (base year: 2002=1.0)	1 400	1.425	1 459	1.489	7 520	7.550
percentage change	21	2.0	22	21	20	2.0

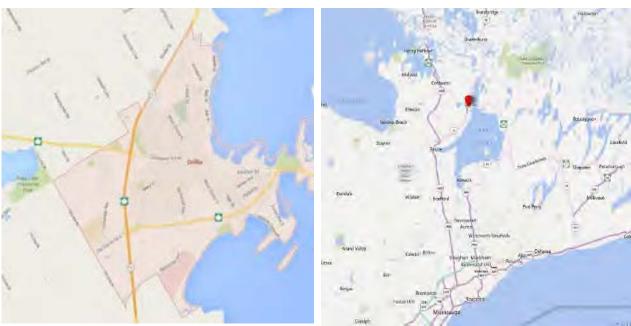
Metropolitan Outlook 1: Economic Insights into 13 Canadian Metropolitan Economies – Winter 2020. Ottawa: The Conference Board of Canada, 2020.

Orillia Market Overview

Orillia is a city in Central Ontario, Canada, on the northern shore of Lake Simcoe and the southern shore of Lake Couchiching. Although located in Simcoe County, the city is politically independent. Orillia is within the southern part Simcoe County. Orillia is located in the central portion of Southern Ontario, approximately 135 km north of Toronto. It is accessible via Highways 27, 400, and 11.

Orillia has a population of approximately 31,166. Known as the "Sunshine City", Orillia is home to large waterfront attractions, annual festivals and other cultural attraction. Orillia is home to Georgina College, Lakehead University also has a campus situated in the downtown core.

City Maps



Economic Overview

Orillia has a great geographic location, on the shores of Lake Simcoe and Lake Couchiching, which attracts a large number of tourists to the area every year. The major industries of employment in Orillia are: manufacturing, government services, customer service, and tourism. The largest employers are: Casino Rama, Orillia Soldiers' Memorial Hospital, Ontario Provincial Police General Headquarters, Nordia, and Kubota Metal Corporation.

Recent development included a \$2.3 million Waterfront Centre which opened in 2017. A community Improvement Plan is in place to upgrade the downtown core. These improvements include signage upgrades, feasibility studies, upgraded façade, and creation of residential units. There is also a vision to improve the Downton and waterfront over the next 20 years to increase the residential population, enhance the shopping and dining experience, and create new community spaces.

Barrie Market Overview

The City of Barrie is in the Greater Golden Horseshoe 94 kilometres north of Toronto, Ontario, 620 kilometres west of Montreal, Quebec, and is located 420 kilometres east of Detroit, Michigan in the United States. Highway 400 runs through Barrie with 5 interchanges and is connected to 3 major provincial highways (90, 27, and 11) along with Highway 400. There are two Go Train stations that service the Barrie area, giving commuter's regular train service to Toronto's Union Station and back during peak hours with summer weekend trains into the Greater Toronto Area. The city is also only 10 minutes away from the Lake Simcoe Regional Airport which allows for small aircraft at the airport and can accommodate both international passengers and freight. The city of Barrie has a population of approximately 197,059.

City Maps





Economic Overview

Barrie is one of the most populous areas within the Greater Golden Horseshoe area. Approximately 40 percent of the land that constitutes Barrie is developed, with the rest mainly being farmland. Barrie features several community and recreation centres, several primary through high schools, as well as Georgian College's main campus.

The key industries in Barrie are healthcare and social assistance (14.9%), hospitality (8.9%), construction (8.0%), and education (7.5%). The largest employers in the private sector were Wolf/Steel/Napolean Appliance, Georgian International Ltd., Sinton Transportation and Transcom. The largest employers in Barrie by public sector was the Simcoe Muskoka Catholic District School Board, Georgian College with and the Royal Victoria Regional Health Centre with. Around fifty-five percent of the labour force in Barrie either has a high school diploma or college certificate with about eight percent having a trade certificate and fifteen percent having a university degree.

2020 Hotel Investment Canada Report

(Provided by Colliers International Hotels)

Megatrends and the Road Ahead

With the High or a new decade, for year, an investment of a process of an extensive that chapped the lodging indicatory over the test decade and non-of-the process statistics and form of the process of

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Foreign Investment

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Previous vs Current Decade

Volume	00-09	15:19	% viateuze	
Traditional	#5.9B	\$1328	14%	
Strategic	\$7.98	56508	-17%	
Toyal	672.29	£19.750	50%	

TEN-YEAR TRANSACTION SNAPSHOT Volume in the 2010), was 20% inches than the previous line of all reco-2009) 15.58 Aller I Indo-Theorem (HISTOTONIA) CENTRO OF THE \$4.JB HOTELS SOLD BREAKDOWN BY ICEY COMPONENT



Industry Consolidation

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The Search for Core Real Estate

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COLLIGNATIONEUS

20-YEAR HOTEL INVESTMENT TRENDS





2019 YEAR IN REVIEW





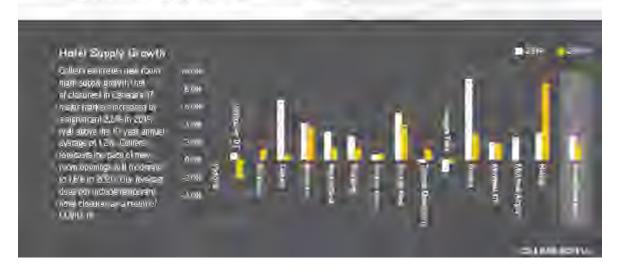
Buyer Confidence Drives Activity

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Sellers Shed Non-Core Assets

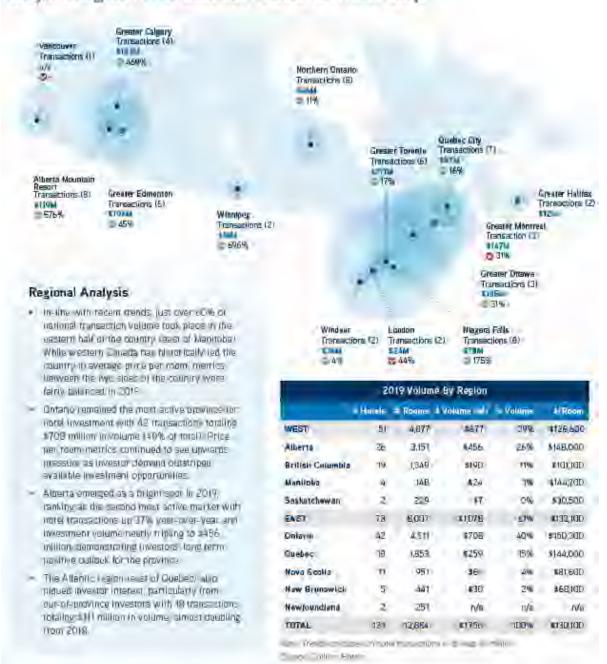
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- Frivate Interpet instruments stable component of left-organisms and more than a first organisms of a set of long than 7 million to set 5% of million to set of a million to set of a million organisms.
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2019 YEAR IN REVIEW



Major Region Transaction Volume Heat Map



2019 TRANSACTION LIST

Hotel Name	City	Prov.	Rms.	Date	Price	Price/Room	Cap Rate
Best Wastern Focalema Inn	Canyone	AB	B3	Jan	\$26,080,000	\$244,000	i/s
Grove Words 117	Spruce Snive	AB	47	Jan	\$5,000,000	#106,400	9.59
LaWoview Inns & Suites Hinton	Hinlein	AB	50	Jan	\$3,750,000	168,300	57%
Best Western Airport in	agary	AB	76	War	#67°50,000	575,700	'rVe
Best Western Rus Red Date In L. S.	Ted Diser	AB	70	May	18,750,000	195,100	19/8
Bost Western Wainwright Irm # 52	Weinwright	ME	85	Way	\$9450,000	1717,2/30	nya
Wingste Africine (1)	/ rene	AB	133	May	SE,500,000	178,300	0/9
Charesu Jasper (B)	lespier:	EA	13/2	dan			
LinderPolt Lindage 421	laspier .	ME	138	Jun			
Mermon Lodge (E)	Jacquer .	AS	(07	Jen			
Pozarromas Cabina (2)	(asp)er	EA	57	Jan	\$79080,000	n/a	n/a
Pyramió Laké Rasort (2)	Jasper	AH	772	dan			
Sawridge (m) and Conference Contra (2)	Lasper	AS	152	Am			
The Crimson Holes (2)	laspier	EA	77	dan			
Lakeview Signeture Intl Eagsily Arport	Calgary	ÆΒ	(2)	den	\$10,250,000	8957.00	ηVa
Leray's Mater Inn	Strathmore	AB	45	Jen	41,300,000	\$28,900	n/a
The Westin Cagary (3)	Cayyary	EA	725	dan	-VB	n/a	n/a
Sundowner Inn (4)	Edson	ΑH	67	alst	19/é	794	7/0
Ramada by Wyndham Edmenton Wesi	Edmonion	MB.	702	ALIG	58,200,000	180,410	rya
Holiday Inn Express & Suites Edmonion Winth	Edmonion	AB	76	Вир	\$11,750,000	1123700	B.0%
Best Western Flue Sherwood Flank Ihn & Suites	Sinerwood Park	AE	700	Dic	471,200,000	#/24,400	7.5%
Himen Lodge	Hinlan	ME	96	Dot	\$8,490,000	#96,600	10.6%
Podollari inti & Sas Gastala Pravine (i)	Branda Pranie	AB	188	Nov	\$30750,000	F18/3,000	n/a
Best Western Rimstone Ridge Hotel (1)	Fimbey	ΑB	50	De:	\$3,010,060	\$50,800	n/a
Quality fro Medicine (d) (6)	Medicine I (d)	ME	120	Dec	eve	ηνa	rya
The Westin Edmonton (3)	Edmonton	AS	416	Dec	rivis .	70/5	n/a
Alberta - 25 Trades			3,151		54564		
Suger 8 Cast egar (6)	Carrioger	BC.	56	Foo	\$5,000,000	ηνα	h/a
Best Western Interment intr	invertiers	EC.	46	Mar	\$4,500,000	4.89,100	nyla
Camous Court Morel	Prince George	3.	平位	Mar	\$5,600,000	\$75,000	n/a
Challet Motel	#10mg	EE	46	l)ai	6),313,460	527,400	VN/a
North Stair lim & Suites (4)	Prince George	BC.	98	Mar	=/9	19/3	n/a
Cauen Marina Hole	Port Albert	B(C	42	Mar	\$2,450,000	\$56,300	n/a
Prunderting Motor (m (7)	Murcan	EE	31	Max	43,768,900	rVá	ELEWA
Clayopun Wilderness Resurt (III)	Totmo	BE	20	WDF"	±55,266,000	7765	ηVa
Cassi Discovery Inn Compbell Film	Campbell River	37	8.6	Apr	\$12,080,080	\$196,400	7.2%
Water front first	Perilolos	EC	21	Apr	43,479,000	F165,400	/Va
Comfort int & Suites Kanycope	Kam/dopa	BC.	BY	Way	19,800,000	\$112,600	hya
Harrison Village Motel	Hamison Holl Scrings	B(C	17	May	\$1,975,000	\$ 96 700	n/a
Sunny Beach Mone (17)	Pentings	El.	2	May	\$2,213,000	r/a	n/a
Edenic Leidge City Centre Inn (4)	Prince George	BC	53	dul	998	nya.	hya
Sportsmans Model	Merrin	BE	20	الهد	#(3A5,000)	100,000	n/a
Travelogge by Wyndham Prime George Goldesp (A)	Filme George	EC	77	ald	rVé	riva	/t/a
Lakeview Inns & Builds Fort Melson	For) Netson	BC	72	Aug	\$3,75,080	\$44,000	rya
Days Inn Crambrook	Eranoropi	EVE.	190	409	±5,(75,000	456,000	10 696
Psoific Galeway Hotel at Vancouver Airport 1(0)	Ridhmana	30	982	Dec	TVB	n/a	n/a

Name (1	City	Prov.	Rms.	Date	Price	Price/Room	Cap Rate
Reckwedd Meirer Inn (11)	Stanawel	ME	- 75	Jan	\$3,690,000	n/a	ri/a
Viceg en (II)	Dimil	WE	20	Mir	12,100,000	TVA	FIFE
Howard Johnson Express Inn-Wirmlose West 111	Wimipeo	ME	84	Max	87500,000	nya	n/a
Carregians Motor Inn	Minipag	ME	10	Sec	#ID/420,000	\$144,700	nla
Manitoba - 4 Trades			148		TZAM		
Days Inn & Suites Monsten (12)	Manajan	:NE	(8)	Men	\$7,000,000	#59.200	0.3%
Travelodge Salies Maticton (12)	Monopon	WB	76	Man	15,000,000	£65,800	7,29
Comfort (mri Bashuro)	Bahupi	:00	76	Jun	\$3,900,000	\$51300	7.76
Flodd Minamichi River (13)	Mitemichi	WE)	70	Sec	n/a	EVU	n/a
Travelodge Suice by Wyndhem Sami John ((4)	Saint John	NB	68	Set	\$4,200,000	472.A000	(DEA)
New Brunswick - 5 Trailes			il)		MORE		
Greenwood Im & Suites Comer Brook (5)	Corner Brook	- 10	102	Ziec	7/2	11/12	ri/a
Mount Peyron Resort & Conterence Centre (5)	Grend Halls-Windson	NL	149	Dec	ri/a	F/A	rula
Newformilland and Labrador - 2 Trades			251		N/A		
Travelonge Suites Halifax Danmouth	Darmoun	NS-	75	Jan	TE, 100,000	WC2000	207700
Basi Western Traino Glengarry	Trure	NE	98	Mari	\$5,400,000	HS6,700.	7759
Super 8 Windson WS	Windson	303	66	Man	\$5,300,000	2000, KC01	11.6%
Conviert Inti Halifax	Hailfax	NB	63	Jun	45,200,000	46,300	10,09
Super 8 Truns ((5)((6)	Yours	WG	50	Aus	\$3,009,000	146,080	10.09
Travelodge Hore Sydney (16)	Эушпау	NS	1177	Aug	#E 100:000	100,000	//.39
Haliday from Express Shellarton Array (Busyaw (No.)	Svellarron	NS	125	Sec	\$12,500,000	100,000	Imm
Travellodge Suices by Wyndham New Glasgow (16)	New Graegow	WS	63	Sec	\$1,450,000	W. 3.0 DO	FC 3%
Maritima fen Anticonisti	Antigonian	NE	82	Set	F3,650,000	THAT THE	HEAR
Digby Rines Gall Resort and Spa	Digby	NB	MA	Dec	#1,000,0000	TVB	FMa
Holiday Inn Syanoy-Waterfront 15	Sychey	NS	(82	Geo	n/a	ENT	10/2
Nove Scotts - 17 Trades			951		EE9M		
Advantage in Morei	Niegara Falis	CN	35	Jan	\$2,070,000	\$59,100	-10/2
Aningjon Halel	Paris	DN.	73	dan	\$4,700,000	102,500	0/2
Days (en Sioux Lookold (1)(17)	Sligur, Lookgur	ON	40	Jan	\$5,228,600	10/8	rife
leadwaters Ledge	Calledon	ON	15	Jan	\$) 750,000	57(3,700)	70/2
Thirifloge Cochrane Souri	Cochrone	ON	46	Jan	\$1,200,000	\$90,000	rula
Thurder Bay Inn (FT)	Thursday Bay	BN	17	an	FI,425,000	F/A	71/2
Wiarten Wiley's Irin	Wighter	ON	21	Jan	\$ ()030,000	849.000	T)/a
Traveloge Airport North Bey	North Bay	ME	100	Feb	46,500,000	865,000	70/2
Fishing at 1999	Significal	ON	179	Mari	\$7,700,000	\$43,000	FIRE
lookley walley Resort and Alderto Estate Winery (18)	Mana	ON	150	Mate	n/e	EVIL	T1/2
Pine Ridge Marel	Elängstan	100	18	Mar	\$1,225,000	\$68,100	nti
Slaybridge Stiles Landon	London	DN	107	Mar	n/s	n/a	10/2
Terronic Plans Heigh (1917)	Tohanna	ON	199	(Mer-	\$20,250,000	n/a	TV:
Universal Inn and Suites	Nissana Hallo	ME	90	Mar	\$1,800,000	142200	70%
Budget Inn 2000	Hamilton	SW	35	Apr	\$3.250,000	W/02-9000	70/5
Marco Polici Irre	Niegara Falls	ON	40	Apr	52,400,000	440,000	FIRE
Best Western Plus Waxerton Law (Ildge	Waiterton	00	50	May	\$7,700,000	5154(000)	riti
Quality Inn Perensonough	Palergorough	CN	197	May	\$6,108,000	869260	10/3
Rodeway Inn Fallsview (20)	Niegara Falls	ON	61	Julian	#13,550,000	Ti/a	nti
Super 8 Timmine (21)	Vimining)	ON	73	Jim	45,500,000	389.000	T/ GM
Travelodge Timmins (21)	linwins	DN	92	Jun	9A,700,000	#53LI60	984

2019 TRANSACTION LIST (CONTINUED)

Hotel Name	City	Prov.	Rms	Date	Price	Price/Room	Cap Rate
The Westin Otoma (3)(16)	Offawa	DN.	492	JAIT	TV a	n/a	Π/≊
Hallday Inn Express Toronto North York	Toronta	ON	161	Jul	\$29,250,000	\$179,406	6.0%
Ramada by Wyndhom Gananoque Pravincial Inn	Sananogue	DN	77	dal	94,068,860	\$59,6BD	0/8
Airlane Hotel and Conference Centre (22)	Thunder Bay	ON	155	Aug	\$9700,000	150:100	n/s
Travelodae Thunder Bay (22)	Thursder Bay	ON	101	Aug	\$6,000,000	\$66,500	0/4
Ambassador Holel (23)	Sudfury	DN	45	Aug	\$4,550,000	r/a	(9/3
Hallasy Em Express & Suites Humsville	Humayine	ON	87	Aug	174/950,000	#171.0GD	0.0%
Kniights Inn Toronio Scambrough (23)	Toronio	DN.	62	Aug	\$5,790,000	ri/a	FUSI
Chawa Plaz i (m. (20)	Dhawa	DN	65	Aug	\$8,580,000	n/a	0.68
Quality /m* Dwen Sound	Diwer/Sound	ON	79	Auz	\$5,600,000	.570,900	rv6
Ramada by Wyndhom Wogara Falls/Falls/Row (24)	Mazara Felici	DN	192	Aug	\$24,400,000	#17710D	1078
Ramada Niasara Falis By The River (24)	Missara Palis	DN.	IEE	Aug	\$11,300,000	\$100,900	n/s
Hollday Fri & Sujtes Mississaugs West - Masdow/Jale	Mississauga	ON	120	Diet	424,100,000	4750,800	7.2%
Liberty Irin	Clarington	DM.	30	00	12,725,000	397,500	FUSA
The Peninsula Inti & Resort	Missara Pelis	08	- 25	Det	F10.300.000	9100,400	0/4
Familied Inv A. Swies by Marriott Belleville	Billeville	ON	114	Nov	#9,400,000	582,500	5,7%
Move & Magenta Felis	Missard Felici	DN	-32	N/3A	19,950,000	1071,400	10/8
Sharacon Gassway House in Toronto Internasional Airport (16)	Toronto	DM.	674	Mov	\$130,000,000	\$276,300	10,0%
Suger B Midfand	Widland	DN	55	New	56/7600000	W/GA,7/00	0.0
Days (m London (4)	Landan	DN.	967	Dec	n/a	ri/a	rysi
Hollday my & Suites Windson (5)	Windson	ON-	216	(Zec	1/2	71/3	n/a
Onterio - 42 Trades			4.511		\$706M		
Quality Inn & Suitas Victoriaville	Victoriaville	00	87	Mar	E000000	\$75,600	r/s
Conforming & Suites Sant Micolas (A)	Salmi Nicolas	QC.	103	May	7/2	71/30	n/a
Quality Hotel Centre de Congrés Saint-Jeen-sur-Richelieu	Saint-Jeon-sur-Richellou	CC	HE	Mby	49425000	\$85,200	ri/z
Auberge de la Gará (A)	Galilyseu	OC.	40	JUP	7/2	71/a	rv/s
Hotel Plaza Vallovfield (4X20)	Salabemy-de-Valleyfield	DE.	120	MIT	TV 2	TV2	rya
Holel PUR Quebec (A)	Bussec Day	DE	242	Jun	nya	0/2	0/2
Hotel Assidia (25)	Talebec Dity	QC.	40	3.0			
Helpf L'Ermilage (25)	Dather City	OC.	70	All		1000	
Hotel Lausbaure (25)	Disease Div	QC	32	-01	49900,000	+125,300	0.61
Studios Nouvelle-France (25)	Talebec Div	QC.	7	341			
Cownrown Monnes) (ford (A)	Montreal (DE	363	39	TVC	1/0	n/a
Hollday Inin Montreal Airport	Dalmi Laurent	QC	238	Aug	\$24,200,000	192,000	06
		00	3/0	A4E	463,000,000	#100,000	r/b
	Mintreal		40.100	113.48	3-030-1310-1-1		rys
Residence initi by Marriott Montrout Cowntown	Mintreal		90	Oin.	119.75	10/26	
Residence hin by Marrion Mannous Cownswin Best Wasseth Esyal-Maniotal (A)	(avs	OC.	80	Ob Dec	7/3 <37micon	n/2	
Residence inin by Marriori Montroul Cowmown Blest Wastern Esyal-Mantroul (6) Hourd Siglins eart Brome	l sys ligater	QC QC	30	Det	=27m1.000	197,100	0/4
Residence init by Marriori Montroul Cowntown Blesh Wostern Esyat-Montrou (A) HARP Stains eac Brame Days Im Trois-Rivières	Lavis Date: Paic-Rivières	0C 0C	39 75	Det Nov	<2.700,000 #3.700,800	000,794	0/4
Residence init by Marrioti Montroul Cowntown Blesh Wostern Esyal-Montrou (A) HAIA Suites each Brome Caye Im Trois-Rivières Foto: & Suites Les Lourentides	ligaten Ingelen Ingel-Ravières Saint-Sausveur	0C 0C 0C	39 76 40	Det Nov De	<8700,000 *3700,800 *7 960,000	147,400 147,300 147,300	(4/) (4/)
Residence intri by Marricul Montroul Cowntown Blest Wostern Layet-Montrou (A) HAVE Begins ago Brome Cays Int Trois-Rivières Voto & Suites Les Lourentides Hotel & Cos Salist Liquis (A)	Lavis Date: Paic-Rivières	0C 0C	39 76 40 10	Det Nov	=3.700,000 =3.700,800 == ve0,000 =Va	000,794	(4/) (4/)
Residence intrigy Marricul Montroul Cowrown Blest Wostern Esyet-Montrou (A) Hard Sejins ear Brome Cays Int Trois-Rivières Valor & Suries Les Esuronidos Hard Cas Saint-Lituis (A) Outbook 16 Troiss	Lave Page Lage Ravière Saint Suuveur Custor Chy	DC DC DC DE OC	39 75 40 10 1,853	Det Nov De Dec	<2700,000 12700,000 12700,000 1/3 12500	847,400 849,380 374,000 n/a	0/3 (1/3) (1/3) (1/3)
Residence intri by Marricul Montroul Cowntown Blest Wostern Layet-Montrou (A) HAVE Begins ago Brome Cays Int Trois-Rivières Voto & Suites Les Lourentides Hotel & Cos Salist Liquis (A)	ligaten Ingelen Ingel-Ravières Saint-Sausveur	0C 0C 0C	39 76 40 10	Det Nov De	=3.700,000 =3.700,800 == ve0,000 =Va	147,400 147,300 147,300	065 060 060 060

Valuation

Highest and Best Use

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

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

In the case of the subject property appraisal, we are valuing the going-concern, meaning the "total assets of the business" which includes enhancement of the value of an operating business enterprise which is provided by the assembly of land, building, labour, capital, equipment, marketing, management, etc. Therefore, the value conclusion herein is not predicated on the property's highest and best use, rather it's current going concern operation.

Analysis

Legal Permissibility

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

Physical Possibility

 The site comprises ±8.40 acres (as per Geowarehouse) and is of sufficient size and suitable topography to accommodate a resort style hospitality development similar to that situated upon the subject parcels. Therefore, the existing use is physically possible.

Financial Feasibility

The buildings is considered to be functional for the current use. The
economic viability of the subject property is evident by its historical
operating performance and by transactions involving similar properties
throughout Central Ontario. It is assumed the property, as an operating
asset, has been and will continue to be, an income generator as it is
configured.

Maximum Productivity

 Based on the current buildings area and the existing land use bylaws, the property appears to be maximally productive as a condominium development.

Conclusion

 Upon analysis of the four criteria of legal permissibility, physical possibility, financial feasibility, and maximum productivity, the highest and best use for the subject property is considered to be as follows:

As vacant

The improvements to the property contribute positively and substantially to the overall value of the property such that the value of the site as though vacant is significantly lower than the value of the property as though improved. As such, a thorough examination of the highest and best use of the property as vacant has not been completed. It is our considered and professional opinion that the highest and best use of the land as though vacant is as a development site for medium to high density residential development.

As improved

 Based on the foregoing, the highest and best use of the property is considered to be a medium to high density residential development. As mentioned above, this opinion of the property's highest and best use does not form the basis of our valuation.

Valuation Methodology

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

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

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

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

Direct (Overall) Capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step – either by dividing the income estimate by an appropriate income rate or by multiplying the income estimate by an appropriate factor. The income expectancy considered is frequently the current year's income, but the anticipated income for the following year may also be used in some circumstances. The rate or factor selected represents the relationship between income and value observed in the market and is derived through comparable sales analysis. Direct capitalization is market oriented; an appraiser analyzes market evidence and values property be inferring the assumptions of typical investors. Direct capitalization does not explicitly differentiate between the return on and return of capital because investor assumptions are not specified.

Yield Capitalization (Discounted Cash Flow) is a method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate or by developing an overall rate that explicitly reflects the investment's income pattern, value change and yield. The procedure used to convert periodic income and reversion into present value is called discounting; the required yield rate of return is called the discount rate. The discounting procedure presumes that the investor will receive a satisfactory return on the investment and complete recovery of the capital invested. Yield capitalization is also called discounted cash flow analysis, or DCF, because a discount rate is used to calculate the present value of anticipated future cash flows.

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

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

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

Investment characteristics, which influence the development of the internal rate of return, include:

- Liquidity of the asset;
- · Security of the income stream;
- Degree of administration; and
- The relative desirability of the real estate vehicle.

In addition, one must be aware of the specific characteristics of the property in question, such as its physical and functional features, the location factors and the operational strengths of the property.

The reversionary capitalization rate utilized is usually similar to the rate that would be applied in present market conditions. At other times, however, the analyst will capitalize income at a slightly higher rate in order to account for the effects of depreciation due to the passage of time or unforeseen changes in market conditions might have an effect on the asset.

Selection of Valuation Methodology

The subject property represents an income-producing investment property, which would be acquired by potential purchasers on the basis of its income-producing capability. As such, it is considered prudent to rely on the Income Approach and the Direct Comparison Approach. The Cost Approach is not used by market participants when pricing assets such as the subject.

The Income Approach

The Income Approach is the primary valuation technique for the subject property. We will rely on both the Direct Capitalization Method and the Discounted Cash Flow Method within the Income Approach. To estimate value using the Income Approach, we prepared operating projections for the property for the next five years. Firstly to determine revenues we must examine the local competitive set and determine the reasonableness of the projected revenues.

The subject property currently operates alongside Carriage Hills Resort, located adjacent to the subject at 90 Highlands Drive, Oro-Medonte. It is an assumption of this report that the subject hotel is operating with Carriage Hills Resort, utilizing the same management and operations staffs.

Competitive Market Analysis

The subject property's competitive set is comprised of full-service hotels, limited service hotels and independently owned vacation rental properties within Oro-Medonte and the surrounding area. Based on discussions with market experts and the positioning of the subject hotel, the subject's competitive set is summarized in the chart below.

The competitive set comprises 197,100 available room nights (160,600 hotel rooms and 36,500 privately owned vacation rental room nights) within the hospitality market located in Oro-Medonte and the surrounding area (see map below chart).

	Hotel/Motel Name	Address	Municipality	No. of Rooms	Year Opened	Distance from Subject	Scale (As per STR)	Hotel Amenities
	Horseshoe Resort	1101 Horseshoe Valley Road	Oro-Medonte	102	1987	1 km	Independent	Horseshoe Resort offers 102 accommodations with coffee/tea makers and hair dryers. Televisions come with satellite channels, first-run movies, and pay movies. Guests can play rounds at the 18-hole golf course. An indoor pool, an outdoor pool, and a spa tub are on site. Other recreational amenities include a private beach, an outdoor tennis court, ski-in/ski-out access, and a sauna.
	Quality Inn & Conference Centre	201 Woodside Drive	Orillia	85	1975	22 km	Midscale	Along with a restaurant, this smoke-free hotel has an indoor pool and a fitness center. Free buffet breakfast, free WiFi in public areas, and free self parking are also provided. Additionally, a bar/lounge, a spa tub, and a sauna are onsite. All 85 rooms provide conveniences like refrigerators and microwaves, plus free WiFi and TVs with cable channels. Room service, coffee makers, and free local calls are among the other amenities available to guests. Quality Inn & Conference Centre offers 85 air-conditioned accommodations with coffee/tea makers and hair dryers. An indoor pool and a spa tub are on site. Other recreational amenities include a sauna and a fitness center.
	Fairfield Inn & Suites Orillia	8 Mulcahy Crt	Orillia	92	2021	22 km	Upper Midscale	Along with an indoor pool, this smoke-free hotel has self parking and coffee/tea in a common area. Free continental breakfast and free WiFi in public areas are also provided. Additionally, dry cleaning, laundry facilities, and free newspapers are onsite. All 92 rooms provide conveniences like sofa beds and microwaves, plus coffee makers and flat-screen TVs with cable channels.
	Comfort Inn Orillia	75 Progress Dr	Orillia	78	1991	25 km	Upper Midscale	This smoke-free hotel features coffee/tea in a common area, a business center, and a 24-hour front desk. Free WiFi in public areas and free self parking are also provided. Other amenities include express check-out, free newspapers, and a garden. All 79 rooms boast deep soaking tubs and offer free WiFi and pillowtop beds. Refrigerators and microwaves are standard, as are flat-screen TVs with cable channels.
	Best Western Plus Mariposa Inn & Conference Centre	400 Memorial Ave	e Orillia	83	1974	25 km	Upper Midscale	This hotel features a restaurant, an indoor pool, and a 24-hour fitness center. Free WiFi in public areas and free self parking are also provided. Additionally, a bar/lounge, a coffee shop/cafe, and a snack bar/del are onsite. All 83 rooms boast deep soaking tubs and offer free WiFi and LCD TVs. Other amenities available to guests include refrigerators, microwaves, and room service. An indoor pool and a spa tub are on site. Other recreational amenities include a sauna and a 24-hour fitness center.
airbnb	Airbnb // Vrbo Listings	s Various	Oro-Medonte	100	Various	Various	Not Applicable	There is a significant supply of indipendentally owned rental properties in the Ore-Medonte Area. According to AirDNA there are 104 houses listed for rent and 48 private rooms listed for rent and 48 private rooms listed for rent and 48 private rooms listed for rent in Oro-Medonte. Basedon on a review of the rental units it appears approx. 52 of the 152 units are located within the subject resort liself, therefore we have assumed 100 units. The quality of these units vary significantly, but in general, they would compete with the subject resort units.

