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Court File No. 2025 01G 0491

**THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
GENERAL DIVISION, IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

- AND -

**IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
KARWOOD CONTRACTING LTD., KARWOOD ONTARIO LTD., KARWOOD ENGINEERING INC., AND
KARWOOD DESIGN GROUP LTD.**

SUPPLEMENT TO THE SEVENTH REPORT OF THE MONITOR

October 23, 2025

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PURPOSE

1. The purpose of this supplement to the Seventh Report (the “**Supplement Report**”) is to provide the Court with information and the Monitor’s view on certain matters outlined in the position submissions to Court pursuant to the Procedural Order granted on October 1, 2025, namely the submission of Kent Building Supplies, dated October 10, 2025 (the “**Kent Submission**”).

TERMS OF REFERENCE

2. The Supplement Report should be read in conjunction with the Monitor’s Seventh Report, including the terms of reference paragraphs noted therein. Terms not defined within this Supplement Report have the meaning as set out in the Seventh Report, the Monitor’s application materials and the Asset Purchase Agreement, unless otherwise noted.

THE KENT SUBMISSION

3. Paragraph 6 of the Kent Submission states the Monitor did not provide the Court with a complete list of assets and undertakings and a reliable estimate of values of the assets and undertakings to be purchased within the Proposed Transaction. Within the Confidential Supplement of the Seventh Report, the Monitor attached an executed copy of the Asset Purchase Agreement, in which section 2.01 provides a detailed listing of the Purchased Assets (as defined therein). Further, the Confidential Supplement provided the Monitor’s estimates of the Purchased Assets within the limits of the financial resources available to the Monitor. To be clear, although certain assets are not estimated to hold significant value, such as doubtful accounts receivable, contracts and intellectual property, appraisals are not usually attainable for assets of this nature.
4. Paragraphs 9 through 12 of the Kent Submission discusses the assumed liabilities of Newco within the Proposed Transaction. The purchase price and liabilities of the Applicants that are willing to be assumed by Newco is primarily up to the Private Investor, specifically its perceived value of the Applicants’ assets and risk versus reward from assuming certain liabilities of the Applicants. Further, the Monitor understands that reducing the liabilities to be assumed by Newco would not increase the purchase price within the Proposed Transaction.
5. Paragraph 13 of the Kent Submission challenges how the potential receivable related to the NL Government’s expropriation of 146 Ladysmith Dr., Paradise, NL can be conveyed as part of the Proposed Transaction. The Monitor has estimated potential collections of \$50,000 to \$100,000 from the Applicants’ Miscellaneous Receivables after considering factors such as costs of collection such as continuing litigation in certain cases. The Monitor is of view the release of the partially built residential property at 146 Ladysmith Dr., Paradise, NL may be one of the more collectible Miscellaneous Receivables of the Companies. However, considering the value of the partially completed property as is, and costs such as i) land parcel cost of \$65,000 pursuant to the purchase

agreement Karwood Contracting executed with Patrick Street; ii) costs including debt service costs, and associated risk of construction completion; and iii) the cost of realization such as real estate commissions; the net benefit to the Applicants or the Private Investor is not expected to be substantial.

6. Paragraphs 14 through 16 of the Kent Submission discusses the request for the Monitor to investigate a potential Transfer at Undervalue of a 1.3-acre land parcel located at 166 Park Avenue, Mount Pearl, NL (“**Park Avenue**”). With respect to said transfer, the Monitor understands the following:
 - a. Karwood Contracting transferred Park Avenue to 77592 Newfoundland and Labrador Inc., a related party understood to be controlled by Mr. Hussey, for \$1.00 on September 12, 2024. A copy of the transfer indenture transferring Park Avenue is attached hereto as **Appendix “A”**;
 - b. on December 18, 2023, Appraisal Associates Limited appraised Park Avenue at \$6.8 million as if the development was complete and estimated the value of the land to be \$800,000. According to the Applicants, the development of Park Avenue had yet to commence at the date of transfer on September 12, 2024. A copy of the Park Avenue appraisal is attached hereto as **Appendix “B”**;
 - c. on April 22, 2024, a mortgage amendment was executed by Moskowitz Capital Mortgage Fund II Inc. with respect to a mortgage dated November 21, 2023 and registered in the Registry of Deeds as registration number 1098210 (the “**Moskowitz Mortgage Amendment**”). At the time of the Moskowitz Mortgage Amendment, the secured mortgage was in the amount of \$450,000. A copy of the Moskowitz Mortgage Amendment is attached hereto as **Appendix “C”**. The Monitor understands payment terms for the mortgage are interest only, and the principal balance remains at approximately \$450,000; and
 - d. on July 8, 2024, a mortgage amendment was executed by Canadian Western Trust Company with respect to a mortgage dated April 25, 2024 and registered in the Registry of Deeds as registration number 111675 (the “**CWT Mortgage Amendment**”). At the time of the CWT Mortgage Amendment, the secured mortgage was in the amount of \$235,000. A copy of the CWT Mortgage Amendment is attached hereto as **Appendix “D”**. The Monitor understands the current balance of the mortgage is approximately \$246,000, including accrued interest to October 15, 2025.
7. Assuming the appraisal performed by Appraisal Associates Limited on December 18, 2023 is similar to current fair market value of Park Avenue, its value exceeds the secured mortgage debt outstanding against the land parcel by approximately \$104,000. However, after considering the

costs to attack the transaction transferring Park Avenue and potential the costs of realization, the benefit to the Companies estate would likely be less.

8. The Applicants do not currently have the financial resources to fund the Monitor to take action against the transaction transferring Park Avenue pursuant to subsection 36.1(1) of the CCAA. The Monitor does note that subsection 36.1(1) also provides Kent Building Supplies or other creditors of the Applicants with the ability to obtain an order from this Court authorizing it to take the proceeding in its own name and at its own expense and risk.

All of which is submitted to this Court on this 23rd day of October 2025.

BDO CANADA LIMITED
Acting in its capacity as Monitor of
Karwood Contracting Ltd., Karwood Ontario Ltd.,
Karwood Engineering Inc., and Karwood Design Group Ltd.
and not in its personal capacity.

Per:

A handwritten signature in black ink, appearing to read "Neil Jones", written in a cursive style.

Neil Jones, CA, CPA, CIRP, LIT
Senior Vice-President



REGISTRY OF DEEDS
CERTIFICATE OF REGISTRATION

Registration Date: NOVEMBER 19, 2024
Registration Time: 04:25 PM
Registration Number: 1137912

A handwritten signature in black ink that reads "Jen Toyl".

Registrar of Deeds

Confirmation Date: DECEMBER 11, 2024

Receipt Number: 5905MQSH

Consideration: 1.00

Document Type: CONVEYANCE

Filed By: BENSON BUFFETT

From Parties:

Karwood Contracting Ltd.

To Parties:

77592 Newfoundland & Labrador Inc.

Location:

166 Park Aveune, Mount Pearl

THIS INDENTURE made at the City of St. John's, in the Province of Newfoundland and Labrador, Canada, this 12 day of September, 2024.

BETWEEN: **KARWOOD CONTRACTING LTD.**, a body corporate, duly organized, incorporated and existing under the laws of the Province of Newfoundland and Labrador

(hereinafter called the "Vendor")

OF THE ONE PART

AND: **77592 NEWFOUNDLAND & LABRADOR INC.**, a body corporate duly organized, incorporated and existing under the laws of the Province of Newfoundland and Labrador

(hereinafter called the "Purchaser")

OF THE OTHER PART

WITNESSETH that for and in consideration of the sum of **One Dollar (\$1.00)** paid by the Purchaser to the said Vendor on or before the execution of these presents (the receipt whereof on the part of the Vendor is hereby acknowledged) the Vendor, as Beneficial Owner hereby transfers and conveys unto the Purchaser **ALL THAT** piece or parcel of land known as **Civic 166 Park Avenue**, in the City of Mount Pearl, in the Province of Newfoundland and Labrador, and being more particularly described in the Schedule hereunto annexed and marked "A" (which Schedule hereby forms part and parcel of these presents) **TOGETHER WITH** all buildings and erections thereon **TO HOLD** the same unto the Purchaser **ABSOLUTELY AND FOREVER.**

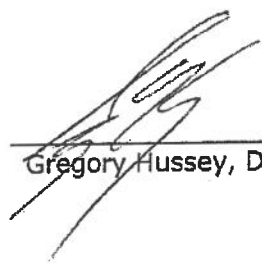
IN WITNESS WHEREOF the Vendor has hereunto affixed its corporate seal in accordance with its rules and regulations the day and year first before written.

THE CORPORATE SEAL of the Vendor, was hereunto affixed, in the presence of:



GARY F. PEDDLE, MBA, KC
Barrister of the Supreme Court of
Newfoundland and Labrador

KARWOOD CONTRACTING LTD.

PER: 

Gregory Hussey, Director

SCHEDULE "A"

BOUNDARY DESCRIPTION

Prepared on behalf of Karwood Contracting
Civic # 166 Park Avenue, Mount Pearl, in the province of Newfoundland and Labrador, Canada

BEGINNING at a point, said point having the following NAD83 coordinates in Zone J, central meridian 53° west longitude, of the Transverse Mercator Projection as modified for the Province of Newfoundland and Labrador

N 5 264 499.834
E 319 980.686

with reference to Monument number 80G2162 with Co-ordinates N 5 264 488.245 metres and E 320 013.464 metres and Monument number 80G2164 with Co-ordinates N 5 264 486.138 metres and E 320 553.867 metres;

THENCE turning and running along land of Dwayne H. Brown, Civic #170 Park Avenue north ten degrees twenty three minutes thirty three seconds west ($N10^{\circ}23'33''W$) for a distance of nineteen decimal four three six (19.436) metres; thence north zero nine degrees twenty three minutes thirty eight seconds west ($N09^{\circ}23'38''W$) for a distance of thirty four decimal six seven six (34.676) metres; thence south eighty two degrees zero six minutes twenty three seconds west ($S82^{\circ}06'23''W$) for a distance of twenty decimal eight six one (20.861) metres;

THENCE turning and running along land of Dwayne H. Brown, Civic #172 Park Avenue north zero nine degrees eleven minutes twenty four seconds west ($N09^{\circ}11'24''W$) for a distance of fifteen decimal four four one (15.441) metres;

THENCE turning and running along land of Weyna G. and Jacqueline E. Rose, Civic #14 Riverview Avenue north zero nine degrees twenty minutes zero zero seconds west ($N09^{\circ}20'00''W$) for a distance of forty three decimal three seven six (43.376) metres;

THENCE turning and running along the southern limit of Riverview Avenue north seventy nine degrees ten minutes eleven seconds east ($N79^{\circ}10'11''E$) for a distance of fifty four decimal one three zero (54.130) metres;

THENCE turning and running along land of Terry D. and Sharon A. Kelloway, Civic #16 Riverview Avenue and Peter and Deborah Halliday, Civic # 5 Winston Avenue south eleven degrees zero zero minutes forty one seconds east ($S11^{\circ}00'41''E$) for a distance of thirty nine decimal three four five (39.345) metres;

THENCE turning and running along lots fronting onto Winston Avenue south zero five degrees thirteen minutes zero zero seconds east ($S05^{\circ}13'00''E$) for a distance of sixteen decimal two seven two (16.272) metres; thence south zero eight degrees twenty five minutes fifty two seconds east ($S08^{\circ}25'52''E$) for a distance of thirteen decimal seven nine three (13.793) metres; thence south zero nine degrees zero ten minutes two seconds east ($S09^{\circ}02'10''E$) for a distance of nineteen decimal nine six four (19.964) metres;

THENCE turning and running along land of Dennis and Gerlain McArthur, Civic # 164 Park Avenue south zero seven degrees thirty three minutes forty six seconds east ($S07^{\circ}33'46''E$) for a distance of forty one decimal one three nine (41.139) metres;

THENCE turning and running along the northern boundary of Park Avenue north seventy two degrees fifty three minutes zero zero seconds west ($N72^{\circ}53'00''W$) for a distance of thirty four decimal nine five one (34.951) metres, more or less, to the Point of Beginning.



JON E. WILLIAMS SURVEYS LIMITED
JCS# 120338
DATED: 22 05 2012

SCHEDULE "A"

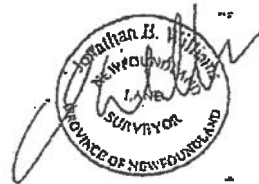
All bearings are Grid North NAD83 in Zone 1 of the Transverse Mercator Projection as modified for the Province of Newfoundland.

NOTE: There is area overhead wires and poles erected on the property as shown on the attached plan.

The above described piece or parcel of land contains an area of 1.308 acres, more or less, and is more particularly shown on the drawing hereto attached dated 22.05.2012.

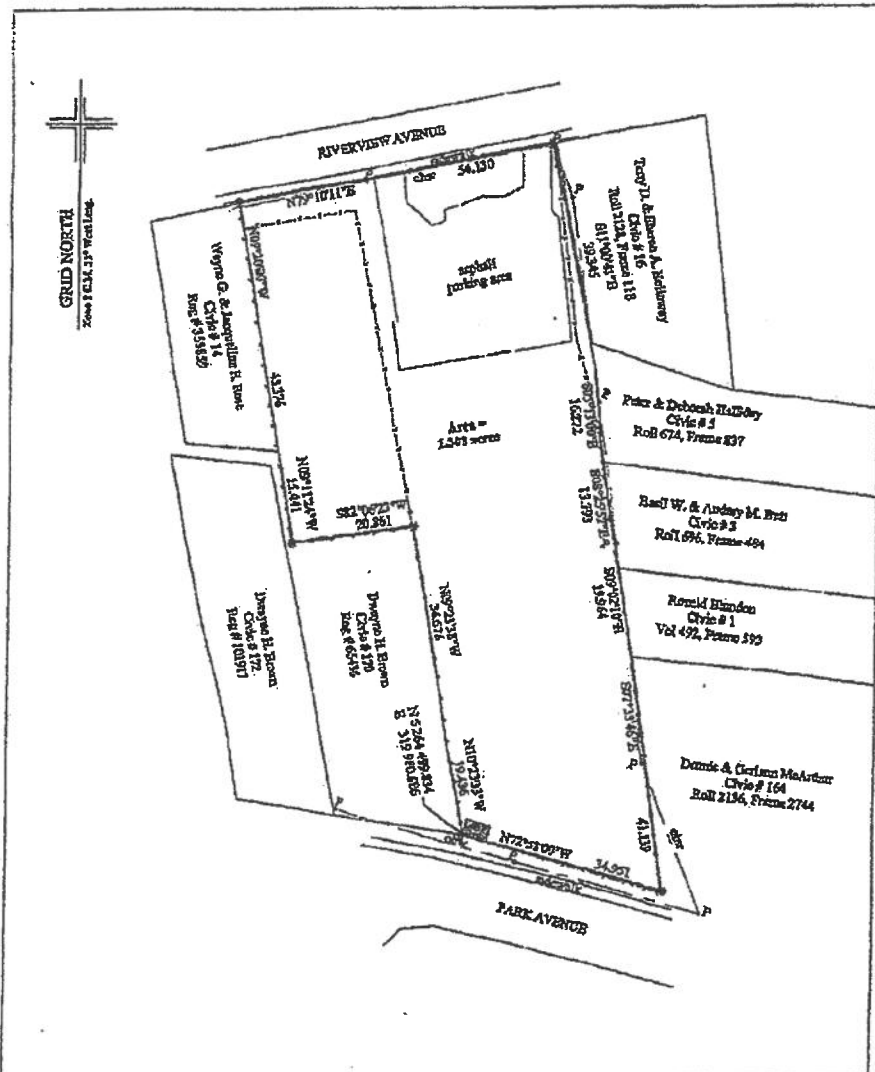
This description and accompanying plan are integral parts necessary to adequately reflect the legal boundary of the subject property and therefore invalid if separated.