Competitive Set- Performance Results

The following is data compiled from AirDNA.co, a statistics company that gathers data on vacation rental property sales all over the world. AirDNA track occupancy, Average Daily Rate, and RevPAR stats from properties listed on Airbnb and Vrbo. The following are the performance results for vacation property rentals in Oro-Medonte. These properties range from single bedroom condos to 4-5-bedroom homes. The average size of these rentals is 2.7 bedrooms and the average number of guests is 6.7.

Vacation Rental Property Statistics for Oro-Medonte							
Year (Trailing 12)	Occupancy Rate	Daily Rate					
2018	33.00%	\$299.92					
2019	38.00%	\$307.58					
2020	52.00%	\$286.67					

Source: AirDna.co Market Minder

The following statistics are for the Central Ontario Hotel Market, as well as the whole Ontario hotel market.

	Hotel Industry St	atistics for Central	Ontario
Year	Occupancy Rate	Daily Rate	Revenue per Available Room
2008	52.34%	\$127.61	\$68.16
2009	48.08%	\$118.65	\$58.33
2010	50.56%	\$125.89	\$65.90
2011	49.54%	\$124.32	\$63.45
2012	49.44%	\$126.28	\$64.24
2013	50.86%	\$126.84	\$66.16
2014	52.40%	\$127.90	\$68.60
2015	55.24%	\$135.78	\$76.98
2016	57.37%	\$138.83	\$81.59
2017	59.50%	\$140.02	\$85.50
2018	60.07%	\$147.85	\$91.19
2019	59.14%	\$148.82	\$89.90
2020	41.10%	\$134.66	\$61.02

Source: Ministry of Heritage, Sport, Tourism and Culture Industries Ontario (Nov 15, 2020)

	Hotel Industr	y Statistics for Onta	ario
Year	Occupancy Rate	Daily Rate	Revenue per Available Room
2008	63.01%	\$127.42	\$80.58
2009	58.19%	\$119.89	\$69.90
2010	61.33%	\$121.23	\$74.78
2011	62.04%	\$121.74	\$75.86
2012	62.89%	\$124.65	\$78.75
2013	63.27%	\$125.87	\$79.98
2014	65.39%	\$130.38	\$85.78
2015	66.43%	\$138.18	\$92.63
2016	68.81%	\$145.16	\$100.94
2017	70.06%	\$153.56	\$108.77
2018	71.33%	\$161.66	\$116.49
2019	69.97%	\$163.24	\$115.16
2020	35.48%	\$123.34	\$46.10

Source: Ministry of Heritage, Sport, Tourism and Culture Industries Ontario (Nov 15, 2020)

Within the subject property's Central Ontario hospitality market, ADR, RevPAR and Occupancy performance is expected to improve over the coming months and years as the economy works through the COVID-19 Pandemic.

Prior to the COVID-19 Pandemic the market occupancy for hotels remained fairly stable, hovering around 60%, while ADR continued to increase. Overall, the Ontario hospitality industry had seen some of its highest performing years leading up to the COVID-19 Pandemic. The negative impact of the COVID-19 pandemic on the hospitality industry is expected to continue for the foreseeable future, however the consensus amongst industry professionals is the worst has passed and the market should return to pre-COVID levels within 24 months (assuming no unforeseen setbacks).

Prior to the COVID-19 Pandemic the market occupancy for hotels in the subject's market remained fairly stable, hovering around 60%, while ADR continued to increase. Overall, the Ontario hospitality industry had seen some of its highest performing years leading up to the COVID-19 Pandemic. The negative impact of the COVID-19 pandemic on the hospitality industry is expected to continue for the foreseeable future, however the consensus amongst industry professionals is the worst has passed and the market should return to pre-COVID levels within 24 months (assuming no unforeseen setbacks).

Prior to the COVID-19 Pandemic the market occupancy for privately owned vacation rental properties in the subject's market was improving, while ADR was also increasing. The negative impact of the COVID-19 pandemic on the privately owned vacation rental property was not as predominant as on the hotel market. This is primarily due to the subject's location within a tertiary market outside the population density of the Greater Toronto Area. With people's ability to travel significantly hampered by the pandemic they sought more local "staycation" destinations that allow them to maintain proper social distancing. We anticipate this segment of the market to continue to perform at similar levels for the near and distant future.

We have projected the subject property ADR and occupancy rates to stabilize in year 4 of our projection period. This three to five-year (from construction) stabilization period is typical for a newly positioned hotel in the Canadian hospitality industry regardless of external factors.

Market Share and Rate Penetration

The subject property is currently a timeshare development that is operated similar to a resort property. Each of the 78 units within the subject property is assumed to be approximately 1,200 square feet with two bedrooms, two bathrooms, and a full kitchen. There are several units that have the ability to be offered as two separate units, with one unit being on 800 sf one bedroom, one bathroom apartment style unit with a kitchen, and the other being a 400 sf studio style apartment with a kitchen and bathroom. The ability to adjust the room configuration is a benefit to the operator as it offers occupancy flexibility, though it does not significantly impact the projected ADR.

As discussed in previous sections the subject property configuration and accommodations place its classification somewhere between a typical limited service hotel offering and accommodations offered by privately owned vacation rental properties (POVRP). In order to project the subject property's ADR and Occupancy levels we have taken the weight average of the two market segments and applied a projected market share percentage to the weight average market levels.

We have projected the subject property occupancy share at 100% of market in year 1 of our projection period and maintained that 100% of market share through our projection period. Based on the subject's positions in the market we have projected overall occupancy slightly above the average of the hotel segment and slightly below the privately owned vacation property rental segment.

We have projected the ADR market share to perform at 140% of the weighted average market level throughout the projection period. The size, location, and amenities offered at the subject property are mostly superior to those offered by competitive hotels and inferior to those offered by privately owner vacation rental properties, indicating that an ADR greater than the hotel market and less than the ADR should be attainable for the subject property while maintaining a 100% market share of occupancy. We have projected the subject property to be competitive within the Oro-Medonte market and should compete on both ADR and occupancy going forward.

Overall, the subject property is in fair condition, though the interior finishes would be considered dated by today's standards. Significant capital expenditure would be required for the units to achieve ADR competitive with the POVRP. In general, the competitive market consists of hotels and POVRP within short distance of the subject, indicating a moderate amount of overall competition.

Supply and Demand Analysis

Projected Supply

The properties described in the competitive market analysis section are believed to be a representation of the competitive hotel supply in the subject property's market region. We have performed a review of the STR Market Pipeline Report as well as publicly available documents regarding hotel development in the area. Based on this information we have determined there are no competitive hotels confirmed for development in the subject property's area. As such, we have projected supply in line with current market supply. Additionally, the POVRP market sees a constant fluctuation of supply with units being removed and added weekly, therefore we have assumed the supply of these types of units to remain stable.

Current and Forecasted Demand

Occupancy for hotels in Central Ontario prior to COVID-19 was stable and near all-time highs. The COVID-19 Pandemic has significantly decreased occupancy rates which subsequently led to a reduction in market ADR. The competitive data set includes a total of 440 hotel rooms in the market with a total of 160,600 room nights. Details of these properties are outlined in previous pages.

Occupancy for POVRP in Oro-Medonte has increase year-over-year despite of, and perhaps because of the pandemic. According to AirDNA there are 104 houses listed for rent and 48 private rooms listed for rent in Oro-Medonte. Based on a review of the rental units it appears approx. 52 of the 152 units are located within the subject resort itself, therefore we have assumed 100 units or 36,500 room night. The quality of these units varies significantly, but in general, they would compete with the subject resort units.

Forecasted Market Occupancies

The above data forms the base on which we have developed the forecast of occupancies for the hotel's market segment. As indicated earlier, the competitive set for the subject is made up of 440 hotel rooms and 100 POVRPs in Oro-Medonte, Ontario and the surrounding area. The room style offered at the subject property falls somewhere between the rooms offered in each of these segments. Overall, an occupancy higher than the hotel segment is appropriate for the subject as the hotel segment has suffered a larger negative impact from the pandemic than the POVRP segment.

The subject is immediately north of Horseshoe Valley resort and approximately 15 minutes from both Barrie and Orillia. The subject property's performance is assumed to be good when compared to the competitive set and is expected to improve over our projection period due to improving market conditions and more efficient management. The Year One occupancy forecast of the projection period is 45.3% and the year four (stabilized year) occupancy is projected at 54.5%, which is slightly below the 2019 trailing 12 market occupancy level.

Forecasted Market Average Rates

We believe that Oro-Medonte' economy, which primarily consists of rural and/or seasonal recreational use properties will support an ADR of \$224.21 for Year One of the forecast period. This rate is higher than the hotel market segment, as the subject property offers larger units with full kitchens and multiple bathrooms, where a standard hotel room consists of one room with two beds and a mini-bar. The rate is lower than the POVRP segment as the average number of rooms in these properties is 2.7 versus the subject property's

2, and the attraction of renting an entire property rather than a room within a resort setting. Based on discussions with industry professionals we have projected both the market and subject property ADR to increase steadily over our projection period.

Occupancy and Average Daily Rates

Projected Occupancy and ADR

In our supply and demand analysis, we have projected the subject average daily rate to be 140% of market in the stabilizing Year 4 (\$254.48) and remaining around 140% of market through the rest of our projection.

The following summarizes our projected occupancy and average room rate for the subject hotel:

	Carriage H	Hills Resor	t – Projecte	ed Results		
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Occupancy	45.3%	49.2%	53.3%	54.5%	55.5%	56.6%
ADR	\$224.21	\$230.82	\$242.35	\$254.48	\$267.19	\$280.55

Source: Colliers International Realty Advisors

The following table provides details on the expected supply and demand for the subject property's market.

		Comp	etetive Yield & Sum	mary of Primary Co	mpetitors					
Year							Pro	jection		
ı çaı			2019 Trailing 12	2020 Trailing 12	Year 1	Year 2	Year 3	Year 4	Year 5	Year
Supply										
Existing Room Nights - Hotel Rooms	440	rooms	160,600	160,600	160,600	160,600	160,600	160,600	160,600	160,6
Existing Room Nights - Rental Property Rooms	100	rooms	36,500	36,500	36,500	36,500	36,500	36,500	36,500	36,5
Total Supply			197,100	197,100	197,100	197,100	197,100	197,100	197,100	197,1
Projected New Supply			0	0	0	0	0	0	0	0
Total Supply			160,600	160,600	160,600	160,600	160,600	160,600	160,600	160,6
% change year over year			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0
Demand - Hotel Rooms										
Existing Demand Hotel Rooms			94,979	66,007	66,007	69,307	76,238	83,861	85,539	87,2
New Demand (estimated)				-	3,300	6,931	7,624	1,677	1,711	1,74
Total Demand			94,979	66,007	69,307	76,238	83,861	85,539	87,249	88,9
% change year over year			-	-30.5%	5.0%	10.0%	10.0%	2.0%	2.0%	2.0
Demand - Rental Property Rooms										
Existing Demand			13,718	18,919	18,919	19,865	20,858	21,276	21,701	22,1
New Demand (estimated)			-	-	946	993	417	426	434	44
Total Demand			13,718	18,919	19,865	20,858	21,276	21,701	22,135	22,5
% change year over year			-	37.9%	5.0%	5.0%	2.0%	2.0%	2.0%	2.0
Central Ontario Hotel Market Occupancy			59.1%	41.1%	43.2%	47.5%	52.2%	53.3%	54.3%	55.4
Rental Property Market Occupancy			37.6%	51.8%	54.4%	57.1%	58.3%	59.5%	60.6%	61.9
Central Ontario Hotel Market ADR			\$148.82	\$134.66	\$137.35	\$140.10	\$147.11	\$154.46	\$162.18	\$170
Rental Property Market ADR			\$307.58	\$286.67	\$272.33	\$285.95	\$300.25	\$315.26	\$331.02	\$347
			Carriage Hills	Resort Projections						
			2019 Trailing 12	2020 Trailing 12	Year 1	Year 2	Year 3	Year 4	Year 5	Yea
Weighted Average Market Occupancy			55.1%	43.1%	45.3%	49.2%	53.3%	54.5%	55.5%	56.6
Subject Market Share			-	-	100%	100%	100%	100%	100%	100
Subject Occupancy			-	-	45.3%	49.2%	53.3%	54.5%	55.5%	56.6
Weighted Average Market ADR			\$178.22	\$162.81	\$160.15	\$164.87	\$173.11	\$181.77	\$190.85	\$200
Subject ADR Penetration			-	-	140%	140%	140%	140%	140%	140
Subject ADR			_	_	\$224.21	\$230.82	\$242.35	\$254.48	\$267.19	\$280

Revenue and Expense Analysis

Introduction

When valuing hospitality properties, the Income Approach is usually relied upon. This approach includes analysis of market intelligence and the hotel's projected budget.

The Income Approach to value is based in part, on budgeted operating statements and other data provided by the client.

To estimate value, we prepared operating projections for the property for the next six years. Outlined in this section is a discussion on each of the hotel's major income and expense categories. Revenue and expenses have been forecasted using the Uniform System of Accounts. Expense items are typically calculated as a percentage of either room or gross revenues.

A chart indicating the average revenue and expense ratios for resort and full-service hotels in Ontario is shown below:

Ont	ario Hotel E	xpen	se Trends		
		Full Se	rvice Hotels	Res	ort Hotels
			\$ Per Avail		\$ Per Avail
		%	Room	%	Room
Revenue					
Rooms		68.5	\$43,838	54.5	\$66,506
F&B		25.7	\$16,420	30.5	\$37,161
Other Department	S	5.8	\$3,749	15	\$18,306
Total Revenue		100	\$64,007	100	\$121,973
Departmental Expenses					
Rooms		29.7	\$13,011	23.6	\$15,711
F&B		75.2	\$12,341	76	\$28,249
Other		71.4	\$1,971	50.6	\$8,383
Total Dep Expens	es	57.3	\$27,323	43.6	\$52,343
Undistributed Expenses					
Admin & General		6.0	\$3,825	6.1	\$7,405
Info & Tech		1.9	\$1,234	1.1	\$1,385
Sales & Marketing	1	6.1	\$3,913	5.6	\$6,857
Repairs & Mainter		4.4	\$2,804	4.4	\$5,371
Utilities		4.8	\$3,095	2.7	\$3,232
Total Undistribute	d Expenses	23.2	\$14,871	19.9	\$24,250
Non-Operating Expenses					
Realty Taxes		3.8	\$2,412	2.2	\$2,701
Insurance		0.4	\$287	0.4	\$475
Total Non-Dist. Ex	penses	4.2	\$2,699	2.7	\$3,177
NOI		29.9	\$19,115	34.6	\$42,204
Excludes management & Fra	anchise Royalty F	ees	-		

Source: Trends in the Hotel Industry - Canadian Edition 2017

The chart below shows the subject property annual operating expenses as provided by the client. There are several line items that would not apply under a typical resort P&L statement including Resort Management Fee, Activities and Bad Debt Expense. In order to estimate the subject property's financial projections, we have applied a combination of market expense levels and historic operating expense levels.

Carriage Ridge Historical Ope	rating Income/Expenses
Net Operating Expense	
Gift Shop	\$0
Maintenance	\$348,123
Housekeeping	\$740,599
Common Area/Grounds Maintenance	\$164,602
Common Area	\$0
<u>Common Area</u> <u>Laundry</u>	\$92,695
	\$0
Reservations Resert Management	\$882,181
Resort Management Guest Service	\$182,167
	\$32,589
<u>Telephone</u>	\$36,084
Accounting	\$360,873
<u>Utilities</u>	\$300,673 \$0
Presidential Reserve	\$167,208
Activities	\$25,804
Security Missellessons Service	Ψ25,004 \$0
Miscellaneous Service	\$3,032,926
Total Net Operating Expense	φ3,032,920
Other Expenses	
Property Tax Expense	\$261,108
Bad Debt Expense	\$749,652
Total Other Expenses	\$1,010,760
Net Income - Operations	\$1,453

Rooms Revenue

Occupancy and Average Room Rate

Occupancy and ADR were discussed in the sections above. The following table summarizes the forecasted occupancy levels and average daily rates for the projection period.

	Carriage I	Hills Resor	t – Projecte	d Results		
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Occupancy	45.3%	49.2%	53.3%	54.5%	55.5%	56.6%
ADR	\$224.21	\$230.82	\$242.35	\$254.48	\$267.19	\$280.55

Source: Colliers International Realty Advisors

Based on the above, Room Revenue in Year One is projected in an amount equal to \$2,889,701, representing 97.7% of total revenue.

Food and Beverage Revenue

 There are no food and beverage services offered at the subject property resort. As such, food and beverage revenue has been maintained at \$0 for the duration of our projection period.

Other Revenue

 Other revenue for the subject property is primarily generated from movie/games rentals. We have projected other Revenue at 2.40% of room revenue for the duration of the projection period. This revenue estimate is based levels of limited service hotels within Central Ontario.

Direct Expenses

- Guest Rooms Expenses are comprised of guest supplies, housekeeping and front desk wages, housekeeping supplies, telephone fees, etc. We have stabilized these expenses over the duration of the analysis. We have estimated the cost at 30.00% of room revenues for the duration of our forecast, which is in line with historic operating levels and levels of similar hotels within Central Ontario.
- Other Expenses is comprised of various costs associated with miscellaneous services. Within our forecast, this expense is forecasted at 30% of Miscellaneous Revenue, in Year One. This is consistent with market levels.

Undistributed Expenses

- Administrative & General Costs are comprised of professional fees and items such as office
 expenses, credit card commissions, postage, etc. They are projected at 6.00% of room revenue
 throughout our projection period. The cost is in line with those of similar properties in Ontario.
- Sales & Marketing is calculated as a percentage of gross room revenue throughout the projection period. This cost includes cost of onsite marketing personnel and materials, as well as commissions

paid to online booking service providers, though the current operation does not utilize traditional hotel booking systems. Advertising cost has been estimated at 5.00% of room revenue through the projection period. The cost is in line with industry trends.

- Repairs and Maintenance (R&M) cost is estimated at 8.00% of revenue, or approximately \$2,960 per
 unit in Year 1 We have maintained R&M at this rate for the remainder of the projection period. The cost
 is below historic rates but in line with market levels. We have accounted for additional expenses within
 the reserve for capital expenditure line item.
- **Utilities** have been estimated at \$342,830 for Year 1, which is approximately 5% below the 2019 utility amount. We have projected utility expenses to decrease at a rate of 3% per year as the operation becomes more efficient. The cost is in line with historic rates and slightly above industry trends.

Other Expenses

- **Management Fees** is are typically calculated at 3.0% of total revenue by market participants. We have projected management fees at 3.0% of room revenue for the duration of our projection period, which is in line with levels of similar hotels in Southern Ontario.
- Municipal Taxes is comprised of realty taxes. Discussion of the realty tax projection ca be found in the
 property data section. Our year one realty taxes are projected at \$145,177, which is equivalent to 5%
 of room revenue in year one. We have inflated the taxes at a rate of 2% per year in subsequent years.
- Franchise Fees are comprised of fees paid for use of hotel branding and banner name. They are projected
 at 7.00% of gross room revenues throughout our projection period. This cost estimate is based on figures
 reported in the HVS 2018 Hotel Franchise Fee Guide.
- **Reserve for Replacement** is deducted to allow for periodic replacement of furniture, fixtures and equipment. We have elected to include a reserve equal to 8.00% of revenue within our analysis. Typical reserve for hotel properties ranges from 3% to 6%. Due to the age, size and configuration of the subject property a reserve amount above a standard hotel/resort is warranted. The number of buildings and overall lot size increases the risk of major capital projects occurring.

			Sul	bject Property	- Financ	ial	Projections A	s A Hote	el O	peration							
	Forecast (CI))		Forecast (0	CI)		Forecast (C	CI)		Forecast (C	CI)		Forecast (0	CI)		Forecast (0	CI)
PERIOD	Year One			Year Two	,		Year Thre	е		Year Four	r		Year Five	•		Year Six	
No. of Rooms	78			78			78			78			78			78	
OCCUPANCY	45.27%			49.2%	8.7%		53.3%	8.3%		54.5%	2.1%		55.5%	1.9%		56.6%	2.0%
AVERAGE RATE	\$224.21			\$230.82	2.9%		\$242.35	5.0%		\$254.48	5.0%		\$267.19	5.0%		\$280.55	5.0%
RevPAR	\$101.50			\$113.63			\$129.25			\$138.56			\$148.21			\$158.79	
ROOMS SOLD	12,888			14,016			15,183			15,502			15,792			16,114	
REVENUE																	
Room Revenue	\$ 2,889,701	97.7%	\$	3,235,095	97.7%	\$	3,679,673	97.7%	\$	3,944,896	97.7%	\$	4,219,547	97.7%	\$	4,520,724	97.7%
Other Revenue	\$ 69,353	2.3%	\$	77,642	2.3%	\$	88,312	2.3%	\$	94,678	2.3%	\$	101,269	2.3%	\$	108,497	2.3%
Total Revenue	\$ 2,959,054	100%	\$	3,312,737	100%	\$	3,767,985	100%	\$	4,039,574	100%	\$	4,320,816	100%	\$	4,629,221	100%
DIRECT EXPENSES																	
Guest Rooms	\$ 866,910	30.0%	\$	970,528	30.0%	\$	1,103,902	30.0%	\$	1,183,469	30.0%	\$	1,265,864	30.0%	\$	1,356,217	30.0%
F&B	\$ -	-	\$	-	-	\$	-	-	\$	-	-	\$	-	-	\$	-	-
Other Expenses	\$ 20,806	0.7%	\$	23,293	0.7%	\$	26,494	0.7%	\$	28,403	0.7%	\$	30,381	0.7%	\$	32,549	0.7%
Total Operating Expenses	\$ 887,716	30.0%	\$	993,821	30.0%	\$	1,130,396	30.0%	\$	1,211,872	30.0%	\$	1,296,245	30.0%	\$	1,388,766	30.0%
UNDISTRIBUTED EXPENSES																	
Administration & General	\$ 173,382	6.0%	\$	194,106	6.0%	\$	220,780	6.0%	\$	236,694	6.0%	\$	253,173	6.0%	\$	271,243	6.0%
Marketing	\$ 144,485	5.0%	\$	161,755	5.0%	\$	183,984	5.0%	\$	197,245	5.0%	\$	210,977	5.0%	\$	226,036	5.0%
Maintenance	\$ 231,176	8.0%	\$	258,808	8.0%	\$	294,374	8.0%	\$	315,592	8.0%	\$	337,564	8.0%	\$	361,658	8.0%
Utilities	\$ 342,830	11.9%	\$	332,545	10.3%	\$	322,568	8.8%	\$	312,891	7.9%	\$	303,505	7.2%	\$	294,399	6.5%
Total Undistributed Expenses	\$ 891,873	30.1%	\$	947,213	28.6%	\$	1,021,706	27.1%	\$	1,062,422	26.3%	\$	1,105,218	25.6%	\$	1,153,337	24.9%
OTHER EXPENSES																	
Management Fees	\$ 86,691	3.0%	\$	97,053	3.0%	\$	110,390	3.0%	\$	118,347	3.0%	\$	126,586	3.0%	\$	135,622	3.0%
Property Taxes	\$ 145,177	5.0%	\$	148,080	4.6%	\$	151,042	4.1%	\$	154,063	3.9%	\$	157,144	3.7%	\$	160,287	3.5%
Insurance	\$ 17,338	0.6%	\$	19,411	0.6%	\$	22,078	0.6%	\$	23,669	0.6%	\$	25,317	0.6%	\$	27,124	0.7%
Franchise Fees	\$ 202,279	7.0%	\$	226,457	7.0%	\$	257,577	7.0%	\$	276,143	7.0%	\$	295,368	7.0%	\$	316,451	7.0%
Total Other Expenses	\$ 451,485	15.3%	\$	491,000	14.8%	\$	541,087	14.4%	\$	572,222	14.2%	\$	604,416	14.0%	\$	639,483	13.8%
Total Expenses	\$ 2,231,074	75.4%	\$	2,432,034	73.4%	\$	2,693,189	71.5%	\$	2,846,515	70.5%	\$	3,005,879	69.6%	\$	3,181,587	68.7%
Reserve for Capital Replacement	\$ 231,176	8.0%	Ė	258,808	8.0%	_	294,374	8.0%		315,592	8.0%	ļ.	337,564	8.0%	Ė	361,658	8.0%
Net Operating Income	\$ 496,804	16.8%	\$	621,895	18.8%	\$	780,423	20.7%	\$	877,467	21.7%	\$	977,373	22.6%	\$	1,085,977	23.5%

Significant Investment Characteristics of the Subject

It is necessary to understand the specific investment characteristics of the subject property, in order to determine the appropriate yields and capitalization factors necessary to estimate value. The following discussion summarizes the major investment attributes of the property.

Location

- The property is located in the Township of Oro-Medonte immediately south of Horseshoe Valley Resort, Ski Hill and Golf Course. The subject is approximately 500 metres walk from the chairlift at the top of the ski-hill, offer near-ski-in ski-out accommodations.
- Oro-Medonte is primarily a destination location attracting skiers in the winter and hikers/mountain bikers in warmer months. In general, it attracts tourists looking for outdoor adventure experiences.
- Located less than 135 kilometres north of Downtown Toronto, the subject property location is an attractive distance for residents of the GTHA to visit. Additionally, the property is equidistant between Barrie and Orillia, both are approximately 15 minutes drive and provide all the amenities a guest could require.

Physical Attributes

- The building was built and opened in 2004 (as per MPAC). The overall structure and exterior of the building appear to be in average condition.
- The interior is well maintained though the finishes ae dated and require capital investment to compete with higher end hospitality properties in the area.
- It is assumed herein that all mechanical equipment is in adequate working condition, has been maintained in a professional manner, and that no atypical capital expenses are required.

Operational Attributes

- The subject property configuration and accommodations place its classification somewhere between a typical limited service hotel offering and accommodations offered by privately owned vacation rental properties (POVRP).
- Due to the COIVD pandemic the Ontario Hospitality industry has seen a decrease in performance.
 Discussions within industry professionals indicates the expected timeframe for the hospitality industry to rebound from the pandemic is approximately 24 months. Therefore, we have extended the stabilization timeline for the subject property beyond this into the fourth year of our projection period.
- Based on the configuration, condition, and assumed management of the subject property we anticipate it will operate within market levels of ADR and occupancy for the foreseeable future.

Market Characteristics

The Oro-Medonte market has been steady in recent years prior to COVID-19. Due to COVID-19 there
has been a significant reduction in ADR and Occupancy. Based on recent statistics it appeared as
though the market performance had begun to rebound slightly, with increases in both ADR and
occupancy month over month, however this improvement has been halted by the second wave of
positive COVID cases.

Prior to the pandemic the overall hotel market within Southern Ontario had been improving with some
of the strongest performance results to date. While the pandemic has had a significant negative
impact on the market performance it is expected to return to pre-COIVD levels within two years.

Conclusion

Despite the negative effect from COVID-19 the hotel is expected to steadily increase in performance for the foreseeable future, stabilizing in year four of our projection period. The subject's location, size and configuration make it an attraactive location to operate a hospitality asset.

Investment Analysis

This section sets out the data considered in establishing the investment parameters used in valuing the subject property.

Investor Interviews

As part of our investigation, we conducted interviews with investors, consultants and brokers actively involved in hospitality transactions.

Investors are generally motivated by the following investment criteria:

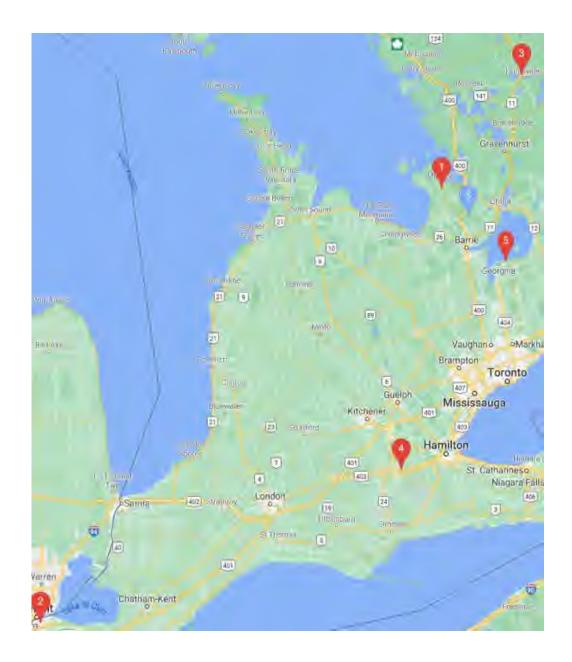
- a) Income Current levels and anticipated.
- b) The security of the income stream competitive threats in the market.
- c) Investors want to minimize their risks: income risks and structural risks. A well designed, properly maintained building contributes to this objective.

With respect to methodology, investors are relying on the Income Approach: Direct Capitalization Method and Discounted Cash Flow. Most investors are concerned with current results and place more weight on current income levels and the Direct Capitalization Method. However, any events adversely affecting current income levels, the Discounted Cash Flow method addresses the improved carrying over the next few years.

Market Data

During our research, we analyzed several recent cap rate transactions across Ontario, in particular areas that would be considered secondary markets, with emphasis on close proximity to major highways. The following are the five transactions thought to be most pertinent to the subject's valuation.

	Capitalization Rate Analysis									
Index No.	Hotel	Municipality	Sale Date	No. Rooms	Year Opened (per STR)	Sale	Price / Key	Cap Rate		
1	Super 8 Midland	Midland	Nov-19	65	2007	\$6,900,000	\$106,154	9.3%		
2	Hampton Inn & Suites Windsor	Windsor	Dec-18	147	2003	\$24,500,000	\$166,667	9.2%		
3	Hidden Valley Resort	Huntsville	Aug-18	100	1965	\$10,050,000	\$100,500	8.3%		
4	Best Western Brantford	Brantford	May-18	158	1968 (2016)	\$18,750,000	\$118,671	7.4%		
5	The Briars Resort	Georgina	May-17	86	1975	\$13,000,000	\$151,163	7.8%		
	Carriage Ridge Resort	Oro-Medonte	-	78	2004	-	-	-		
*Subject NOI is	s stabilized based on Year Four									



The Hotel transactions provide a range of market based overall capitalization rates of between 7.4% and 9.3%. Hotels with good physical attributes and the perception of income upside tend toward the lower end of this range while older hotels or hotels with above market income production trend towards the higher end of this range. Due to the performance, location, size, competition, and physical condition of the subject, a capitalization rate near the upper end of the comparables range is most appropriate.