© Jonathan E. Williams, Newfoundland Land Surveyor, 2012. Unauthorized use, alteration or reproduction of this survey document is prohibited by law as defined by the "Copyright Act". The authoring surveyor hereby authorizes the reproduction of this survey document for matters related to the herein-defined intended purpose only. Any further use is strictly prohibited.



JON E. WILLIAMS SURVEYS LIMITED
JOB# 12-0339
DATED: 22.05.2012

SCHEDULE "A"



NOTE: This plan contains the information as of the date shown and only as of that date. All distances are in meters. Jonathan Williams, Newfoundland Land Surveyor, 2012. Unauthorized use, alteration or reproduction of this survey document is prohibited by law as outlined in the "Copyright Act". The including surveyor hereby certifies the reproduction of this survey document for the herein defined intended purpose only. Further use is strictly prohibited.

LEGEND:
 A. = marker
 ⊙ = capped iron pin
 o.h.w. = overhead wire
 P. = pole
 E.L. = fire hydrant

Jonathan E. Williams
 Newfoundland Land Surveyor
 72 RAYBURN PLACE
 ST. JOHN'S, N.F., A1A 0S9
 Phone/Fax: 1-709-739-0150
 CELLS: 1-709-899-5140
 email: Jwilliamsurveyor@Gmail.com

MONTIMENTS USED (NAD 83):
 8032162 5264 488 245 320 011 654
 8032164 5264 486 138 320 551 667
 Scale Factor = 0.999985

Boundary Survey
Karwood Contracting
 Civic # 166 Park Avenue, Mount Pearl, in the Province of Newfoundland and Labrador, Canada

Date: 22 05 2012 Scale: 1:750 JOB #: 12-8339 Surveyed: J.W. & B.N. Approved by: J.W.

CANADA

PROVINCE OF NEWFOUNDLAND AND LABRADOR

CITY OF ST. JOHN'S

- TO WIT: -

AFFIDAVIT

I, Gregory Hussey, of the Town of Paradise, in the Province of Newfoundland and Labrador, Canada, make oath and say that:

1. I am a Director of Karwood Contracting Ltd. ("the Company"), the Vendor making the within Deed of Conveyance (the "Deed") and thereby conveying the property described therein, or described in the Schedule thereto annexed (the "Property") and as such, have personal knowledge of the facts herein set forth.
2. The words Matrimonial Home, Matrimonial Asset, Cohabitation Agreement, Marriage Contract, and Separation Agreement as herein used have the same meanings as defined in the Family Law Act, RSNL1990, c. F-2. At the date of execution of the Deed:
 - a) I was at least 19 years of age;
 - b) the Property does not constitute a Matrimonial Home or a Matrimonial Asset;
 - c) no director or shareholder of the Company had at any time cohabited with, or been married to, any other person who has any claim to or interest in the Property;
 - d) no director or shareholder of the Company had at any time entered into a Cohabitation Agreement, a Marriage Contract, or a Separation Agreement that involves or affects the Property;
 - e) there is no ownership of a share or an interest in a share of the Company entitling the owner to the occupation of the Property; and
 - f) no other person had any vested rights or any unregistered interest in the Property save in respect to any easements which may run with the Property.
3. The Company warrants that:
 - a) there are no leased chattels affixed to or situate in or on the Property;
 - b) any chattels included in the sale of the Property are unencumbered; and
 - c) the Property does not contain Urea Formaldehyde Foam Insulation.

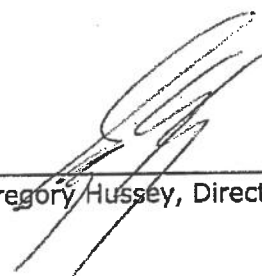
Which warranties shall survive the closing of the purchase and sale of the Property and notwithstanding such closing shall continue in full force and effect for the benefit of the Purchaser.

4. The Company has not:
- a) operated a commercial venture required to collect or pay a royalty to the Province of Newfoundland and Labrador;
 - b) made an Assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.
5. At the date of execution of the Deed, the Company:
- a) was a body corporate, duly incorporated under the Laws of the Province of Newfoundland and Labrador;
 - b) was a resident of Canada within the meaning and Intent of the Income Tax Act of Canada, R.S.C. 1985 (5th Supp.) and has no present intention of changing this status;
 - c) was not in arrears for any tax or other debt imposed under the *Revenue Administration Act*, SNL 2009, c.R-15.01.
6. To the best of my knowledge, information and belief at the date of execution of the Deed:
- a) there was no underground oil tank located on the Property, and I have never been aware of any oil leak or any other environmental contamination on the Property, either before or during the Company's ownership of same;
 - b) there were no statutory liens of any kind whatsoever charging or encumbering the assets of the Company or the Property; and
 - c) there are no outstanding judgments registered with the Office of the High Sheriff of Newfoundland and Labrador against the Company.
7. I make this Affidavit conscientiously believing the information contained herein to be true, and knowing that it is of the same force and effect as if made under oath, and by virtue of the Canada Evidence Act, R.S.C., c. C-5 and knowing that it is an offence to make false statements in an Affidavit. All Acts of Canada or the Province of Newfoundland and Labrador referred to herein shall be deemed to include any amendments to such Acts.

SWORN TO at the City of St. John's,
in the Province of Newfoundland and Labrador,
Canada, this 12 day of September, 2024,
before me:



GARY F. PEDDLE, MBA, KC
Barrister of the Supreme Court of
Newfoundland and Labrador



Gregory Hussey, Director

CANADA

PROVINCE OF NEWFOUNDLAND AND LABRADOR

CITY OF ST. JOHN'S

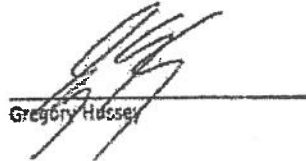
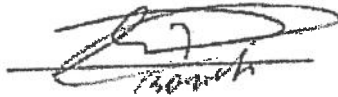
TO WIT:

AFFIDAVIT OF VALUE

I, Gregory Hussey, of the Town of Paradise, in the Province of Newfoundland and Labrador, hereby make oath and say as follows:

1. THAT I am a Director of Karwood Contracting Ltd. (the "Company"), the Vendor of the property situate at Civic 166 Park Avenue, in the City of Mount Pearl, in the Province of Newfoundland and Labrador, and as such, am familiar with the lands described in the within Deed of Conveyance;
2. THAT to the best of my knowledge, information and belief, the value of the real property passing in the within Deed of Conveyance does not exceed the amount of Four Hundred Fifty Thousand Dollars (\$ 450,000.00); and *and based on discussion with the Registrar*
3. THAT this Affidavit is being filed for the purpose of establishing the appropriate fee for registration and for no other purpose whatsoever.

SWORN TO before me in the City of St. John's,
in the Province of Newfoundland and Labrador,
this ___ day of September, 2024:



Gregory Hussey

Appraisal Report

Estimate of As If Complete
Market Value



Appraisers Consultants and Advisors

**Subject Property Located At
166 Park Avenue, Mount Pearl, NL**



Prepared For: Karwood Contracting Ltd
Prepared By: Appraisal Associates Limited
Effective Date: November 27, 2023

Phone: 709 726-8757

Email: appraisalassociatesnl@outlook.com

DESIGNATED MEMBER



Appraisal Institute of Canada
Institut canadien des évaluateurs

TODD PICKETT, P. App, AACI
THOMAS G. CROKE, P. App, CRA
VERNON MILLER, P. App, CRA

Main Office: 1429 Topsail Road
TEL: (709) 726-8757
FAX: (709) 726-3028
Main Road, South River office
TEL: (709) 786-4001

PO Box 4057 Pearlgate
Mount Pearl, NL A1N 0A1

Email: appraisalassociatesnl@outlook.com

December 18, 2023



Karwood Contracting Ltd
1108 Kenmount Road, Unit 203
Paradise, NL A1L 1N3

Attention: Greg Hussey

Re: Appraisal of Property Located at 166 Park Avenue, Mount Pearl, NL

As per your request, we have carried out a site visit to the above-captioned property, (“Subject” or “Subject Property”) and we have completed market investigations and analysis for the purpose of providing you with our opinion of the Subject’s current market value.

The purpose of the report is to develop an estimate of market value, in unencumbered fee simple ownership for Conventional First Mortgage Financing only, as further clarified and stipulated in the Terms of Reference section of this report.

The estimate of market value is as of the effective date stipulated herein and is subject to the assumptions and limiting conditions on page 15 and the extraordinary assumption and limiting condition as expressly stated on page 14 of this report and to which the reader’s attention is specifically directed. The enclosed appraisal must be read in its entirety.

No person or party other than the authorized users specifically identified herein can rely on this report without first obtaining consent from the client and written authorization from the author. Such authorization is at the discretion of the author and may only be issued with permission from the client of this report. For greater clarity, any person, party or lender must request, and be provided with a Letter of Reliance from the author, in order to rely on this report and the decision to provide this said letter is at the sole discretion of the author.

The appraisal was prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP).

The proposed three buildings to be constructed on the Subject site will be two storey multi-family buildings. The three buildings will have a total of 33 residential units when complete. The buildings will be constructed on the Subject site that has an area of 1.30 acres.

Please refer to the Description of Site and Improvements sections in this report.

As a result of our investigation and analysis, which is outlined herein, the "As If Complete" market value of the Subject Property is considered to be equitably represented at:

SIX MILLION EIGHT HUNDRED THOUSAND DOLLARS
\$6,800,000 (As If Complete)

The "As if Complete" value assumes the subject property will be completed with good quality material and workmanship as per plans and specifications outlined within this report.

We have completed this report on the basis that there will not be any agreements with other parties, government departments or government agencies that will place restrictions on current or future rents for the Subject Property. This means we have completed the report on the basis that the Subject Property will be renting at market rental rates as of the effective date and for the remainder of its useful life.

The effective date of this value estimate is November 27, 2023 .

Should you have any questions or require additional information, please do not hesitate to contact the undersigned.

Yours truly,

A handwritten signature in blue ink that reads "Todd Pickett". The signature is written in a cursive style with a large initial "T".

Todd Pickett, P. App, AACI

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Photos of Subject Property



Photo #1: Front view of Subject Property. Photo taken standing on north side of Riverview Avenue



Photo #2: Front view of Subject Property with photo taken standing on south side of Park Avenue.



Photo #3: Street view looking generally west along Park Avenue.



Photo #4: Street view looking generally east along Riverview Avenue.



Photo #5: Standing on paved portion near lower section of site (Riverview Avenue) and showing natural growth trees. Photo looking towards Park Avenue.



Photo #6: Standing near frontage with Park Avenue and looking towards Riverview Avenue. Photo showing natural growth trees.

Summary of Facts and Conclusions	
Civic Address	166 Park Avenue
Property Type	Multi-Family Residential building
Land Size	1.30 acres
Building Size	Check sizes from plans Square Feet
Zoning	Apartment (APT)
Assessment	\$527,900 Land only
Highest and Best Use	Three Multi-Family Residential
Estimate of Land Value	\$800,000
Estimate of Value by Cost Approach	\$6,720,000 As if Complete
Estimate of Value by Direct Comparison Approach	\$6,600,000 As if Complete
Estimate of Value by Income Approach	\$6,950,000 As if Complete
Final Estimate of Value	\$6,800,000 As if Complete
Date of Site Visit	November 27, 2023
Effective Date of Report	November 27, 2023

TERMS OF REFERENCE

Purpose of the Appraisal

The purpose of this appraisal is to provide the client with an estimate of As If Complete Market Value for the property located at 166 Park Avenue in the City of Mount Pearl.

Client

The terms of reference and authorization for this appraisal report were communicated verbally and in writing by way of a Letter of Engagement between Todd Pickett, AACI, P. App of Appraisal Associates Limited, and Greg Hussey of Karwood Contracting Ltd. It was requested that we prepare an appraisal report estimating the As If Complete Market Value of the Fee simple interest in the Subject Property.

Property Rights Appraised

The property rights being appraised are Fee simple interest, subject to any encumbrances registered against title of the Subject Property. *The Appraisal of Real Estate*, 3d Cdn. ed., The Appraisal Institute of Canada, at page 6.1: “*The most complete form of ownership is the fee simple interest – i.e., absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the four powers of government: taxation, expropriation, police power, and escheat.*”¹

Intended Use of Appraisal

The intended use of this appraisal report is to provide our client with a document estimating the Fee simple interest of the Subject Property for Conventional First Mortgage Financing.

Intended User

The intended user of this report is Karwood Contracting Ltd. All other users and or parties are denied the use of this report.

Definition of Market Value

The Appraisal of Real Estate, 3d Cdn. ed., defines market value as follows: “*The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self interest, and assuming that neither is under undue duress.*”²

Effective Date of Appraisal

The effective date of the market value estimate contained herein is November 27, 2023, which is the date of site visit.

¹ *The Appraisal of Real Estate*, 3d Cdn. ed

² *The Appraisal of Real Estate*, 3d Cdn. ed

IDENTIFICATION OF PROPERTY

Identification

The Subject Property is identified as being located at 166 Park Avenue in the City of Mount Pearl.

Ownership

We have been advised that the Subject Property is now owned by Karwood Contracting Ltd.

Legal Description/Site Plan

Refer to page 26 of this report.

History of Property

The Subject site is currently vacant and will be improved with the three buildings and site works described in this report. We are not aware of any sale or listings of this property within the last three years. The Subject site was purchased by Karwood Contracting Ltd on May 18, 2012, for the consideration of \$600,000. The property was purchased from the Eastern School District.

Exposure Time

The Appraisal Standards of the Appraisal Institute of Canada requires the appraiser to estimate the marketing time that was considered reasonable when estimating the market value of the Subject Property. Marketing time is defined as the length of time that the property interest being appraised would have been offered for sale in the open market, in order to consummate the hypothetical sale of the Subject Property. The estimate of marketing time assumes that the Subject Property will be actively marketed utilizing all available sources. If the Subject Property was marketed free and clear of any encumbrances, the reasonable exposure time required to achieve the estimated market value quoted herein is considered to be equitably represented at 180 days.

SCOPE

The scope of this report is comprised of the research and analysis required to prepare this appraisal in accordance with its stated purpose and function and with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP), of the Appraisal Institute of Canada. In this regard, the estimate of market value for the Subject Property involved the following steps:

- The Subject Property, neighbourhood and surrounding land was visited by Todd Pickett, P. App, AACI on November 27, 2023. The description of the Subject Property is based on information obtained during this visit, as well as from information provided by the current owner.
- Area and neighbourhood data, including information relating to an overview of real estate activity is based on a physical inspection along with published information by the municipality, the Multiple Listings service (MLS), Companies and Deeds Online (CADO) and Cushman and Wakefield. Realtors knowledgeable of the area were also contacted.
- **Verification of Third Party Information:** The analysis in this report also relied upon written and/or verbal information obtained from a variety of sources which is considered reliable. Unless otherwise stated herein, we did not verify information supplied by Third Parties or our client, which we believed to be correct. The mandate for this appraisal did not require a report prepared to the standard appropriate for court purposes or arbitration, so we did not fully document or confirm information supplied herein.
- **Audits and Technical Investigation:** We did not complete technical investigations such as:
 - Detailed engineering review of the structure, roof, electrical, plumbing or mechanical system;
 - An environmental review of the Subject Property;
 - Investigations into the soil bearing qualities.

However, it should be noted that it is not within the appraiser's area of expertise to comment on engineering or environmental issues. The appraisal is being completed under the premise that there are no adverse conditions which would affect the value of the property. In preparing our written report we have:

- Identified the property by civic address and deed reference.
- Considered the purpose and intended use of the appraisal.
- Prepared a brief history of the property.
- Stated the current definition of market value and exposure time.
- Determined the property rights being appraised as the Fee Simple interest in the property.
- Discussed and analyzed to the extent appropriate, the demographic data in the area surrounding the subject; including population characteristics, employment data, income characteristics, and other amenities.
- Described the neighborhood surrounding the subject, including the location and uses of notable properties.
- Discussed and analyzed the physical attributes of the property.
- Analyzed the Highest and Best Use of the property.
- Identification of location characteristics and overall trends
- A detailed condition report of the property has not been completed.
- Noted the observed condition of the property being appraised.