Hotel Transactions

The following outlines the transactions investigated as part of this valuation:



Index No. 1 is located in the Central Ontario Town of Midland. The Super 8 Midland is a 65-room limited service hotel which sold in November of 2019 for a sale price of approximately \$6,900,000 which represents an overall capitalization rate of 9.3%. The index was constructed in 2007, it is a 3-storey hotel containing 92 guest rooms, fitness centre, business centre, meeting room, and an adequate amount of surface parking spaces. Overall, the hotel is thought to be of good quality construction in good overall condition.

Overall, Index No. 1 is thought to be in an inferior location than the subject, and with less upside. Indicating the overall capitalization rate for the subject should be lower than the 9.3% capitalization rate represented by Index No. 1.



Index 2 is located in Windsor, Ontario, on the northeast side of Huron Church Road, northeast of Highway 401. The select service hotel sold in December 2018 with a reported cap rate of 9.2%. The purchase price was \$24,500,000, which is equivalent to \$166,667 per key. The property features 147 rooms, free breakfast, free parking, and free Wi-Fi.

Overall, Index No. 2 is thought to be a fully stabilized asset, and therefore has less potential upside than the subject. Additionally, the index location, while it may be

slightly superior there is a larger amount of competition in Windsor than Oro-Medonte. Therefore, the overall capitalization rate for the subject should be slightly lower than the 9.2% capitalization rate represented by Index No. 2.



overall condition.

Index No. 3 is located approximately 7.0 kilometres east of Huntsville, Ontario. Hidden Valley Resort is a 93-room full-service hotel which sold in August of 201 for a sale price of approximately \$10,050,000 which represents a reported overall capitalization rate of 8.3%. The index hotel was constructed in 1965 and periodically renovated since. The resort a restaurant, banquet rooms, meeting rooms, fitness centre, indoor & outdoor pools, sauna, basketball/tennis courts and a small lake for water sport rentals. Overall, the hotel is thought to be of good quality construction in good

Overall, Index No. 3 is thought to be in a slightly superior location than the subject and at the time of purchase the market conditions were considered to be more stable. Indicating the overall capitalization rate for the subject should be higher than the 8.3% capitalization rate represented by Index No. 3.



Index No. 4 is located approximately 200km southwest of the subject property in Brantford, ON. The Best Western Hotel and Conference Centre is a 158-room hotel which sold in May of 2018 for a sale price of approximately \$18,750,000 which represents an overall capitalization rate of 7.4%. The index was constructed in 1968 and fully renovated in 2013, it is a 2-storey hotel containing 158 guest rooms, fitness centre, business centre, conference room, meeting room, restaurant and an adequate amount of surface parking spaces. Overall, the hotel is thought to be of very good

quality construction in very good overall condition.

Overall, Index No. 4 is thought to be in a superior location than the subject and have occurred in a more stable market. Indicating the overall capitalization rate for the subject should be higher than the 7.4% capitalization rate represented by Index No. 4.



Index 5 is located in Georgina, Ontario, at the south end of Lake Simcoe. The Briars Resort & Spa sold in May 2017 with a reported cap rate of 7.8% and a total consideration of \$13,000,000, which is equivalent to \$151,163 per key. The property offers 96 rooms, an 18-hole golf course, 4 outdoor tennis courts, indoor and outdoor pools, sauna, fitness centre and spa. Overall, the hotel is thought to be of good quality construction in good overall condition.

Overall, Index No. 5 is thought to be in a superior location than the subject and have occurred in a more stable market. Therefore, the overall capitalization rate for the subject should be higher than the 7.8% capitalization rate represented by Index No. 5.

Investment Alternatives

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

	INVESTMENT ALTERNATIVES										
Gov't. Yi	elds	Office F	REIT'S	Industrial	REIT'S	Retail R	EIT'S	Apartment	REIT'S	Diversified	REIT'
BOC OR	0.25%	Allied	5.20%	Summit	4.00%	RioCan	10.00%	CAP	3.20%	Morguard	11.1
GOC 5yr	0.39%	DREAM	5.80%	DREAM	6.00%	First Cptl.	7.10%	Killam	4.20%	H&R	6.7
GOC 10yr	0.63%	Slate	11.60%	Granite	3.90%	Smart	8.80%	Boardwalk	3.70%	Artis	6.4

Source: Bank of Canada, BMO Capital Markets as at October 29, 2020

Real Estate Surveys

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

Q3 2	020 INVESTMENT PARAMETER	S - TORONTO
Investment Type	Overall Capitalization Rates	Discount Rates
Industrial		
Single	3.75% - 4.50%	4.80% - 6.30%
Multi	4.50% - 5.25%	5.00% - 6.50%
Downtown Office		
Class 'AA'	3.75% - 4.75%	5.00% - 6.50%
Class 'B'	4.50% - 5.50%	5.00% - 6.50%*
Suburban Office		
Class 'A'	5.50% - 6.50%	6.00% - 7.50%*
Class 'B'	6.00% - 7.00%	5.50% - 7.50%*
Retail		
Regional/Power	4.25% - 5.25%	5.00% - 6.00%
Community	5.25% - 6.25%	6.00% - 8.30%*
Strip Plaza	4.75% - 6.00%	5.30% - 6.80%*
Multi-Residential		
High Rise	3.50% - 4.50%	
Low Rise	3.00% - 4.00%	

* These IRR's are not updated every quarter. Figures shown are the most recent, but not necessarily current. Source: Colliers International Realty Advisors (OCR), Altus InSite (IRR)

Discounted Cash Flow Analysis

Based on our investigations, properties such as the subject are currently analyzed using discount rates of 9.50% to 10.50%.

- Due to the impact of COVID-19 we expect income levels for the property to be stabilized in Year 4
 and continue at market levels for the foreseeable future.
- The size, quality, and location of the hotel makes it a desirable asset and we would expect significant investor interest.
- In our opinion, given the location of the property, its condition, and its expected performance level, a discount rate of about 10.00 % should apply to forecasted income.

Reversionary Value

- Following the end of the sixth year of the projection period, the estimated sixth year net operating income is capitalized to determine the estimated future value (reversionary value).
- Based on our analysis, the reversionary capitalization rate is estimated to be 9.25%.
- The value of the property using the above investment parameters is shown below on the following matrix. Detailed calculations are shown below.

DISCOUNTED CASH FLOW ANALYSIS
Subject Property

Rooms: Scenario:

78 DCF - 5 yr

Discounted Annually

Year	Cash Flow	9.50%	9.75%	10.00%	10.25%	10.50%
1	\$496,804	\$453,702	\$452,669	\$451,640	\$450,616	\$449,596
2	\$621,895	\$518,668	\$516,307	\$513,963	\$511,635	\$509,322
3	\$780,423	\$594,412	\$590,359	\$586,343	\$582,363	\$578,420
4	\$877,467	\$610,343	\$604,801	\$599,322	\$593,904	\$588,548
5	\$977,373	\$620,855	\$613,815	\$606,872	\$600,022	\$593,266
6	\$1,085,977					

Reversion rate:

Total Present Value		\$9,610,000	\$9,500,000	\$9,390,000	\$9,280,000	\$9,170,000
Total Duccout Value		00 040 000	# 0 = 00 000	A A A A A A A A A A	AC COC COC	
Plus Cashflow		\$2,797,980	\$2,777,952	\$2,758,140	\$2,738,541	\$2,719,152
9.25% (\$1	1,740,288)	\$6,810,736	\$6,718,179	\$6,627,087	\$6,537,432	\$6,449,189

Direct Capitalization

Based on our investigations, recent transactions indicate hotels are presently trading on the basis of overall capitalization rates ranging between 7.4% and 9.3%. In considering the appropriate rate of return, the following factors were considered:

In considering the appropriate rate of return for the subject, the following factors were considered:

- The subject hotel has an attractive location within the Township of Oro-Medonte, immediately adjacent to Horseshoe Valley Ski Hill.
- The subject property demonstrates good construction and a well-maintained condition throughout, though the interiors are considered dated.
- The subject property is assumed to reflect stabilized income in Year Four of our projection period and it is anticipated that occupancy rates and ADR will increase in the near term.
- The subject is currently operating within market levels, though the overall market has seen a significant reduction in performance due to COVID-19.

In our opinion, a capitalization rate of 9.00% would be appropriate. Projected Year One income was capitalized as follows:

Value Matrix - Overall Capitalization Carriage Hills Resort, Oro-Medonte								
OCR	Stabilized NOI	Value ⁽¹⁾						
8.75%	\$877,467	\$10,030,000						
9.00%	\$877,467	\$9,750,000						
9.25%	\$877,467	\$9,490,000						

(1) Rounded to nearest \$10,000

As such the value for the subject property, excluding consideration for the surplus commercial land, via the Direct Capitalization Approach is between \$9,490,000 and \$10,030,000 (rounded).

Direct Comparison Approach

Introduction

In this approach, the subject is compared to properties that have been the subject of recent market activity and the indicators of value should be similar in terms of physical characteristics, timing and use. The approach relies heavily on the Principle of Substitution, which maintains that a prudent purchaser will not pay more for a property than the cost of obtaining an equally desirable substitute.

Hotel Transactions

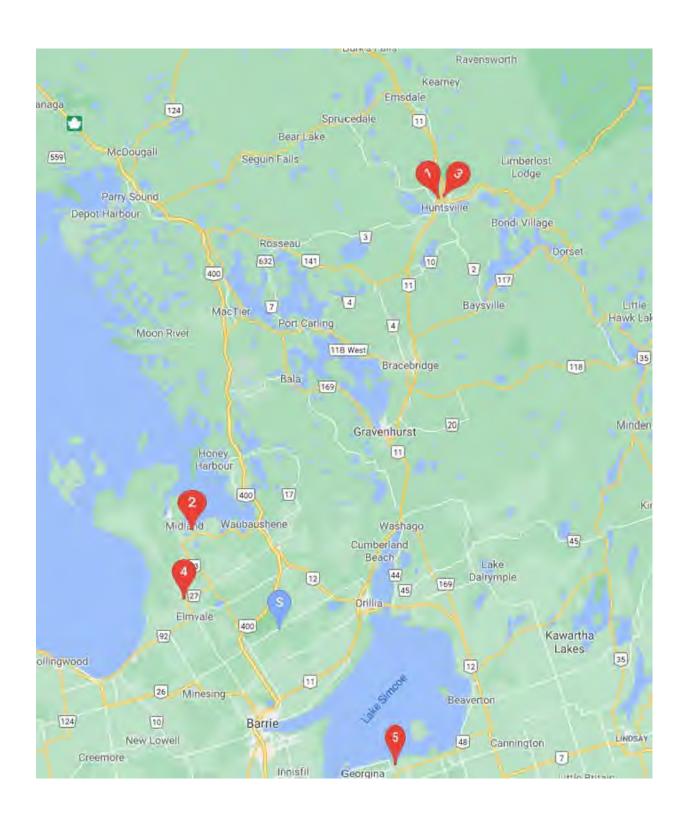
We researched the various markets to find transactions involving sales of properties similar to the subject. In this case, we conducted research on fee simple select and/or limited service hospitality properties in locations within secondary markets in Ontario, with emphasis on access to major highways and within close proximity to the subject. The data was analysed on the basis of a price per guest room.

The following outlines the transactions investigated as part of this valuation:

		Hotel Tran	sactions & Ana	alysis		
	Subject	Transaction One	Transaction Two	Tramsaction Three	Transaction Four	Transaction Five
Property Name	Carriage Ridge Resort	Hidden Valley Resort	Super 8 Midland	Holiday Inn & Suites	Best Western Plus Walkerton East Ridge	The Briars Resort
Address	3303 Line 3 N	1755 Valley Road	1144 Hugel Ave	100 Howland Drive	10 Eastridge Road	55 Hedge Road
Municipality	Oro-Medonte	Huntsville	Midland	Huntsville	Brockton	Georgina
Transaction Price		\$10,050,000	\$6,900,000	\$14,950,000	\$7,700,000	\$13,000,000
Transaction Price per Room		\$100,500	\$106,154	\$171,839	\$154,000	\$151,163
Financing		Market	Market (Assumed)	Market (Assumed)	Market (Assumed)	Market (Assumed)
Adjustment		None	None	None	None	None
Conditions of Sale		Arm's Length	Arm's Length	Arms Length	Arms Length	Arms Length
Adjustment		None	None	None	None	None
Market						
Transaction Date		Apr-18	Nov-19	Aug-19	May-19	May-17
Market Conditions (Time)		Declined	Declined	Declined	Declined	Declined
Transaction Status		Closed	Closed	Closed	Closed	Closed
Adjustment		Downward	Downward	Downward	Downward	Downward
District						
Location	Good	Good	Good	Good	Average	Good
Access	Good	Good	Good	Good	Good	Good
Competition	Moderate	Moderate	Moderate	Moderate	Low	Moderate
Adjustment		Slight Upward	None	Slight Upward	Upward	Slight Upward
Physical Characteristics Site						
Size (acres)	8.400 Acres	6.300 Acres	1.840 Acres	1.350 Acres	4.100 Acres	144.670 Acres
Topography	Sloped	Sloped	Level	Level	Level	Sloping
Configuration	Irregular	Irregular	Irregular	Regular	Regular	Irregular
Improvements	irroguiai	mogalai	irrogulai	rtogulai	rtogulai	irrogulai
Property Type	Limited Service Hotel / Resort	Full Service Hotel / Resort	Limited Service Hotel	Limited Service Hotel	Limited Service Hotel	Full Service Hotel / Resort
Size (Rooms)	787	100	65	87	50	86
Design / Layout	Average	Good	Good	Very Good	Very Good	Good
Year Built (Renovated)	2004	1965	2007	2008 (2017)	2012	1975
Amenities	Average	Good	Average	Average	Average	Very Good
Quality	Average	Average	Average	Very Good	Good	Very Good
Condition	Average	Average	Average	Very Good	Good	Very Good
Adjustment		None	Upward	Downward	Downward	Downward
Overall Adjustment		Upward	Upward	Downward	Downward	Downward
Overall Comparability		Inferior	Inferior	Superior	Superior	Superior
Conclusion		Higher than	Higher Than	Lower Than	Lower Than	Lower Than
Per Room		\$100,500	\$106,154	\$171,839	\$154,000	\$151,163

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

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions
- Location
- Physical Characteristics
- Economic Characteristics
- Use
- Non-Realty Items.

Analysis

Property Rights Conveyed

- Rights conveyed relates to the type of ownership transferred. In this
 case all the sale transactions related to the fee simple estate. As such,
 no adjustments under this category as required
- All other indices were for the sale of 100% of the property (none of the indices were stratified). As such, they are considered similar without the need for adjustment.

Financing Terms

 Refers to the financing arrangements made when the property sold. In this regard, financing is not believed to have been a significant motivating factor in the sales summarized.

Conditions of Sale

 It is not believed that any of the vendors were unduly motivated to divest the properties, and therefore, no adjustments are required for motivation.

Market Conditions

 All indices transactions took place between 2017 and 2019; all indices have been adjusted downwards to account for the decrease in market performance due to the COVID-19 pandemic.

Location

 All indices are located within close proximity to major highways, however some are in superior/inferior locations. Appropriate adjustments have been made for locational characteristics.

Physical Characteristics

 As was the case with location, in our opinion differences in overall physical condition are largely reflected by the property's operating performance. However, it is noted that all the indices were reported to be in good to very good overall condition.

Operating Performance

 The net income generated by a property is one of the units of comparison in ranking economic characteristics. The income and expenses pertaining to the property were discussed and set out in the Revenue and Expense analysis section.

Economic Use

 Use refers to the productivity of the property versus its potential. In this case, the property is believed to be near its optimal level in terms of market positioning when stabilized.

The sale prices reflect unit prices ranging from \$100,500 to \$171,839 per room, prior to adjustments. Sales were adjusted for various factors. The indicated value compares reasonably well to the sales researched and when the characteristics of the property are considered, the size, forecasted stable income environment and dated interiors, the Direct Comparison Approach value of the subject property should be higher than Index 1 and 2; and lower than Index 3, 4, and 5.

Conclusion

Based on our investigations, it is our opinion that the estimated market value, excluding consideration for surplus land, using the Direct Comparison Approach is as follows:

Value Matrix - Direct Comparison							
Carriage Hills Resort, Oro-Medonte							
Rooms	Price / Key	Value ⁽¹⁾					
78	\$120,000	\$9,360,000					
78	\$125,000	\$9,750,000					
78	\$130,000	\$10,140,000					

⁽¹⁾ Rounded to nearest \$10,000

As such the value for the subject property via the Direct Comparison Approach is between **\$9,360,000** and **\$10,140,000**.

Reconciliation and Final Estimate of Value

The Subject property consists of a multi-level, multi-building timeshare property constructed in 2004. The property is laid out across multiple two to three storey buildings. To the best of our knowledge, the improvements have been well maintained, but not significantly updated.

Overall, the improvements to the property would be considered average to an investor approaching the property as an operating limited service hotel. The interiors of the units are assumed to reflect well maintained yet dated finishes. Capital expenditure would be required to bring the interior of the units to a quality and aesthetic commensurate of newly constructed hospitality focused assets.

The approaches used in this valuation provide the following values:

VALUATION SUMMARY							
VALUATION INDICES	CURRENT MARKET VALUE AS-IS						
INTEREST APPRAISED	Going Concern						
DATE OF VALUE	NOVEMBER 17, 2020						
INCOME APPROACH							
Overall Income Capitalization	\$9,750,000						
Overall Income Capitalization \$/Unit	\$125,000						
NOI	\$877,467						
NOI \$/Unit	\$11,250						
Capitalization Rate	9.00%						
DIRECT COMPARISON A	APPROACH						
Direct Comparison	\$9,750,000						
Direct Comparison \$/Unit	\$125,000						
FINAL VALUE CONC	LUSION						
FINAL VALUE	\$9,750,000						
\$/Unit	\$125,000						
Implied Capitalization Rate	9.00%						

The subject represents an income-producing hotel, which would likely be purchased by an investor or an owner operator. Consequently, both the Income and Direct Comparison Approaches are considered reliable valuation techniques.

The Income Approach utilizing the Discounted Cash Flow analysis relies on forecasted occupancy and average room rates based on expected fluctuations in the economy. It also allows the appraiser to account for any potential recent and/or future supply entering the market. The Direct Capitalization Approach was also utilized as support.

All three approaches provided value indications within a reasonable range though the concluded value is based on the Overall Capitalization Analysis.

The Cost Approach was not utilized given the difficulty in accurately estimating depreciation for improvements such as the subject property.

Based on the foregoing, and with most weight applied to the Direct Comparison Approach it is our opinion that the current market value as is of the fee simple interest in the property, subject to the assumptions set forth, and as at November 17, 2020, was:

VALUE TYPE	NTEREST APPRAISE	DATE OF VALUE	VALUE
Current Market Value As-Is	Going Concern	November 17, 2020	\$9,750,000

The above value estimate is based on an exposure period of 12 months or less, assuming the basis of a transaction involving cash to the vendor, and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.

Certification

Carriage Ridge Resort 3303 Line 3 N, Oro-Medonte, Ontario (See Property Data Section for Legal Description)

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

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions and conclusions are limited only by the reported Assumptions and Limiting conditions, and are my impartial and unbiased professional analyses, opinions and conclusions;
- I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, a conclusion favouring the client, or the occurrence of a subsequent event;
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP);
- I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP;
- Except as disclosed herein, no one has provided significant professional assistance to the person(s) signing this report;
- As of the date of this report the undersigned has fulfilled the requirements of The Appraisal Institute of Canada's Continuing Professional Development Program;
- I am a member in good standing of the Appraisal Institute of Canada;
- I am licensed to practice in the Province of **Ontario**.

Information pertaining to inspection of the subject property is as follows:

SUBJECT PROPERTY INSPECTION					
APPRAISER INSPECTED EXTENT DATE OF INSPECTION					
Eric Sutton AACI, P.App	Yes	Exterior Only	October 22, 2020		

Final Estimate of Value

Based upon the data, analyses and conclusions contained herein, the current market value of the Fee Simple interest in the property described herein, as at November 17, 2020, is estimated to be as follows:

VALUE TYPE	NTEREST APPRAISE	DATE OF VALUE	VALUE
Current Market Value As-Is	Going Concern	November 17, 2020	\$9,750,000

Due to the rapidly changing profile of the COVID-19 Pandemic, there may be immediate, short and long-term effects on the commercial real estate market and broader economy. As of the effective date, we have relied on the information available to us to try reasonably assess and forecast the impact on the hospitality market. This appraisal was completed on the assumption that Ontario will continue to progress through the pandemic and this report does not consider further significant setbacks related to COVID-19 such as a full economic shut down that would have the potential to significantly impact hotel operating performance.

The above value estimate is based on an exposure period of 12 months or less, assuming the basis of a transaction involving cash to the vendor, and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.

Appraiser

Erio Sutton ACL P Ann

Eric Sutton AACI, P.App Date: November 17, 2020 AIC Membership No. 907783

Appendices

Appendix A Ordinary Assumptions and Limiting Conditions

Appendix B Definitions

Appendix C Legal Descriptions

Appendix D Land Use / Zoning

Appendix A

Ordinary Assumptions and Limiting Conditions

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Ordinary Assumptions and Limiting Conditions

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

- This report has been prepared at the request of Matthew Marchand of BDO (the client) for the purpose of providing an estimate of the market value of 3303 3 Line North, Oro Medonte, Ontario (the Subject property) as an operating asset and for the specific use referred to. It is not reasonable for any party other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other party will rely on it for any other purpose. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed.
- 2) This report has been prepared at the request of Matthew Marchand of BDO and for the exclusive (and confidential) use of the recipient as named and for the specific purpose and function as stated. Written consent from the authors must be obtained before any part of the appraisal report can be used for any use by anyone except the client and other intended users identified in the report. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee.
- All copyright is reserved to the author and this report is considered confidential by the author and Matthew Marchand of BDO. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.
- 4) The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
- 5) This appraisal report, its content and all attachments/addendums and their content are the property of the appraiser. The client, intended users and any appraisal facilitator are prohibited, strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.

- 6) The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
- 7) This report is completed on the basis that testimony or appearance in court or at any administrative proceeding concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and for preparation and for any appearances that may be required, and the provision of appropriate additional compensation.
- 8) The estimated market value of the real estate that is the Subject of this appraisal pertains to the value of the fee simple interest in the real property. The property rights appraised exclude mineral rights, if any.
- 9) The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).
- 10) The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. However, these data are not guaranteed for accuracy. Unless otherwise stated, we did not verify client-supplied information, which we believed to be correct. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate.
- 11) The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. No title search has been performed, and the appraiser assumes that the title is good and marketable and free and clear of all value influencing encumbrances, encroachments, restrictions or covenants, including leases, unless otherwise noted in this report, and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described. The property is appraised on the basis of it being under responsible ownership. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
- 12) The property has been valued on the basis that there are no outstanding liabilities except as expressly noted, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the Subject property or any portion thereof.
- 13) The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in

- equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate appraised.
- 14) The legal description of the property and the area of the site were obtained from the Geowarehouse. No survey of the property has been made. Any plans and sketches contained in this report show approximate dimensions only and are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
- 15) The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all Government regulations and requirements of law, including all zoning, land use classification, building codes, 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, and that if it doesn't comply, any such non-compliance may affect market value. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
- 16) The term "inspection" refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the CUSPAP.
- 17) The opinions of value and other conclusions contained assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The appraiser has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
- 18) The author of this report is not qualified to comment on environmental issues (including, without limitation any chemical or biological issues) that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.
- 19) Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications

- of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
- 20) 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 with respect to the Subject property's compliance with all applicable regulations, unless such investigations are expressly represented to have been made in this report. Assumptions have been made that the Subject property is in compliance with all such regulations. The Subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
- 21) The interpretation of any leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed, is solely the opinion of the author and should not be construed as a legal interpretation. Further, any summaries of such contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
- 22) The estimated market value of the property does not necessarily represent the value of the underlying shares of the entity owning the property, if the asset is so held, as the value of the shares could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
- 23) Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
- 24) In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
- 25) Unless otherwise noted, the estimated market value of the property referred to is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
- 26) Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed, as of the effective date of this appraisal, cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
- 27) The value expressed is in Canadian dollars.
- 28) This report is only valid if it bears the original or password secured digital signature(s) of the author(s). If transmitted electronically, this report will have been digitally signed and secured with personal

- passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.
- 29) These Ordinary Assumptions and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.
- 30) Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.

Appendix B

Definitions

File Reference: TOW200520

Definitions

Property Interests

Fee Simple

 Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

 The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

General Definitions

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

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

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

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

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

Discounted Cash Flow Technique offers an opportunity to account for the anticipated growth or decline in income over the term of a prescribed holding period. More particularly, the value of the property is equivalent to the discounted value of future benefits. These benefits represent the annual cash flows (positive or negative) over a given period of time, plus the net proceeds from the hypothetical sale at the end of the investment horizon.

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

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

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

Exposure Time - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Exposure Time" (<u>The Appraisal Institute of Canada</u>, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 6) as:

File Reference: TOW200520

"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal."

Fair Value (International Financial Reporting Standards) – IFRS 13 defines "Fair Value" as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Highest and Best Use - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Highest and Best Use" (<u>The Appraisal Institute of Canada</u>, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 8) as:

"The reasonably probable use of Real Property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value."

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

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

Market Value - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Market Value" (<u>The Appraisal Institute of Canada</u>, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 10) as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress."

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

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

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

Appendix C

Legal Descriptions

File Reference: TOW200520

LEGAL DESCRIPTIONS ON PARCEL OF LANDS BY PHASE

BUILDING PHASES W/ PARCEL NUMBER	Units per Parcel	intervals
PHASE I 1000, 2000, 3000 Parcel 1-16 Section 61-0ro-3 Being Part of Lots 3 and 3, Concession 4 Designated as Parts 5, 6, 7, 8, 9 and 10 on Plan 51R-26764 Township of Oro-Medonts	52	2652 - FULL 5304 - EOY
PHASE II 4000, 5000 Parcel 1-17 Section 51 Oro-3 Fart of Lot 2, Concession 4 Designated as Parts 11 12 13 and 14 on Plan 51R-26764 Township of Oro-Medonte	52	2652 - FULL 5304 - EOY
PHASE III 6000, 7000, 8,000 Parcel 1-18: Section 51-Oro-3 Part of Lot 2, Concession 4 Designated as Parts 1,2,3,4,15,16 and 17 on Plan 51R- 26764	68	3468 - FULL 6936 - EOV
PHASE IV Carriage Ridge Parcel 1-27, Section 51-Oro-3 Being part of Lots 1 and 2 Concession 3 Designated as Part 1 on Plan 51R-31409 (formerly Township of Oro), Township of Oro-Medonte, County of Simooe	3 buildings at 26 units = 78	3978 - FULL 7956 - EOY

Land Titles Division of Simcoe (No. 51)

Appendix D

Land Use / Zoning

File Reference: TOW200520



Table A5
Environmental Protection, Open Space Private Recreation, Institutional and Future Development Zones [By-law 2013-179, 2017-012]

	Use			Zone	0.0	999
		EP Environmental Protection	OS Open Space	PR Private Recreation	l Institutional	FD Future Development
A.	Agricultural uses	♦ (1) (2)				
В	Agricultural uses intensive	• (1)(2)				
C	Bed and breakfast establishments			•		
D	Cemeteries					
E	Community centres				4	
F	Conservation uses	(2)				Y.
G	Cross country ski facilities	7.50		•		•
H	Day nurseries				•	
I-	Downhill ski facilities					4
3	Forestry uses					
ĸ	Golf courses			141		A
L	Hotels					
M	Infrastructure		•			
N	Libraries		17		4	
Q	Mountain bike facilities			*		
Р	Museums				4.1	
Q	Private parks					
R	Public parks	♦ (2)			4	

S	Public Starm Sewer System	•			
T	Places of worship			• (3)	
U	Private clubs				
V	Schools, public				
W	Sewage Treatment Facility	•	1	- 11	
X	Stormwater Management Facilities	*	4),1-		

Special Provisions:

- Only uses that existed on the effective date of this By-law are permitted.
 No buildings or structures, except those required for flood or erosion control are permitted.
 One accessory dwelling unit is permitted on a lot

Table A1
Residential Zones Permitted Uses

	Use	Zone					
		R1 Residential One	R2 Residential Two	RUR1 Rural Residential One	RUR2 Rural Residential Two	SR Shoreline Residential	RLS Residential Limited Service
A	Single Detached Dwellings	•		•	•	•	•
В	Semi Detached Dwellings	•					
C	Townhouse Dwellings		•				
D	Multiple Dwellings		•	71	lin i		
E	Apartment Dwellings		•				
F	Day Nurseries						
G	Home Occupations	•	•	•	•	•	•
Н	Private Home Daycare	•	•	•	•	•	•
1	Residential Care Homes	•	•	•	•	•	•

TAB 8



Narrative Appraisal

Carriage Ridge 3303 Line 3

Oro Medonte, Ontario

Effective Date: November 17, 2020 Report Date: November 17, 2020

Prepared For

Matthew Marchand Vice President BDO

Prepared By

Hadley Duncan, AACI, P. App Executive Director, Toronto West Valuation & Advisory Services 401 The West Mall Suite 800 Toronto, ON M9C 5L5 www.colliers.com

MAIN 416 777 2200 FAX 416 626 5600



Our File: TOW200520

November 17, 2020

BDO

20 Wellington Street East, Suite 500 Toronto, ON M5E 1C5

Attention: **Matthew Marchand**

Vice President

Dear Mr. Marchand;

Re: **Appraisal of Carriage Ridge**

3303 Line 3, Oro Medonte, Ontario

In accordance with your request, we have carried out an analysis of the above mentioned property in order to estimate its current market value as is. Based on our investigations, it is our opinion that the current market value as is of the fee simple interest in the Subject Property, as of November 17, 2020, is estimated to be as follows:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Highest And Best Use Value	Fee Simple	November 17, 2020	\$19,820,000

Due to the rapidly changing profile of the COVID-19 Pandemic, there may be immediate, short and long-term effects on the commercial real estate market and broader economy. As of the effective date, we have relied on the information available to us to try reasonably assess and forecast the impact on the hospitality market. This appraisal was completed on the assumption that Ontario will continue to progress through the pandemic and this report does not consider further significant setbacks related to COVID-19 such as a full economic shut down that would have the potential to construct and absorb condominium units

The above value estimate is based on an exposure period of 12 months or less, assuming the basis of a transaction involving cash to the vendor, and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.

This report describes the methods and approaches to value in support of the above conclusion, and contains the pertinent data gathered in our investigation of the market.

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

Yours very truly,

Ashura-

COLLIERS INTERNATIONAL REALTY ADVISORS INC.

Hadley Duncan, AACI, P. App Executive Director, Toronto West Jonathan Gawrys B.A. Hon, FRI, AACI, P. App

Senior Associate, Toronto West



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\$19,820,000

\$212

Executive Summary

Carriage Ridge 3303 Line 3 **Oro Medonte, Ontario**

Final Value Estimate \$19,820,000

PROPERTY INFORMATIO	N	OCCUPANCY INFORMATION	
Property Type	Stacked Townhomes	Size (SF)	93,600
Year Built	2004	Occupied (100.0%)	93,600
Quality / Condition	Average / Average	Vacancy (0.0%)	0
District	Horseshoe Valley	Units	78
Access	Average	Size per Unit	1,200
Site Area (acres)	8.40		
Density	0.26		
Excess Density	None		
Land Use/Zoning	PR / R2*123 / A/RU*15 (Private		
VALUE CONCLUSION		VALUATION SUMMARY	
Final Value Estimate Effective Date Value per SF	\$19,820,000 November 17, 2020 \$212	Direct Comparison Approach	\$19,820,000
			
		DIRECT COMPARISON APPROACH	
		Concluded Unit Value/SF	\$212
		Initial Value	\$24,960,000
		Adjustments	<u>(\$5,140,000)</u>

The above value estimate is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.

Adjusted Value

Value per SF

Page 1 File Reference: TOW200520



Investment Sales

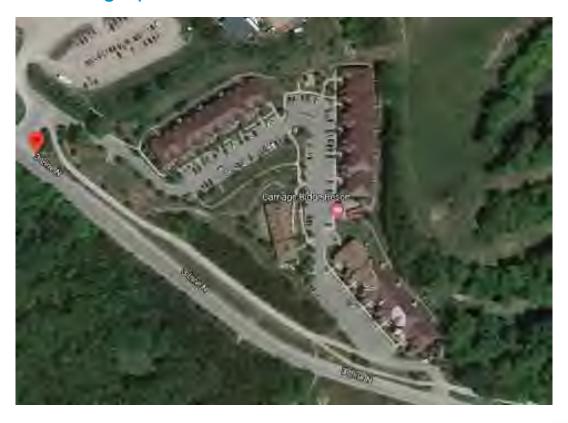
Index	Property Name	Year Built	Sale Date
	2 Bedroom Stacked Townhome	1979	14-Dec-20
1	1102 Horseshoe Valley Road #303	1,342	\$342,000
	Oro Medonte, Ontario	=	\$255
	2 Bedroom Condo	2019	24-Sep-78
2	80 Horseshoe Boulevard #306	1,188	\$394,000
	Oro Medonte, Ontario	=	\$332
	2 Bedroom Condo	2019	8-Jun-59
3	80 Horeshoe Boulevard #506	1,188	\$460,000
	Oro Medonte, Ontario	=	\$387
	2 Bedroom Stacked Townhome	1979	23-Jun-66
4	1102 Horseshoe Valley Road #313	1,342	\$353,000
	Oro Medonte, Ontario	=	\$263
	2 Bedroom Condo	2019	15-Jul-20
5	80 Horseshoe Valley Boulevard	1,188	\$399,999
	Oro Medonte, Ontario	-	\$298



General Location Map



Aerial Photograph





Photographs of Subject Property



Building Exterior



View from Line 3 N



Carriage Ridge Trail



Building Exterior



Photographs of Subject Property (continued)



Indoor Pool



Playground



Guest Check-In Area



Typical Unit Interior – Living Room / Kitchen



Typical Unit Interior - Bedroom / Bathroom



Typical Unit Interior - Living Room



Terms of Reference

Client and Intended User

The Client of this appraisal is BDO, and the Intended User is BDO.

Purpose and Intended Use of Report

The purpose of this valuation is to estimate the current market value as is of the Subject Property described.

This appraisal is provided on a confidential basis and for the sole and exclusive use by BDO and any other Intended User specifically identified for internal business purposes only and any third party use of or reliance on this Appraisal Report or any materials prepared by Colliers International Realty Advisors Inc. (Colliers), is strictly prohibited, except to the extent that Colliers has provided prior permission in writing, such permission to be provided or withheld in Colliers's sole and exclusive discretion. In the event that Colliers has not provided said permission BDO shall ensure and be responsible for notifying the third party in writing that it should not rely on the Appraisal Report and any use by such third party of the Appraisal Report or any materials prepared by Colliers shall be at its own risk and that Colliers makes no representations or warranties of any kind. Notwithstanding anything to the contrary, Colliers shall not owe any duty to any third party with respect to the Appraisal Report.

The appraisal report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Indemnification and Limitation of Liability

BDO shall indemnify, defend and hold Colliers fully harmless from and against any and all claims, liabilities, damages, costs and expenses (including court costs and reasonable legal fees) resulting from or arising out of the Client's breach of the professional service agreement relating to the Appraisal Report, wrongful acts or omissions (including any failure to perform any duty imposed by law), misrepresentation, distortion or failure to provide complete and accurate information, or any unauthorized use or reliance by third parties on the Appraisal Report or any materials prepared by Colliers. Except for BDO 's indemnification obligations, neither party shall be liable to the other party for any special, consequential, punitive or incidental damages of any kind whatsoever. Moreover, to the maximum extent permitted by law, Colliers' total liability for any losses, claims or damages arising out of or connecting or relating to this agreement (under any applicable theory of law) shall be limited in the aggregate to the total sum of fees and costs received by Colliers from BDO for the applicable subject report(s).

Property Rights

The property rights appraised are those of the Fee Simple Interest. The Fee Simple Interest refers to absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.

Effective Date

The effective date of this valuation is November 17, 2020.

This Appraisal Report is prepared in the context of the market conditions and other factors (including assumptions and/or materials provided by parties and sources outside of the control of Colliers Realty Advisors Inc.) prevailing as of the effective date. Real estate markets and assets are subject to significant volatility and change; and can be affected by numerous economic and political conditions as well as other



conditions. The value contained (if any) in this Appraisal Report is made as of the effective date only and should not be relied on as of any other date without receiving prior written authorization from Colliers.

Property Inspection

The following table illustrates the Colliers professionals involved with this appraisal report, and their status with respect to the property inspection.

Due to COVID-19 restrictions an interior inspection was not performed. We have relied on photos provided by the client or available online to determine the quality and condition of the unit interiors.

SUBJECT PROPERTY INSPECTION						
APPRAISER INSPECTED EXTENT DATE OF INSPECTION						
Hadley Duncan, AACI, P. App	No	-	-			
Jonathan Gawrys B.A. Hon, FRI, AACI, P. App	No	-	-			
Eric Sutton, AACI, P.App.	Yes	Exterior Only	October 22, 2020			

Market Value Definition

For the purposes of this valuation, market value is defined as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 10)

Exposure Time

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is defined as:

"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 6)

Exposure Time is a retrospective function of asking price, property type, and past market conditions and encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable marketing effort. Exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

In practice, the exposure time assumes the following:

- The property was extensively marketed. Potential purchasers could inspect the property at will.
- The owner provided interested agents with any and all relevant property information.
- Negotiations of any offers to purchase were performed in a timely manner.
- The property was maintained at a physical status equivalent to its present condition.
- Market level financing was readily available.
- The seller was not under duress.



Ongoing discussions with agents familiar with the market have indicated that properties like the Subject Property typically require a marketing period of 12 months or less depending on a variety of factors including its location, vacancy levels, tenant quality, size, market conditions, and motivation of the vendor/purchaser. In consideration of these factors, it is concluded that for the Subject property to sell at the market value estimated as of the effective date of this report, an exposure period of approximately 12 months or less would be required.

Scope of the Valuation

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

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

- Property inspection details are indicated previously within the Terms of Reference section of this report.
- No lease review or audit was conducted. This valuation has been prepared on the basis of summary financial and operating data provided directly to us by our client or their designated agents, in either hard copy or electronic form or both. It is assumed that this information, and specifically that relating to the financial performance of the Subject Property described, is accurate. This assumption is critical to the value estimate contained and the authors of this report, and Colliers reserve the right to amend our estimate(s) in whole or in part should the foregoing not be the case.
- A review of a detailed tenant rent roll as provided by our client or their designated agents has been conducted.
- A review has been completed of available data regarding the local market.
- Verification of current land use and zoning regulations has been undertaken. Municipal and neighbourhood information, including tax information, were sourced as noted below and verified where appropriate and possible. Site area and dimensions are from information obtained from the Geowarehouse / MPAC / Client. Should further confirmation of site size and dimensions be required, a legal survey should be commissioned.
- A review of sales and listing data on comparable properties has been undertaken. Comparable market
 information was obtained from our information database and local real estate professionals
 knowledgeable in the Oro Medonte real estate market. It was confirmed, when appropriate, with public
 information at the Geowarehouse or the parties involved when there was reason to doubt its accuracy.
- Discussions have been held with market participants where applicable.



	SOURCES OF INFORMATION		
ITEM	SOURCE		
Assessment / Tax Information	MPAC		
Zoning Information	Township of Oro Medonte		
Official Plan Information	Township of Oro Medonte		
Site Size Information	Geow arehouse / MPAC / Client		
Building Size Information	Client / MPAC		
Demographics	Pinpoint		
Comparable Information	MLS / Trebnet / Realnet / Real Cap Analytics		
Legal Description	Geow arehouse		

Colliers cannot be held liable for any errors in the information that was provided by third parties or by Matthew Marchand of BDO. The Appraisal Report must be used in its entirety and any reliance on any portion of the appraisal report independent of others may lead to erroneous conclusions.

Ordinary Assumptions and Limiting Conditions

This report is subject to the Ordinary Assumptions and Limiting Conditions set forth within the Appendix to this appraisal in addition to any specific assumptions that may be stated in the body of the report. These conditions are critical to the value stated and should be thoroughly read and understood before any reliance on this report should be considered.

Extraordinary Limiting Conditions

An Extraordinary Limiting Condition refers to a necessary modification to, or exclusion of, a Standard Rule which may diminish the reliability of the report.

The following Extraordinary Limiting Conditions have been invoked within this report:

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

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

The subject property consists a timeshare development under a fee-timeshare structure. Under a Fee-timeshare - the interval owner receives a deed for a specified part of the year, thereby limiting ownership.



The timeshare can be sold, leased or bequeathed. The interest can be mortgaged and title recorded. For the HBU Value we have assumed that the subject property is a strata condominium.

Extraordinary Assumptions (Hypothetical Conditions)

Hypothetical Conditions are a specific type of an Extraordinary Assumption that presumes, as fact, simulated but untrue information about physical, legal or economic characteristics of the subject property or external conditions, and are imposed for purposes of reasonable analysis.

No Extraordinary Assumptions (Hypothetical Conditions) have been invoked within this report.

Extraordinary Assumptions

An Extraordinary Assumption is an assumption, directly related to a specific assignment, which, if found to be false, could materially alter the opinions or conclusions. Extraordinary Assumptions presume as fact otherwise uncertain information about or anticipated changes in the 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 the analysis.

The following Extraordinary Assumptions have been invoked within this report:

We have relied on information provided to us by our client or their designated agents with respect to the status of the tenancy and their contractual rights and obligations, and financial data relating to the income and expenses associated with the Subject Property's operations, as well as the physical attributes of the Subject Property and environmental condition of the site, including any required capital expenditures. The assumptions stated are critical to the value estimate contained and the authors of this report and Colliers reserve the right to amend our estimates should any of these assumptions be altered in whole or in part.

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

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

Assemblage

When relevant to the assignment, CUSPAP requires that assemblage must be considered and analyzed as to the effect on value. In the instance of the Subject Property, assemblage is not considered to be a relevant factor, and therefore no analysis is deemed necessary.

Anticipated Public or Private Improvements

When relevant to the assignment, CUSPAP requires that anticipated public or private improvements must be considered and analyzed as to the effect on value. In the instance of the Subject Property, public or private improvements are not considered to be a relevant factor, and therefore no analysis is deemed necessary.



Personal Property

When relevant to the assignment, CUSPAP requires that personal property must be considered and analyzed as to the effect on value. In the instance of the Subject Property, personal property is not considered to be a relevant factor, and therefore no analysis is deemed necessary.



Property Data

Municipal Address

The Subject property is municipally described as 3303 Line 3, Oro Medonte, Ontario.

Legal Description

The Subject property's legal description is as follows:

P.I.N. Legal Description

740531409 Parcel 1-27, Section 51-Oro-3 Being part of Lots 1 and 2, Concession 3, Designated as Part 1 on Plan 51R-31409 (formerly Township of Oro), Township of Oro-Medonte, County of Simcoe

Current Ownership

Available data indicates the following ownership information:

REGISTERED OWNER	SOURCE OF TITLE INFORMATION	
Carriage Hills Resort Corporation	MPAC	

It is noted that the subject property consists a timeshare development under a fee-timeshare structure wherein the interval owners receives a deed for a specified part of the year, thereby limiting ownership. The timeshare can be sold, leased or bequeathed. The interest can be mortgaged and title recorded. However, For the HBU Value we have assumed that the subject property is a strata condominium.

Ownership History

The subject property was purchased in 1997 by an entity related to Carriage Hills Resort Corporation. Information regarding the purchase in 1997 was not made available to the writer of this report.

There have been no transfers of the Subject Property within the past three years.

Title Encumbrances

For the purposes of this analysis, the instruments registered against the title(s) to the Subject Property are assumed not to have a significant effect on the Subject Property's marketability or its market value. For greater certainty a legal opinion should be solicited for a full explanation of the effects of these encumbrances. The Subject Property has been valued as if free and clear of any financing. A copy of the legal description has been included in the Appendix for further reference.

Realty Taxes / Assessment

The current realty tax and assessment information for the Subject Property is summarized as follows:

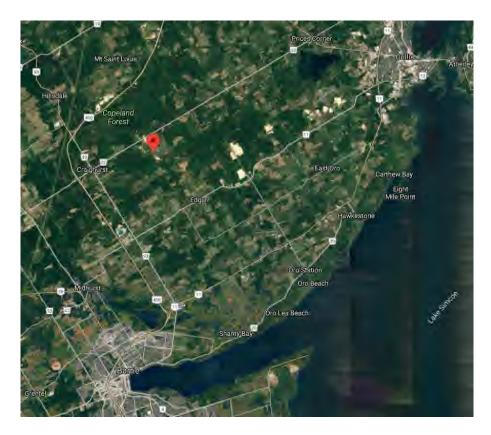


ASSESSMENT & TAXES						
ROLL NO	TOTAL ASSESSMENT	TOTAL ASSESSMENT PER UNIT	2019 TOTAL TAX LEVY	TOTAL TAX LEVY PER UNIT		
4346-010-002-03540-0000	\$26,417,000	\$338,679	\$261,108	\$3,347.54		

Information relating to realty taxes on a sampling of comparable properties can be found within the Expense Comparables table presented within the Income Approach.



Location Overview



The subject is located in the Township of Oro-Medonte, a predominantly rural township that attracts seasonal recreational visitors. Oro-Medonte is conveniently located between Orillia and Barrie and is approximately 130 kilometres north of Downtown Toronto. The area surrounding the subject property is predominantly rural lands, however, immediately north of the Subject is Horseshoe Valley Resort, which features ski hills, a golf course, and an abundance of seasonal recreation attractions. South of the property there is a new development of single family detached dwellings that are being built around the Horseshoe Valley Golf Course.

Adjacent Land Uses

North Recreational – Horseshoe Valley Resort

South Low Density Residential East Low Density Residential

West Rural Land

Proximity

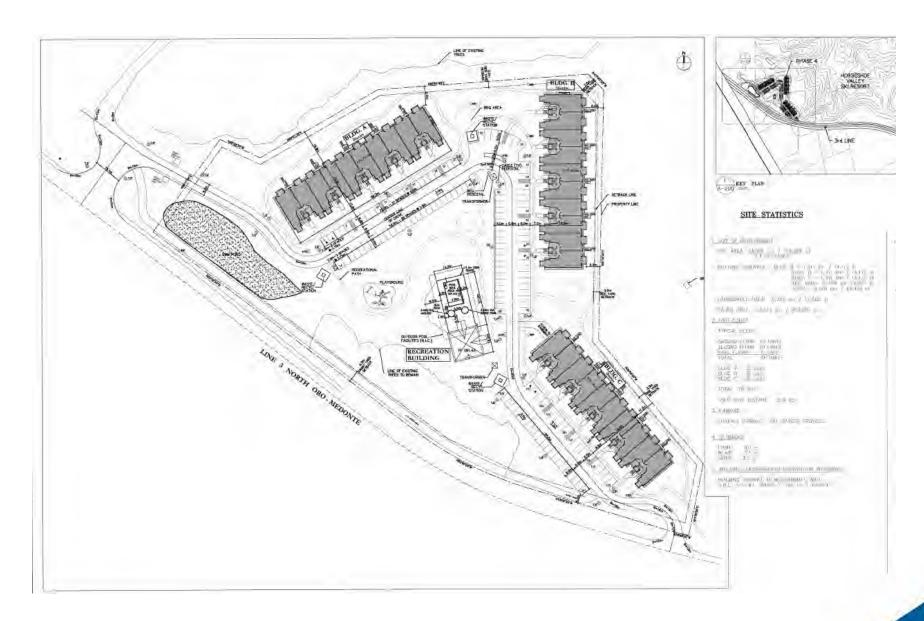
The subject property is approximately 90 minutes from Downtown Toronto, and 60 minutes from the heart of Muskoka and Collingwood.

Summary

The subject property is located in the heart of Horseshoe Valley, surrounded by a wide variety of amenities that would attract people seeking an active lifestyle. Its proximity to the Greater Toronto Area, Muskoka, and Collingwood make it an attractive location for a resort style development such Carriage Hills Resort.

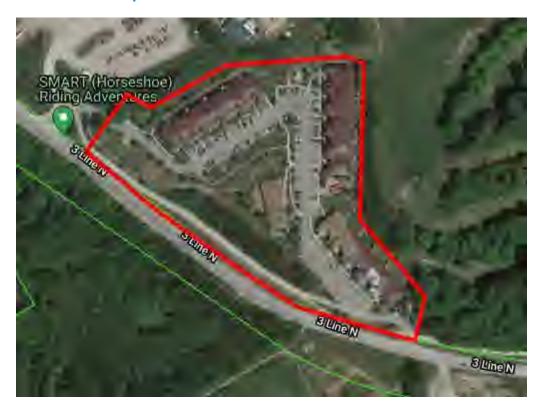


Site Plan





Site Description



Area

The site comprises a total area of approximately 8.40 acres (365,856 square feet).

Configuration

The site is irregular in its configuration, as shown on the site plan above.

Street Improvements / Frontage

Street improvements for the Subject Property are as outlined below:

Street Improvements	Frontage	Direction	No. Lanes	Street Type	2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Line 3	None	Two-Way	Two-Lane	Connector Street	\checkmark

Access / Exposure

Overall access to the property is considered to be average. The site enjoys average exposure characteristics.

Site Coverage Ratio

The site has been developed to a Site Coverage Ratio of 3.83%.

Excess Density

The site has no excess density.



Services

The site is fully serviced.

Topography

The site's topography is sloping and at street grade with adjacent roadways and properties.

Soil Conditions

We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental assessment would be required for certainty, and any cost of remedy could potentially impact the value conclusions contained herein. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the existing development.

Demographics

DEMOGRAPHICS AND STATISTICS						
Population	1 km radius	201				
	3 km radius	1,533				
	5 km radius	6,327				
Average Household Income	1 km radius	\$160,899				
	3 km radius	\$151,099				
	5 km radius	\$135,726				

Summary

The site provides average access and average exposure characteristics and no adverse influences are visually apparent.



Land Use Controls

Official Plan



Within the Oro-Medonte Official Plan the subject property falls under the Horseshoe Valley Secondary Plan. Within this secondary plan the subject property is classified as Medium Density Residential.

Permitted uses in the Horseshoe Valley Medium Density Residential designation as shown on Schedule D include townhouse dwellings, multiple dwellings, apartment dwellings and home occupations. Timeshare developments may be permitted. The density of development shall not generally not exceed 30 units per gross hectare. Conditions for approval of development within the Horseshoe Valley Medium Density Residential designation are in Section C14.3.8.

C14.3.8 Conditions for Approval This policy applies to all lands that are subject to Sections C14.3.5 and C14.3.6 of this Plan. Prior to the approval of a Plan of Subdivision and/or a Plan of Condominium application and/or a request to re-zone the lands, Council shall be satisfied that:

- a) the proposed form of servicing for the lands is appropriate and agreed to by the Township and the appropriate agencies;
- b) the proposed location, nature and timing of improvements to Horseshoe Valley Road and other roads is appropriate and agreed to by the Township and the appropriate agencies in accordance with Section C14.3.1;



and, c) the phasing of development is appropriate given the timing of the installation of services and the improvements to Horseshoe Valley Road and other roads.

In addition, the Township may place a Holding Provision on all of the lands in the designations that are the subject of this Section. The implementing Zoning By-law shall specify that minor additions to existing buildings may be permitted without requiring the removal of the Holding Provision.

The Holding Provision shall only be lifted once satisfactory arrangements have been made with respect to the upgrading of Horseshoe Valley Road and other roads and when matters dealt with by a) and c) above are dealt with to Council's satisfaction. All development in the designations that are the subject of this Section shall be subject to Site Plan Control.

Zoning

Zoning bylaws typically establish ranges of permitted and discretionary uses, in addition to development restrictions including such factors as maximum building heights, allowable densities, setback requirements, parking and loading limitations, signage restrictions and other items.

According to the Township of Oro Medonte Zoning By-law 2017-012, the Subject Property is currently classified PR / R2*123 / A/RU*15 (Private Recreation / Agricultural / Residential 2). An excerpt from the zoning bylaw is included in the appendices to this report.



Zoning Map



A zoning summary and a listing of pertinent zoning requirements are presented below:

	ZONING SUMMARY
Municipality Governing Zoning	Township of Oro Medonte
Zoning Bylaw Number	2017-012
Current Zoning	Private Recreation / Agricultural / Residential 2 (PR / R2*123 / A/RU*15)
Permitted Uses	Various residential and recreational uses.
Current Use	The current use is permitted under the zoning bylaw.
Is Current Use Legally Permitted?	Yes
Zoning Change	Yes

ZONING REQUIREMENTS						
Conforming Use	The existing improvements represent a conforming use within this zone.					

Source: Township of Oro Medonte

Land Use Conclusions

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of analysis presented correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

Based on our interpretation of the applicable land use/zoning bylaw, the property use appears to reflect a legally permitted conforming use. However, the authors are not technically qualified to confirm zoning compliance, and for greater certainty in this regard, written confirmation from the municipality and/or a qualified legal opinion should be obtained.



Description of the Improvements



The Subject property consists of a multi-level, multi-building timeshare property constructed in 2004. The property is laid out across multiple two to three storey buildings. To the best of our knowledge, the improvements have been well maintained, but not significantly updated. 5 of 78 units require significant capital expenditures in order to be operational.

Property Type Stacked Townhomes

No. of Stories Two Stories

No. of Buildings Three Buildings

Size

Building	Units	Size
Building A	26	31,200
Building B	26	31,200
Building C	26	31,200
Building D (Accessory)	0	2,077
Net Rentable Area	78	93,600 SF

Typical Floor Plate The average floor plate measures 14,000 square feet, more or less.

Year Built The improvements to the property were originally constructed in 2004.

Quality & Condition The property represents average quality construction in average overall condition.

Foundation The building foundation consists of concrete grade beams on drilled, cast-in-place

concrete piles.

Superstructure The superstructure of the building comprises a wood post and beam framework.



Floor Structure Floor structures comprise a wood sub-floor over wood joists.

Exterior Walls Exterior walls are finished with stucco, decorative stone and millwork.

Roof The roofs consist of asphalt shingles. Though no thorough inspection of the roof was

completed no leaks were observed/reported.

Pedestrian Access / Connections

Pedestrian access/connections to the property comprise ground level entrances.

Each unit has it's own access via outdoor stairways and landings.

Windows / Doors Exterior windows and doors consist of commercial grade double paned glass units

in modern aluminium frames.

Interior Finishing The interior are been comprised of gypsum plaster walls, broadloom or ceramic tile

floors, with laminate countertops in the kitchen.

Vertical Access Vertical access to units is via exterior stairways.

Heating / Cooling Electrical heating.

Electrical Electrical service to the building is assumed to be adequate for the needs of its

occupants.

Lighting Lighting throughout the building consists of incadescent fixtures.

Life Safety / Security No sprinkler systems were noted during review of interior photos provided by the

client.

Loading The building does not offer dock, grade or rail loading capabilities.

Cranes The building is not equipped with cranes.

Parking The subject proeprty has adequate onsite parking for the current property use.

Site Improvements The site improvements provide good overall utility for the subject property.

Design and Functionality

The building exhibits good design and functionality characteristics.

Age / Life Analysis Subject to the above description and the comments below, the following is a

summary age / life analysis.

Actual Age 16 years
Effective Age 15 years
Economic Life 55 years
Remaining Economic Life 40 years



The above Age/Life Analysis pertains to the economic viability of the Subject Property in its current state, being the object of professional property management and proactive repairs and maintenance, with regularly scheduled capital expenditures occurring. The Remaining Economic Life does not necessarily represent the remaining physical viability of the existing improvements.

Comments

The subject property is comprised of 172 units of stacked townhomes. Each unit is approximately 1,200 square feet of space with 2 bedrooms, a kitchen and a bathroom.



Market Overview Economic Overview – Canada

It should be noted that this overview was prepared on April 13 [2020]. Given how volatile the economy has been in the last month and how quickly things have changed, the information outlined in the overview below may no longer provide an accurate portrayal of the economic conditions existing as of the effective date of this report, however, it has been included to provide an indication of the overall market condition existing as of the date this overview was prepared. Readers are accordingly cautioned not to rely on these projections as fact and should not factor them into their analysis. Colliers does not undertake any responsibility to update or correct the information below at a later date

Canada has the world's 38th largest population and the world's second largest land mass. The country's population is dispersed among 10 provinces and 3 territories with nearly 90% of its people living within 160 kilometers of the United States border. Canada consistently receives a top fifteen Human Development Index ranking and a top twenty ranking for GDP (nominal) per capita.

Canada's economy consistently receives a top twelve world ranking. International trade makes up a large part of Canada's economy, with the United States as its largest trading partner followed by the European Union



and China. Key Canadian exports include petroleum, automobiles and auto parts, precious metals, machinery including computers, wood, electrical machinery, aircraft and spacecraft, pharmaceuticals and aluminum. More recently, Canada's high knowledge industries of manufacturing, business services, engineering and computer and management services have received a top ten global knowledge economy ranking from the World Bank Institute.

Presently, the economic and fiscal outlook is extremely uncertain given the World Health Organization's (WHO) declaration of COVID-19 as a Global Pandemic on March 11, 2020. Since which time, the Federal Government has taken the following measures in an attempt to contain the virus:

- i) Government of Canada banned the entry of all non-Canadian or non-permanent residents into Canada;
- ii) Government of Canada, in conjunction with the United States, closed the Canadian-US border to all non-essential travel;
- iii) Parks Canada temporarily suspended all motor vehicle access to all national parks, national historic sites and national marine conservation areas;
- the Government of Canada introduced new domestic transportation measures. All air operators must conduct a health check of travelers before they board a flight within Canada or departing from Canada, based on guidance from the Public Health Agency of Canada. Passengers that present COVID-19 symptoms must be refused by air operators. Individuals who are refused will not be able to travel for a period of 14 days, or until a medical certificate is presented confirming that the traveler's symptoms are not related to COVID-19. They must also notify travelers that they may be subject to provincial or territorial measures at their final destination. Similar restrictions apply to rail companies;
- v) Public Safety Canada developed a set of functions deemed essential in the context of the COVID-19 pandemic to help provinces/territories, Indigenous communities, and municipalities protect their communities while maintaining the reliable operation of critical infrastructure services and functions to ensure the health, safety, and economic well-being of the population. The guidance is not, nor should it be considered to be a federal directive or standard.



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The following are some of the largest economic and fiscal impacts that COVID-19 has had on the economy to date.

Unemployment^{1,2}

According to Statistics Canada, through the first wave of COVID-19, related job losses totaled over 1,000,000 in the month of March. This represents the largest monthly decline on record, with employment losses concentrated in accommodations, food service, retail trade, and cultural industries. The following are some of the key takeaways:

- i) Month-over-month job losses totaled, 1,011,000, a record-setting decline over the 124,400 jobs lost in January 2009;
- ii) A further 2.1 million Canadians remain employed, but either worked zero hours or less than half of their usual hours:
- iii) In March, the total hours worked across all industries dropped by 15%;
- iv) The job losses pushed the unemployment rate up to 7.8%, which is the highest rate of unemployment since 2010:
- Job losses were mostly concentrated in smaller businesses. Almost 490,000 jobs were lost by businesses with less than 20 employees, while only 157,000 jobs were lost by companies with over 100 employees; and
- vi) Due to the concentrated losses in lower-wage industries, wage growth rose significantly. The year-over-year wage growth rose by 6.2% in March, representing a significant increase over the year-over-year increase of 4.1% in February.

In March, about one quarter of the potential labour force (23.0%) was unemployed, working reduced hours, or recently out of the labour force. In addition, according to the Conference Board of Canada, shutting down most, if not all, non-essential services across Canada could lead to an estimated cumulative loss of 2.8 million jobs in March and April of 2020. This figure, which represents nearly 15% of total employment, is supported by the a more comprehensive number of insurance claims that have taken place, while the Statistics Canada's Survey's reference week was March 15 – 21, 2020.

Consumer Confidence Index³

Consumer Confidence is defined as a statistical measure of consumers' feelings about current and future economic conditions, used as an indicator of the overall state of the economy. Across Canada, consumer confidence hit a record low, realizing its steepest monthly decline in April 2020. The following are the most notable findings:

- i) The speed of decline in consumer confidence is unprecedented. Specifically, the Index declined by 73 points in two months, whereas it took 13 months to fall by 73 points during the 2008 financial crisis;
- ii) Canadians are especially worried about the future; 36.1 percent of respondents expect their finances to worsen over the next six months 14 percentage points above the previous record of 22.1 percent;
- iii) Over three-quarters of respondents think now is a bad time to make a major purchase, more than 20 percentage points above the previous record. This would imply that the majority of the population is likely to hold off on buying a new home or new vehicle in the near-term.

¹ Renner, Cory. Conference Board of Canada. "Job Losses Top 1 Million, with More to Come." The Conference Board of Canada. Accessed April 13, 2020. https://www.conferenceboard.ca/insights/blogs/job-losses-top-1-million-with-more-to-come.

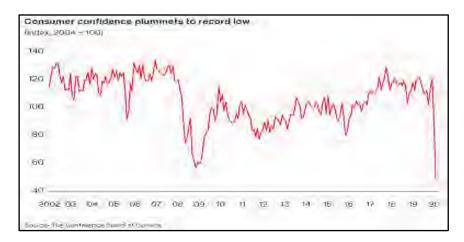
² "The Daily." Statistics Canada. Last modified April 9, 2020. https://www150.statcan.gc.ca/n1/daily-quotidien/200409/dq200409a-eng.htm.