- Visually reviewed the occupancy and or status of the property.
- Visually surveyed/observed adjacent land uses and comparative properties in the area.

Planning and Land Use

We have not completed a formal land use review. The only inquiries made to municipal planning and engineering departments are the ones specifically stipulated in this report. Our scope of work is limited to the consideration of the zoning and official plan regulations and documents provided to us by our client relating to the property and where possible such information has been confirmed.

Market Survey and Forecast

A market survey that was completed included a review, consideration and discussion of/with:

- I. Industry participants
- II. Lenders
- III. Investors
- IV. Analysis of sales/leases for similar properties
- V. Competitive listing.
- VI. Forecasts herein relating to income are based upon a rational approach to net income and cash flow from the perspective of a third party.

Valuation

The valuation herein considered the relevant approach to value where relevant. The final estimate of value considered 1) exposure time; 2) outlook; and 3) liquidity. We also considered all three approaches to value and determined which approach or approaches were applicable, given the nature of the assignment and the characteristics of the subject property.

Title

A title search of the property has not been completed as part of this appraisal. Surveys, legal descriptions and plans provided by our client are assumed to be correct and title is good and marketable. Unless specifically stated, the final estimate of market value stipulated herein is contingent on their being no encumbrance that would negatively affect the value.

Hypothetical Conditions, Extraordinary Assumptions and Extraordinary Limiting Conditions

Hypothetical Conditions

A hypothetical condition, as defined in section CUSPAP is, “a specific type of 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. This report is subject to the following hypothetical condition:

- The “**As if complete**” value estimated in this report is based upon the Extraordinary Assumption that the proposed project, as further detailed in the Building Description section of this report, is actually completed as of the effective date of the appraisal, but in actual fact it has not been complete. We critically note that construction has not yet started on the Subject Property. Details of this project were obtained from our client and documentation provided by said client. This appraisal report and the final, as if complete value estimate, are contingent upon the project being completed as per the scope of work that is supposed to be completed, as outlined in this report. Should, at some point in the future, this prove not to be the case, this report and the final, as if complete value estimate may need to be amended.

Extraordinary Assumptions

An Extraordinary Assumption, as defined in CUSPAP, is an assumption directly related to a specific assignment, which, if found false, could materially alter the opinions or conclusions relating to the Subject.

Extraordinary Limiting Conditions

An Extraordinary Limiting Condition, as defined in CUSPAP, is a necessary modification or exception of a Standard Rule which may diminish the reliability of the report. This report is subject to the following Extraordinary Assumptions and Limiting Conditions:

Title	We did not search title for this assignment and therefore, title is assumed to be good and clear and vested with a single owner, which for this purpose is assumed to be our client.
Survey	We have relied upon the survey plan included in this report.
Environmental	For the purpose of this report, the property being appraised is assumed to be free, clean and clear of any environmental contamination of whatsoever kind.
Financing	For the purpose of this report, we have assumed the property is free and clear of all financing.
Hypothetical Condition	This report is limited by the assumption that the hypothetical assumption included above. In summary, it states this report is prepared “as if the improvements have been completed”. We note that construction has not started, so our estimate of value is based on hypothetical improvements existing on the land.

Photographs were taken on the date of site visit, which was November 27, 2023.

ASSUMPTIONS AND LIMITING CONDITIONS

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

1. This report is prepared only for the client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the authors. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the appraisal fee has no effect on liability. Reliance on this report without authorization or for an unauthorized use is unreasonable.
2. Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author(s).
3. The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. No registry office search has been performed and the author assumes that the title is good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property’s owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
4. Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the appraiser. Any information provided by the appraiser is for informational purposes only and any reliance is unreasonable. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
5. No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
6. This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to: adequate time to review the report and related data, and the provision of appropriate compensation.
7. Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a 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. This report form is the property of the Appraisal Institute of Canada (AIC) and for use only by AIC members in good standing. Use by any other person is a violation of AIC copyright.
17. 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.
18. The appraiser(s) have assumed the subject property is and has been constructed, occupied and used in full compliance with, and without contravention of, all federal, provincial and municipal laws and regulations including, but not limited to, all zoning bylaws, building codes and regulations, environmental laws and regulations, health regulations and fire regulations, except only where otherwise stated. The appraiser(s) have further assumed, any use of the subject property upon which this report is based, any and all required licences, permits, certificates, and authorizations have been or can be obtained and renewed, except only where otherwise stated.
19. Other assumptions, forecast(s), limiting conditions or clarifications listed throughout this report as required.
20. This report may contain estimates of future financial performance, estimates or opinions that represent the author's view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analyses will vary from those described in this report, and the variations may be material.
21. It is assumed that any and all liabilities that might accrue against the real estate such as taxes, obligations, securities, contracts or services of any kind, are paid when due. Taxes and other fees (e.g. broker commissions) incurred during the hypothetical sale of the real estate are not addressed in this report.
22. This report assumes the property will be competently managed, maintained, and if leased by the owners, it will be done so in a financially sound manner throughout the ownership period. This engagement does not entail an evaluation of management's or owner's effectiveness, nor is the author or Appraisal Associates Limited responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.
23. In accordance with new International Valuation Standards, we have not provided for disposition costs in our valuation. More importantly, all the sales retained have been analyzed the same way.
24. Amendment: If at any time the appraiser is made aware of information that should have been provided to or brought to the appraisers attention and it is determined that this other information would have had an impact on the appraisers analysis, findings and the market value estimate stipulated in the appraisal, then the appraiser reserves the right to include this other information in this appraisal report at the time it is provided to the appraiser and amend the appraisal report as considered necessary by the appraiser at that time.

25. Values contained in this appraisal are based on market conditions as at the time of this report. This appraisal does not provide a prediction of future values. In the event of market instability and/or disruption, values may change rapidly and such potential future events have NOT been considered in this report. As this appraisal does not and cannot consider any changes to the property appraised or market conditions after the effective date, readers are cautioned in relying on the appraisal after the effective date noted herein. Any reference to forecast is strictly limited to information currently available.
26. The Extraordinary Assumption(s) and Condition(s) stated in the Scope of this report.
27. As stated in our letter of transmittal, this report is completed on the basis that there will not be any agreement(s) of any kind with any party, government department or government agency that will affect current or future rents for the Subject Property. This means we have completed this report on the basis the Subject Property will be renting at market rental rates as of the effective date and for the remainder of its useful life.

OVERVIEW OF KEY INDICATORS FOR PROVINCE

International Influences

In an update released by the International Monetary Fund (IMF) in October, it was projected that the world economy would expand by 3.2% in 2022, a decrease from the 6.0% growth in 2021. Despite the COVID-19 pandemic's decreasing impact, supply chains have been strained due to recent lockdowns in China and the conflict in Ukraine, leading to slower recovery in advanced economies.

The growth prospects for advanced and developing economies in 2022 are expected to be 2.4% and 3.7%, respectively, both lower than in 2021.

Inflation increased in 2021, particularly in energy prices and the prices of goods such as food and cars. Inflation accelerated during the first half of 2022 due to supply issues that were initially caused by the pandemic and later worsened by the conflict in Ukraine. Consequently, most central banks have initiated interest rate increases to manage inflation, despite limited economic growth.

For 2023, the IMF predicts a global economic growth rate of 2.7%, with advanced economies expected to grow by 1.1% and developing economies by 3.7%. These growth rates may be further impacted by tighter financial conditions, higher inflation, and other risks associated with the ongoing conflict in Ukraine.

Provincial Economy Overview

In the first half of 2022, the Newfoundland and Labrador economy has performed well, with most economic indicators showing moderate to strong growth. The tourism sector has benefited from a pandemic rebound and the "Come Home 2022" campaign. Employment, household income, the value of retail sales, and housing starts have all been stronger than anticipated. Moreover, the province has experienced population growth for the past five quarters, partly due to in-migration. As a result, most indicators are on course to meet or surpass the growth forecasts outlined in Budget 2022.

Provincial GDP

According to the Department of Finance, Newfoundland and Labrador's nominal and real GDP are projected to increase by 10.1% and 0.9%, respectively, in 2022. The higher GDP growth compared to the budget forecast is attributed to higher-than-expected oil prices and oil production, as indicated in Table 1.

Consumer Spending

In the first half of 2022, most indicators for consumer spending in Newfoundland and Labrador have been strong. Retail sales, which typically make up around 55% of total consumer spending, rose by 6.9% in the first seven months of the year. The increase in sales was observed across most major categories, with gasoline stations, miscellaneous store retailers, and clothing stores leading the way with increases of 22.0%, 18.0%, and 11.8%, respectively. Higher prices for goods are responsible for the gains in the value of retail sales.

The year-to-date Consumer Price Index (CPI) for all-items increased by 6.4% through August. Meanwhile, the number of new motor vehicles sold in the province from January to August 2022 decreased by 19.9% compared to the same period in 2021, due to inventory shortages in North America. In the service sector, sales at food services and drinking places increased by 14.7% in the first seven months of the year, indicating a return to normal operations in the accommodation and food services sector and increased tourism activity in the province. For the year



Source: Statistics Canada, Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted

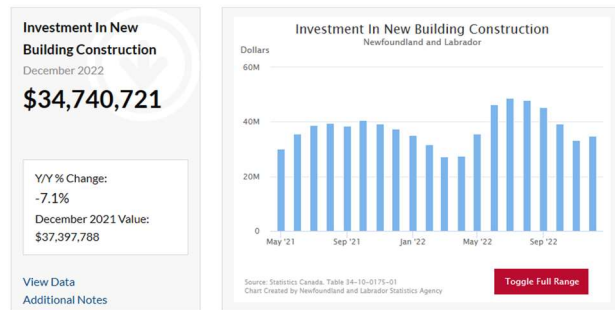
as a whole, the value of retail sales is expected to increase by 6.0% over 2021. As per the chart on the previous page, Statistics Canada shows the monthly Consumer Price Index was 5.5% as of January 2023.

Inflation

Consumer prices in the province have risen by 6.4 percent in the first eight months of the year compared to the same period last year, with the largest price increases seen in fuel oil (70.3 percent) and gasoline (34.9 percent). These increases are due to a 59.6 percent rise in crude oil prices during the same period. Prices for essential goods such as food (8.6 percent) and shelter (5.8 percent) have also seen significant increases. The province is expected to see an average inflation rate of 6.5 percent for the year as a whole.

Capital Investment

The province expects capital investment to rise by 4.7 per cent in 2022, driven by higher spending on oil projects, although this will be offset by lower mining-related investment and the completion of construction at Muskrat Falls.



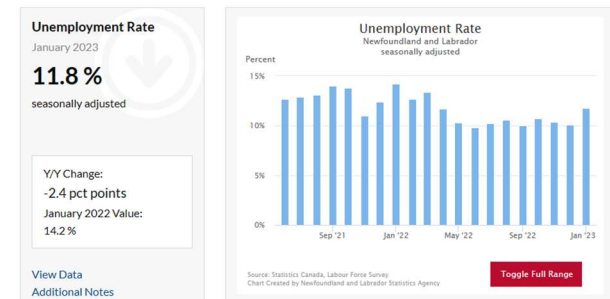
Source: Statistics Canada, Table 34-10-0175-01 Investment in Building Construction

Housing starts have risen significantly (by 44.4 per cent) in the first nine months of 2022, and total provincial housing starts are forecast to increase by 18.1 per cent for the year as a whole, while residential investment (including new houses and renovations) is forecast to rise by 5.7 per cent. Employment in the construction and tourism sectors has seen significant growth in recent months. Employment in the province increased by 3.9 per cent from January to September 2022, with the labour force increasing by 1.4 per cent, leading to a 2.2 percentage point decrease in the unemployment rate, which fell to 8.2 per cent in September, the lowest monthly rate since records began in 1976.

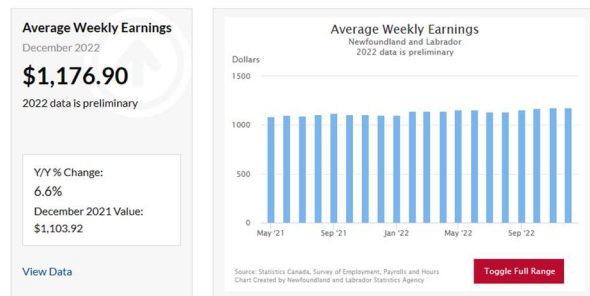
Employment is expected to rise by 3.9 per cent in 2022, and the unemployment rate is forecast to decrease by 2.0 percentage points to an average of 10.9 per cent. This would be the lowest annual unemployment rate since records began in 1976 if it materializes.

Labour Market

The employment situation in Newfoundland and Labrador had a positive performance during the first nine months of the year, with employment surpassing pre-pandemic levels and the unemployment rate reaching a new low. As a result of the high inflation and low unemployment rate, average weekly earnings in the province rose by 4.4% in the first seven months of the year, averaging \$1,139. Moreover, total labour compensation increased by 8.6% in the first six



Source: Statistics Canada, Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted and trend-cycle, last 5 months

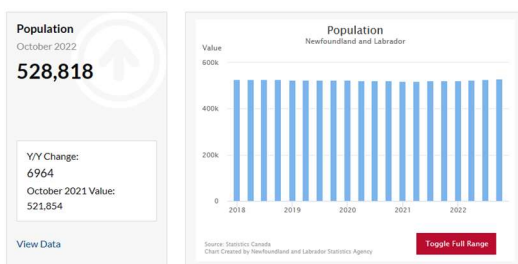


Source: Statistics Canada, Table 14-10-0204-01 Average weekly earnings by industry, annual

months of 2022 compared to the same period in 2021, indicating higher wages and increased employment. Due to the higher labour compensation, household income is expected to grow by 7.2% in 2022. The chart above from Statistics Canada show a 6.6% increase and average weekly earnings of \$1,176.90 as of December 2022. According to the chart above, the unemployment rate as of January 2023 is reported as being 11.8%.

Population

As of July 1, 2022, Newfoundland and Labrador had a population of 525,972, which represents an increase of 2,929 individuals (or 0.6%) from April 1, 2022. This was the fifth consecutive quarter of population growth for the province and the largest quarterly increase in recent history. The rise in population was due to gains from both international and interprovincial migration, offset in part by natural losses due to fewer births than deaths. The province's population grew by 5,520 individuals (or 1.1%) on an annual basis from July 1, 2021, to July 1, 2022, the largest yearly increase since 1976. Statistics Canada shows the population as being 528,818 as of October 2022.



Source: Statistics Canada, Table 17-10-0009-01 Population estimates, quarterly

Economic Outlook

It is predicted that the province will maintain strong economic activity throughout 2022. The major oil projects and employment that experienced setbacks are expected to recover. Furthermore, there are positive developments on energy projects like wind and hydrogen that are planned for the province. The tourism industry is also anticipated to continue growing.

In the medium-to-long term, there are reasons for hope as opportunities in industries such as oil and gas, mining, wind energy, groundfish, technology, and film and video are predicted to enhance economic activity.

In particular it is noted that The Bay du Nord project by Equinor was cleared from Environmental Assessment earlier this year, and Cenovus Energy has restarted the West White Rose project. Additionally, oil and gas exploration could bring potential through new discoveries and tieback opportunities for existing projects.