³ Renner, Cory. "Consumer Confidence Plummets to a Record Low." The Conference Board of Canada. Last modified April 7, 2020. https://www.conferenceboard.ca/insights/blogs/consumer-confidence-plummets-to-a-record-low.



Carriage Ridge, 3303 Line 3, Oro Medonte, Ontario

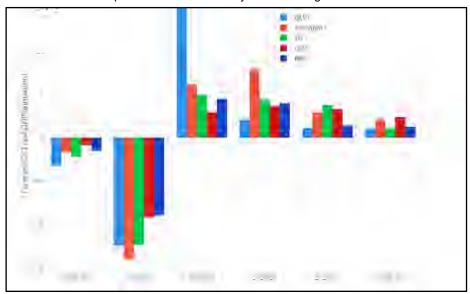
The following chart captures the Consumer Pricing Index since 2002:



Gross Domestic Product (GDP) 4

GDP is the broadest quantitative measure of a nation's economic activity. Specifically, it represents a measure of monetary value of all goods and services produced within a nation's geographic borders over a specified period of time (typically one year). The most optimistic point of view is that self-isolation measures will bring the pandemic under control and businesses can return to normalcy by the summer.

The following are the current GDP predications indicated by Canada's Big Five Banks:



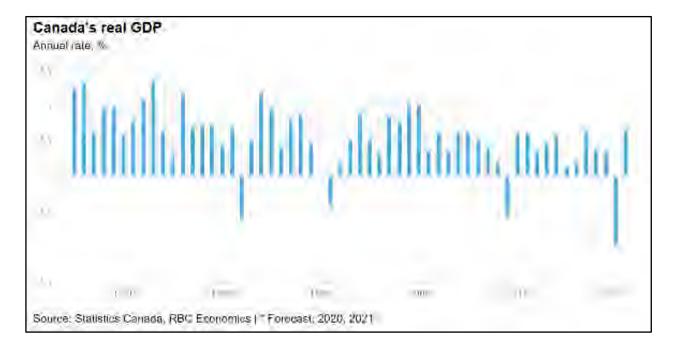
⁴ Kirby, Jason. "Coronavirus plunges Canada's economy into the abyss." McLeans. Last modified April 6, 2020. https://www.macleans.ca/economy/economicanalysis/coronavirus-plunges-canadas-economy-into-the-abyss/.



Carriage Ridge, 3303 Line 3, Oro Medonte, Ontario

RBC Economics expects that the economy will be severely disrupted for a total of about 12 weeks, with activity gradually returning to normal after that. The following is their projection as at April 9, 2020:

Canada	2020				2021				2020A	2021A
	<u>Q1</u>	<u>Q2</u>	Q3	Q4	Q1	Q2	Q3	Q4		
GDP 1	4.0	-32,0	20.0	8.0	4.0	3.0	3.0	3.0	-4.9	3.4
Unemployment Rate 7	7.2	14.6	9,5	8.5	8.1	7.7	7.4	7.0	10.0	7.6
Overnight rate 3	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
10-year yield 3	0.70	0.70	0.65	0.70	0,70	0.85	1.00	1,10	0,70	1,10



It is noted that these projections have extremely wide confidence bands around the duration of the shutdown, which, in turn, has a significant impact on the associated projections concluded above.

Under this projection, it is forecast that some industries like education and public sector services should recover relatively rapidly with students returning to classrooms in September and demand for public services ramping up quickly once the worst of the coronavirus has passed. Other industries, like retail and food and accommodation services, will continue to face challenges. Canadians will initially be cautious about going out, and are likely to focus first on paying deferred bills and rebuilding their nest eggs. How quickly construction activity gets back online will be determined by the ability of homeowners to navigate through a period of heavy job losses.



Economic Overview – Ontario

The observations and projections below are taken from the Conference Board of Canada's latest "Metropolitan Outlook" report. As noted therein, "This forecast was prepared on January 2nd [2020], before the coronavirus outbreak and the commodity price crash." As such, this information is included herein to provide an indication of the economic conditions and projections in place prior to these events, but should not be viewed as predictive of future conditions, as these significant events have caused a great deal of uncertainty in the current and near term future economic climate. Readers are accordingly cautioned not to rely on these projections as fact and should not factor them into their analysis. Colliers does not undertake any responsibility to update or correct the information below at a later date.

The Province of Ontario is Canada's most populous province and home to the nation's capital, Ottawa, as well as the nation's largest city, Toronto. Besides having 40% of Canada's population, Ontario has the most culturally diverse population in Canada. The great majority of Ontario's population and arable land is located in the south. In contrast, the larger, northern part of Ontario is sparsely populated.

Ontario generates 39% of Canada's GDP and forms Canada's largest economy. The province's economy is led by its service sector, manufacturing, agriculture, mining and forestry industries. Nearly 50% of



Canada's high tech, financial services and other knowledge intensive industries are employed in Ontario. Meanwhile, Ontario is Canada's manufacturing powerhouse, shipping more than \$258 billion of automobiles, information and communications technologies, biotech, pharmaceuticals and medical devices. In addition, the province's mining industry is among the top 10 producers in the world for nickel and platinum and a significant producer of gold, copper, zinc, cobalt and silver.

Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2007 \$ millions)	798,298	750,029	768.578	T76,559	788.437	799,942
percentage change	7.4	7.6	7.8	17	7.5	7.5
Total employment (000s)	7 435	7 534	7.621	7,703	7 798	7.894
percentage change	27	7.3	7.2	17	r.2	7.2
Unemployment rate (%)	8.6	5.3	8.1	5.10	5.7	5.0
Personal Income per Capita (\$)	48.9YE	51,291	52,720	54,169	55,724	57,263
Population (000s)	14.626	14,712	14,879	75,048	19 220	15,394
percentage change	7.7	7.3	core .	1.7	T.I	7.7
Single-lamily housing starts (000s)	204	234	22.4	2(5	20.9	1,8,7
Multi-family housing starts (000s)	510	:58 2	SE 4	58.6	58.9	57 E
Retail Sales (5 millions)	211/818	259,455	246.893	264,465	262 599	270,624
percentage change	26	3.3	31	31	3.2	31
CPI (base year: 2002=1.0)	1.376	1.494	1.414	1.465	1,494	1.625
percentage change	1.9	20	2.2	21	20	.10

Metropolitan Outlook 1: Economic Insights into 13 Canadian Metropolitan Economies – Winter 2020. Ottawa: The Conference Board of Canada, 2020. Figures for 2020 and forward reflect forecasts prepared January 2, 2020.



Economic Overview - Toronto

The observations and projections below are taken from the Conference Board of Canada's latest "Metropolitan Outlook" report. As noted therein, "This forecast was prepared on January 2nd [2020], before the coronavirus outbreak and the commodity price crash." As such, this information is included herein to provide an indication of the economic conditions and projections in place prior to these events, but should not be viewed as predictive of future conditions, as these significant events have caused a great deal of uncertainty in the current and near term future economic climate. Readers are accordingly cautioned to factor this into their analysis and understanding of the information below. Colliers does not undertake any responsibility to update or correct the information below at a later date.

Toronto is the most populous city in Canada, the provincial capital of Ontario, and forms the centre of the most populous metropolitan area in Canada. In addition, Toronto is located within one of North America's fastest growing regions, known as the Golden Horseshoe – Canada's most important economic engine. Culturally, Toronto is one the world's most diverse cities and known as a prominent centre for music, theatre, and motion picture and television production. The Metropolitan Toronto Area consists of 24 municipalities including Mississauga, Brampton, Markham and Vaughan which are interconnected by an extensive road network.



Toronto is Canada's business and financial capital. The

city is the second largest financial services centre in North America after New York and has one of the highest concentrations of financial services company headquarters in the Americas. Toronto is also the headquarters of many large Canadian and multinational corporations as well as a robust and critical concentration of top legal, accounting, consulting, academic and technology providers. The city's other prominent industries include technology, design, financial services, life sciences, education, arts, fashion, business services, environment, food & beverage, and tourism.

Taranto CMA						
Economic Indicators	2019	2020	2021	2022	2023	2024
Real GDP (2007 \$ millions)	382 915	390,390	399 059	407,621)	41E,046	424,405
percentage change	7.6	2.0	22	21	21	20
Total employment (000s)	3 466	3 482	3.541	0,598	3.667	3,739
percentage change	34	0=	7.7	16	7.9	20
Unemployment rate (%)	B 0	5.T	8.5	5.5	5.6	3.4
Personal Income per Capita (\$)	50,279	51,243	52.718	54 197	58,890	57,516
Population (000s)	6 482	6.598	6,704	6,813	8 925	7,037
percentage change	2.2	7.8	1.6	16	7.6	7.6
Total Nousing Starts	21/135	97,690	39 620	40,640	40,850	39,680
Retail Sales (\$ millions)	98,844	100 381	103,915	10T,565	111.581	115,605
percentage change	40	37	0-4	20	37	36
CPI (base year: 2002=1.0)	1 400	1.425	1 459	1.469	7 520	7.550
percentage change	211	2.0	22	21	20	2.0

Metropolitan Outlook 1: Economic Insights into 13 Canadian Metropolitan Economies – Winter 2020. Ottawa: The Conference Board of Canada, 2020.

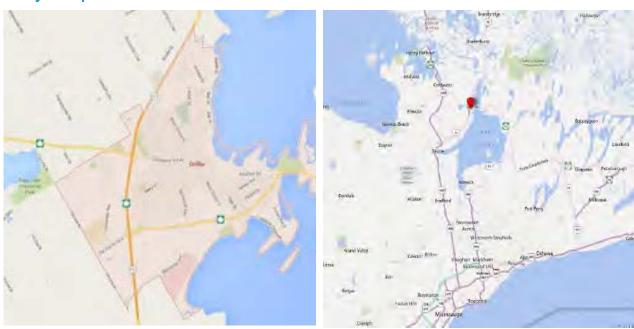


Orillia Market Overview

Orillia is a city in Central Ontario, Canada, on the northern shore of Lake Simcoe and the southern shore of Lake Couchiching. Although located in Simcoe County, the city is politically independent. Orillia is within the southern part Simcoe County. Orillia is located in the central portion of Southern Ontario, approximately 135 km north of Toronto. It is accessible via Highways 27, 400, and 11.

Orillia has a population of approximately 31,166. Known as the "Sunshine City", Orillia is home to large waterfront attractions, annual festivals and other cultural attraction. Orillia is home to Georgina College, Lakehead University also has a campus situated in the downtown core.

City Maps



Economic Overview

Orillia has a great geographic location, on the shores of Lake Simcoe and Lake Couchiching, which attracts a large number of tourists to the area every year. The major industries of employment in Orillia are: manufacturing, government services, customer service, and tourism. The largest employers are: Casino Rama, Orillia Soldiers' Memorial Hospital, Ontario Provincial Police General Headquarters, Nordia, and Kubota Metal Corporation.

Recent development included a \$2.3 million Waterfront Centre which opened in 2017. A community Improvement Plan is in place to upgrade the downtown core. These improvements include signage upgrades, feasibility studies, upgraded façade, and creation of residential units. There is also a vision to improve the Downton and waterfront over the next 20 years to increase the residential population, enhance the shopping and dining experience, and create new community spaces.



Barrie Market Overview

The City of Barrie is in the Greater Golden Horseshoe 94 kilometres north of Toronto, Ontario, 620 kilometres west of Montreal, Quebec, and is located 420 kilometres east of Detroit, Michigan in the United States. Highway 400 runs through Barrie with 5 interchanges and is connected to 3 major provincial highways (90, 27, and 11) along with Highway 400. There are two Go Train stations that service the Barrie area, giving commuter's regular train service to Toronto's Union Station and back during peak hours with summer weekend trains into the Greater Toronto Area. The city is also only 10 minutes away from the Lake Simcoe Regional Airport which allows for small aircraft at the airport and can accommodate both international passengers and freight. The city of Barrie has a population of approximately 197,059.

City Maps





Economic Overview

Barrie is one of the most populous areas within the Greater Golden Horseshoe area. Approximately 40 percent of the land that constitutes Barrie is developed, with the rest mainly being farmland. Barrie features several community and recreation centres, several primary through high schools, as well as Georgian College's main campus.

The key industries in Barrie are healthcare and social assistance (14.9%), hospitality (8.9%), construction (8.0%), and education (7.5%). The largest employers in the private sector were Wolf/Steel/Napolean Appliance, Georgian International Ltd., Sinton Transportation and Transcom. The largest employers in Barrie by public sector was the Simcoe Muskoka Catholic District School Board, Georgian College with and the Royal Victoria Regional Health Centre with. Around fifty-five percent of the labour force in Barrie either has a high school diploma or college certificate with about eight percent having a trade certificate and fifteen percent having a university degree.



Valuation

Highest and Best Use

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

"The reasonably probable use of real property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value."

(The Appraisal Institute of Canada "Canadian Uniform Standards of Professional Appraisal Practice". 2020 ed., p. 8)

The four criteria the highest and best use must meet are analyzed following in relation to both the property as vacant and as currently improved.

As Vacant Analysis

Legal Permissibility

The legal factors that can influence the highest and best use of the Subject site include land use/zoning regulations, private restrictions, building codes, historic designations/district controls, environmental regulations and others, if applicable to the Subject site. In the Subject instance, general ranges of permitted uses under its Private Recreation / Agricultural / Residential 2 zoning include a variety of commercial and residential uses. Overall, legal factors appear supportive of a broad range of commercial and residential uses for the Subject site.

Physical Possibility

Regarding physical characteristics, the Subject site is irregular in shape and has sloping topography with average access and average exposure. Physical and locational features appear supportive of a broad range of uses for the site's highest and best use.

Financial Feasibility

Our observations of current market conditions for development at the Subject property's location suggest that development of the site with a residential use would be feasible.

Maximum Productivity

Of the various legally permissible, physically possible, and financially feasible uses available, the maximum productivity of the property would be achieved with a residential development.

As Vacant Conclusion

Based on the previous discussion, the Subject's highest and best use as-vacant is concluded to be as a holding parcel for residential development pending creation of sufficient demand.

As Improved Analysis

Legal Permissibility

The current use is a recreational use, and a residential use is currently a permitted use within the applicable zoning and/or land use bylaw requirements affecting the property, howevever the official plan use allows



for the proposed use of a multi-residential development. There are no known private or other restrictions negatively impacting use of the property. Therefore, the current use is considered legally permissible.

Physical Possibility

The site is of a sufficient size, configuration, and topography to accommodate a residential development use as improved in an efficient and functional manner. Therefore, a residential condo development use is considered physically possible.

Financial Feasibility

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

Maximum Productivity

Of the various legally permissible, physically possible, and financially feasible uses of the property as improved, the use of a residential development is considered to represent the maximum productivity of the property.

As Improved Conclusion

Based on the previous discussion, the highest and best use of the Subject property as-improved is concluded to be represented as a residential development



Valuation Methodology

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

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

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

- 1) The Cost Approach is a method through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the Subject property to reflect the value of the property interest being appraised.
- 2) The Direct Comparison Approach examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the Subject property on the basis of time and such features as location, size and quality of improvements, design features and income generating potential of the property.
- 3) The Income Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The two fundamental techniques utilized within the Income Approach include the Overall Income Capitalization and Discounted Cash Flow Techniques.

The Overall Income Capitalization Technique analyzes the relationship of current projected stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

The Discounted Cash Flow Technique models a property's performance over a buyer's investment horizon from the date of acquisition through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.



Selection of Relevant Methodology

The Direct Comparison Approach reflects the actions of prudent purchasers in the valuation of owner occupied properties. Accordingly, the Direct Comparison Approach is deemed applicable, and has been utilized herein.

The current use of the subject property is as a time share private recreational property. We have determined that the subject property's highest and best use would be sold as multi-residential stacked townhouse condominiums, sold as individual units. For the purpose of this analysis, we have looked at other condominiums in comparable locations to determine the value of the subject property on an individual basis. We then adjusted from the top line per unit pricing for construction costs and associated entrepreneurial profits to determine a total end value.



Direct Comparison Approach

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

Given the investment nature of the Subject Property, the sale transactions presented within the Income Approach are considered to be reasonable for use under this method of valuation. It is noted that income producing properties such as the Subject are most relevantly valued through their income characteristics, and therefore the net operating income per square foot must also be given consideration within our analysis.

The transactions summarized and analysed in the table on the following page are considered to be suitably comparable to the Subject property with respect to the characteristics below and to therefore provide a reasonable and reliable indication of value.

In valuing the Subject Property, each of the transactions has been compared to the Subject Property. The basis for comparison included the consideration of the following:

- Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions (Transaction Date and Status)
- Physical Characteristics
- Economic Characteristics



	Subject	Transaction One	Transaction Two	Transaction Three	Transaction Four	Transaction Five
Property Name	Carriage Ridge	2 Bedroom Stacked Tow nhome	2 Bedroom Condo	2 Bedroom Condo	2 Bedroom Stacked Tow nhome	2 Bedroom Condo
Address	3303 Line 3	1102 Horseshoe Valley Road #303	80 Horseshoe Boulevard #306	80 Horeshoe Boulevard #506	1102 Horseshoe Valley Road #313	80 Horseshoe Valley Boulevard #203
	Oro Medonte, Ontario	Oro Medonte, Ontario	Oro Medonte, Ontario	Oro Medonte, Ontario	Oro Medonte, Ontario	Oro Medonte, Ontario
Transaction Price		\$342,000	\$394,000	\$460,000	\$353,000	\$399,999
Analysis Price		\$342,000	\$394,000	\$460,000	\$353,000	\$399,999
Analysis Price per SF		\$255	\$332	\$387	\$263	\$298
Transactional Characteristics						
Transaction Status		Recorded	Recorded	Recorded	Recorded	Recorded
Transaction Date		12/14/2020	11/27/2020	9/1/2020	8/5/2020	7/15/2020
Market Conditions		Similar	Similar	Similar	Inferior	Inferior
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing		Undisclosed	Undisclosed	Undisclosed	Undisclosed	Undisclosed
Conditions of Sale		Typical	Typical	Typical	Typical	Typical
Motivation		Neutral	Neutral	Neutral	Neutral	Neutral
Transactional Adjustment		None	None	None	Upward	Upward
Site Characteristics						
Site Size (SF)	365.856	-	-	-	<u>-</u>	-
Site Size (Acre)	8.399	_	-	-	_	_
Topography	Sloping	Level	Level	Level	Level	Level
Site Configuration	Irregular	Iregular	Iregular	Iregular	Iregular	Iregular
Location	Good	Sli. Superior	Sli. Superior	Sli. Superior	Sli. Superior	Sli. Superior
Access	Average	Sli. Superior	Sli. Superior	Sli. Superior	Sli. Superior	Sli. Superior
Exposure	Average	Sli. Superior	Sli. Superior	Sli. Superior	Sli. Superior	Sli. Superior
Zoning	PR / R2*123 / A/RU*15	R1*62	FD*67	FD*67	R1*62	FD*67
Site Adjustment	,	Sli. Downward	Sli. Downward	Sli. Downward	Sli. Downward	Sli. Downward
mprovement Characteristics						
Property Type	Residential	Residential	Residential	Residential	Residential	Residential
Sub-Type	Stacked Tow nhomes	Stacked Tow nhome	Condo	Condo	Stacked Tow nhome	Condo
Number of Buildings	4	1	1	1	1	1
Building Structure	Wood	Concrete	Concrete	Concrete	Concrete	Concrete
Design / Layout	Average	Similar	Superior	Superior	Sli. Superior	Superior
Quality	Average	Similar	Superior	Superior	Similar	Superior
Condition	Average	Similar	Superior	Superior	Sli. Superior	Superior
Building Size (SF)	1,200	1,342	1,188	1,188	1,342	1,342
Year Built	2004	1979	2019	2019	1979	2019
Parking Ratio/1,000 SF	1.0	1.0	0.0	0.0	1.0	1.0
Bathrooms	2	2	2	2	2	2
Improvement Adjustment		Sli. Upward	Dow nw ard	Downward	None	Dow nw ard
Overall Adjustment		Sli. Upward	Downward	Downward	None	Dow nw ard
Overall Comparability		Sli. Inferior	Superior	Superior	Similar	Superior
Canalusian		Sli. Higher Than	Lower Than	Lower Than	Similar	Lower Than
Conclusion		\$255/SF	\$332/SF	\$387/SF	\$263/SF	\$298/SF



Analysis

The selected transactions pertain to activity that occurred between July 2020 and December 2020. The properties vary in size from 1,188 square feet to 1,342 square feet and were originally constructed between 1979 and 2019. These transactions represent capital investments that range from a low of \$342,000 to a high of \$460,000. The unit prices per square foot indicated by these transactions vary from a low of \$255 per square foot to a high of \$387.

<u>Index 1</u> is a 2 bedroom stacked townhome located just north of the subject property within Horseshoe Valley on #303 80 Horseshoe Valley Boulevard in Oro Medonte. The transaction property sold for a total purchase price of \$342,000 with a price per square foot of \$255/SF. The transaction property:

• Is located within the Horse Shoe Valley Resort, being a slightly better location relative to the subject.

As a result, a downward adjustment is necessary for a slightly superior location. However, the transaction property is slightly larger than the subject, requiring an upward adjustment for size.

Overall this comparable is considered to be slightly inferior to the subject property, and we estimate the subject property per unit pricing to be slightly greater that this property.

<u>Index 2</u> is a 2 bedroom condo located at #303 80 Horseshoe Boulevard, Oro Medonte. The transaction property sold for a total purchase price of \$394,000 with a price per square foot of \$332/SF. The transaction property:

- Is located within the Horse Shoe Valley Resort, being a slightly better location relative to the subject.
- Is brand new and is significantly superior in quality, finishes and condition relative to the subject.

As a result, a downward adjustment is necessary for a slightly superior location and a significant downward adjustment is necessary for superior improvement characteristics. Overall, we estimate the subject property per unit pricing to be less than this transaction.

<u>Index 3</u> is a 2 bedroom condo located at unit #506, 80 Horseshoe Boulevard, Oro Medonte. The transaction property sold for a total purchase price of \$460,000 with a price per square foot of \$387/SF. The transaction property:

- Is located within the Horse Shoe Valley Resort, being a slightly better location relative to the subject.
- Is brand new and is significantly superior in quality, finishes and condition relative to the subject.

As a result, a downward adjustment is necessary for a slightly superior location and a significant downward adjustment is necessary for superior improvement characteristics. Overall, we estimate the subject property per unit pricing to be less than this transaction.

<u>Index 4</u> is a 2 bedroom stacked townhome located just north of the subject property within Horseshoe Valley on #303 80 Horseshoe Valley Boulevard in Oro Medonte. The transaction property sold for a total purchase price of \$353,000 with a price per square foot of \$263/SF. The transaction property:



- Is located within the Horse Shoe Valley Resort, being a slightly better location relative to the subject;
- Represents superior interior finishing relative to the subject.

As a result, a downward adjustment is necessary for a slightly superior location and superior improvement characteristics. However, the transaction property is slightly larger than the subject, requiring an upward adjustment for size.

Overall this comparable is considered to be similar relative to the subject property, and we estimate the subject property per unit pricing to be similar to this property.

<u>Index 5</u> is a 2 bedroom condo located at unit #203, 80 Horseshoe Boulevard, Oro Medonte. The transaction property sold for a total purchase price of \$399,999 with a price per square foot of \$298/SF. The transaction property:

- Is located within the Horse Shoe Valley Resort, being a slightly better location relative to the subject.
- Is brand new and is significantly superior in quality, finishes and condition relative to the subject.

As a result, a downward adjustment is necessary for a slightly superior location and a significant downward adjustment is necessary for superior improvement characteristics. Overall, we estimate the subject property per unit pricing to be less than this transaction.

In consideration of the sale indices reviewed and the accompanying analysis, we are of the professional opinion that an appropriate stabilized unit value range for the Subject property would be between \$240 per square foot and \$290 per square foot. Applying such unit values to the total leasable area of the property results in a range in estimated stabilized values as summarized in the table below.

VALUE MATRIX - DIRECT COMPARISON					
SIZE	\$/SF	VALUE ⁽¹⁾			
1,200 SF	\$240	\$290,000			
1,200 SF	\$265	\$320,000			
1,200 SF	\$290	\$350,000			

- (1) Round to nearest \$10,000
- (2) Adjustments as previously detailed under Overall Income Capitalization
- (3) Adjusted for Holding and Lease Up, Other Costs



Adjustments to Value

Adjustments have been analyzed to account for such factors as any required capital expenditures in order to make the units saleable at a maximal price to the open market. We have determined that approximately \$15,000 would be required for each unit to upgrade the floors to make them more saleable to prospective owners.

In addition to the total renovation costs, we have included a 15% entrepreneurial profit to the end value of the subject property to account for risk and additional costs that are required to sell the current timeshares as individual condominium units. Typically entrepreneurial profit is between 10%-15%, we have decided to choose a profit on the higher end of this range to account for the conversion and absorption risks associated with the subject property.

ADJUSTMENTS TO VALUE				
ADJUSTMENT ITEM	ADJUSTMENT			
LEASE-UP COSTS				
Renovation Costs	\$15,000			
Total Units	73			
Renovation for out of commission units	\$60,000			
Total Units	5			
Total Renovation Costs	(\$1,395,000)			
Entrepreneurial Profit @ 15%	(\$3,744,000)			
Renovation + Entrepreneurial Profits	(\$5,139,000)			
TOTAL VALUE ADJUSTMENTS	(\$5,140,000)			

Rounded to nearest \$10,000

After adjustments, the subject property per unit pricing is estimated to be \$250,000 per two bedroom unit.

	VALUE MATRIX - DIRECT COMPARISON							
SIZE	\$/Unit	VALUE ⁽¹⁾	ADJUSTMENT ⁽²⁾	ADJUSTED VALUE ⁽¹⁾⁽³⁾	Adjusted Value per Unit			
78	\$290,000	\$22,620,000	(\$4,790,000)	\$17,830,000	\$230,000			
78	\$320,000	\$24,960,000	(\$5,140,000)	\$19,820,000	\$250,000			
78	\$350,000	\$27,300,000	(\$5,490,000)	\$21,810,000	\$280,000			

Summary

Selecting the mid-point of the matrix, the Direct Comparison Approach indicates an estimated value of \$19,820,000 (rounded) as of the effective date of this valuation.

The above value estimate is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.



Reconciliation and Final Estimate of Value

The Subject Property is a 93,600 SF retail building located on a 8.40 acre site. The building represents average quality construction and was in average condition as of the effective date of the report.

The approaches used in this valuation provide the following values:

VALUATION SUMMARY				
VALUATION INDICES	Highest and Best Use Value			
INTEREST APPRAISED	FEE SIMPLE			
DATE OF VALUE	NOVEMBER 17, 2020			
DIRECT COMPARISON APPROACH				
Direct Comparison	\$19,820,000			
Direct Comparison \$/Unit	\$250,000/Unit			
FINAL VALUE CONCLUSION				
FINAL VALUE	\$19,820,000			
\$/SF	\$212/SF			
Value per Unit	\$250,000			

As the subject property appeals as an owner user property, our primary approach to value was the Direct Comparison Approach. The Direct Comparison Approach is the approach typically utilized by purchasers of owner user assets in the subject market thus has been relied upon as our primary approach to value.

Based on the foregoing, and with most weight applied to the Direct Comparison Approach it is our opinion that the current market value as is of the fee simple interest in the property, subject to the assumptions set forth, and as at November 17, 2020, was:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Highest And Best Use Value	Fee Simple	November 17, 2020	\$19,820,000

The above value estimate is based on an exposure period of 12 months or less, assuming the basis of a transaction involving cash to the vendor, and is in conjunction with the Assumptions and Limiting Conditions stated within this appraisal. Of particular note are the Extraordinary Limiting Conditions and Extraordinary Assumptions outlined within the Terms of Reference section.



Certification

Carriage Ridge 3303 Line 3, Oro Medonte, Ontario

P.I.N. Legal Description

740531409 Parcel 1-27, Section 51-Oro-3 Being part of Lots 1 and 2, Concession 3,

Designated as Part 1 on Plan 51R-31409 (formerly Township of Oro), Township of

Oro-Medonte, County of Simcoe

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

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions and conclusions are limited only by the reported Assumptions and Limiting conditions, and are my impartial and unbiased professional analyses, opinions and conclusions;
- I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in and compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, a conclusion favouring the client, or the occurrence of a subsequent event;
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP);
- I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP;
- Scott Stevens, AIC Candidate has provided significant professional assistance to the person(s) signing this report. Assistance included gathering, analyzing and reporting regional, local area, zoning and tax information, confirming some of the comparable data, and assisting with portions of the valuation analysis.
- As of the date of this report the undersigned has fulfilled the requirements of The Appraisal Institute
 of Canada's Continuing Professional Development Program;
- I am a member in good standing of the Appraisal Institute of Canada;
- I am not required to be licensed to practice in the Province of **Ontario**.



Information pertaining to inspection of the subject property is as follows:

SUBJECT PROPERTY INSPECTION					
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION		
Hadley Duncan, AACI, P. App	No	-	-		
Jonathan Gawrys B.A. Hon, FRI, AACI, P. App	No	-	-		
Eric Sutton, AACI, P.App.	Yes	Exterior Only	October 22, 2020		

Final Estimate of Value

Based upon the data, analyses and conclusions contained herein, the current market value of the Fee Simple interest in the property described herein, as at November 17, 2020, is estimated to be as follows:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
Highest And Best Use Value	Fee Simple	November 17, 2020	\$19,820,000

The above value estimate is based on an exposure period of 12 Months or Less, assuming the basis of a transaction involving cash to the vendor, and is subject to the Extraordinary Assumptions, Hypothetical Conditions and Extraordinary Limiting Conditions as detailed within the Terms of Reference section of this report, in addition to the Ordinary Assumptions and Limiting Conditions contained in the Addenda. Any alterations to either the information provided or the assumptions in this report may have a material impact on the value contained herein.

Appraiser

Hadley Duncan, AACI, P. App Date: November 17, 2020

A solur m

AIC Membership No. 906033

<u>Appraiser</u>

Jonathan Gawrys B.A. Hon, FRI, AACI, P. App

Date: November 17, 2020 AIC Membership No. 907369



Appendices

Appendix A Ordinary Assumptions and Limiting Conditions

Appendix B Definitions

Appendix C Certificate of Title

Appendix D Land Use / Zoning

Appendix E Comparable Transactions



Appendix A

Ordinary Assumptions and Limiting Conditions



Ordinary Assumptions and Limiting Conditions

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

- This report has been prepared at the request of Matthew Marchand of BDO (the client) for the purpose of providing an estimate of the market value of 3303 Line 3, Oro Medonte, Ontario (the Subject property) and for the specific use referred to. It is not reasonable for any party other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other party will rely on it for any other purpose. Liability is expressly denied to any person other than the client and those who obtain written consent and, accordingly, no responsibility is accepted for any damage suffered by any such person as a result of decisions made or actions based on this report. Diligence by all intended users is assumed.
- 2) This report has been prepared at the request of Matthew Marchand of BDO and for the exclusive (and confidential) use of the recipient as named and for the specific purpose and function as stated. Written consent from the authors must be obtained before any part of the appraisal report can be used for any use by anyone except the client and other intended users identified in the report. Liability to any other party or for any other use is expressly denied regardless of who pays the appraisal fee.
- All copyright is reserved to the author and this report is considered confidential by the author and Matthew Marchand of BDO. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.
- 4) The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the appraiser's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the PIPEDA.
- 5) This appraisal report, its content and all attachments/addendums and their content are the property of the appraiser. The client, intended users and any appraisal facilitator are prohibited, strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.



- 6) The appraiser has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report. The client has agreed that the performance of this appraisal and the report format are appropriate for the intended use.
- 7) This report is completed on the basis that testimony or appearance in court or at any administrative proceeding concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and for preparation and for any appearances that may be required, and the provision of appropriate additional compensation.
- 8) The estimated market value of the real estate that is the Subject of this appraisal pertains to the value of the fee simple interest in the real property. The property rights appraised exclude mineral rights, if any.
- 9) The concept of market value presumes reasonable exposure. The exposure period is the estimated length of time the asset being valued would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of valuation. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. The reasonable exposure period is a function not only of time and effort but will depend on the type of asset being valued, the state of the market at the date of valuation and the level at which the asset is priced. (The estimated length of the exposure period needed to achieve the estimated market value is set forth in the Letter of Transmittal, prefacing this report).
- 10) The analyses set out in this report relied on written and verbal information obtained from a variety of sources we considered reliable. However, these data are not guaranteed for accuracy. Unless otherwise stated, we did not verify client-supplied information, which we believed to be correct. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate.
- 11) The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. No title search has been performed, and the appraiser assumes that the title is good and marketable and free and clear of all value influencing encumbrances, encroachments, restrictions or covenants, including leases, unless otherwise noted in this report, and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described. The property is appraised on the basis of it being under responsible ownership. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
- 12) The property has been valued on the basis that there are no outstanding liabilities except as expressly noted, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the Subject property or any portion thereof.
- 13) The property has been valued on the basis that there is no action, suit, proceeding or investigation pending or threatened against the real estate or affecting the titular owners of the property, at law or in



- equity or before or by any federal, provincial or municipal department, commission, board, bureau, agency or instrumentality which may adversely influence the value of the real estate appraised.
- 14) The legal description of the property and the area of the site were obtained from the Geowarehouse. No survey of the property has been made. Any plans and sketches contained in this report show approximate dimensions only and are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
- 15) The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all Government regulations and requirements of law, including all zoning, land use classification, building codes, 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, and that if it doesn't comply, any such non-compliance may affect market value. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
- 16) The term "inspection" refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with the CUSPAP.
- 17) The opinions of value and other conclusions contained assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The appraiser has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.
- 18) The author of this report is not qualified to comment on environmental issues (including, without limitation any chemical or biological issues) that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government, or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.
- 19) Unless otherwise stated in this report, the appraiser has no knowledge of any hidden or unapparent conditions of the property (including, but not limited to, its soils, physical structure, mechanical or other operating systems, its foundation, etc.) or adverse environmental conditions (on it or a neighbouring property, including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. It has been assumed that there are no such conditions unless they were observed at the time of inspection or became apparent during the normal research involved in completing the appraisal. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications



- of the appraiser. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
- 20) 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 with respect to the Subject property's compliance with all applicable regulations, unless such investigations are expressly represented to have been made in this report. Assumptions have been made that the Subject property is in compliance with all such regulations. The Subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
- 21) The interpretation of any leases and other contractual agreements, pertaining to the operation and ownership of the property, as expressed, is solely the opinion of the author and should not be construed as a legal interpretation. Further, any summaries of such contractual agreements are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
- 22) The estimated market value of the property does not necessarily represent the value of the underlying shares of the entity owning the property, if the asset is so held, as the value of the shares could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise therefrom, have been described and measured in this report.
- 23) Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership. For the purposes of our valuation, we have not made any adjustment for the value of a fractional interest.
- 24) In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
- 25) Unless otherwise noted, the estimated market value of the property referred to is predicated upon the condition that it would be sold on a cash basis to the vendor subject to any contractual agreements and encumbrances as noted in this report as-is and where-is, without any contingent agreements or caveats. Other financial arrangements, good or cumbersome, may affect the price at which this property might sell in the open market.
- 26) Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed, as of the effective date of this appraisal, cannot be relied upon as of any other date except with further advice from the appraiser and confirmed in writing.
- 27) The value expressed is in Canadian dollars.
- 28) This report is only valid if it bears the original or password secured digital signature(s) of the author(s). If transmitted electronically, this report will have been digitally signed and secured with personal



- passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the appraiser, can be relied upon without fault.
- 29) These Ordinary Assumptions and Limiting Conditions shall be read with all changes in number and gender as may be appropriate or required by the context or by the particulars of this mandate.
- 30) Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.



Appendix B

Definitions



Definitions

Property Interests

Fee Simple

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.

Leased Fee Interest

 The ownership interest held by the lessor, which includes the right to the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

• The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

General Definitions

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

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

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

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

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

Discounted Cash Flow Technique offers an opportunity to account for the anticipated growth or decline in income over the term of a prescribed holding period. More particularly, the value of the property is equivalent to the discounted value of future benefits. These benefits represent the annual cash flows (positive or negative) over a given period of time, plus the net proceeds from the hypothetical sale at the end of the investment horizon.

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

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



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

Exposure Time - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Exposure Time" (<u>The Appraisal Institute of Canada</u>, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 6) as:

"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the Effective Date of the appraisal."

Fair Value (International Financial Reporting Standards) – IFRS 13 defines "Fair Value" as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Highest and Best Use - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Highest and Best Use" (<u>The Appraisal Institute of Canada</u>, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 8) as:

"The reasonably probable use of Real Property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value."

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

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

Market Value - The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define "Market Value" (<u>The Appraisal Institute of Canada</u>, Canadian Uniform Standards of Professional Appraisal Practice, 2020 ed. Page 10) as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, assuming that neither is under duress."

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



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

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



Appendix C

Legal Descriptions



LEGAL DESCRIPTIONS ON PARCEL OF LANDS BY PHASE

BUILDING PHASES W/ PARCEL NUMBER	Units per Parcel	intervals
PHASE I 1000, 2000, 3000 Parcel 1-16 Section £1-070-3 Being Part of Lots 3 and 3. Concession 4 Designated as Parts 5.6.7.8.9 and 10 on Plan £18-26764 Township of Oro-Medonts	52	2652 - FULL 5304 - EOY
PHASE II 4000, 5000 Parcel 1-17, Section 51 Oro-3 Part of Lot 2, Concession 4 Designated as Parts 11 12 13 and 14 on Plan 51P-26764 Township of Oro-Medonts	52	2652 - FULL 5304 - EOY
PHASE III 6000, 7000, 8,000 Farcel 1-18: Section 51-Oro-3 Fart of Lot 2, Concession 4 Designated as Parts 1,2 3,4 15,16 and 17 on Plan 51R- 26764	68	3468 - FULL 6936 - EOY
PHASE IV Carriage Ridge Parcel 1-27, Section 51-Oro-3 Being part of Lots 1 and 2 Concession 3 Designated as Part 1 on Plan 51R-31409 (formerly Township of Oro), Township of Oro-Medonts, County of Simcoe	3 buildings at 26 units = 78	3978 - FULL 7956 - EOV

Land Titles Division of Simcoe (No. 51)



Appendix D

Land Use / Zoning





Table A5
Environmental Protection, Open Space Private Recreation, Institutional and Future Development Zones [By-law 2013-179, 2017-012]

	Use	Zone					
		EP Environmental Protection	OS Open Space	PR Private Recreation	l Institutional	FD Future Development	
A.	Agricultural uses	(1)(2)					
В	Agricultural uses intensive	• (1)(2)					
C	Bed and breakfast establishments			•			
D	Cemeteries						
E	Community centres						
F	Conservation uses	(2)		•			
G	Cross country ski facilities	1		•1		•	
H	Day nurseries				•		
I-	Downhill ski facilities					4	
S	Forestry uses						
ĸ	Golf courses			101		A* .	
Ĺ,	Hotels					•	
M	Infrastructure		•				
N	Libraries		-				
Q	Mountain bike facilities			*			
Р	Museums				4		
Q	Private parks						
R	Public parks	♦ (2)			•		



S	Public Starm Sewer System	•			
T	Places of worship			• (3)	
U	Private clubs				
V	Schools, public				
W	Sewage Treatment Facility	•	1	- []	
X	Stormwater Management Facilities	*			

Special Provisions:

- Only uses that existed on the effective date of this By-law are permitted.
 No buildings or structures, except those required for flood or erosion control are permitted.
 One accessory dwelling unit is permitted on a (o).

Table A1 Residential Zones Permitted Uses

	Use	Zone					
		R1 Residential One	R2 Residential Two	RUR1 Rural Residential One	RUR2 Rural Residential Two	SR Shoreline Residential	RLS Residential Limited Service
À	Single Delached Dwellings	•			•	•	•
В	Semi Detached Dwellings	•					
С	Townhouse Dwellings		•				
D	Multiple Dwellings						
E	Apartment Dwellings		•				
F	Day Nurseries						
G	Home Occupations	•			*.	•	*
H	Private Home Daycare	*		•	*	•	•
Ī	Residential Care Homes	•	•	•	•	•	



Appendix E

Comparable Transactions



COMPARABLE 1: 2 Bedroom Condo #303 1102 Horseshoe Valley Road, Oro Medonte, ON





LOCATION / SITE INFORMATION

Address 1102 Horseshow Valley #303 Oro Medonte, Ontario City, Province Legal Description Long Legal Exists Site Size Strata Topogrphy Level Location Good Access Good Exposure Good R1*62 Zoning

SALE INFORMATION

Purchaser TAPPER, MERNA AILEEN; Vendor TAPPER, ROBERT HARRY 12/14/2020 Transaction Date Transaction Price \$3,420,000 \$3,420,000 Analysis Price Rights Transferred Fee Simple Undisclosed Financing Conditions of Sale Typical

IMPROVEMENTS INFORMATION

Property Type Sub-Type Two Bedroom Stacked Townhouse No. of Floors **Building Structure** Concrete Design / Layout Good Quality Good Condition Good Class В Unit Size (SF) 1342 Year Built 1979 Parking 1 Washrooms 2 Bedrooms 2

ANALYSIS INFORMATION

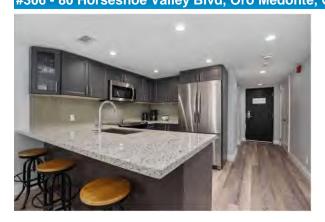
Price per SF \$255

REMARKS

Two bedroom stacked townhome with good quality finishes similar to the subject property.



COMPARABLE 2: #306 - 80 Horseshoe Valley Blvd, Oro Medonte, Ontario





LOCATION / SITE INFORMATION

Address 80 Horseshoe Boulevard #306
City, Province Oro Medonte, Ontario
Legal Description Long Legal Exists
Site Size Strata
Topogrphy Level
Location Good

 Location
 Good

 Access
 Good

 Exposure
 Good

 Zoning
 FD*67

SALE INFORMATION

Purchaser

Vendor

Kenny Zhi Qin Lin

Transaction Date

11/27/2020

Transaction Price
\$394,000

Analysis Price
\$394,000

Rights Transferred
Fee Simple

Financing
Undisclosed

Conditions of Sale

Typical

IMPROVEMENTS INFORMATION

Property Type Residential
Sub-Type 2 Bedroom Condo

No. of Floors 1

Building Structure Concrete Very Good Design / Layout Quality Very Good Condition Excellent Class В Unit Size (SF) 1188 Year Built 2019 Parking 0 Washrooms 2 Bedrooms 2

ANALYSIS INFORMATION

Price per SF \$332/SF

REMARKS

This transaction property consists of a new 2 bedroom condominium located at Horseshoe Valley Resort.



COMPARABLE 3:

#506 - 80 Horseshoe Valley Boulevard, Oro Medonte, Ontario





LOCATION / SITE INFORMATION

Address 80 Horseshoe Boulevard #506 Oro Medonte, Ontario City, Province Legal Description Long Legal Exists Site Size Strata Topogrphy Level Location Good

Access Good Exposure Good Zoning FD*67

SALE INFORMATION

Purchaser Verma, Anil; Lalit, Kamlesh Vendor 9/1/2020 Transaction Date

Transaction Price \$460,000 \$460,000 Analysis Price Rights Transferred Fee Simple Financing Undisclosed Conditions of Sale Typical

IMPROVEMENTS INFORMATION

Property Type Residential Sub-Type 2 Bedroom Condo

No. of Floors

Building Structure Concrete Very Good Design / Layout Quality Very Good Condition Excellent Class В Unit Size (SF) 1188 Year Built 2019 Parking 0 Washrooms 2 Bedrooms 2

ANALYSIS INFORMATION

\$387 Price per SF

REMARKS

This transaction property consists of a new 2 bedroom condominium located at Horseshoe Valley Resort.



COMPARABLE 4: 2 Bedroom Stacked Townhome #313 - 1102 Horseshoe Valley Road, Oro Medonte, ON





LOCATION / SITE INFORMATION

Address 1102 Horseshoe Valley Road #313

City, Province Oro Medonte, Ontario

Legal Description Long Legal Exists

Site Size Strata Topogrphy Level Location Good Access Good Exposure Good R1*62 Zoning

IMPROVEMENTS INFORMATION

Residential Property Type

Sub-Type Stacked 2 Bedroom Townhome

No. of Floors

Building Structure Concrete Design / Layout Very Good Very Good Quality Condition Very Good Class В

Unit Size (SF) 1342 Year Built 1979 Parking 1 Washrooms 2 2 Bedrooms

SALE INFORMATION

Purchaser Maryanne Labrash

Cowen, Kenneth Russel; Cowen, Vendor

Deborra Lynne; Cowen, Stephen

William Russell;

Transaction Date 8/5/2020 \$353,000 Transaction Price \$353,000 Analysis Price Rights Transferred Fee Simple Financing Undisclosed Conditions of Sale Typical

ANALYSIS INFORMATION

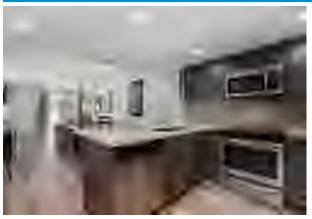
\$263 Price per SF

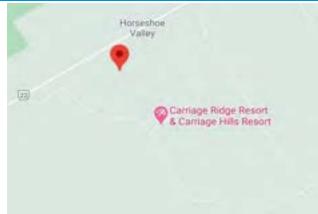
REMARKS

This transaction property consists of a renovated 2 bedroom stacked townhome condominium located at Horseshoe Valley Resort.



COMPARABLE 5: 2 Bedroom Condo #203 - 80 Horseshoe Boulevard, Oro Medonte, ON





LOCATION / SITE INFORMATION

Address 80 Horseshoe Boulevard #203 City, Province Oro Medonte, Ontario Legal Description Long Legal Exists Site Size Strata Topogrphy Level Location Good Access Good Exposure Good Zoning FD*67

SALE INFORMATION

Purchaser Cormier, Matthew Mark; Arora, Anmol; Arora, Varnika; Vendor 12/11/2020 Transaction Date Transaction Price \$399,000 \$399,000 Analysis Price Rights Transferred Fee Simple Financing Undisclosed Conditions of Sale Typical

IMPROVEMENTS INFORMATION

Property Type Residential Sub-Type 2 Bedroom Condo No. of Floors **Building Structure** Concrete Design / Layout Very Good Quality Very Good Condition Excellent Class В Unit Size (SF) 1188 Year Built 2019 Parking 0 Washrooms 2 Bedrooms 2

ANALYSIS INFORMATION

Price per SF \$336

REMARKS

This transaction property consists of a new 2 bedroom condominium located at Horseshoe Valley Resort.

TAB 9

AGREEMENT OF PURCHASE AND SALE

BETWEEN

BDO CANADA LIMITED,

solely in its capacities as the Court-appointed receiver of Carriage Hills Vacation Owners Association, the Carriage Hills Resort, Carriage Ridges Owners Association and the Carriage Ridge Resort, and not in its personal capacity or in any other capacity

- and -

Sunray Group of Hotels Inc., In Trust for a company to be incorporated

Dated: March 26, 2021

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14.10	Public Announcements.	0
14.11	Assignment	0
14.12	Expenses	1
14.13	Severability2	1
14.14	No Strict Construction	1
14.15	Cumulative Remedies	1
14.16	Currency	1
14.17	Receiver's Capacity	1
14.18	No Third Party Beneficiaries	1
14.19	Number and Gender 22	2
14.20	Counterparts	2

SCHEDULE "A" - APPROVAL AND VESTING ORDER	A-1
SCHEDULE "B" - PURCHASED ASSETS	B-1
SCHEDULE "C" - PERMITTED ENCUMBRANCES	C-1

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT made this 26th day of March, 2021.

BETWEEN:

BDO CANADA LIMITED,

solely in its capacities as the Court-appointed receiver of Carriage
Hills Vacation Owners Association, the Carriage Hills Resort,
Carriage Ridges Owners Association and the Carriage Ridge
Resort, and not in its personal capacity or in any other capacity
(in such capacities, the "Receiver")

- and -

Sunray Group of Hotels Inc., In Trust for a company to be incorporated (the "Purchaser")

WHEREAS pursuant to two orders made by the Honourable Madam Justice Conway of the Ontario Superior Court of Justice (Commercial List) (the "Court") with effect as January 6, 2021 (collectively, the "Receivership Orders"), BDO Canada Limited ("BDO") was appointed as the Receiver, without security, over all of the assets, properties and undertakings of Carriage Hills Vacation Owners Association (the "Hills Association") and the Carriage Ridge Owners Association (the "Ridge Association" and together with the Hills Associations, the "Associations") all the lands and premises on which the Hills Association operated the Carriage Hills Resort (the "Hills Property") and all the lands and premises on which the Ridge Association operated the Carriage Ridge Resort (the "Ridge Property" and, together with the Hills Property, the "Resort Properties").

AND WHEREAS the Hills Property is owned by the members of the Hills Association (the "Hills Members") and the Ridge Property is owned by the members of Ridge Association (together with the Hills Members, the "Members"), in each case as tenants in common.

AND WHEREAS the Purchaser wishes to purchase and the Receiver wishes to sell the Purchased Assets (as defined herein) upon the terms and subject to the conditions set out herein;

NOW THEREFORE, in consideration of the promises, mutual covenants and agreements contained in this Agreement (as defined herein), and for other good and valuable consideration, the receipt and sufficiency of which are each hereby acknowledged by the Parties (as defined herein), the Parties agree as follows:

ARTICLE 1 DEFINED TERMS

1.1 Definitions.

In this Agreement:

- "A&B" means the Receiver's counsel, Aird & Berlis LLP;
- "Accounts Payable" means all amounts relating to the Businesses owing to any Person which are incurred in connection with the purchase of goods or services in the ordinary course of business;
- "Additional Deposit" has the meaning given in section 4.2 herein;
- "Agreement" means this agreement of purchase and sale, including all schedules and all amendments or restatements, as permitted, and references to "article", "section" or "schedule" mean the specified article, section of, or schedule to this Agreement and the expressions "hereof", "herein", "hereto", "hereby" and similar expressions refer to this Agreement and not to any particular section or other portion of this Agreement;
- "Applicable Law" means, with respect to any Person, property, transaction, event or other matter, all applicable laws, statutes, regulations, rules, by-laws, ordinances, protocols, regulatory policies, codes, guidelines, official directives, orders, rulings, judgments and decrees of any Governmental Authority;
- "Approval and Vesting Order" means an approval and vesting order, to be issued by the Court on motion by the Receiver in the receivership proceeding of each of the Resort Properties whose assets comprise part of the Purchased Assets, approving this Agreement and the transactions contemplated by this Agreement and conveying to the Purchaser all the Members' and the Association's right, title and interest, if any, in and to the Purchased Assets free and clear of all Encumbrances other than Permitted Encumbrances, which order shall be in a form substantively similar to the draft order attached as Schedule "A" hereto;
- "Assignable Assets" has the meaning given in section 3.1(3) herein;
- "Associations" has the meaning set out in the recitals to this Agreement;
- "Assignment and Assumption Agreement" has the meaning given in section 6.3(3) herein;
- "BDO" has the meaning set out in the recitals to this Agreement;
- "Broker" means, collectively, the Receiver's real estate broker, Colliers Macaulay Nichols Inc., and any brokerage cooperating on the Transaction;
- "Business" means, collectively, the businesses carried on by the Associations;
- "Business Day" means a day on which banks are open for business in the City of Toronto but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;

"Claims" means any and all claims, demands, complaints, grievances, actions, applications, suits, causes of action, orders, charges, indictments, prosecutions or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including solicitor and client costs and disbursements, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing, related to the Associations or the Purchased Assets, and "Claim" means any one of them;

"Closing" means the successful completion of the Transaction;

"Closing Date" means the date that is the later of: (i) the first Business Day following the date that is thirty (30) days following the date on which the Approval and Vesting Orders are granted; and (ii) the first Business Day following the date on which any appeals or motions to set aside or vary the Approval and Vesting Orders have been finally determined;

"Closing Time" means 2:00 p.m. (Toronto time) on the Closing Date or such other time as agreed in writing by the Parties;

"Consents and Approvals" means the consents and approvals of all relevant third parties;

"Contracts" means all the contracts, leases, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements and engagements to which the Association]/[any of the Associations is a party and that are listed on Schedule "B" to this Agreement;

"Court" has the meaning set out in the recitals to this Agreement;

"Associations" has the meaning set out in the recitals to this Agreement;

"Deposit" has the meaning given in section 4.2 herein;

"Encumbrances" means all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial, monetary or ownership claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Receivership Orders; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the PPSA;

"ETA" means the Excise Tax Act, R.S.C. 1985, c. E-15, as amended;

"Excluded Assets" means the Associations right, title and interest in and to any assets or property other than the Purchased Assets including, without limitation, the following:

(a) original tax records and books and records pertaining thereto, minute books, corporate seals, taxpayer and other identification numbers and other documents

- relating to the organization, maintenance and existence of the Associations that do not relate exclusively or primarily to any of the Purchased Assets;
- (b) the benefit of any refundable Taxes payable or paid by the Associations in respect of the Purchased Assets and applicable to the period prior to the Closing Date net of any amounts withheld by any taxing authority, and any claim or right of the Associations to any refund, rebate, or credit of Taxes for the period prior to the Closing Date; and
- (c) other than in accordance with subsection 11.3(2) of this Agreement, any insurance on the Purchased Assets maintained by the Receiver which shall be cancelled upon Closing;
- "Excluded Liabilities" has the meaning given in section 3.3 herein;
- "Governmental Authority" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, republic, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, and "Governmental Authority" means any one of them;
- "Hills Association" has the meaning set out in the recitals to this Agreement;
- "Hills Members" has the meaning set out in the recitals to this Agreement;
- "Hills Property" has the meaning set out in the recitals to this Agreement;
- "HST" means harmonized sales tax imposed under Part IX of the ETA;
- "HST Election" has the meaning given in section 5.1 herein;
- "Initial Deposit" has the meaning given in section 4.2 herein;
- "Intellectual Property" means all the Associations right, title and interest in and to intellectual property, if any;
- "Interim Period" means the period from and including the date of this Agreement to and including the Closing Date;
- "ITA" means the Income Tax Act, R.S.C. 1985, c.1, as amended;
- "Members" has the meaning set out in the recitals to this Agreement;
- "Notice" has the meaning given in section 14.3 herein;
- "Parties" means the Receiver and the Purchaser;

"Permits" means all the authorizations, registrations, permits, licenses, certificates of approval, approvals, consents, commitments, rights or privileges issued, granted or required by any Governmental Authority in respect of the Purchased Assets including, without limitation, those detailed on Schedule "B" to this Agreement;

"Permitted Encumbrances" means the encumbrances registered against title to the Real Property, other than the ownership interests, charges and encumbrances, including but not limited to those listed on Schedule "C" to this Agreement;

"Person" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted;

"Personal Property" has the meaning given to such term in the PPSA, but only to the extent of the Associations right, title and interest therein and thereto;

"PPSA" means the Personal Property Security Act, R.S.O. 1990, c P.10;

"Property" has the meaning set out in the recitals to this Agreement;

"Purchase Price" has the meaning set out in section 4.1 herein;

"Purchased Assets" means all the Associations right, title and interest, if any, in and to:

- (a) the Personal Property detailed on **Schedule "B"** to this Agreement including, without limitation, the Contracts, the Permits and the Warranty Rights only to the extent transferable to the Purchaser or the Purchaser's permitted assignees;
- (b) the Real Property, all improvements pertaining to the Real Property, all fixtures located in, on or about the Real Property and all appurtenances thereto;
- (c) the full benefit of all prepaid expenses and all deposits with any Person, public utility or Governmental Authority relating to the Purchased Assets; and
- (d) the Warranty Rights,

and excluding, for greater certainty, the Excluded Assets and the Excluded Liabilities;

"Purchaser" has the meaning set out in the preamble to this Agreement;

"Real Property" means the real property listed on Schedule "B" to this Agreement;

"Resort Properties" has the meaning set out in the recitals to this Agreement;

"Ridge Association" has the meaning set out in the recitals to this Agreement;

"Ridge Property" has the meaning set out in the recitals to this Agreement;

"Receiver" has the meaning set out in the preamble to this Agreement;

"Receivership Order" has the meaning set out in the recitals to this Agreement;

"Rights" has the meaning given in section 3.1(3) herein, but only has such meaning in such section;

"Taxes" means all taxes, HST, land transfer taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, harmonized, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, excise, real property and personal property taxes, and any related interest, fines and penalties, imposed by any Governmental Authority, and whether disputed or not;

"Transaction" means the transaction of purchase and sale contemplated by this Agreement;

"Vesting Certificates has the meaning given in section 6.3(5) herein; and

"Warranty Rights" means the full benefit of all warranties, warranty rights, performance bonds and indemnities (implied, express or otherwise) of the Associations against manufacturers, contractors or any other Person which apply to the Purchased Assets.

ARTICLE 2 SCHEDULES

2.1 Schedules.

The following schedules are incorporated in and form part of this Agreement:

<u>Schedule</u>	<u>Description</u>
Schedule "A"	Approval and Vesting Order
Schedule "B"	Purchased Assets
Schedule "C"	Permitted Encumbrances
	ARTICLE 3
	AGREEMENT TO PURCHASE

3.1 Purchase and Sale of Purchased Assets.

- (1) Relying on the representations and warranties herein, and subject to article 7 herein, the Receiver hereby agrees to sell, assign, convey and transfer to the Purchaser, and the Purchaser hereby agrees to purchase, all right, title and interest of the Associations in and to the Purchased Assets, free and clear of all Encumbrances.
- (2) Subject to the Closing, the Receiver hereby remises, releases and forever discharges to, and in favour of, the Purchaser, all its rights, claims and demands whatsoever in the Purchased Assets.

- (3) This Agreement or any document delivered in connection with this Agreement shall not constitute an assignment of any rights, benefits or remedies (in this section 3.1(3), collectively, the "Rights") under any Permits or Consents and Approvals (collectively, the "Assignable Assets") that form part of the Purchased Assets and which are not assignable by the Receiver to the Purchaser without the required consent, permit or license of the other party or parties thereto (collectively, the "Third Party"). To the extent any such consent, permit or license is required and not obtained by the Receiver prior to the Closing Date, then, to the extent permitted by Applicable Law:
 - the Receiver will, at the request, direction and cost of the Purchaser, acting reasonably, assist the Purchaser, in a timely manner and on a commercially reasonable best-efforts basis, in applying for and obtaining all consents or approvals required under the Assignable Assets in a form satisfactory to the Receiver and the Purchaser, and take such actions and do such things as may be reasonably and lawfully designed to attempt to provide the benefits of the Assignable Assets to the Purchaser, including holding those Assignable Assets in trust for the benefit of the Purchaser or acting as agent for the Purchaser pending such assignment;
 - (b) the Receiver will only deal with or make use of such Rights in accordance with the directions of the Purchaser; and
 - (c) in the event that the Receiver receives funds (other than in payment of the Purchase Price or the Deposit) with respect to those Assignable Assets, the Receiver will promptly pay over to the Purchaser all such funds collected by the Receiver, net of any outstanding costs provided in subsection (a) above.
- (4) The Purchaser shall assume, at its cost, complete responsibility for compliance with all Applicable Laws insofar as the same apply to the Purchased Assets and provided compliance therewith is not a liability, obligation or commitment excluded pursuant to subsection 3.3(e) of this Agreement.

3.2 Excluded Assets.

Notwithstanding anything else in this Agreement, the Purchased Assets shall not include the Excluded Assets.

3.3 Excluded Liabilities.

The Purchaser is not assuming, and shall not be deemed to have assumed any liabilities, obligations or commitments of the Associations or the Receiver or of any other Person, whether known or unknown, fixed or contingent or otherwise, including any debts, obligations, sureties, positive or negative covenants or other liabilities directly or indirectly arising out of or resulting from the conduct or operation of the Business or the Associations ownership or interest therein, whether pursuant to this Agreement or as a result of the Transaction (collectively, the "Excluded"

Liabilities"). For greater certainty, the Excluded Liabilities shall include, but not be limited to, the following:

- (a) except as otherwise agreed in this Agreement, all Taxes payable by the Associations arising with respect to any period prior to the Closing Date and all Taxes payable relating to any matters or assets other than the Purchased Assets arising with respect to the period from and after the Closing Date;
- (b) any liability, obligation or commitment associated with the Accounts Payable;
- (c) any liability, obligation or commitment resulting from the Encumbrances;
- (d) any liability, obligation or commitment associated with any of the Excluded Assets; and
- (e) any liability, obligation or commitment in respect to Claims arising from or in relation to any facts, circumstances, events or occurrences existing or arising prior to the Closing Date.

ARTICLE 4 PURCHASE PRICE AND SATISFACTION OF PURCHASE PRICE

4.1 Purchase Price.

The purchase price for the Purchased Assets shall be SIXTY MILLION DOLLARS (\$60,000,000) (the "Purchase Price").

4.2 Deposit.

- (1) Within one (1) Business Days of the date of this Agreement, the Purchaser shall pay to A&B, in trust, by electronic funds transfer of immediately available funds, a deposit equal to FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS (\$4,500,000) (the "Initial Deposit"), which Initial Deposit shall be held in accordance with the provisions of this Agreement.
- (2) The Parties agree that A&B shall cause the Deposit to be placed in a non-interest bearing account.