Table 1: Economic Indicators Forecast (Calendar Year 2022)			
Budget 2022 vs. Fall Update 2022 (per cent change unless otherwise indicated)			
	Budget 2022f	Fall Update 2022f	Difference (pp)
Nominal GDP	3.6	10.1	6.5
Real GDP	0.5	0.9	0.4
Household Income	3.2	7.2	4.0
Retail Sales	3.5	6.0	2.5
Consumer Price Index	3.9	6.5	2.6
Housing Starts	6.7	18.1	11.4
Capital Investment	4.8	4.7	-0.1
Population	0.4	1.1*	0.7
Employment	2.6	3.9	1.3
Unemployment Rate (%)	11.7	10.9	-0.8
Oil Production (millions of barrels)	82.3	85.2	2.9**

f: forecast
*: actual
**: millions of barrels
pp: percentage point difference
Source: Statistics Canada; Department of Finance

The Foregoing economic review is taken from the Provincial economic update for 2022 ³

³ Provincial Economic Update 2022

City And Neighbourhood

City Data

The City of Mount Pearl is located on the Avalon Peninsula of the Island portion of the Province of Newfoundland and Labrador. More precisely, it is situated near the extreme eastern portion of the province.

Refer to the Regional Map showing its general location.

Municipal Government

The City of Mount Pearl is governed by a mayor and elected council officials, all of which are elected for a four-year term and they direct development within the City and oversee the ongoing operations of the municipality.

Transportation

Mount Pearl is connected to the provincial highway network by way of the Trans-Canada Highway, (Route 100). Locally, the major road network includes the Outer Ring Road and Pitts Memorial Drive. The St. John's International Airport is an estimated fifteen-minute drive from the Subject neighbourhood and the subject neighbourhood is on in close proximity with neighbouring St. John's and Paradise.

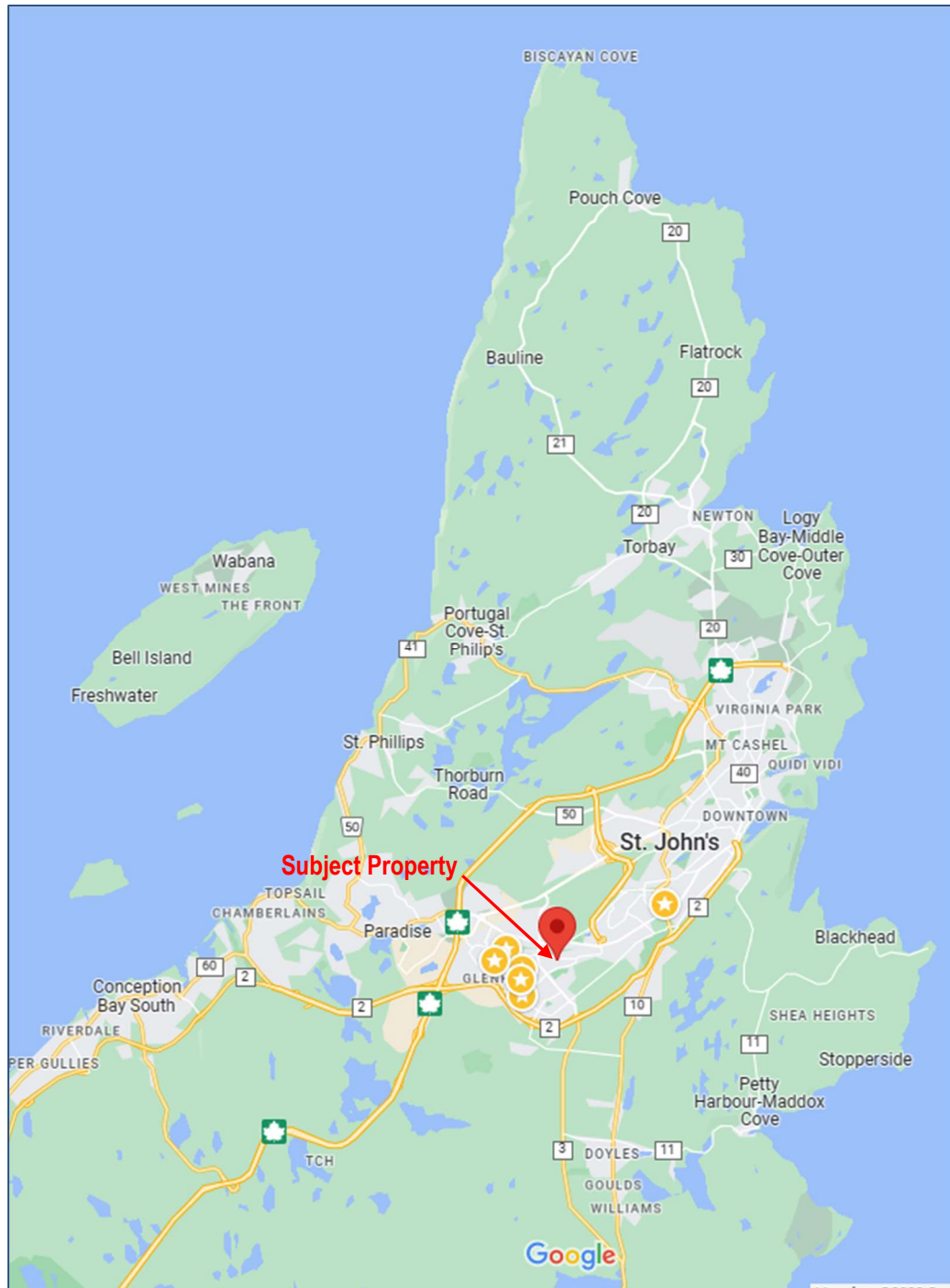
Neighbourhood Data

The Subject Property is situated in a commercial area of Mount Pearl and is more particularly located on Riverview Avenue, which is connected with Park Avenue. This area of the City is generally developed with light commercial uses and residential uses. Park Avenue is a major street in the City of Mount Pearl, and it provides connection with Topsail Road, Commonwealth Avenue and Old Placentia Road. The Subject is located near the intersection of Riverview Avenue and Park Avenue and is adjacent to commercial development on Riverview and adjacent to residential development on Park Avenue.

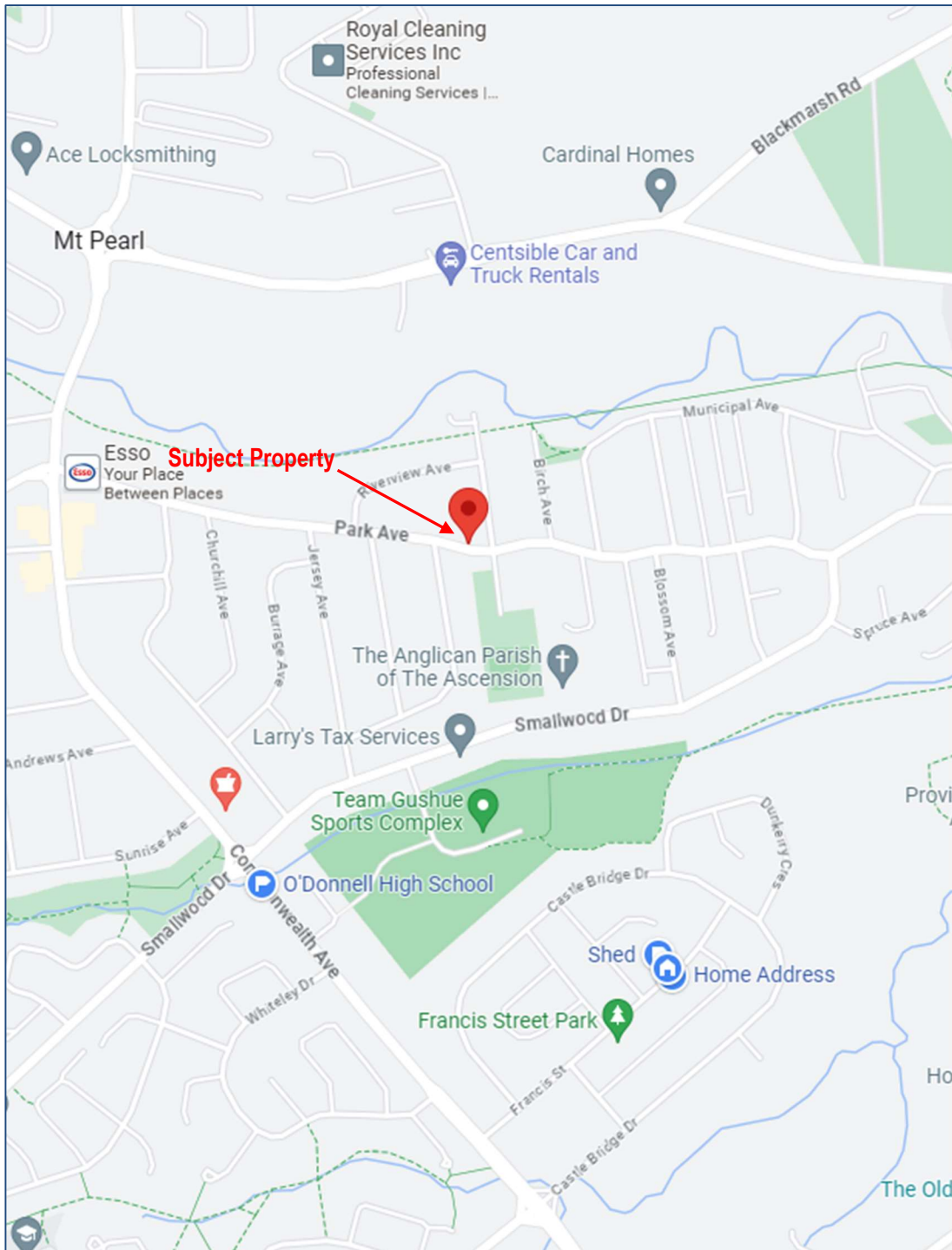
The Subject area is serviced with municipal water and sewer and has access to other municipal amenities provided by the City, and because of its road network, it also has access to amenities offered in the greater metro region.

An Area Map, Neighbourhood Map and Aerial View showing the location of the Subject Property is included on the following pages. Photographs of the street frontage are also included.

Area Map



Neighbourhood Map



Aerial View



Subject outlined in yellow.

SITE DESCRIPTION

Description Of Site	
Location and Area	The site has frontage on Park Avenue and Riverview Avenue; it has an area of 1.308 acres.
Shape	The Subject site is irregular in shape (refer to survey).
Topography	The site slopes up from its frontage with Riverview Avenue and slopes down from its frontage with Park Avenue. Essentially it means the site slopes downward from Park Avenue towards Riverview Avenue. Refer to photos.
Easements and/or Rights of Way	There are no easements noted on the survey, but there are overhead wires noted on the survey.
Services	The site is serviced with paved road access, hydro, telephone, police and fire protection. It also has access to City water and sewer.
Access and Egress	The site is accessed from Park Avenue and Riverview Avenue.
Site Improvements	The Subject site is currently vacant but will be improved with three multi-family buildings with paved parking.
General Comments	The site has frontage on two City streets and has a slope down from Park Avenue towards Riverview Avenue, as such, we did not observe any drainage issues. We also did not observe any environmental concerns during our site visit, but we did not complete any test as part of our report.

Note: Copy of survey for the site is included on the following page(s).

Survey

BOUNDARY DESCRIPTION

Prepared on behalf of Karwood Contracting

Civic #166 Park Avenue, Mount Pearl, in the province of Newfoundland and Labrador, Canada

BEGINNING at a point, said point having the following NAD83 coordinates in Zone 1, central meridian 53° west longitude, of the Transverse Mercator Projection as modified for the Province of Newfoundland and Labrador

N 5 264 499.834
E 319 980.686

with reference to Monument number 80G2162 with Co-ordinates N 5 264 488.245 metres and E 320 013.464 metres and Monument number 80G2164 with Co-ordinates N 5 264 486.138 metres and E 320 553.867 metres;

THENCE turning and running along land of Dwayne H. Brown, Civic #170 Park Avenue north ten degrees twenty three minutes thirty three seconds west (N10°23'33"W) for a distance of nineteen decimal four three six (19.436) metres; thence north zero nine degrees twenty three minutes thirty eight seconds west (N09°23'38"W) for a distance of thirty four decimal six seven six (34.676) metres; thence south eighty two degrees zero six minutes twenty three seconds west (S82°06'23"W) for a distance of twenty decimal eight six one (20.861) metres;

THENCE turning and running along land of Dwayne H. Brown, Civic #172 Park Avenue north zero nine degrees eleven minutes twenty four seconds west (N09°11'24"W) for a distance of fifteen decimal four four one (15.441) metres;

THENCE turning and running along land of Wayne G. and Jacqueline E. Rose, Civic #14 Riverview Avenue north zero nine degrees twenty minutes zero zero seconds west (N09°20'00"W) for a distance of forty three decimal three seven six (43.376) metres;

THENCE turning and running along the southern limit of Riverview Avenue north seventy nine degrees ten minutes eleven seconds east (N79°10'11"E) for a distance of fifty four decimal one three zero (54.130) metres;

THENCE turning and running along land of Terry D. and Sharon A. Kelloway, Civic #16 Riverview Avenue and Peter and Deborah Flaherty, Civic # 5 Winston Avenue south eleven degrees zero zero minutes forty one seconds east (S11°00'41"E) for a distance of thirty nine decimal three four five (39.345) metres;

THENCE turning and running along lots fronting onto Winston Avenue south zero five degrees thirteen minutes zero zero seconds east (S05°13'00"E) for a distance of sixteen decimal two seven two (16.272) metres; thence south zero eight degrees twenty five minutes fifty two seconds east (S08°25'52"E) for a distance of thirteen decimal seven nine three (13.793) metres; thence south zero nine degrees zero two minutes ten seconds east (S09°02'10"E) for a distance of nineteen decimal nine six four (19.964) metres;

THENCE turning and running along land of Dennis and Geriann McArthur, Civic # 164 Park Avenue south zero seven degrees thirty three minutes forty six seconds east (S07°33'46"E) for a distance of forty one decimal one three nine (41.139) metres;

THENCE turning and running along the northern boundary of Park Avenue north seventy two degrees fifty three minutes zero zero seconds west (N72°53'00"W) for a distance of thirty four decimal nine five one (34.951) metres, more or less, to the Point of Beginning.