4.3 Satisfaction of Purchase Price.

The Purchaser shall indefeasibly pay and satisfy the Purchase Price as follows:

- (a) the Deposit shall be applied against the Purchase Price; and
- (b) the remainder of the Purchase Price, being the net amount owing after deducting the Deposit, shall be paid by the Purchaser to A&B, in trust, on Closing by electronic funds transfer of immediately available funds.

4.4 Allocation of Purchase Price.

The Purchaser hereby allocates the Purchase Price as follows:

- (a) that part of the Purchased Assets owned by Hills Association: [\$41,250,000.00]
- (b) that part of the Purchased Assets owned by Ridge Association: [\$18,750,000.00]

4.5 Adjustment of Purchase Price.

Adjustments shall be made, as of 12:01 a.m. on the Date of Closing, for realty taxes, water and assessment rates, and/or utilities, provided that the aforementioned items form a lien on title and are not vested out by the Approval of Vesting Order. There shall be no credit by the Receiver for any rents, deposits or prepaid items not actually received by the Receiver. The Date of Closing shall be for the account of the Purchaser, both as to income and expense.

ARTICLE 5 TAXES

5.1 Transfer Taxes.

The Purchaser shall be responsible for all Taxes and all registration fees payable upon or in connection with the conveyance or transfer of the Purchased Assets to the Purchaser, including all federal and provincial sales taxes, goods and services taxes, HST, land transfer taxes, but excluding, for greater certainty, any income or company taxes payable by the Associations or the Members. If available, then at the Purchaser's option, the Purchaser and the Receiver will, on the Closing Date, elect jointly under subsection 167(1) of the Excise Tax Act (Canada) that no tax be payable pursuant to that provision with respect to the purchase and sale of the Purchased Assets in the form prescribed (the "HST Elections"), and the Purchaser will file such HST Elections with the Canada Revenue Agency on the Closing Date, and provide the Receiver with a photocopy of a written acknowledgement by the Canada Revenue Agency of the receipt of such HST Elections when it receives such acknowledgement. The Purchaser agrees to and hereby indemnifies and saves the Receiver harmless from and against all claims and demands for payment of the Taxes described in this section 5.1, including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such Taxes when due.

ARTICLE 6 CLOSING ARRANGEMENTS

6.1 Closing and Closing Procedure.

Closing shall take place at the Closing Time on the Closing Date at the offices of the Receiver's lawyers, Aird & Berlis LLP, located in Toronto, Ontario, or at such other time or at such other place as the Parties may agree in writing.

6.2 Tender.

Any tender of documents or money under this Agreement may be made upon the Parties or their respective lawyers by electronic transmission or delivery by courier, and money shall be tendered by wire transfer of immediately available funds to the account specified by the receiving Party.

6.3 Receiver's Closing Deliverables.

The Receiver covenants to execute, where applicable, and deliver the following to the Purchaser at Closing or on such other date as expressly provided herein:

- (1) a copy of each issued and entered Approval and Vesting Order;
- (2) a bill of sale and general conveyance;
- (3) an assignment and assumption agreement for all Warranty Rights, Permits, Consents and Approvals pertaining to the Property (to the extent assignable) relating to the period from and after the Closing Date, and to the extent not assignable, an agreement to hold same in trust for the Purchaser (the "Assignment and Assumption Agreement");
- (4) such deeds, documents of title, conveyances, transfers, assignments, indentures and instruments necessary or desirable in the opinion of the parties hereto and their respective counsel, acting reasonably, to effect the assignment, transfer and sale of the Real Property and the other Purchased Assets to the Purchaser and such other documents, instruments or indemnities as contemplated or required to be delivered by the Receiver pursuant to this Agreement;
- (5) upon receipt of written confirmation from the Purchaser that all of the conditions contained in section 7.3 have been satisfied or waived by the Purchaser, and upon satisfaction or waiver by the Receiver of all of the conditions contained in section 7.1, the Receiver's Certificates comprising Schedule "A" to each of the Approval and Vesting Orders (collectively), the "Vesting Certificates"); and
- (6) keys and access codes to the buildings and equipment comprising parts of the Purchased Assets.

6.4 Purchaser's Closing Deliverables.

The Purchaser covenants to execute, where applicable, and deliver the following to the Receiver at Closing or on such other date as expressly provided herein:

- (1) the indefeasible payment and satisfaction in full of the Purchase Price according to section 4.3 hereof;
- (2) an acknowledgement, dated as of the Closing Date, that each of the conditions in section 7.3 hereof has been fulfilled, performed or waived as of the Closing Time;

- (3) the Assignment and Assumption Agreement;
- (4) a certificate from the Purchaser, dated as of the Closing Date, certifying:
 - (a) that all representations, warranties and covenants of the Purchaser contained in this Agreement are true as of the Closing Time, with the same effect as though made on and as of the Closing Time; and
 - (b) the non-merger specified in section 14.2 and elsewhere herein;
- (5) if necessary, payment or evidence of payment of all transfer Taxes in accordance with section 5.1 hereof including all HST applicable to the Purchased Assets or, if applicable, the HST Elections;
- (6) such further documentation relating to the completion of the Transaction as shall be otherwise referred to herein or required by the Receiver, acting reasonably; and
- (7) such deeds, documents of title, conveyances, transfers, assignments, indentures and instruments necessary or desirable in the opinion of the parties hereto and their respective counsel, acting reasonably, to effect the assignment, transfer and sale of the Real Property and the other Purchased Assets to the Purchaser and such other documents, instruments or indemnities as contemplated or required to be delivered by the Purchaser pursuant to this Agreement.

ARTICLE 7 CONDITIONS PRECEDENT TO CLOSING

7.1 Conditions in Favour of the Receiver.

The obligation of the Receiver to complete the Transaction is subject and conditional to the satisfaction of the following conditions on or before the Closing Date:

- (1) all the representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects on the Closing Date;
- (2) all the covenants of the Purchaser contained in this Agreement to be performed on or before the Closing Date shall have been duly performed by the Purchaser;
- (3) the Purchaser shall have complied with all the terms contained in this Agreement applicable to the Purchaser prior to the Closing Date;
- (4) there shall be no Claim, litigation or proceedings pending or threatened or order issued by a Governmental Authority against either of the Parties, or involving any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper;
- (5) the Court shall have issued the Approval and Vesting Orders in a form satisfactory to the Receiver.

7.2 Conditions in Favour of Receiver Not Fulfilled.

If any of the conditions contained in section 7.1 hereof is not fulfilled on or prior to the Closing Date and such non-fulfillment is not directly or indirectly as a result of any action or omission of the Receiver, then the Receiver may, at its sole discretion, and without limiting any rights or remedies available to it at law or in equity:

- (a) terminate this Agreement by notice to the Purchaser, in which event the Receiver shall be released from its obligations under this Agreement to complete the Transaction; or
- (b) waive compliance with any such condition without prejudice to the right of termination in respect of the non-fulfillment of any other condition.

7.3 Conditions in Favour of the Purchaser.

The obligation of the Purchaser to complete the Transaction is subject to and conditional on the satisfaction of the following conditions:

- (1) on or before the Closing Date:
 - (a) all the representations and warranties of the Receiver contained in this Agreement shall be true and correct in all material respects on the Closing Date;
 - (b) all the covenants of the Receiver contained in this Agreement to be performed on or before the Closing Date shall have been duly performed by the Receiver;
 - (c) the Receiver shall have complied with all the terms contained in this Agreement applicable to the Receiver prior to the Closing Date;
 - (d) there shall be no Claim, litigation or proceedings pending or threatened or order issued by a Governmental Authority against either of the Parties, or involving any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper; and
 - (e) the Court shall have issued the Approval and Vesting Orders.

7.4 Conditions in Favour of Purchaser Not Fulfilled.

If the condition contained in section 7.3(1) hereof is not fulfilled on or prior to the Closing Date and such non-fulfillment of any condition contained in section 7.3(1) is not directly or indirectly as a result of any action or omission of the Purchaser, then the Purchaser may, in its sole discretion and without limiting its rights or remedies available at law or in equity:

(1) waive compliance with any such condition without prejudice to the right of termination in respect of the non-fulfillment of any other condition; or

- (2) terminate this Agreement by written notice to the Receiver, in which event:
 - (a) the Purchaser and the Receiver shall be released from their obligations under this Agreement to complete the Transaction; and
 - (b) the Initial Deposit and any Additional Deposit paid to A&B shall be returned to the Purchaser subject to paragraph 11.2 herein.

ARTICLE 8 REPRESENTATIONS & WARRANTIES OF THE RECEIVER

The Receiver represents and warrants to the Purchaser as follows, with the knowledge and expectation that the Purchaser is placing complete reliance thereon and, but for such representations and warranties, the Purchaser would not have entered into this Agreement:

- (1) the Receiver has all necessary power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary action on the part of the Receiver, subject to the Approval and Vesting Order. This Agreement is a valid and binding obligation of the Receiver enforceable in accordance with its terms;
- (2) the Receiver has been duly appointed by the Court, with the full right, power and authority to enter into this Agreement, perform its obligations hereunder and convey all right, title and interest of the Associations in and to the Purchased Assets; and
- (3) the Receiver is not a non-resident of Canada for the purposes of the ITA.

ARTICLE 9 REPRESENTATIONS & WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Receiver as follows, with the knowledge and expectation that the Receiver is placing complete reliance thereon and, but for such representations and warranties, the Receiver would not have entered into this Agreement:

- (1) the Purchaser is a corporation duly formed and validly subsisting under the laws of the Province of Ontario:
- the Purchaser has all necessary corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. Neither the execution of this Agreement nor the performance by the Purchaser of the Transaction will violate the Purchaser's constating documents, any agreement to which the Purchaser is bound, any judgment or order of a court of competent jurisdiction or any Government Authority, or any Applicable Law. The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser. This Agreement is a valid and binding obligation of the Purchaser enforceable in accordance with its terms;

- (3) the Purchaser is or will be a registrant under Part IX of the ETA on the Closing Date; and
- (4) the Receiver shall not be required to pay any commission or brokerage fee, or finders' fee or remuneration to any person whatsoever in connection with the Transaction because of any action taken by, or agreement or understanding reached by, the Purchaser.

ARTICLE 10 COVENANTS

10.1 Mutual Covenants.

Each of the Parties hereby covenants and agrees that, from the date hereof until Closing, each shall take all such actions as are necessary to have the Transaction approved in the Approval and Vesting Orders issued on substantially the same terms and conditions as are contained in this Agreement, and to take all commercially reasonable actions as are within its power to control, and to use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with each of the conditions set forth in article 8 hereof.

10.2 Receiver Covenants.

The Receiver hereby covenants and agrees that:

- (1) from the date hereof until Closing, it shall take all such actions as are necessary to provide to the Purchaser all necessary information in its possession in respect of the Associations reasonably required to complete the applicable tax elections in accordance with section 5.1 hereof and to execute all necessary forms related thereto;
- (2) it will make available to the Purchaser, as soon as possible following execution of this Agreement, all title documents, certificates, contracts and agreements in its possession for the purpose of allowing the Purchaser to investigate at its own expense the title of the Associations to the Purchased Property, provided that the Receiver will not be bound to produce or furnish any title deeds or other documents or evidence of title save and except such as are in its possession or control. The Purchaser acknowledges that the title to the Real Property has not been automated in the Land Registry Office records:
- (3) it will allow the Purchaser entry to the Real Property after the date of this Agreement during business hours and on reasonable notice to the Receiver, for the purpose of inspecting and assessing the current condition of the Real Property;
- (4) it hereby consents to the release by the municipality of the Real Property to the Purchaser of details of all outstanding municipal work orders or deficiency notices affecting the Real Property, and the Receiver will execute and deliver to the Purchaser, at the Purchaser's cost, such further authorizations in this regard as the Purchaser may reasonably require; and

(5) it will, forthwith after the Closing, file the Vesting Certificates with the Court.

10.3 Purchaser Covenants.

The Purchaser hereby covenants and agrees that, from the date hereof until the Closing Date, it shall take all such actions as are necessary to provide to the Receiver all necessary information in respect of the Purchaser reasonably required to complete the applicable tax elections in accordance with section 5.1 hereof and to execute all necessary forms related thereto.

ARTICLE 11 POSSESSION AND ACCESS PRIOR TO CLOSING

11.1 Possession of Purchased Assets.

The Purchaser expressly acknowledges that the Receiver may not be in physical possession of the Purchased Assets at any time, and that the Purchaser shall nonetheless be deemed at the Closing Time to take possession of the Purchased Assets where situated. In no event shall the Purchased Assets be sold, assigned, conveyed or transferred to the Purchaser until all the conditions set out in the Approval and Vesting Orders issued have been satisfied or waived and the Purchaser has satisfied or the Receiver has waived all the delivery requirements outlined in section 7.1 hereof.

11.2 Access to the Purchased Assets.

- (1) To the extent that the Receiver is in physical possession of the Purchased Assets prior to the Closing Time, the Purchaser and its agents and representatives may have reasonable access to the Purchased Assets during normal business hours in the Interim Period for the purpose of enabling the Purchaser, at its sole cost and expense (regardless of results), to conduct such non-destructive, non-invasive inspections of the Purchased Assets as it deems appropriate, provided that such inspections shall not unduly interfere (and the Purchaser undertakes to use its best efforts, which the Purchaser represents and warrants shall not be less than reasonable commercial efforts, not to so interfere) with the use, operation and enjoyment of the Purchased Assets by the Receiver. Such inspection may, if the Receiver so desires, be conducted in the presence of a representative of the Receiver.
- The Purchaser covenants and agrees to repair or pay the costs to repair any damage occasioned during or resulting from the inspection of the Purchased Assets conducted by the Purchaser or its authorized representatives, as outlined above, and to return the Purchased Assets to substantially the condition same were in prior to such inspections. The Purchaser covenants and agrees to indemnify and save the Receiverharmless from and against all losses, costs, claims, third party claims, damages, expenses (including actual legal costs) which the Receiver may suffer as a result of the inspection of the Purchased Assets conducted by the Purchaser or its authorized representatives, as outlined above. In the event any damage is not repaired by the Purchaser, the Receiver shall be entitled to deduct the costs of such repair from the Deposit and the Purchaser authorizes A&B to release such amount to the Receiver on receipt of evidence of the

costs incurred by the Receiver to make such repairs. This section 11.2 shall survive any termination of this Agreement.

11.3 Risk.

- (l) The Purchased Assets shall be and remain at the risk of the Receiver until Closing and at the risk of the Purchaser from and after Closing.
- If, prior to Closing, the Purchased Assets are substantially damaged or destroyed by fire, casualty or otherwise, then, at its option, the Purchaser may decline to complete the Transaction. Such option shall be exercised within 15 calendar days after notification to the Purchaser by the Receiver of the occurrence of such damage or destruction (or prior to the Closing Date if such occurrence takes place within 15 calendar days of the Closing Date), in which event this Agreement shall be terminated automatically. If the Purchaser does not exercise such option, it shall complete the Transaction and shall be entitled to an assignment of any proceeds of insurance referable to such damage or destruction. Where any damage or destruction is not substantial, the Purchaser shall complete the Transaction and shall be entitled to an assignment of any proceeds of insurance referable to such damage or destruction. For the purposes of this section, substantial damage or destruction shall be deemed to have occurred if the loss or damage to the Purchased Assets exceeds 15% of the total Purchase Price.

ARTICLE 12 AS IS, WHERE IS

12.1 Condition of the Purchased Assets.

The Purchaser acknowledges that the Receiver is selling and the Purchaser is purchasing the Purchased Assets on an "as is, where is" and "without recourse" basis as the Purchased Assets shall exist on the Closing Date, including, without limitation, whatever defects, conditions, impediments, hazardous materials or deficiencies exist on the Closing Date, whether patent or latent. The Purchaser further acknowledges and agrees that it has entered into this Agreement on the basis that neither the Receiver nor the Associations have guaranteed or will guarantee title to or marketability, use or quality of the Purchased Assets, that the Purchaser has conducted such inspections and investigations of the condition and title to the Purchased Assets and any rights necessary to, and appurtenant or otherwise to the Purchased Assets as it deems appropriate and has satisfied itself with regard to these matters and relies entirely on its own judgment regarding the same. No representation, warranty or condition is expressed or can be implied as to title, encumbrance, description, present or future use or fitness for use or purpose, environmental compliance, environmental condition including the presence or absence of hazardous substances or contaminants, merchantability, quantity, condition or quality, zoning or lawful use of the Purchased Assets, or the existence, quality, value or the validity, invalidity, or enforceability of any Intellectual Property, or in respect of any other matter or thing whatsoever concerning the Purchased Assets, either stated or implied including any outstanding orders or requirements by any regulatory authority (including, without limitation, under the Environmental Protection Act (Ontario) or the Ontario Water Resources Act), or the right of the Receiver to sell, assign, convey or transfer same, save and except as expressly provided in this Agreement. Without limiting the

generality of the foregoing: any and all conditions, warranties or representations expressed or implied pursuant to the Sale of Goods Act, R.S.O. 1990, c. S.1, do not apply hereto and/or have been waived by the Purchaser; and the Purchaser acknowledges that it accepts the Purchased Assets subject to its environmental condition and any contamination, whether or not such environmental condition or contamination is known to the Receiver prior to the date hereof, and acknowledges that the Purchaser will have no recourse against the Receiver or the Associations for any such pre-existing environmental conditions or contamination. The description of the Purchased Assets contained in this Agreement is for the purpose of identification only and no representation, warranty or condition has or will be given by the Receiver concerning the accuracy of such description. Any documentation and/or information provided by the Receiver has been prepared or collected solely for the convenience of prospective purchasers and is not warranted to be complete or accurate and does not form part of this Agreement.

ARTICLE 13 TERMINATION

13.1 Termination of this Agreement.

This Agreement may be validly terminated:

- (1) upon the mutual written agreement of the Parties;
- (2) pursuant to section 7.2 hereof by the Receiver;
- (3) pursuant to section 7.4 hereof by the Purchaser;
- (4) pursuant to section 11.3 hereof; or
- (5) automatically, if each of the Approval and Vesting Orders has not been granted by the Court by June 15, 2021 or such later date as may be agreed upon in writing by the Parties.

13.2 Remedies for Breach of Agreement.

If this Agreement is terminated as a result of any breach of a representation, warranty, covenant or obligation of the Receiver, the Purchaser shall have no right to pursue any legal remedies with respect to such breach, save and except that the Deposit, without deduction or interest, shall be returned by the Receiver to the Purchaser forthwith. If this Agreement is terminated as a result of a breach of a representation, warranty, covenant or obligation of the Purchaser, the Deposit shall be forfeited to the Receiver as liquidated damages and not as a penalty, which Deposit the Parties agree is a genuine estimate of the liquidated damages that the Receiver would suffer in such circumstances, and this shall be the Receiver's sole right and remedy pursuant to this Agreement or at law as a result of the Purchaser's breach.

13.3 Termination If No Breach of Agreement.

If this Agreement is terminated other than as a result of a breach of a representation, warranty, covenant or obligation of one of the Parties, then:

- (1) subject to paragraph 11.2 herein, the Deposit shall be returned by the Receiver to the Purchaser forthwith and all other obligations of each of the Receiver and the Purchaser hereunder shall end completely, except those that survive the termination of this Agreement; and
- (2) neither Party shall have any right to specific performance, to recover damages or expenses or to any other remedy (legal or equitable) or relief other than as expressly provided herein.

ARTICLE 14 GENERAL CONTRACT PROVISIONS

14.1 Further Assurances.

From time to time after Closing, each of the Parties shall execute and deliver such further documents and instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and which are not inconsistent with the terms hereof, including, at the Purchaser's request and expense, the Receiver shall execute and deliver such additional conveyances, transfers and other assurances as may, in the opinion of the Parties or their counsel, acting reasonably, be reasonably required to effectually carry out the intent of this Agreement and transfer the Purchased Assets to the Purchaser.

14.2 Survival Following Completion.

Notwithstanding any other provision of this Agreement, section 4.5, article 9, article 10, section 13.2 and section 13.3 shall survive the termination of this Agreement and the completion of the Transaction, provided, however, that upon the discharge of BDO as the Receiver, the Parties' respective obligations by reason of this Agreement shall end completely and they shall have no further or continuing obligations by reason thereof.

14.3 Notice.

All notices, requests, demands, waivers, consents, agreements, approvals, communications or other writings required or permitted to be given hereunder or for the purposes hereof (each, a "Notice") shall be in writing and be sufficiently given if personally delivered, sent by prepaid registered mail or transmitted by email, addressed to the Party to whom it is given, as follows:

(a) to the Receiver:

BDO Canada Limited 20 Wellington Street East, Suite 500 Toronto, ON M5E 1C5

Attention:

Josie Parisi and Matthew Marchand

Tel:

(416) 865-0210/ (416) 369-4755

Email:

jparisi@bdo.ca/mmarchand@bdo.ca

and a copy to the Receiver's counsel to:

Aird & Berlis LLP Brookfield Place, 181 Bay Street, Suite 1800 Toronto, ON M5J 2T9

Attention:

Sanjeev Mitra and Sam Babe

Tel:

(416) 865-3085 / (416) 865-7718

Email:

smitra@airdberlis.com / sbabe@airdberlis.com

(b) to the Purchaser:

Sunray Group 515 Consumers Road Toronto, ON M2J4Z2

Attention:

Kenny Gibson

Email:

kenny.gibson@sunraygroup.ca

and a copy to the Purchaser's counsel to:

Shapiro Real Estate and Business Lawyers 333 Sheppard Ave Ease, Suite 201 Toronto, ON M2N3B3

Attention:

Garry Shapiro

Email:

gshapiro@garryshapirolaw.com

or such other address of which Notice has been given. Any Notice mailed as aforesaid will be deemed to have been given and received on the third Business Day following the date of its mailing. Any Notice personally delivered will be deemed to have been given and received on the day it is personally delivered, provided that if such day is not a Business Day, the Notice will be deemed to have been given and received on the Business Day next following such day. Any Notice transmitted by email will be deemed given and received on the first Business Day after its transmission.

If a Notice is mailed and regular mail service is interrupted by strike or other irregularity on or before the fourth Business Day after the mailing thereof, such Notice will be deemed to have not been received unless otherwise personally delivered or transmitted by email.

14.4 Waiver.

No Party will be deemed or taken to have waived any provision of this Agreement unless such waiver is in writing and such waiver will be limited to the circumstance set forth in such written waiver.

14.5 Consent.

Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit or the requirement for such consent is not required pursuant to the terms of the Approval and Vesting Orders, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

14.6 Governing Law.

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Parties irrevocably attorn to the jurisdiction of the Court sitting in Toronto and irrevocably consent to the exclusive jurisdiction and venue of the Court for the resolution of any disputes between them, regardless of whether or not such disputes arose under this Agreement.

14.7 Entire Agreement.

This Agreement constitutes the entire agreement between the Parties and supersedes all prior agreements and understandings between the Parties including, without limitation, the letter of intent delivered by the Purchaser to the Receiver in contemplation of the Transaction. There are not and will not be any verbal statements, representations, warranties, undertakings or agreements between the Parties. This Agreement may not be amended or modified in any respect except by written instrument signed by the Parties. The recitals herein are true and accurate, both in substance and in fact.

14.8 Time of the Essence.

Time will be of the essence, provided that if the Parties establish a new time for the performance of an obligation, time will again be of the essence of the new time established.

14.9 Time Periods.

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

14.10 Public Announcements.

Except as required by Applicable Law or as required to be served and filed by the Receiver's counsel in the way of materials in support of the Receiver's motions for the Approval and Vesting Orders, no public announcement or press release concerning the Transaction may be made by the Receiver or the Purchaser without the prior consent and joint approval of the Receiver and the Purchaser.

14.11 Assignment.

This Agreement will enure to the benefit of and be binding on the Parties and their respective heirs, executors, legal and personal administrators, successors and permitted assigns.

The Purchaser may not assign this Agreement without the Receiver's prior written consent, which may be unreasonably or arbitrarily withheld, and on terms satisfactory to the Receiver.

14.12 Expenses.

Except as otherwise set out in this Agreement, all costs and expenses (including, without limitation, the fees and disbursements of legal counsel, accountants, consultants and other professional advisors) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses. The Receiver acknowledges that the Broker is the Receiver's agent and that, accordingly, the Receiver shall be solely responsible for all fees and commissions payable to the Broker.

14.13 Severability.

If any portion of this Agreement is prohibited in whole or in part in any jurisdiction, such portion shall, as to such jurisdiction, be ineffective to the extent of such prohibition without invalidating the remaining portions of this Agreement and shall, as to such jurisdiction, be deemed to be severed from this Agreement to the extent of such prohibition.

14.14 No Strict Construction.

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

14.15 Cumulative Remedies.

Unless otherwise expressly stated in this Agreement, no remedy conferred upon or reserved to one or both of the Parties is intended to be exclusive of any other remedy, but each remedy shall be cumulative and in addition to every other remedy conferred upon or reserved hereunder, whether such remedy shall be existing or hereafter existing, and whether such remedy shall become available under common law, equity or statute.

14.16 Currency.

All references to dollar amounts contained in this Agreement shall be deemed to refer to lawful currency of Canada.

14.17 Receiver's Capacity.

It is acknowledged by the Purchaser that the Receiver is entering into this Agreement solely in its capacity as Court-appointed receiver and that the Receiver shall have absolutely no personal or corporate liability under or as a result of this Agreement in any respect.

14.18 No Third Party Beneficiaries.

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns. Nothing in this Agreement shall be

construed to create any rights or obligations except amongst the Parties and no other person or entity shall be regarded as a third party beneficiary of this Agreement.

14.19 Number and Gender.

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation."

14.20 Counterparts.

This Agreement may be executed in counterparts and by facsimile or PDF, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS above written.	WHEREOF the Purchase	has duly executed this Agreement a	s of the date first
		Sunray Group of Hotels Inc., Is	n Trust for a

Per:
Name: Kenny Gibson

President

ACCEPTED by the Receiver this 6 day of April , 2021

BDO CANADA LIMITED, solely in its capacity as the Court-appointed receiver of the Carriage Hills Vacations Owners Association and the Carrie Ridge Owners Association, and not in its personal capacity or in any other capacity

Per:

Josie Parisi, CPA, CA, CBV, CIRP, LIT Senior Vice President

SCHEDULE "A" APPROVAL AND VESTING ORDER

See attached.

SCHEDULE "B" PURCHASED ASSETS

A. Real Property

Parcel 1-16 Section 51-ORO-3

1stly): Part of Lot 3, Concession 4 designated as Parts 5, 6, 9 and 10 on Plan 51R-26764.

2ndly): Part of Lot 2, Concession 4 designated as Parts 5, 6, 7, 8, 9 and 10 on Plan 51R-26764 all in the TOWNSHIP OF ORO.

Subject to an Easement in favour of HORSESHOE RESORT CORPORATION over this Parcel as in 305553, assigned by SC663202.

Subject to 189796 Together with an Easement over Part of Lot 1, Concession 3, Part of Road Allowance between Concessions 3 and 4; and Part of Lot 1, Concession 4, designated as Part 1 on 51R-26623; and Part of Lots 1 and 2, Concession 4, designated as Parts 2 and 3 on 51R-26623 in THE TOWNSHIP OF ORO. (1-1, 51-Oro-3).

and Over Part of Lots 1 and 2, Concession 3, designated as Part 1 on 51R-26622 in THE TOWNSHIP OF MEDONTE. (1-2, 51-Med-3).

All as in 323087.

Subject to 01118774, 189796, 313024.

Subject to 306768 Together with an Easement over Part of Lot 2, Concession 4, Township of Oro, designated as Part 11 on 51R-26764 as in 323092. (1-17, 51-Oro-3).

Subject to 145763, 162773 Together with an Easement over Part of Lot 2, Concession 4, Township of Oro, designated as Parts 1 and 16 on 51R-26764 as in 323093 (1-18, 51-Oro-3).

Parcel 1-17 Section 51-ORO-3

Part of Lot 2, Concession 4 designated as Parts 11, 12, 13 and 14 on Plan 51R-26764 in THE TOWNSHIP OF ORO.

Subject to an Easement in favour of HORSESHOE RESORT CORPORATION over this Parcel as in 305553 assigned by SC663202.

Together with an Easement over Part Lot 1, Concession 3; Part of Road Allowance between Concessions 3 and 4; and Part of Lot 1, Concession 4, designated as Part 1 on 51R-26623; and Part of Lots 1 and 2, Concession 4, designated as Parts 2 and 3 on 51R-26623 in THE TOWNSHIP OF ORO. 1-2, 51-Oro-3.

and Over Part of Lots 1 and 2, Concession 3, designated as Part 1 on 51R-26622 in THE TOWNSHIP OF MEDONTE. (1-1, 51-Med-3).

All as in 323087.

Subject to 01118774, 313024.

Subject to 306768 Together with an Easement over Part of Lots 2 and 3, Concession 4, Township of Oro designated as Part 5 on 51R-26764 (1-16, 51-Oro-3) as in 323091.

Together with an Easement over Part of Lot 2, Concession 4, Township of Oro designated as Parts 1 and 16 on 51R-26764 as in 323093. (1-18, 51-Oro-3).

Parcel 1-18 Section 51-ORO-3

Part of Lot 2, Concession 4, designated as Parts 1, 2, 3, 4, 15, 16 and 17 on Plan 51R-26764 in the TOWNSHIP OF ORO.

Subject to an Easement in favour of THE CORPORATION OF THE TOWNSHIP OF ORO over Part 15, 16 and 17 on 51R-26764 as in 185945.

Subject to and Easement in favour of HORSESHOE RESORT CORPORATION over this Parcel as in 305553, assigned by SC663202.

Together with an Easement over Part of Lot 1, Concession 3; Part of Road Allowance between Concessions 3 and 4; and Part of Lot 1, Concession 4, designated as Part 1 on 51R-26623; and Part of Lots 1 and 2, Concession 4, designated as Parts 2 and 3 on 51R-26623 in THE TOWNSHIP OF ORO (1-2, 51-Oro-3).

and Over Part of Lots 1 and 2, Concession 3, designated as Part 1 on 51R-26622 in THE TOWNSHIP OF MEDONTE. (1-1, 51-Med-3).

All as in 323087.

Subject to 01118774, 313024.

Together with an Easement over Part of lots 2 and 3, Concession 4, Township of Oro designated as Part 5 on 51R-26764 as in 323091. (1-16, 51-Oro-3).

Subject to 306768 together with an easement over Part of Lot 2, Concession 4, Township of ORO, designated as Part 11 on 51R-26764 as in 323092 (1-17, 51-Oro-3).

BLK 196, PL 51M456, Township of Oro, except Part 1 on 51R21499 [PIN: 74053-0144]

Subject to LT305106; together with LT327069 partially released by LT522873, SC37172, SC74245, SC284657, SC294017, SC294018, SC1170874, SC1170875, SC1551648, SC1570607, SC1596999, Township of Oro-Medonte.

B. Personal Property

See attached list on Schedule B-1.