All bearings are Grid North NAD83 in Zone 1 of the Transverse Mercator Projection as modified for the Province of Newfoundland;

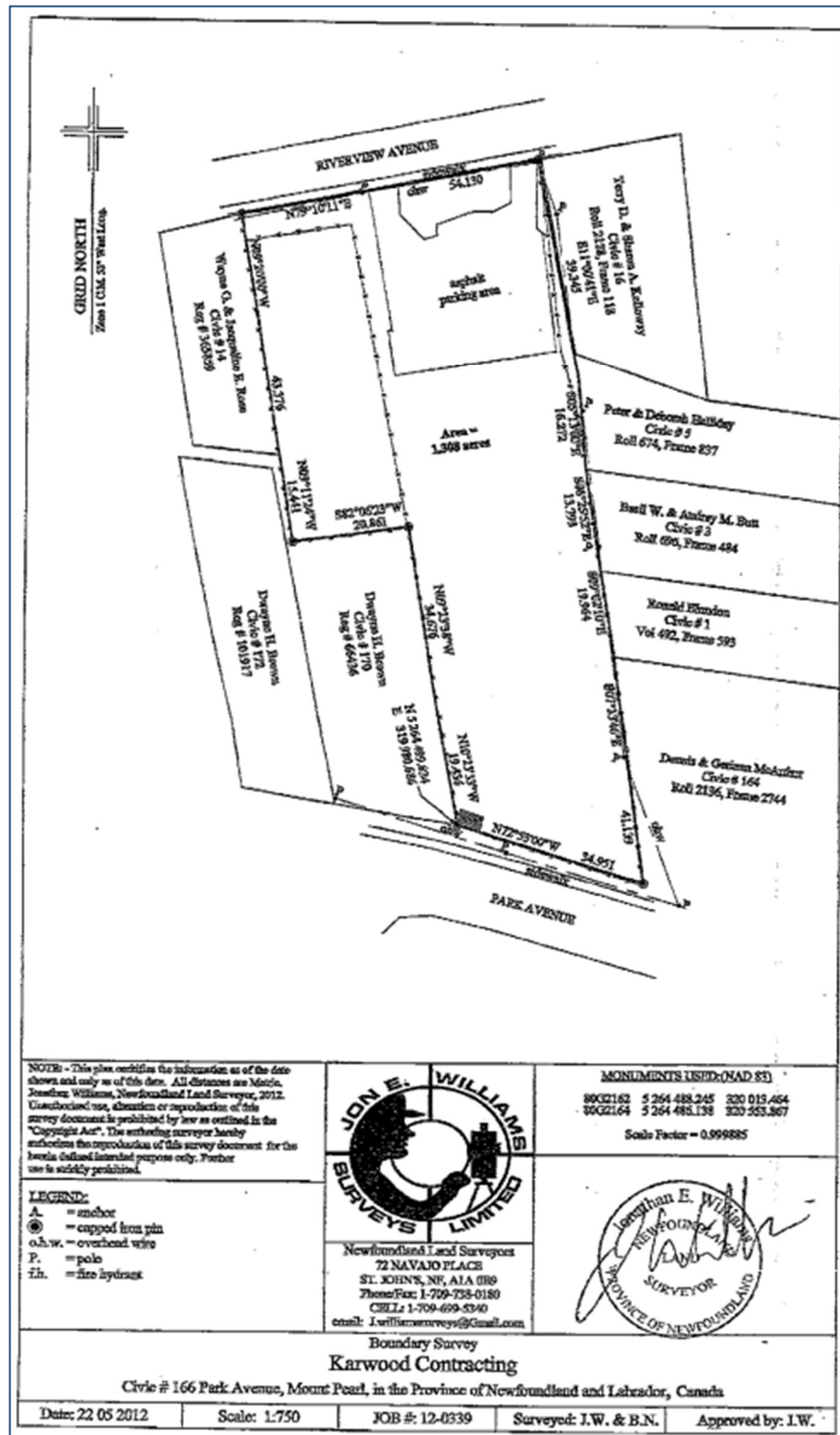
NOTE: There is area overhead wires and poles erected on the property as shown on the attached plan.

The above described piece or parcel of land contains an area of 1.308 acres, more or less, and is more particularly shown on the drawing hereto attached dated 22 05 2012.

This description and accompanying plan are integral parts necessary to adequately reflect the legal boundary of the subject property and therefor invalid if separated.

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BUILDING DESCRIPTION

Description Of Building Components	
Building Type	The Improvement is a Class D – wood frame construction. The site will be improved with three buildings that will each have two stories.
Foundation	It is constructed on a concrete perimeter foundation footing, and we understand a concrete slab, with perimeter foundation.
Age and Condition	The building will be new, and its condition is assumed to be good, and we have also assumed it will be constructed with quality materials and good quality workmanship.
Ceiling Height	The interior ceiling height is estimated at 8 feet in each residential unit.
Roof	Each roof will be covered with asphalt shingles.
Exterior Wall Finish	Siding on the building will be vinyl and hardiboard composite siding on each end of buildings to meet necessary fire standards.
Exterior Dimensions and Size	The area for each building is summarized in the table on the following page.
Interior Finishes	Flooring in the buildings will have laminate and vinyl, as well as carpet on stairs leading to second level units. Walls and ceiling will be covered with painted drywall.
Type of Accommodation	The Subject site will be improved with three buildings and with the following layout: Building 1 will have 11 units, with 8 - 2 bedroom units above grade and 2 – 1 bedroom units in the walkout basement; Building 2 will have 8 – 2 bedroom units above grade; and Building 3 will have 14 – 2 bedroom units above grade.
Insulation	Advised will be R-20 in the walls and R-70 in the attic.
Heating	Each unit of the building will be heated with baseboard electric heaters and mini-splits.
Water and Sewer	The Subject is serviced with City water and sewer.
Doors	Steel exterior doors and wooden interior doors.
Windows	Double glazed vinyl frame windows.
Lighting	Standard lighting throughout.
Electrical	Each building will have a 600 amp main electrical panel 120/208 volt 3 phase main panel and each unit will have a 125 amp panel.

Building Size

The Improvement is estimated to have the following gross building area:

Area Of Improvements			
Gross Building Area			
Building 1 (includes Basement, first and second level)	11,289	Square Feet	Refer to residential lease review for number of each residential units per level.
Building 2 (includes first and second level)	7,728	Square Feet	
Building 3 (includes first and second level)	13,066	Square Feet	

General Comments

The Subject site will be improved with three multi-family buildings and will have a total of 30 – 2 bedroom units and 3 - 1 bedroom units with the following breakdown.

- Building 1 will have a total of 11 units with 8 – 2 bedroom units above grade and 3 – 1 bedroom units in the lower level walk-out basement. This building will have full basement and will also have 19 unheated wire cage storage units.
- Building 2 will have 8 – 2 bedroom units that will be all above grade. This building will be constructed on a slab with concrete frost wall.
- Building 3 will have 14- 2 bedroom units that will all be above grade. This building will be constructed on a slab with concrete frost wall.

Each building will also have 2 wheelchair accessible units.

Unit sizes will range from 593 square feet to 906 square feet. Only two units will have 593 square feet, one unit with 608 square feet, fifteen at 793 square feet, nine at 828 square feet and six at 906 square feet.

The site will be improved with dedicated paved parking for each unit and space available for visitors. The site will also have concrete curb and walkway leading to each ground level unit and some of the exterior will be covered with grass.

We have assumed the buildings will be constructed with good quality materials and good quality workmanship.

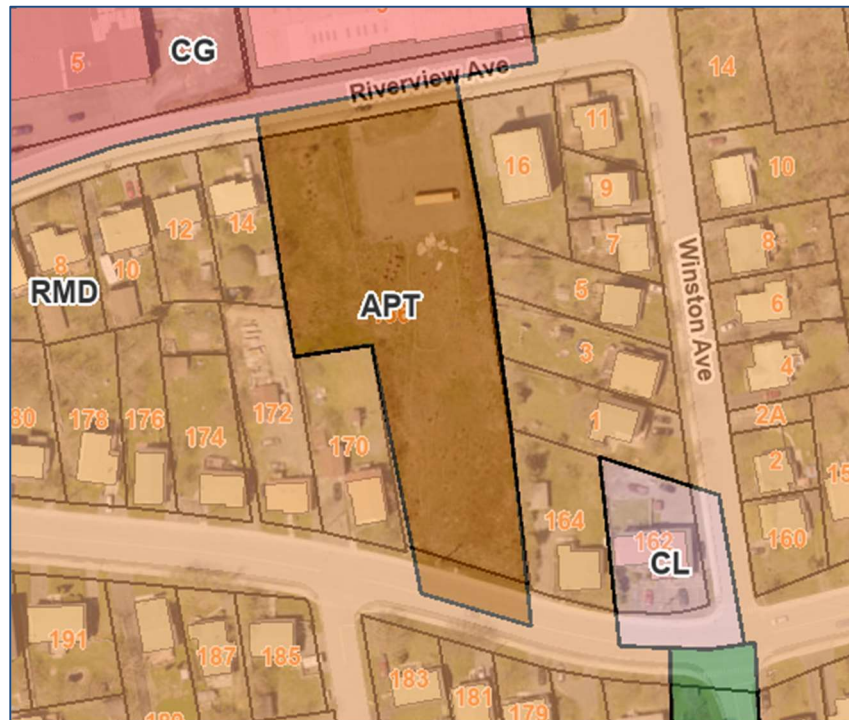
With consideration to the new age of the Subject improvements when complete and it is assumed they will be in good condition, their effective age will be new, and their remaining economic life will be 60 years.

ZONING

Information obtained from the City of Mount Pearl indicates that the Subject Property is zoned Apartment (APT)

Following is a section of the zoning plan that shows the zoning of the Subject Property.

A copy of the zoning regulations for the particular zoning of the Subject Property is included following the zoning map.



APT

11.9 APARTMENT (APT) ZONE**11.9.1 Permitted Uses**Residential:

- (a) Adult Day Care Use (Residential) (subject to Regulation 7.2)
- (b) Apartment Building
- (c) **Community Garden (Subject to Regulation 7.9)** (2016-06-17)
- (d) Home Office (subject to Regulation 7.19)

Recreational:

- (a) Park

11.9.2 Discretionary Uses (subject to Regulation 3.7)

- (a) **Antenna – Insignificant (subject to Regulation 7.29)** (2018-06-08)
- (b) **Beehive (Subject to Regulation 7.6)** (2017-04-13)
- (c) Clinic
- (d) Convenience Store (subject to Regulation 7.10)
- (e) **Family Child Care Use (subject to Regulation 7.13)** (2014-08-15)
- (f) Group Child Care Use (subject to Regulation 7.16)
- (g) **Group Fitness** (2015-02-06)
- (h) Health Club
- (i) Home Occupation (subject to Regulation 7.18)
- (j) **Personal Care Use (subject to Regulation 7.26)** (2016-07-29)
- (k) Row Dwellings

11.9.3 Development Standards

The development standards for this zone shall be as follows:

- (a) Minimum Lot Area 650 m²
- (b) Minimum Lot Frontage 20 m
- (c) Maximum Density Not more than 1 dwelling unit per 90 m² of lot area
- (d) Minimum Building Line Setback 6 m
- (e) Minimum *Side Yard* Width 1 m per storey (2015-01-23)
- (f) Minimum Flanking Street *Side Yard* Width 6 m (2015-01-23)
- (g) Minimum *Rear Yard* Depth 6 m (2015-01-23)
- (h) **Maximum Lot Coverage** 50% (2015-01-23)
- (i) Maximum Building Height 24 m (not more than 6 storeys)
- (j) Minimum Landscaping on Lot 30%

11.9.4 Development Standards for Row Dwellings

The development standards for row dwellings for this zone shall be as follows:

(a) <i>Minimum Lot Area</i>	<i>135 m² per dwelling unit</i>
(b) <i>Minimum Frontage</i>	<i>5 m per dwelling unit</i>
(c) <i>Minimum Building Line Setback</i>	<i>7.5 m</i>
(d) <i>Minimum Side Yard for End Units</i>	<i>2 m</i>
(e) <i>Minimum Flanking Street Side Yard Width</i>	<i>7.5 m</i>
(f) <i>Minimum Rear Yard Depth</i>	<i>6 m (2015-01-23)</i>
(g) <i>Maximum Lot Coverage</i>	<i>33%</i>
(h) <i>Maximum Building Height</i>	<i>10 m</i>
	<i>(2014-04-11)</i>

11.9.5 Signs and Advertisements

Only the following signs are permitted within this zone and these signs are permitted in accordance with the Regulations as outlined in Section 8 of the Regulations:

- (a) Ground Sign or Pylon Sign
- (b) Wall Sign

11.9.6 Convenience Store Within an Apartment Building

A convenience store within an apartment building shall meet the following requirements:

- (a) the maximum floor area does not exceed the size of an apartment unit in the building or 100 m², whichever is the lesser;
- (b) it is situated on the principal entrance level floor;
- (c) adequate noise separation shall be maintained between any commercial use and the apartment units in the apartment building through the installation of soundproofing materials;
- (d) adequate venting shall be installed in the commercial use;
- (e) hours of operation are appropriate to the nature of the building and the operation does not create a nuisance;
- (f) a fire exit for the exclusive use of the convenience store shall be provided;
- (g) signage for the commercial use shall be unobtrusive; and
- (h) a separate entrance(s) for the exclusive use of the convenience store use shall be provided, unless the entrance to the convenience store use is immediately adjacent to a lobby or foyer and patrons of the convenience store use are not required to pass by the individual entrances of the apartment units.

ASSESSMENT AND TAXES

The assessment of real estate within Mount Pearl is carried out by the Municipal Assessment Agency.

Information obtained from Municipal Assessment Agency website indicated that the assessment on the Subject Property is:

Address	166 Park Avenue
Land	In total
Building	In total
Total	\$527,900

166 PARK AVE.

Details

Parcel ID	-----	LOGIN
Owner	-----	LOGIN
Civic Address	166 PARK AVE.	
Municipality	MOUNT PEARL	
Property Type	Vacant	
Property Occupancy	Residential	
Property Ownership	Owner	

2023 Assessment

(Assessed Value as of January 1, 2022)

Taxable Value	\$527,900
Non-Taxable Value	\$0
Tenant Portion	\$0

The above assessment only considers the land, as the building has not been constructed. Refer to summary of income and expenses in the valuation section of this report for property tax allowance.

HIGHEST AND BEST USE

Theory and Principle of Highest and Best use

The Highest and Best Use of a property can be described as that use at the time of appraisal that is most likely to produce the greatest return to the property. In addition, whatever use is concluded to be the Highest and Best use must be a reasonably probable use.

In the text, *The Appraisal of Real Estate, Second Canadian Edition*, Highest and Best Use is defined as:

“The reasonably probable and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value.

Fundamentally, the concept of Highest and Best Use applies to land alone because the value of the improvements is considered to be the value they contribute to the land. Land is said to have value, while improvements contribute to the value of the property as a whole. The theoretical emphasis of Highest and Best Use analysis is on the potential uses of the land as though vacant. In practice though, the contribution of value of the existing improvements and any possible alteration of those improvements must be recognized, so the Highest and Best use of the property as improved is equally important in developing and opinion of market value of the property.”⁴

The text *Basics of Real Estate Appraising, Fourth Edition*, also states that when considering Highest and Best use an appraiser must consider the following:

1. The use must be legal;
2. The use must be within the realm of probability and not speculative;
3. There must be a demand for such as use;
4. The use must be profitable;
5. The use must provide the highest return;
6. The use must deliver the return for the longest period of time.

Inherent in the definition of Highest and Best Use are five essential elements, as follows:

- The use must be physically possible;
- The use must be legally permissible;
- The use must be probable;
- The use must be marketable and financially feasible;
- The use must be maximally productive.

Physically possible use: the size, shape and topography of a lot determine what utility it has and thus, what is physically possible on it. In addition, municipal services such as water and sewer etc., is necessary in order to permit and support the physically possible uses.

Legally permissible use: The legal aspects of Highest and Best Use are essentially determined by a properties zoning and official plan designations. The use on the property must comply with the regulations.

⁴ *The Appraisal of Real Estate, Second Canadian Edition*

Probable use: The use at the time of appraisal that will support the Highest and Best Use of the property and thus support the estimate of market value. In order for a use to be probable, it must show that it is legally permissible, physically possible, financially feasible and maximally productive. If it is determined that a considered use is not possible because of one of these factors, then it must be disregarded in favour of a use that will satisfy the requirements of all factors. For example, if it is determined that a considered use is not physically possible then the remaining categories are irrelevant. When appraising for expropriation matters, the future probable use of a property is often contested because it hinges on the aforementioned factors. The courts have also weighed in on what constitutes the probable use of a property in such matters. In *Farlinger Development Ltd. V. East (Borough)* (1975), 8 L.C.R. 112 at page 123-4, Howland J.A. stated that

“... it would seem to be established that the highest and best use must be based on something more than a possibility of rezoning. There must be a probability or a reasonable expectation that such rezoning will take place. It is not enough that the land have the capability of rezoning. In my opinion, probability connotes something higher than a 50% possibility”.⁵

Marketable and Financially Feasible: This involves a wide range of factors from the cost to produce, or replace a property, to supply and demand, and the price of competitive properties. Intrinsic in these factors is that of market activity, which will ultimately determine if there is a demand and hence a market for a particular use. A major factor also affecting this component of Highest and Best Use is that of affordability, since it must be cost effective to produce a use for a property.

Maximally productive Use: The use that creates the highest value and or produces the highest rate of return will represent the Highest and Best Use for the property. Items under this heading may include the amount of space to provide and the appropriate amount of rent to charge, based on market conditions. Over improvements made to a property - - in a particular market - - may not contribute any additional amount to the overall value of the property, as they may not be required by a prudent purchaser when it is sold. Likewise, it is also true that if a property is under improved, it may not realize its maximum value. As such, the maximally productive use ultimately represents the most financially feasible use that will produce the highest return and the highest value for the property for the longest period of time.

In terms of legal factors, the Subject is vacant and zone Apartment (APT). We have been provided with information showing this site is proposed to be developed with a thirty (33) unit apartment complex that will involve the construction of three (3) buildings.

Our conclusion on highest and best use regarding the said proposed development on the Subject site is contingent on the issuance of all necessary permits from the City of Mount Pearl and any other document required from any government department.

Therefore, based on the foregoing, it is concluded that the Highest and Best Use of the Subject is the proposed three building apartment complex as shown in the addendum and described in this report.

As a result of the foregoing, the Highest and Best Use of the Subject Property is a Three Multi-Family Residential.

⁵ *Farlinger Development V. East (Borough)* (1975), 8 L.C.R. 112

THE VALUATION PROCESS

Introduction

There are three recognized approaches for valuing real estate and they are summarized as follows:

- Cost Approach: Involves estimating the value of land as if vacant and adding it to the reproduction or replacement cost new of improvements, less accrued depreciation.
- Direct Comparison Approach: Adjustments are made to comparable sales for points of difference with the Subject Property. It is often referred to as the market approach because it is driven primarily by market activity.
- Income Approach: Is concerned with the present worth of future benefits that may be derived from the property, whereby the net income attributable to the property is capitalized into a value estimate.

Where applicable, further detail on each approach is provided in their respective sections.

Method Selected

For this report, the Direct Comparison Approach and Income Approach will be used. The cost approach has not been used because there is sufficient data to estimate the market value of the subject property by using the Direct Comparison Approach the cost approach and the Income Approach.

The resulting estimates of value from each approach will be considered within the context of the subject market and will ultimately be reconciled into a final estimate of value for the Subject Property. More detail is included on each approach to value in their respective sections.

INDICATED VALUE BY COST APPROACH

Theory and Basic Steps

The steps in the cost approach can be broken down into the following steps 1) estimate the value of land; 2) estimate the reproduction or replacement cost of the improvements; 3) estimate accrued depreciation and 4) add land value to the value of improvements less depreciation. The economic concept of substitution is basic to the cost approach. The Appraisal of Real Estate, Canadian Edition states that

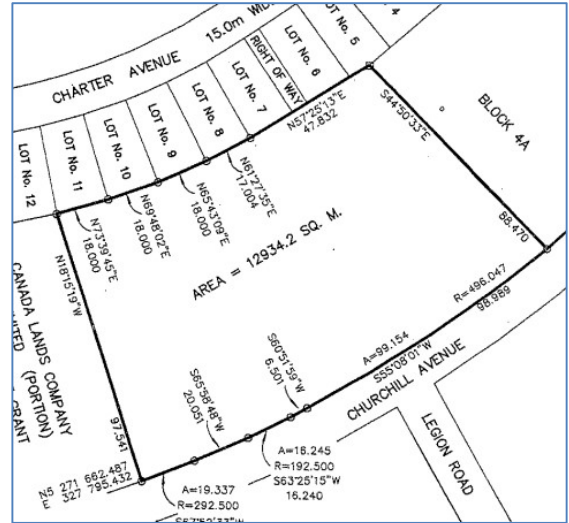
“This principle affirms that no prudent buyer would pay more for a property than the cost to acquire a similar site and construct improvements of equal desirability and utility without undue delay”.⁶

Estimate of Land Value

The direct comparison approach is the most widely used method for estimating the value of vacant land and it is the method used to estimate the value of the Subject site. It is also the most reliable method when there is sufficient market data available and when it is applied to the highest and best use of the site. The remaining methods available to estimate land value are only used when there is insufficient data (no comparable sales) available to use the direct comparison approach.

In estimating the market value of the land component, the appraiser reviewed and analysed sales of land which have taken place in the metro region. Information on the most recent sales is as shown in the table on the following page.

⁶ Appraisal of Real Estate, Canadian Edition



Property Type Vacant Land
Location Block 5, Churchill Ave, St. John's

Sale Details

Transaction Data

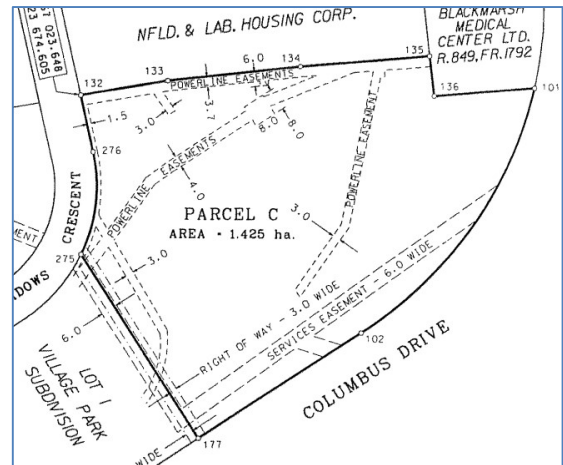
List Price:		Registration Details:	CADO 1022821
List Date:		MLS Number:	
Sale Price:	\$1,550,000	Vendor:	79963 NL & Labrador Inc.
Sale Date:	April 8, 2022	Purchaser:	Brookfield Plains Inc.
Sale Price/Acre:	\$485,893		

Land Description

Land:		Zoning Designation:	Apartment Medium Density
Frontage:	529 Feet		
Average Depth:	300 Feet		
Land Area:	3.19 Acres		
Shape:	Irregular		
Municipal Services:	Water and Sewer		

Comments:

This parcel of land is located on Churchill Avenue and is directly across from its intersection with Legion Road. The site has extensive frontage on Churchill Avenue and has a partial view of Quidi Vidi Lake. It is surrounded by light commercial and residential uses. It is understood this parcel of land was purchased to construct a retirement living facility.



Property Type Vacant Land
Location 11 L'Anse Aux Meadows Crescent,
 St. John's

Sale Details

Transaction Data

List Price:
 List Date:
 Sale Price: \$1,950,000
 Sale Date: November 1, 2017
 Sale Price/Acre: \$553,977

Registration Details: Cado 837668
 MLS Number:

Vendor: 68029 NL & Labrador Inc.
 Purchaser: 10225185 Canada Inc.

Land Description

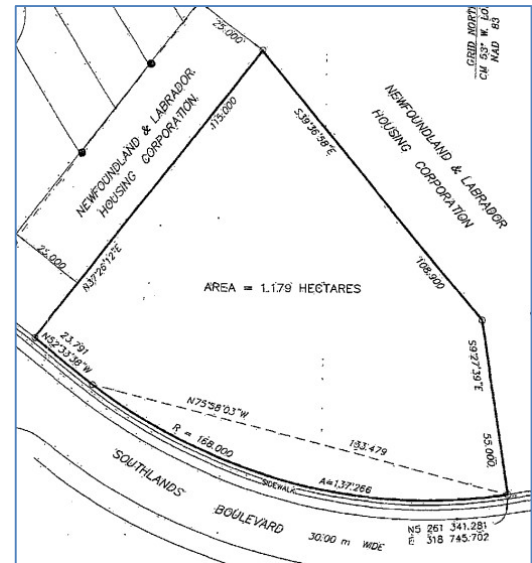
Land:

Frontage: 191 Feet
 Average Depth: Varies
 Land Area: 3.52 Acres
 Shape: Irregular
 Municipal Services: Water and Sewer

Zoning Designation: Apartment A1

Comments:

This is an irregular shaped parcel of land with access from L'Anse Aux Meadows and while it backed onto Columbus Drive, it does not have any direct access onto it. The site was partly cleared and mainly level at the time of sale. There were several easements on the site, but based on the existing development on the site, it is clear they did not affect the overall development potential and utility of the site. The site is now developed with the Winslowe Ridge Retirement Living facility, which is a three-storey facility providing on-site parking.



Property Type Vacant Land
Location 160 Southlands Blvd, Mount Pearl

Sale Details

Transaction Data

List Price:		Registration Details:	Cado 827056
List Date:		MLS Number:	
Sale Price:	\$1,310,800	Vendor:	Infini-T Holdings Inc.
Sale Date:	July 27, 2017	Purchaser:	79765 N & L Ltd.
Sale Price/Acre:	452,000		

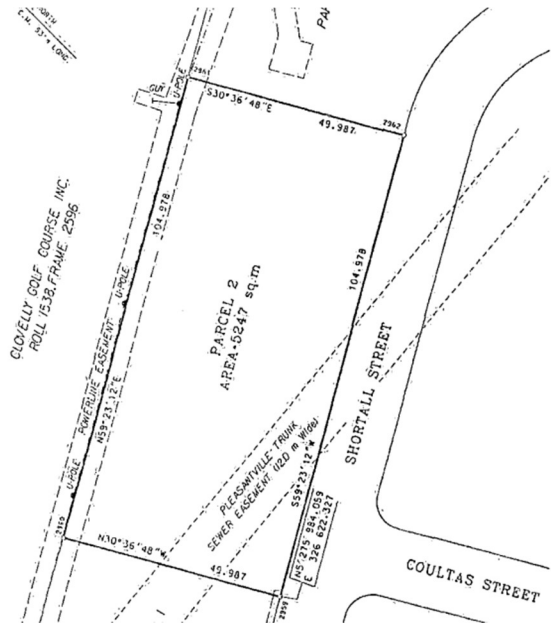
Land Description

Land:

Frontage:	528 Feet	Zoning Designation:	Institutional
Average Depth:	Varies		
Land Area:	2.9 Acres		
Shape:	Irregular		
Municipal Services:	Water and Sewer		

Comments:

This is an irregular shaped parcel of land with extensive frontage on Southlands Boulevard. At the time of sale, the site was raw land and covered with trees. While it was zoned institutional, it has been developed with a seniors complex. This use compliments the predominant residential use that surrounds it.



Property Type Vacant Land
Location Shortall Crescent, St. John's

Sale Details

Transaction Data

List Price: NA
 List Date: NA
 Sale Price: \$1,300,000
 Sale Date: November 4, 2016
 Sale Price/Acre: \$1,007,752

Registration Details: Cado 792082
 MLS Number: NA
 Vendor: Laurmax Developments Inc
 Purchaser: Clovelly Development Limited Partnership

Land Description

Land:
 Frontage: 344 Feet
 Average Depth: 164
 Land Area: 1.29 Acres 56,479 SF
 Shape: Irregular
 Municipal Services: Water and Sewer
 Zoning Designation: Apartment (A3)

Comments:

This is a rectangular shaped parcel of land with access from Shortall Street and is adjacent to other land zoned A3. This was a raw parcel of land that was covered with a mix of natural growth trees and natural growth shrubs and bushes. It is a generally level site, and it is also noted that there is a road/access stub in place from Shortall Street.

Reconciliation of Land Value

Sale 1 Churchill Avenue \$485,893/Acre April 8, 2022	This parcel of land is located on Churchill Avenue and is directly across from its intersection with Legion Road. The site has extensive frontage on Churchill Avenue and has a partial view of Quidi Vidi Lake. It is surrounded by light commercial and residential uses. It is understood this parcel of land was purchased to construct a retirement living facility.
Sale 2 L'Anse Aux Meadows Crescent \$553,977/Acre November 1, 2017	This is an irregular shaped parcel of land with access from L'Anse Aux Meadows Crescent and while it backed onto Columbus Drive, it does not have any direct access onto it. The site was partly cleared and mainly level at the time of sale. There were several easements on the site, but based on the existing development on the site, it is clear they did not affect the overall development potential and utility of the site (the site is now developed with the Winslowe Ridge Retirement Living facility, which is a three-storey facility providing on-site parking).
Sale 3 Southlands Boulevard \$452,00/Acre July 27, 2017	This is an irregular shaped parcel of land with extensive frontage on Southlands Boulevard. At the time of sale, the site was raw land and covered with trees. While it was zoned institutional, it has been developed with a seniors complex. This use compliments the predominant residential use that surrounds it. This property is zoned institutional, which only provides one similar permitted use (Daycare Center) that could attract a sale price that can compare to the unit rate that the Subject's determined highest and best use will attract. This property is considered the least comparable because of its zoning.
Sale 4 Shortall Crescent \$1,007,752/Acre November 4, 2016	This is a rectangular shaped parcel of land with access from Shortall Street and is adjacent to other land zoned A3. The was a raw parcel of land that was covered with a mix of natural growth trees and natural growth shrubs and bushes. It is a generally level site, and it is also noted that there is a road/access stub in place from Shortall Street. This property is zoned A3, and therefore it is most comparable to the Subject with respect to zoning.

Aside from the four preceding sales, there are no other comparable properties that provide a similar highest and best use as the Subject in the metro region. In particular, we are not aware of and land sales in the City of Mount Pearl or the metro region.

At the time sale #4 occurred, the demand for multi-family development was cooling along with the other sectors of the real estate sectors in the Province during this period. Its sale price represents the highest range in the comparables that are available for this analysis. Although this sale is older and reflecting market happenings from its date of sale, it is recognized that the market demand for multi-family development has increased since the low point around 2019 and current demand is more closely reflected in the market activity that was motivating developers to acquire land with potential for high density development.

Due to the high demand for apartments in the metro regions, we have been hearing from contractors interested in purchasing and developing land to construct apartment units.

Given current demand for land zoned for development with apartments, it is reasonable to conclude that the sales from 2017 would sell for more per acre under current market demand for this type of land. We also state this because when they sold in 2017, market demand for this type of land was lower, as planned projects were put on hold. As a result of the density of development permitted on the Subject site and its location with two street frontages, its market value is estimated at \$600,000 per acre.

Calculation of Land Value Estimate		
Unit Rate	\$600,000	Per Acre
Area	1.308	Acre
Total Calculated Value Estimate	\$784,800	\$800,000 (Rounded)

Cost Estimate Provided by Karwood	
Item	Cost
Footings	\$ 43,237.29
Perimeter Drainage & Insulation	\$ 12,334.39
Concrete Floor	\$ 62,003.08
Under-Slab Drainage & Damp proofing	\$ 10,346.87
Basement Walls	\$ 79,958.19
Moisture Protection	\$ 4,820.74
Framing Material	\$ 359,726.97
Decks	\$ 3,431.07
Framing Labour	\$ 400,003.29
Roof Trusses	\$ 155,037.50
Boom Truck	\$ 9,875.42
Exterior Cladding	\$ 265,917.88
Exterior Windows	\$ 100,626.47
Glazed Doors & Entrances	\$ 65,114.68
Roof Shingles	\$ 123,511.77
Blow-in Insulation R71	\$ 33,169.41
Insulation	\$ 206,637.80
Closet Shelving	\$ 9,091.54
Hardwood Stairs	\$ 9,087.18
Drywall	\$ 195,246.89
Plaster & Paint	\$ 245,204.34
Flooring	\$ 123,386.57
Interior Trim	\$ 125,050.73
Cabinets & Vanities	\$ 250,272.41
Plumbing Fixtures	\$ 145,136.96
Plumbing	\$ 217,569.17
Ventilation	\$ 298,764.50
Electrical	\$ 338,404.13
Lighting	\$ 19,731.22
Landscaping	\$ 130,514.25
Water and Sewer	\$ 226,227.99
Excavation	\$ 164,825.13
Pavement	\$ 143,947.28
Legal Fees	\$ 5,065.38
Permits	\$ 65,143.74
Warranty Repairs	\$ 8,130.76
Design	\$ 225,785.51
Design Center Fee	\$ 5,026.15
Survey	\$ 14,010.14
Power	\$ 15,603.45
Insurance	\$ 19,779.02
Sundry Items	\$ 206,965.42
Real Estate 258,865.14	\$ 258,865.14
Project Management / QA	\$ 163,176.88
General labour	\$ 284,817.82
Cleaning	\$ 14,504.61
Performance Contingency	\$ 1,422.99
Winter Conditions	\$ 3,662.39
Mobilization	\$ 50,000.00
	\$ 5,920,172.51

Estimate of replacement cost above based on information provided by our client.