C. Contracts

All right, title, and interest of the Associations in all Contracts related to the Real Property and the Personal Property, if any.

D. Warranty Rights

All right, title, and interest of the Associations in all Warranty Rights related to the Real Property and the Personal Property, if any.

E. Permits

All right, title, and interest of the Associations in all Permits related to the Real Property and the Personal Property, if any.

SCHEDULE "B-1" PERSONAL PROPERTY - CONTINUED

See Attached.

Item Description	Hills	Count Ridge
H-A-B F-03 - Danby Black BCR34BL	1	
H-A-C MM-01 Cabinet Mount Microwave #PEM10WFC	8	
H-A-D-01 GE Dishwasher		23
H-A-F-03-Side by Side with door front icemaker FRS3R4EW4	2	
H-A-M-01B Danby 0.7 Cu Ft Microwave	52	3
H-A-O-01 JCS630DFWW GE 30" Slide in Electric Range Self Cleaning Oven	6	
H-A-OVR-001 Over the Range Microwave	6	2
H-A-R-001 30" Free Standing Range White	47	1
H-A-UMM-01A Danby 0.7 Cu Ft Microwave DMW799BL	21	
H-A-W/D-05A GE Washer Dryer Combo	43	
H-E-DVD-01 LG DVD/BlueRay Player	21	
H-E-TV-01A Samsung 43"	56	
H-E-TV-01B Samsung 49"	33	
In-Unit Bar Fridge		1
In-Unit Electrolux Washer/Dryer	17	60
In-Unit Fridge	1	
In-Unit Panasonic Microwave	2	
In-Unit Whirlpool Microwave	22	2
In-Unit 32" Panasonic TV	1	4
In-Unit 32" Samsung TV	5	17
In-Unit Balcony Deck Chair Style 45	183	18
In-Unit Balcony Deck Chair Style 90	148	130
In-Unit Balcony Side Table N	273	147
In-Unit Balcony Side Table Y	59	
In-Unit Boom Box N	164	29
in-Unit Boom Box Y		44
In-Unit Bradford White Water Tank	103	 7
In-Unit Bradford White Water Tank #1	67	66
In-Unit Carpet - A	66	1
In-Unit Carpet - B	266	146
In-Unit Carpet - C	1	140
In-Unit Carpet A	36	
In-Unit Carpet B	129	73
in-Unit Carpet C	1	7.5
in-Unit Chair · A	, 55	27
in-Unit Chair - B	105	45
in-Unit Chair · C	5	1
In-Unit Chandelier Flushmount	51	26
In-Unit Chandelier Silver		38
In-Unit Chandelier Tulip	115	9
In-Unit DAIKIN Air Handler	48	7
In-Unit Dankin Air Harder In-Unit Danby Bar Fridge Black	30	
· · · · · · · · · · · · · · · · · · ·	70	39
In-Unit Danby Bar Fridge Double Door White	70 48	
In-Unit Danby Bar Fridge Single Door White		18
In-Unit Danby Over Counter Microwave Black	4	2
In-Unit Dining Rm Furniture Pkg - A	51	27
In-Unit Dining Rm Furniture Pkg - B	54	16
In-Unit Dining Rm Furniture Pkg - C	61	46

In-Unit Dining Rm Wall Lighting - Bronze Scones	121	
In-Unit Dining Rm Wall Lighting - Silver Scones		73
In-Unit Dining Rm Wall Lighting - Tulip	45	
in-Unit Drapes & Sheer Package A	82	26
in-Unit Drapes & Sheer Package B	82	2
In-Unit Drapes & Sheers Pkg A	160	33
In-Unit Drapes & Sheers Pkg B	171	109
In-Unit Drapes & Sheers Pkg C		1
In-Unit Dryer	1	
In-Unit DVD or BlueRay Player N	1	
In-Unit DVD or BlueRay Player Y	9	3
In-Unit DVD Player Philips	34	10
In-Unit DVD Player RCA	44	33
In-Unit DVD/Blue Ray Player Panasonic	205	96
In-Unit Electrolux Washer/Dryer	3	7
In-Unit Foyer Light Sensor N	68	72
In-Unit Foyer Light Sensor Y	93	
In-Unit Frigidaire Dishwasher		3
In-Unit Frigidaire Dryer	2	1
In-Unit Frigidaire Fridge	46	36
In-Unit Frigidaire range/oven	8	46
In-Unit Frigidaire Washer	2	1
In-Unit Frigidaire Washer/Dryer	82	3
In-Unit Furniture Pkg - A	163	76
In-Unit Furniture Pkg - B	142	
In-Unit Furniture Pkg - C	192	144
In-Unit GE Bar Fridge Double Door Black	12	2
in-Unit GE Dishwasher	149	18
In-Unit GE Fridge	86	27
In-Unit GE Microwave	113	46
In-Unit GE Microwave White		2
In-Unit GE Over Counter Microwave	5	12
In-Unit GE Over Counter Microwave Spacemaker 11 White	52	2
In-Unit GE Over Counter Microwave White	1	19
in-Unit GE Profile Microwave	3	1
In-Unit GE Range/Oven	11	18
In-Unit GE Washer Dryer Combo	14	2
In-Unit Giant Water Tank #2	62	71
In-Unit Goldstar Microwave	1	4
In-Unit Goldstar Microwave White	2	6
In-Unit GoldStar Over Counter Microwave White		35
in-Unit Headboard - A	113	52
In-Unit Headboard - B	156	2
In-Unit Headboard · C	64	93
In-Unit Hot Water Tanks Giant	1	
In-Unit JC8630DF3WW GE Range/Oven	1	1
In-Unit Jenn-Air Cook Top	1	
In-Unit Laundry Rm Light Sensor N	127	71
In-Unit Laundry Rm Light Sensor Y	36	1
In-Unit LG 32"	6	6

1. \$1.46.1 G 200 TM	7	3
In-Unit LG 32" TV	1	J
In-Unit LG 37"	2	
In-Unit LG 40"	9	
IN-Unit LG 40" TV	7	15
In-Unit LG Bar Fridge Single Door White		4
in-Unit LG Goldstar Microwave	4	4
In-Unit LG Goldstar Microwave White	1	
In-Unit LG Microwave	E4	1
In-Unit Living Rm Table pkg - A	51	25
In-Unit Living Rm Table pkg - B	33	
In-Unit Living Rm Table pkg - C	82	47
In-Unit Mattress - A	311	120
In-Unit Mattress - B	16	26
In-Unit Maytag Cook Top	59	
In-Unit Maytag Fridge Side by Side		1
In-Unit Over Counter Microwave	18	1
In-Unit Overhead Track Lighting - A	125	26
In-Unit Overhead Track Lighting - B	2	70
In-Unit Overhead Track Lighting - C	42	1
in-Unit Overhead Track Lighting A	52	
in-Unit Overhead Track Lighting B	24	72
in-Unit Overhead Track Lighting C	39	1
In-Unit OVR Microwave Frigidaire	18	5
In-Unit Panasonic 32" TV	21	2
In-Unit Panasonic 37" TV	9	2
IN-Unit Panasonic 40" TV	9	5
IN-Unit Panasonic 49" TV	3	
In-Unit Philips 32" TV	6	9
In-Unit Philips 37" TV	4	
IN-Unit Philips 40" TV	4	2
In-Unit Potscrubber	1	22
In-Unit Requires Railing Painting N	1 2 3	147
in-Unit Requires Railing Painting Y	211	
In-Unit Samsung 32" TV	143	86
In-Unit Samsung 37" TV	3	4
In-Unit Samsung 40" TV	156	67
In-Unit Samsung 43" TV	6	
In-Unit Sharp 32" TV	12	10
In-Unit Side Bench- A	31	25
in-Unit Side Bench- B	25	
In-Unit Side Bench- C	23	
In-Unit Side Chair - A	4	1
In-Unit Side Chair - B	62	45
In-Unit Side Chair - C	2	1
In-Unit Sink Faucet - A	129	2
In-Unit Sink Faucet - A	38	70
In-Unit Sink Faucet - C	30	1
In-Unit Sofa - A	298	146
	33	1 10
In-Unit Sofa - B In-Unit Sofa - C	3	1
infonic sola 1 C	J	•

In-Unit Sofa Mattress - A	325	146
In-Unit Sofa Mattress - B	4	
In-Unit Stereo N	48	24
In-Unit Stereo Y	118	48
In-Unit Sylvania DVD Player		1
In-Unit Toilet with Soft Close N	209	143
In-Unit Toilet with Soft Close Y	117	4
In-Unit Under Cupboard Lighting N	6	
In-Unit Under Cupboard Lighting Y	161	73
In-Unit Wall Hairdryer N	107	53
In-Unit Wall Hairdryer Y	226	94
in-Unit Wall Lighting - Bronze Scone	34	
In-Unit Wall Lighting - Lantern	25	
in-Unit Wall Lighting - Silver Scone	60	
In-Unit Washer	1	
In-Unit Whirlpool Dishwasher	19	1
In-Unit Whirlpool Fridge	33	3
In-Unit Whirlpool Range/Oven	34	
In-Unit Whirlpool Washer/Dryer	2	
In-Unit Wooden Blinds		5
R-A-D-001 Dishwasher White		6
R-A-F-001 18 CU FT Fridge Top Freezer White		6
R-A-OVR-001 Over the Range Microwave		2
R-A-R-001 30" Free Standing Range White		6
R-A-W/D-02 - Fridgidaire FTF530FS Washer for Wheelchair Accessible Uni	2	
R-A-W/D-03 - Fridgidaire FEQ332CES Dryer for Wheelchair Accessible Uni	2	
R-A-W/D-05GE Washer Dryer Combo GUD24ESMJWW	1	
R-E-DVD-01A LG DVD/BlueRay Player	14	4
R-E-TV-02A Samsung 49"	1	
R-E-TV-02B Samsung 43"	11	
Grand Total	9,109	4,003

item	One bedroom	studio
Kitchen	_	
Small appliances]	
coffee maker	1	1
toaster	1	1
Kettle- electric	1	1
blender	1	1
Cutting board Large 10" x 16"	1	1
Cutting board Small 7" x 14 "	1	1
Wooden Knife Block	1	
Scissors	1	
Sharpening steel	1	
chef's knife 8"	1	
Knife 5"	1	
paring knife 3"	1	
Bread knife, serated 5"	1	1
Steak knife	6	4
• • • • • • • • • • • • • • • • • • • •		
Silverware]	
Dinner Knife	6	4
dinner fork	6	4
salad fork	6	4
soup spoon	6	4
tea spoon	6	4
serving spoon	2	
Utensils	1	
Slotted spoon nylon	1	
solid spoon nylon	1	
ladie	1	
bowl scraper rubber	1	
ice cream scoop	1	1
vegetable peeler	1	1
spatula rubber	1	
pizza cutter	1	
corkscrew	1	1
can opener	1	1
whisk 12"	1	
grater	1	
tongs service	1	

dish rack		1
Luggage Rack	1	1
vacuum	1	
hair dryer	1	1
mop bucket	1	
mop handle	1	
boot tray	1	1
iron	1	1
ironing board	1	1
kitchen amenity basket	1	1
zipper bag (clear) for extra linen in rooms	1	1
Tissue box cover	1	1
Broom and Dust Pan	1	1
bathroom amenity holder plexi glass	1	1
rubber mat (bath tub)	1	
Flash Light	1	1
Trivets - pot holder (rubber silicone)	2	2
Paper Towei Holder	1	1
Coaster set caddy	1	1
Coaster set (6) Black Rubber	6	6
wooden hangers	10	5
woodenhangers with clips	10	5
waste basket bathroom white	2	1
waste basket kitchen black	1	1
Plunger	1	1
Milk Jug (plastic)	1	1
Juice Jug / pitcher 2 Qt plasric	1	1
Frying Pan small 9"	1	_
Frying Pan large 11"	1	
Sauce Pan 1 Qt	1	
Sauce pan 3 Qt	1	
Dutch Oven 5 Qt	1	
Tea Pot- stoneware	1	
measuring spoon set	1	
Cookie sheet	1	
Pizza Pan	1	
Measuring Cup - Glass	1	1
Salad bowi - Glass	1	•
casserole dish -2 Qt glass	1	
Baking dish- Glass 9" x 13"	1	
serving bowl 35 OZ - Glass	1	
January San January	*	
serving platter oval Glass 12.5"	1	1
mixing bow 1 QT Glass with plastic lid	1	1
mixing bow 1.5 QT Glass with plastic lid	1	1
mixing bow 2.5 QT Glass with plastic lid	1	7
strainer	1	
	*	

ice cube tray	1	1
Dishware		
Salad plate 8 1/4 "	6	4
Dinner Plate 10 5/8 "	6	4
Coffee Mug	6	4
Cereal Bowl 22.5 Oz	6	4
Glassware		
Oldssware		
Glass 17.24 oz	6	4
Glass - Rock 12.5 oz	6	4
Glass- wine 14.75 oz	6	4
	•	
Pillows		
queen	5	5
king	2	2
Blankets (fuzzy brown) King and Queen assorted	1	1
Sidifficial (1922) Stormy Ming and Quality and	_	
Mattress Pad King	1	1
Mattress Pad Queen	1	1
Duvet inserts	1	1

2 Bdrm total	Clarence	Harson	Rollawat	MOKOJI K	Concord	Victoria	strationd	landau
	12	16	20	26	26	25	26	16
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
0	0	0	0	0	0	0	0	0
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
1	12	16	20	26	26	25	26	16
1	12	16	20	26	26	25	26	16
1	12	16	20	26	26	25	26	16
1,	12	16	20	26	26	25	26	16
1	12	16	20	26	26	25	26	16
1	12	16	20	26	26	25	26	16
2	24	32	40	52	52	50	52	32
10	120	160	200	260	260	250	260	160
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
10	120	160	200	260	260	250	260	160
10	120	160	200	260	260	250	260	160
10	120	160	200	260	260	250	260	160
10	120	160	200	260	260	250	260	160
10	120	160	200	260	260	250	260	160
2	24	32	40	52	52	50	52	32
0	0	0	0	0	0	0	0	0
1	12	16	20	26	26	` 25	26	16
1	12	16	20	26	26	25	26	16
1	12	16	20	26	26	25	26	16
1	12	16	20	26	26	25	26	16
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
1	12	16	20	26	26	25	26	16
1	12	16	20	26	26	25	26	16
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
1	12	16	20	26	26	25	26	16
1	12	16	20	26	26	25	26	16
1	12	16	20	26	26	25	26	16

1	12	16	20	26	26	25	26	16
2	24	32	40	52	52	50	52	32
1	12	16	20	26	26	25	26	16
2	24	32	40	52	52	50	52	32
1	12	16	20	26	26	25	26	16
1	12	16	20	26	26	25	26	16
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
1	12	16	20	26	26	25	26	16
2	24	32	40	52	52	50	52	32
4	48	64	80	104	104	100	104	64
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
12	144	192	240	312	312	300	312	192
15	180	240	300	390	390	375	390	240
15	180	240	300	390	390	375	390	240
3	36	48	60	78 50	78	75 - a	78	48
2	24	32	40	52	52	50	52	32
2	24	32	40	52 52	52	50	52	32
2	24	32	40	52	52	50	52	32
2	24	32	40	52 26	52	50	52	32
1	12	16 16	20	26	26 26	25 25	26	16
1	12	16	20 20	26 26	26 26	25 25	26	16
1	12 12	16 16	20 20	26 26	26 26	25 25	26	16
1				26 26	26 36	25	26 26	16
1	12 12	16 16	20 20	26 26	26 26	25	26 26	16
1	12	16	20	26 26	26 26	25 25	26	16
1	12	16	20	26 26	26	25	2 6 26	16
1	12	16	20	26	26	25 25		16 16
2	24	32	40	52	52	50	26 52	16 32
1	12	16	20	26	26	25	26	32 16
1	12	16	20	26	26	25	26	16
1	12	16	20	26	26	25	26	16
1	12	16	20	26	26	25	26	
0	0	0	0	0	0	0	0	16 0
2	24	32	40	52	52	50	52	32
2	24	32	40	52 52	52 52	50	52 52	32
2	24	32	40	52 52	52 52	50	52 52	32 32
1	12	16	20	26	26	25	26	16
1	12	16	20	26 26	26	25 25	26 26	16 16
-	12	10	20	20	20	23	20	10

2	24	32	40	52	52	50	52	32
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0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
10	120	160	200	260	260	250	260	160
10	120	160	200	260	260	250	260	160
10	120	160	200	260	260	250	260	160
10	120	160	200	260	260	250	260	160
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
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10	120	160	200	260	260	250	260	160
10	120	160	200	260	260	250	260	160
10	120	160	200	260	260	250	260	160
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
10	120	160	200	260	260	250	260	160
4	48	64	80	104	104	100	104	64
	0	0	0	0	0	0	0	0
2	24	32	40	52	52	50	52	32
	0	0	0	0	0	0	0	0
2	24	32	40	52	52	50	52	32
2	24	32	40	52	52	50	52	32
	0	0	0	0	0	0	0	0
2	24	32	40	52	52	50	52	32

					VL.
	Surey	Broughain	cyaguaeth		etile stock
Hills total	SUL	8102	cy ^{coro}		$\mathfrak{S}_{L_{\mathcal{C}}}$
167	26	26	19	71	
334	. 52	52	38	142	
334	52	52	38	142	
334	52	52	38	142	
334	52	52	38	142	
0	0	0	0	0	
334	52	52	38	142	
334	52	52	38	142	
167	26	26	19	71	
167	26	26	19	71	
167	26	26	19	71	
167	26	26	1 9	71	
167	26	26	19	71	
167	26	26	19	71	
334	52	52	38	142	
1670	260	260	190	710	
0	0	0	0	0	
0	0	0	0	0	
0	0	0	0	0	
1670	260	260	190	710	
1670	260	260	190	710	
1670	260	260	190	710	
1670	260	260	190	710	
1670	260	260	190	710	
334	52	52	38	142	
0	0	0	0	0	
167	26	26	19	71	
167	26	26	19	71	
167	26	26	19	71	
167	26	26	19	71	
334	52	52	38	142	
334	52	52	38	142	
167	26	26	19	71	
167	26	26	19	71	
334	52	52	38	142	
334	52	52	38	142	
167	26	26	19	71	
167	26	26	19	71	
167	26	26	19	71	

167	26	26	19	71
334	52	52	38	142
167	26	. 26	19	71
334	52	52	38	142
167	26	26	19	71
167	26	26	19	71
334	52	52	38	142
334	52	52	38	142
334	52	52	38	142
334	52	52	38	142
334	52	52	38	142
334	52	52	38	142
334	52	52	38	142
334	52	52	38	142
167	26	26	19	71
334	52	52	38	142
668	104	104	76	284
334	52	52	38	142
334	52	52	38	142
2004	312	312	228	852
2505	390	390	285	1065
2505	390	390	285	1065
501	78	78	57	213
334	52	52	38	142
334	52	52	38	142
334	52	52	38	142
334	52	52	38	142
167	26	26	19	71
167	26	26	19	71
167	26	26	19	71
167	26	26	19	71
167	26	26	19	71
167	26	26	19	71
167	26	26	19	71
167	26	26	19	71
167	26	26	19	71
334	52	52	38	142
167	26	26	19	71
167	26	26	19	71
167	26	26	19	71
167	26	26	19	71
0	0	0	0	0
334	52	52	38	142
334	52	52	38	142
334	52	52	38	142
167	26	26	19	71
167	26	26	19	71

334	52	52	38	142
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
1670	260	260	190	710
1670	260	260	190	710
1670	260	260	190	710
1670	260	260	190	710
0	0	0	0	0
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1670	260	260	190	710
1670	260	260	190	710
1670	260	260	190	710
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
1670	260	260	190	710
668	104	104	76	284
0	0	0	0	0
334	52	52	38	142
0	0	0	0	0
334	52	52	38	142
334	52	52	38	142
0	0	0	0	0
334	52	52	38	142

item	Total on hand				
Duvet insert	476				
Duvet cover	1179				
King fitted	1629				
King flat	1101				
King Pillow Case	2987				
King Pillow Protector	1537				
King Pillows	952				
Queen fitted	961				
Queen flat	1028				
Queen Pillow Case	4308				
Queen Pillow Protector	2985				
Queen Pillows	2380				
Towels / Terry					
Bath towels	4680				
Hand Towel	5665				
Face Cloth	4419				
Bath Mat	2255				
Pool Towels	2800				
Kitchen towel	1913				
Dish Cloth	810				
Blanket King + Queen assorted	476				
King mattress pad	476				
Queen matress Pad	476				

Location

in rooms in rooms

housekeeping storage housekeeping storage housekeeping storage housekeeping storage in rooms housekeeping storage housekeeping storage housekeeping storage in rooms

housekeeping storage housekeeping storage housekeeping storage housekeeping storage

housekeeping storage

housekeeping storage housekeeping storage

in rooms

in rooms in rooms

******	Hills	Ridge
King Bed bug cover	334	142
Queen Bed bug cover	334	142
Twin Bed Bug Cover	668	284
Bed Scarf	334	142
Bolster Pillow	334	142

New in storage

New in Storage	
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	290
	
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	100 185
	400
	192

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Item description	Hills	Ridge	Total
Barbeques	14	6	20
Picnic tables (metal legs)	16	6	22
Picnic tables (wood legs)	4	-	4
Picnic tables (hexegon)	6	-	6
Pool deck chaise lounges	60	16	76
Three piece sectional counches	7	3	10
PVC recycle centres	8	3	11
Gym equipment:			
Dumbbell weight set	1	1	2
Treadmills	2	2	4
Stairmasters	1		1
Stationary bike	1	1	2
Elypticals	2	1	3
Universal weight station	1	1	2
Benches	2	1	3

3

SCHEDULE "C"
PERMITTED ENCUMBRANCES

ncumbrances

arcel 1-16 Section 51-ORO-3

	LRO remarks	Agreement	Agreement	Security Interest	Agreement	Severance Consent	Over Part 5 on Plan 51R-26764	Agreement	Agreement		Agreement 327071	Agreement 305006	Agreement 306006	Easement in Gross LT305553
	Party TO LR	The Corporation of the Township of Oro-Medonte Agr	The Consumers' Gas Company Agr	The Consumers' Gas Company Sec	The Corporation of the Township of Oro-Medonte	Camiage Hills Resort Corporation Sev	Owner/Occupant of Part of Lot 2, Concession 4, Township of Oro, designated as Parts 11, 12, 13 and 14 on 51R-26764 (1-17, 51-Cro-3) and Parts 1, 2, 3, 4, 15, 16 and 17 on 51R-26764 (1-18, 51-Oro-3)	Camage Hills Vacation Owners Association	Camage Hills Vacation Owners Association	No transfer shall be registered without Consent by Carriage Hills Vacation Owners Association except for transfers by Carriage Hills Resort Corporation	Ago	The Corporation of the Township of Oro-Medonte	The Corporation of the Township of Oro-Medonle	Skyline Horseshoe Valley Inc., Skyline Ulility Services Inc. and Horseshoe Eav Valley Lands Ltd.
	Party FROM										Carriage Hills Vacation Owners Association	Carriage Hills Resort Corporation	Caniage Hills Resort Corporation	Horseshoe Resort Corporation
	Instrument Type	Notice	Notice	Notice	Notice	Transfer	Easement	Notice	Notice	Restriction	Notice	Notice	Notice	Assignment
	Registry Page No.	6	e)	m	т	ಣ	4	4	4	4	657	939	1099	1458
	Registration No.	300008	316667	318697	323086	323068	323091	327070	327071	327072	366718	392711	432318	SC663202
Date of Registration (yy/mm/dd)		96/09/27	97/03/13	97/04/17	97/06/24	97/06/24	97/06/24	90/108/06	97/08/06	97/08/06	98/10/23	99/06/30	71/50/00	08/07/14
	Parcel	1-16	1-16	1-16	1-16	1-16	<u>5</u>	1-16	1-16	1-16	1.16	1-16	1.16	1.16

arcel 1-17 Section 51-ORO-3

	LRO remarks	Agreement	Agreement	Security Interest	Agreement	Over Part 11 on 51R-26764	Agreement	Agreement 306006			Agreement		Over Parts 5 and 6 on Plan 51R-28904 C of A Consent	Agreement 306006	Easement in Gross LT305553
	Party TO	The Corporation of the Township of Oro-Medonte	The Consumers' Gas Company	The Consumers' Gas Company	The Corporation of the Township of Oro-Medonte	Owner/Occupant of Part of Lots 2 & 3, Concession 4, designated as Parts 5, 6, 7, 8, 9, 10, Plan 51R-26764 (1-16, 51-Oro-3) and Owner/Occupant of Part of Lot 2, Concession 4, designated as Parts 1, 2, 3, 4, 15, 16, 17, Plan 51R-26764 (1-18, 51-Oro-3)	Camage Hills Vacation Owners Association	The Corporation of the Township of Oro-Medonte	Camiage Hills Resort Corporation	No Transfer shall be registered without Consent by Carriage Hills Vacation Owners Association except for transfers by carriage Hills Resort Corporation	Carriage Hills Resort Corporation Carriage Hills Hospitality Inc. Carriage Hills Vacation Owners Association		Owner/Occupant of Parcels 1-21, 1-22, 1-23 Section 51R-Oro-3 and over Parts 5 and 6 on Plan 51R-28904 and Parcel 1-21, Section 51-Oro-4 (see Document)	The Corporation of the Township of Oro-Medonte	Skyline Horseshoe Valley Inc., Skyline Utility Services Inc. and Horseshoe Valley Lands Ltd.
	Party FROM											Lays out this Parcel as Parts 1,2,3,4,5 & 6.		Carriage Hills Resort Corporation	Horseshoe Resort Corporation
	instrument Type	Notice	Notice	Notice	Notice	Easement Subject to 306768	Notice	Notice	Transfer	Restriction	Notice		Easement	Notice	Assignment
	Registry Page No.	71	2	ю	ь	ю	es	4	4	4	4	4	4	408	1675
	Registration No.	306006	316667	318697	323086	323092	327070	392711	395393	395707	395708	51R-28904	-402475	432318	\$0863202
Date of Registration (vv/mm/dd)	ì	96/09/27	97/03/13	97/04/17	97/06/24	97/08/24	97/08/06	08/90/86	99/07/27	99/07/29	99/07/29	99/08/25	99/09/15	00/05/17	08/07/14
	Parcel	1-17	1-17	1-17	1-17	1-17	1.17	71-1	1-17	1-17	1.17	1-17	1-17	1-17	1-17

arcel 1-18 Section 51-ORO-3

LRO remarks	Agreement	Agreement	305768 to 316667	Security interest	Agreement	Over Parts 1 and 16 on 51R-26764.		Agreement	Agreement 306006	306006 Agreement			Agreemenl	306768 Agreement	Agreement 305758 & 443919
Party TO	The Corporation of the Township of Oro-Medonte	The Consumers' Gas Company Ltd.		The Consumers' Gas Company Ltd.	The Corporation of the Township of Oro-Medonte	Owner/Occupant of Part of Lot 2 and 3/ Concession 4, Township of Oro, designated as Parts 5, 6, 7, 8, 9 and 10 on 51R-26764 (1-16, 51-Oro-3) and	Part of Lot 2. Concession 4. Township of Oro, designated as Parts 11, 12, 13 and 14 51R-26764. (1-17, 51-Oro-3)	Camiage Hills Vacation Owners Association	The Corporation of the Township of Oro-Medonte	The Corporation of the Township of Oro-Medonte	Carriage Hills Resort Corporation	No Transfer shall be registered unless the written consent is given by Carriage Hills Resort Corporation with respect to such transfer.	Camage Hills Vacation Owners Association	Finova (Canada) Capital Corporation	Finova (Canada) Capital Corporation
Party FROM															
instrument Type	Notice	Notice	Postponement	Notice	Notice	Easement	Subject to 306768	Notice	Notice	Notice	Transfer	Restriction	Notice	Notice	Notice
Registry Page No.	8	5	ო	ო	ю	ო		m	4	4	4	4	4	4	4
Registration No.	306006	316667	316668	318697	323086	323093		327070	392711	432318	437762	437763	440522	443919	473212
Date of Registration (yy/mm/dd)	96/09/27	97/03/13	97/03/13	97/04/17	97/06/24	97/06/24		97/08/06	99/06/30	51/50/00	00/06/26	00/06/26	00/02/10	00/07/31	01/02/14
Parcel	1-18	1-18	1-18	1-18	1-18	1-18		1-18	1-18	1-18	1-18	1-18	1-18	1-18	1-18

arcel 1-27 Section 51-ORO-3

							No Transfer shall be registered unless the written consent is given by CARRIAGE	RIDGE OWNERS ASSOCIATION except Transfers by CARRIAGE HILLS REPORT CORP			0180718	3141516	
	LRO remarks	Agreement				Agreement	No Transfer shall be written consent is	RIDGE OWNERS Transfers by CARI	re Agreement		SC180717 and SC180718	Pt 1 \$1R31409 SC141516	SC176603
	Party TO	Camage Hills Resort Four, Inc.	Camage Hills Resort Corporation	Horseshoe Valley Resort Lkd.	Partial Release (see SC311576)	Carriage Ridge Owners Association	Carriage Hills Resort Corporation		Horseshoe Valley Resort Ltd.	No transfer shall be registered unless the written consent is given by CARRIAGE RIDGE OWNERS ASSOCIATION. No consent necessary to any transfer by CARRIAGE HILLS RESORT CORPORATION and/or RFC CANADA CORPORATION	Finova Capital Corporation RFC Canada Corporation		Legal Aid Ontario
	Party FROM								Carriage Hills Resort Corporation		Camage Hills Resort Corporation		
	Instrument Type	Notice	Transfer	Transfer of Easement		Notice	Restriction	(Sec 118)	Notice	Restriction	Noice	Partial Release	Notice
Repieto	Page No.	-		-		2	2		7		196	944	944
	Registration No.	SC80672	SC131745	SC141616		SC141617	SC141618		SC167809	SC180715	SC180719	SC311576	SC311988
Date of Registration (yy/mm/dd)		02/12/13	03/07/14	03/08/14		03/08/14	03/08/14		03/11/06	03/12/15	03/12/15	60/03/03	05/08/10
	Parcel	1-27	1-27	1-27		1-27	1-27.		1-27	1-27	1-27	1.27	1-27

IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O 1990, C. C. 43, AS AMENDED

AND ICN THE MATTER OF THE RECEIVERSHIP PROCEEDINGS OF CARRIAGE HILLS VACATION OWNERS ASSOCIATION

AND IN THE MATTER OF THE RECEIVERSHIP PROCEEDINGS OF CARRIAGE RIDGE OWNERS ASSOCIATION

Court File No. CV-20-00640265-00CL Court File No. CV-20-00640266-00CL

ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) Proceedings commenced at Toronto

CONFIDENTIAL SUPPLEMENTARY MOTION RECORD (Returnable May 27, 2021)

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Lawyers for BDO Canada Limited in its capacity as Court-appointed Receiver of Carriage Ridge Owners Association and Carriage Hills Vacation Owners Association