Depreciation Analysis

The Subject improvement is new, and its effective age is new, so it has the following estimated breakdown of effective age and economic life:

Breakdown of Age and Life Estimates	
The Subject is estimated to have the following:	
Effective Age	0
Economic Life	60
Remaining Economic Life	60

As noted, shown in the table below, the Subject is a new construction and therefore, there is no depreciation applicable.

Calculation Of Depreciation				
Effective Age	Divided By	Economic Life	Equals	Depreciation Percentage
0	/	60	=	0%
Replacement Cost	Multiplied By	Depreciation Percentage	Equals	Depreciated Amount
\$5,920,172.51	X	0%	=	\$0.00

Cost Approach Summary

Depreciation Summary		
Market Value of Land		\$800,000
Replacement Cost of Building	\$5,920,172.51	
Less Depreciation	\$0.00	
Depreciated Value of Building		<u>\$5,920,173</u>
Plus Extras and Site-works		
Indicated Value by Cost Approach		<u>\$6,720,173</u>
		\$6,720,000 (Rounded)

INDICATED VALUE BY DIRECT COMPARISON APPROACH

Theory and Basic Steps

The estimate of market value by way of the Direct Comparison Approach is arrived at by comparing sales that are similar to the property being appraised and adjusting for any differences. The Appraisal of Real Estate, Second Canadian Edition, Chapter 17, outlines the process in the following manner:

“... an opinion of market value is developed by comparing properties similar to the subject property that have recently sold, are listed for sale or are under contract. A major premise of the Direct Comparison Approach is the market value of the property is related to the prices of comparable competitive properties. Elements of comparison are tested against market evidence to estimate which elements are sensitive to change and how they affect value.

The concept of anticipation and change, which underlie the principles of supply and demand, substitution, valance, and externalities, are basic to the Direct Comparison Approach. Guided by these principles, an appraiser attempts to consider all issues relevant to the valuation problem in a manner that is consistent and reflects local market conditions.”⁷

In addition to the above definition, the process involves the following:

- Research the market and obtain all available information on current sales, listings and offers;
- Gather all available information regarding the market data (sale price, price per square foot, size, date of sale, etc...) and most importantly, identify the current sales that are most applicable to the Subject Property;
- Determine the appropriate unit of comparison and analyse it in accordance with the current sales and other data for an explanation on the behaviour of the market;
- Make adjustments for dissimilarities to the sales selected as being most comparable to the Subject Property;
- Arrive at a conclusion of value.

Market investigations carried out for this report indicates that there is limited comparable data available in the Metro region to estimate market value for the Subject. As such, we have included sales from the City and sales data from the suburban towns of Bay Roberts, Gander and Lewisporte.

Given the limited number of comparable sales in the metro region, we have relied on the foregoing market data. We do note that each of the areas covered by the sales data is experiencing low vacancy and increasing rents, so each comparable is similar to the Subject with respect to changing market conditions.

Information on these sales is included on the following data sheets.

⁷ The Appraisal of Real Estate, Second Canadian Edition



Property Type: Multi Unit
Location: 46 Hazelwood Crescent, St. John's

Sale Details

Transaction Data

List Price:
 List Date:
 Sale Price: \$1,000,100
 Sale Date: July 29, 2022
 Sale Price/Unit: \$142,871

Registration Details: Cado 1035439
 MLS Number:
 Vendor: The Roman Catholic Episcopal Corporation of St. John's
 Purchaser: Bensaid Services Ltd

Land Description

Land:

Frontage: 399 Feet
 Average Depth: +/-180 feet
 Land Area: 1.80 Acres
 Shape: Irregular
 Municipal Services: Water and Sewer

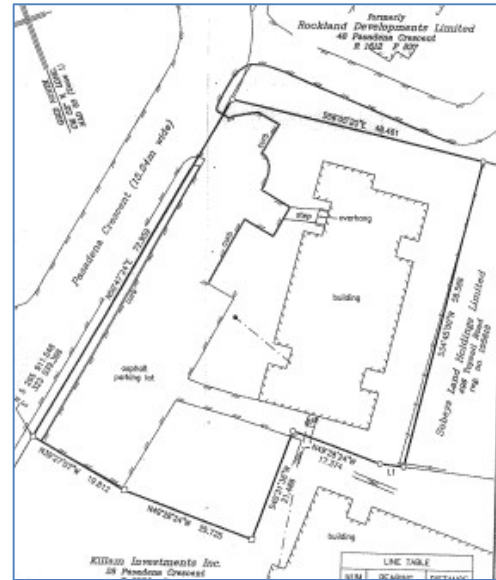
Zoning Designation: Residential 1 (R1)

Building Details:

Number of Units: 7
 Shape: Irregular
 Number of Stories: 1
 Reported Condition: Good

Comments:

This property was constructed in 1988 and the Roman Catholic Episcopal Corporation of St. John's constructed it to serve as a retirement residence for priests. The building was reported to be in good condition at the time of sale and had a common area near the centre of the building that was used as a communal sitting area, kitchen and space used for chapel. We understand the new purchaser intends to convert this common area to rental units. Each unit had two bedrooms and one full bathroom. This property was sold by auction by the receiver responsible for the disposition of assets owned by the Roman Catholic Episcopal Corporation of St. John's.



Property Type: Apartment Building
Location: 38 Pasadena Crescent, St. John's

Sale Details

Transaction Data

List Price:
 List Date:
 Sale Price: \$4,200,000
 Sale Date: June 7, 2021
 Sale Price/Unit: \$105,000

Registration Details: Cado 981157
 MLS Number:
 Vendor: Regency Management Limited
 Purchaser: Killam Properties SGP Ltd.

Land Description

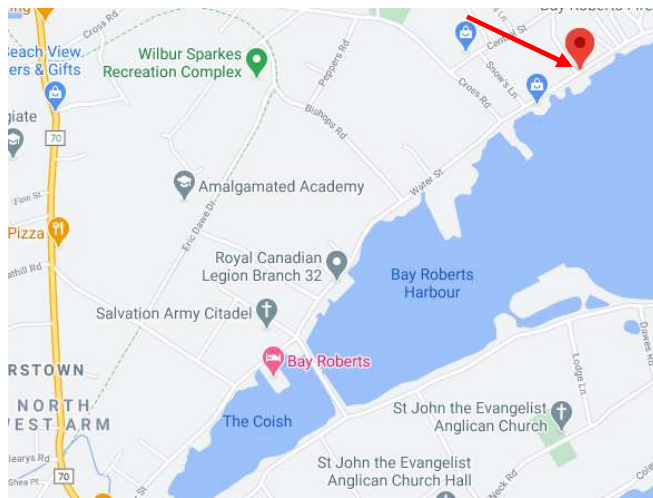
Land:
 Frontage: 139 Feet
 Average Depth: 185 feet
 Land Area: 1.01 Acres
 Shape: Rectangular
 Municipal Services: Water and Sewer
 Zoning Designation: Apartment - 2

Building Details:

Number of Units: 40
 Shape: Rectangular
 Number of Stories: 4
 Reported Condition: Good

Comments:

This is a 45 + year old four storey walk up apartment building that was in average to good condition at the time of sale. The complex contained 1 and 2 bedroom units. It is also noted the purchaser owned the adjacent property. This property had a reported capitalization rate of 6%.



Property Type 8 Unit Multi-Family
Location 237 Water Street, Bay Roberts, NL

Sale Details

Transaction Data

List Price:	\$799,900.00	Registration Details:	
List Date:	March 3, 2018	MLS Number:	1171092
Sale Price:	\$766,000.00	Vendor:	Grant Vaters
Sale Date:	13-Jul-18	Purchaser:	Unknown, see comments below
Sale Price/Unit:	\$95,750		

Land Description

Frontage:	NA	Zoning Designation:	Mix Development
Average Depth:	NA		
Land Area:	1.00 Acres		
Shape:	Unknown		
Municipal Services:	Water and Sewer		

Building Details:

Area:	7000 Square Feet	<u>Breakdown of Space</u>	
Shape:		Apartments combined total:	7000 Square Feet
Number of Stories:	1		
Reported Condition:	Good		

Comments:

This property is located on the corner of Water Street and Greens Road and has a view of the ocean. On the date of sale, the building is reported to be seven years old and in good condition. It has eight two bedroom apartments with each having nine foot ceiling. The property is reported to have a monthly income of \$6400, which calculates to \$800 per unit. Based on the reported sale price and income, it has a potential gross rent multiplier of 9.97. It is also noted that we could not find the deed for the property on CAD0. We contacted the listing agent and she confirmed the property was sold and that it was owned by her son, the seller named on the MLS. The property is also noted as being one storey, but it does have a second storey on the front.

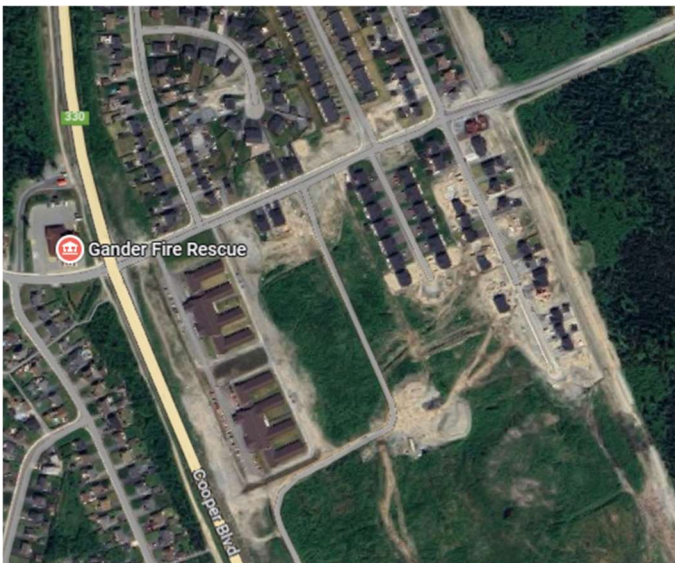
Discussion on Property Sales and Reconciliation

The four sales presented have been summarized below:

- Comparable 1: This property was constructed in 1988 and a new section was added in 1990. This property was in good condition at the time of sale and there were no deferred maintenance items reported. The property was sold by the receiver for the Roman Catholic Episcopal Corporation of St. John's through a closed auction. The property had seven two-bedroom units, but it also contained a common area that we understand will be renovated and fit up with apartment units. The sale price is \$142,871 per unit.
- Comparable 2: This property sold in June of 2021 and is a 45 +/- year old four-story walk-up apartment building and showed a unit rate of \$105,000 per unit. The building was in good overall condition at the time of sale and contained 40 units comprising of both one- and two-bedroom apartments.
- Comparable 3: This sale closed on July 13, 2018, and is located on the corner of Water Street and Greens Road offering an ocean view. As noted, the building is listed on MLS, but we could not locate the sale particulars at the Registry of Deeds, but we did confirm that the sale closed with the listing agent. This sale is considered to be similar to the subject property with respect to condition and age. It is reported to have paved parking. The sale price per unit is \$95,750.
- Comparable 4: This property sold in October of 2023 and is located near College of the North Atlantic. The building was reported to be in average condition at the time of sale and received upgrades as required. It has 11 residential units over two levels and sold for a unit rate of \$136,363 per unit.

Since the Subject will be new, its condition will be superior to the four sales included above, so consideration will be given to this in the final reconciliation of a unit rate.

In addition to the above comparable properties, we are also aware of the following sales data:



20-unit semi-attached Units: This conveyance is located on Waterton Street in Gander. The Vendor was VLE Development Inc. and the Purchaser was Yellow Fox properties Inc. It closed on January 25, 2022, and sold for \$4,999,999 or \$210,000 per unit. It consisted of 20 semi-attached two-bedroom units and contained a total of 10 duplex units. The properties are marketed to 55+ and senior population. Each units comprised a one storey building with two bedrooms, living and dining room, laundry and full bathroom and ensuite off the master bedroom. The property was purchased by a local investment group because of increasing rental rates. This property had a reported capitalization rate of 5.64%.



70-unit property: This conveyance is located at Pine Avenue in Lewisporte. The Vendor was Hodder Holdings Inc. and the Purchaser was 86689 Newfoundland and Labrador Limited. It closed on February 1, 2021, and sold for \$7,285,000 or \$104,000 per unit. It consisted of a 12-unit apartment building that was constructed in the 1970's and has one third of the units below grade. It also included 10 semi-attached units that were approximately 10 years old and 48 semi-attached units that were between 3 to 7 years old. Each unit differed in size and condition. We also understand the owner of this property left the province and sold the property less than anticipated to facilitate their move. The property had a reported capitalization rate of 6.40%.

We have provided a summary of all the unit rates below:

Sales Data No.	Rate Per Unit	Age and Condition
Sale Number 1	\$142,871	Inferior
Sale Number 2	\$105,000	Inferior
Sale Number 3	\$95,750	Inferior
Sale Number 4	\$136,363	Inferior
Sale Number 5	\$210,000	Inferior
Sale Number 6	\$104,000	Inferior

The Subject Property will be a newly constructed complex comprising good quality materials and workmanship and because of its age and new materials, its condition and age is superior to all of the sales data included. There is limited comparable sales in the metro region that is similar in condition to the Subject units. Given the increase in rents over the past two years, many owners are choosing not to sell their properties in order to benefit from the increased rental income. As a result, there is a limited number of comparable sales similar to the Subject. Each of the sales are older and most will not attract similar tenants as the Subject. Based on our information, the most similar in terms of condition is the 20-unit complex on Waterton Street in the Town of Gander. This sale is also only rented to tenants over the age of 55.

Given the foregoing, it is reasonable to conclude that each sale is between 10% to 30% inferior in condition to the Subject. We note that such a consideration is subjective, but given the range provided by the comparables and their relative conditions, this range is considered reasonable. Given this, when the condition adjustment is applied to each unit rate, the adjusted unit rates range from \$114,900 per unit to \$241,500 per unit.

Therefore, as a result of our market investigations and analysis and given the size, location and new condition of the Subject Property, its indicated value is considered to be in accordance with the unit rate outlined in the following table, which is applied to the number of units that will be included with the Subject Property.

The final estimate of value by the Direct Comparison Approach is therefore estimated at:

Calculation of Value for Direct Comparison		
	Number of Units	Rate Per Unit
Area of Subject	33	\$200,000
Value Estimate	\$6,600,000	

INDICATED VALUE BY INCOME APPROACH

Definition

The premise behind the income approach is that the market value of a property is directly related to its income producing potential.

“Typically, income-producing real estate is purchased as an investment, and the income approach is based on the assumption that the investor uses the income capability of the investment as a measure of value. All things being equal, the basic premise is that the higher the income, the higher the value. The income can consist of various forms including periodic gross income, periodic net income, periodic cash flows, and future sale price (reversion). Various methods, techniques and mathematical procedures are used to convert the future incomes into an equivalent estimate of present value”.⁸

The steps in the income approach are as follows:

- Estimate potential gross income (PGI) at full occupancy and deduct for vacancies and bad debt and add other possible incomes such as ancillaries from parking and laundry etc. This will arrive at an effective gross income (EGI) for the property;
- Estimate the normal annual operating expenses, including expenditures necessary to maintain or protect the property/investment;
- Deduct the operating expenses from the effective gross income to determine the net operating income (NOI).
- Select the appropriate method to capitalize the net operating income into an estimate of value;
- Determine an applicable capitalization rate;
- Mathematically convert the income into an estimate of market value.

Justification of Market Rent

As part of our market investigations regarding the market area for the Subject Property, we contacted realtors (including leasing agents), assessment authority, building owners and reviewed our office data bank. We have also reviewed MLS and information in our files for similar properties to estimate market rent for the Subject Property. Our review of current market activity is as follows:

- One-bedroom apartments are renting from \$1000 per month to \$1395 per month.
- Two-bedroom apartments are renting from \$1200 per month to \$1895 per month.

Rents examined are similar with respect to the Subject based on the following: Each rent amount includes fridge, stove and hot water tank. Tenants are responsible for their own heat, light/utilities.

Given the demand for rental units in the metro region, rent for apartments has been steadily increasing throughout the past two years. When complete, the Subject will provide apartment space that will compete with the units in near the mid range of the range provided. For the Subject, we estimate it will rent for the following rates:

- One-bedroom apartments \$1250 per month
- Two-bedroom apartments \$1450 per month

⁸ Basics of Real Estate, Fourth Edition

The table below summarizes existing rents for the Subject Property.

Rent Roll for Residential Units				
Rent Amount	One Bedroom	Two Bedroom	Total Monthly Rent	Annual Rent
\$ 1,250	3		\$ 3,750	\$ 45,000
\$ 1,450		30	\$ 43,500	\$ 522,000
	3	30	\$ 47,250	\$ 567,000

Total Number of Units	33
-----------------------	----

Vacancy and Collection Loss

Based on information available from:

- Other property owners
- Our office files that include details on other similarly leased buildings in the Subject's market area of Mount Pearl
- Surveys published by Cushman and Wakefield
- Information available on MLS
- And with consideration to the proposed use, location, size, and condition of the Subject Property, the allowance for vacancy has been allocated at 4% of the gross income.

The subject property is located off Park Avenue in an area developed with residential and commercial uses. Its use as a multi-family facility will capture good tenancy because of its location and proximity with amenities in this area of Mount Pearl. The Subject has not been constructed and given its location and demographic it will rent to, it will have good occupancy when complete, based on current information. Most multi-family buildings are reporting either 100% or close to 100% occupancy. Our review of Kilim properties show they have an overall occupancy rate of 98%. The City of St. John's also reports a vacancy rate of 3%. Given it will have good condition when complete, location and suite mix, a rate of 3% is considered reasonable to capture any periods of vacancy and collection loss. This rate also considers the planned large-scale projects for the Province and anticipated additional demand for residential units in the metro region over the next few years as work/construction on these projects progress.

Operating Expenses

Property Tax or Municipal Fees

This amount is based on actual rates and charges against the property, as provided by the municipality. The amount included for this expense is based on our estimated amount considered reasonable based on rates applicable to similar properties and assessments.

Utilities

This expense includes an amount to heat the property and provide lighting etc. We did not include an amount for this expense because there is no common expense in the Subject buildings. There will be no lighting cost for the parking lots because each unit will have a light that provides lighting for the parking lot. All Tenants are responsible for their own utilities.

Insurance

This amount is based on information supplied by the owner and a rate that is consistent with other properties of this type. The amount included for this expense is estimated.

Building Operation

This amount includes cost for janitorial and cleaning common areas, snow clearing, garbage removal and repairs and maintenance, advertising, professional fees, pest control, and is based on rates typical for properties of this class. Since the Subject will be new and not have any common areas, such as hallways, this amount included for this expense will only consider a minimum allowance for maintenance.

Management

The management fee is based on a percentage fee of the effective gross income which is typical of amounts charged for this type of property. A rate of 6% is considered fair for the Subject. Refer to reconstructed expense statement on previous page.

Capitalization

The appropriate capitalization rate for the Subject Property considers expected rates of returns that investor are obtaining in the market for investment opportunities, their cost of borrowing, and the discussion on the items listed below, but it is primarily based on capitalization rates produced by properties similar to the Subject Property. Market research indicates there are items that are of particular importance for investors when considering their expected rate of return from an investment in real estate. Items of primary importance to an investor in real estate are:

- **Security of Capital** – This item refers to the quality and remaining economic life of an investment. With respect to the Subject Property, it will be a new building and its condition is therefore considered to be good.
- **Security of Income** – This item refers to the quality of the tenants and the length of the leases, if any. Long-term tenants and low vacancy rates set a solid foundation for investment. The Subject Property will be a multi tenant property that will provide thirty-three (33) residential units in three separate buildings. Given its location, current demand for apartment units in the metro region, its proposed suite mix, as well as its new condition, it is reasonable to conclude that it will have security of income for the foreseeable future; particularly as the market improves and grows in this location of Mount Pearl.
- **Lift Potential** – This item refers to the prospect of increasing the rental income during the investment holding period. As previously noted, the subject property is located in a good location for its use and will attract residential tenants looking to live in this area because of location with respect to nearby amenities on Park Avenue and Commonwealth Avenue. Given its proposed multi-tenant use and forecasted market share it will capture, lift potential is considered average under current market conditions and good under anticipated market conditions. We state this because of an anticipated increase in the number of larger scale projects within the Province. Although they will not all be happening in the metro region, this area has and will still continue to see significant benefits from happenings throughout the province because it is the main base of operations for major companies and suppliers.
- **Development Potential** – This item refers to the prospect for future expansion or redevelopment to achieve increased returns. The Subject will be located on a lot that is proposed to be utilized to its maximum potential, therefore, there is no additional development potential for the Subject site.

Directly linked to the condition and age of the property is the cost of ownership. For example, an owner or potential purchaser will consider the age and condition of the property and short-lived components such as windows, doors, siding, roof, flooring, heating, plumbing and siteworks, etc., that will require replacement as they reach the end of their useful life.

Because a potential purchaser will consider the condition and thus, cost of the current replacement reserve requirement for the short-lived items in the Subject Property, they have been considered in the final estimate of a capitalization rate.

Rates of return available from alternative sources of investment also play a role in the investor’s expectations, since maximizing returns in a competitive market is generally the primary objective. The return on long term bonds for the Bank of Canada presently range from 2.19% to 2.32%. A review of performance of long-term yields from major corporations and financial institutions indicate rates ranging from 3.58% to 6.25%. Other investment opportunities provide higher or less returns than bonds, but considering the risk involved with real estate in general, a higher yield on investment is required by investors than would be from other more secure investments.

A review of yields reported by REIT’s indicate rates in the range of 2.92% to 9.00% on all their investment portfolio, which includes properties with uses similar to the Subject Property, as well as a diversified range of real estate (retail, industrial and apartment).

Band of Investment

The following calculated rate by the Band of Investment is included as support for the market determined rate. It will not be solely relied upon, but it is included to show how financing and equity affects capitalization rates.

The cost of investment for commercial real estate is based on typical mortgage rates and amortization period. A review of market participants indicate that mortgage rates generally range from 6.5% to 12%, with a 20 to 30 year amortization period, and a 20% to 40% equity investment. This rate range includes federally regulated lending institutions and private lenders. Based on the foregoing, the capitalization rate calculated by the band of investment is estimated as detailed below:

It is recognized that the calculated rates provide a range based on the criteria stipulated; however, it is noted that they do account for the expectations of market participants when relying on the said criteria that is considered applicable for this sector, and they are therefore included as support for the market determined capitalization rate.

Due to the protection of privacy, we are not able to provide specific details on properties, but we can state that information we have on similar properties in the Metro region indicate a range in capitalization rates of 4.5% to 7%. Discussions with property managers and leasing agents experienced in this market and owners of multi-family real estate also indicate a range of 4% to 6%.

Calculation of Capitalization Rate		
<i>Band of Investment</i>		
	Low	High
Interest Rate	6.5%	9.0%
Amortization (yrs)	20	25
Return on Equity	6.0%	15.0%
Equity Amount	30%	40%
Mortgage Amount	70%	60%
Mortgage factor	0.088860	0.099357

8.02% 11.96%

We have not placed any reliance on the band of investment because it does not recognize current performance of this property class in the current market.

Therefore, giving consideration to:

- the physical condition of the Subject Property, which will be new;
- its location and service area;
- its liquidity and potential for growth based on demand in its market;
- Its ability to compete with similar properties and attract tenants;
- Its current activity within its respective market; and
- Stability of leasing,

a capitalization rate that is considered applicable to the Subject Property after considering all the foregoing is 6%.

Summary of Income Approach

Table Summarizing Income Approach		
Projected Revenue		\$567,000
Less Vacancy and Bad Debt	3.00%	<u>\$17,010</u>
Effective Gross Income		<u>\$549,990</u>
Less Operating Expenses		
• Property Taxes	\$46,000	
• Utilities	\$0	
• Insurance	\$24,000	
• Building Operation	\$30,000	
• Property Management @ 6%	\$32,999	
Total Expense Estimate		\$132,999
Net Operating Income (NOI)		\$416,991
Capitalization Rate (CR)	6.00%	
Estimate of Value by Income Approach	(NOI / CR)	(Rounded) \$6,950,000

RECONCILIATION AND FINAL ESTIMATE OF VALUE

The market value of the Subject Property was estimated using the income approach, direct comparison approach and cost approach to value.

The market value estimate is summarized in the following table:

Market Value Estimates		
Direct Comparison Approach	Income Approach	Cost Approach
\$6,600,000 As If Complete	\$6,950,000 As If Complete	\$6,720,000 As If Complete

In the final correlation, consideration is given to the use and operation of the building - - refer to the highest and best use analysis where the use as a multi-family property was determined to be its highest and best use, based on the discussion therein.

It is particularly noted that the Direct Comparison Approach provided the lowest end of the value range. This is not surprising because of the limited data available in this property class that is directly comparable to the Subject. This estimate of value is also affected by the date of the comparable sales and their location. As such, the Direct Comparison Approach was not relied upon in the final reconciliation.

Since the Income Approach provides a measure of the amount market participants are prepared to pay for units similar to the Subject, we have therefore placed more reliance on its estimate of value and less reliance on the estimate by the direct comparison approach. The cost approach provided an estimate that is bracketed by the other two approaches, and this may be due to influences in the cost estimate or factors affecting the land value estimate. We state this because of the limited land sales similar to the Subject in this area.

Therefore, as a result of our market investigation and analysis, it is the Appraiser's opinion that the market value of the Subject Property "As If Complete", would be equitably represented at:

SIX MILLION EIGHT HUNDRED THOUSAND DOLLARS
\$6,800,000 (As If Complete)

Sincerely,



Todd Pickett, P. App, AACI

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct;
2. 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;
3. 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;
5. 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.
6. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the CUSPAP.
7. I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP;
8. Except as herein disclosed, no one has provided significant professional assistance to the person(s) signing this report;
9. 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 a member in good standing of the Appraisal Institute of Canada.
11. As further set out below, the estimate of market value appearing in this certification and as further stipulated elsewhere in this report, is subject to the Assumptions and Limiting Conditions and the Extraordinary Assumptions and Limiting Conditions in this report.

PROPERTY IDENTIFICATION

Address: 166 Park Avenue in the City of Mount Pearl

Province: Newfoundland and Labrador

Legal Description: Refer to survey (survey plan or sketch)

BASED UPON THE DATA, ANALYSES AND CONCLUSIONS CONTAINED HEREIN, THE MARKET VALUE ESTIMATE FOR THE PROPERTY DESCRIBED AS AT November 27, 2023, IS ESTIMATED AT \$6,800,000. (As if Complete)

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:



Name: Todd Pickett

AIC Designation/Status: P. App, AACI/ Recertified

Membership #: 303236

Date of Report/Date Signed: December 18, 2023

Personally Viewed The Subject Property: Yes

Date Of Viewing: November 27, 2023

NOTE: For this appraisal to be valid, an original or a password protected digital signature is required.

DESIGNATED MEMBER



Appraisal Institute of Canada
Institut canadien des évaluateurs

ADDENDA

Sections of Plans for Each of the Three Buildings Proposed.

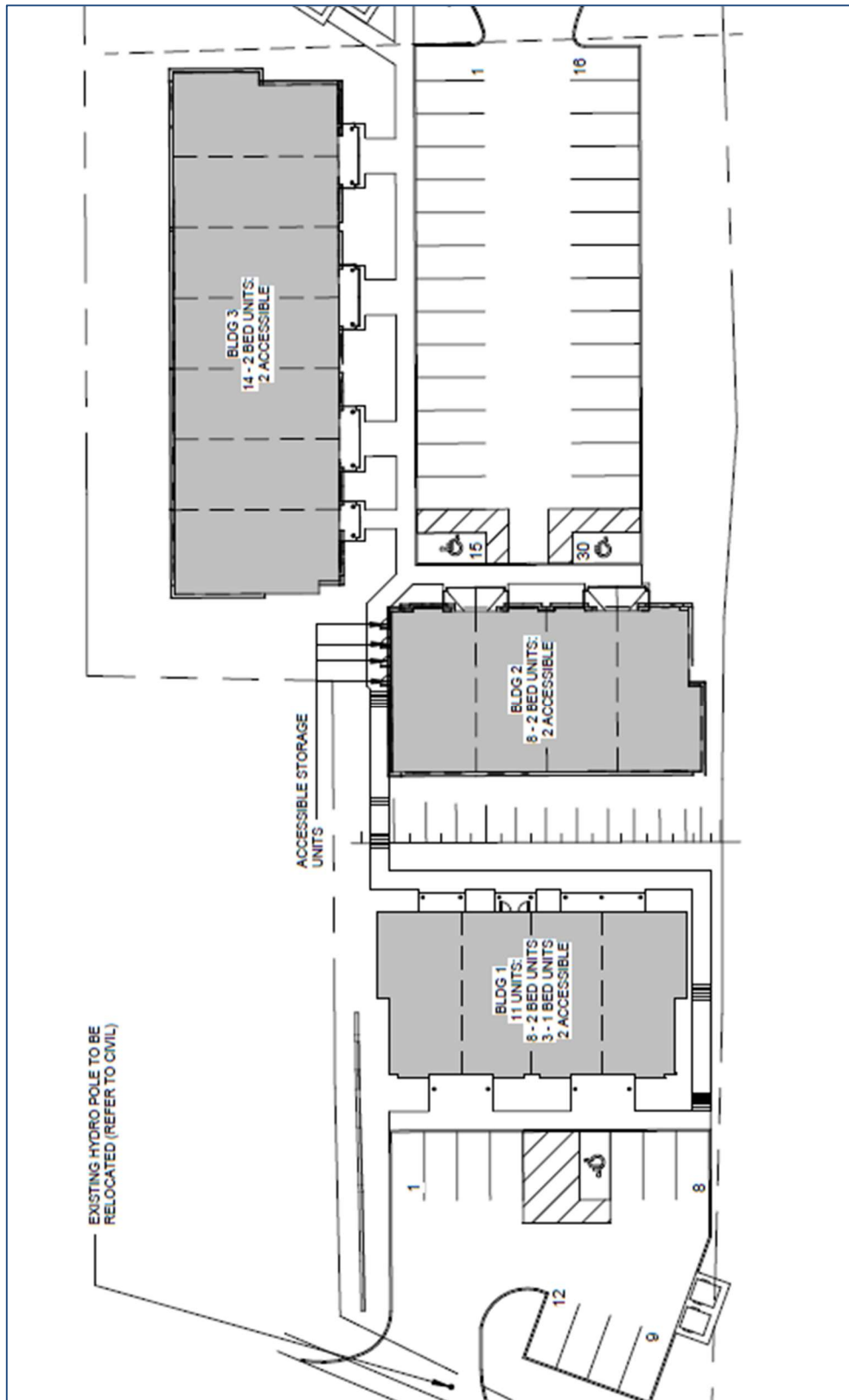
Note: For Additional Detail on Each Proposed Building, We Recommend Any Party Reviewing This Report to First Obtain a Copy of The Original Building Plans

The Plans Included in This Report For Illustration Purposes Only and Does Not Include All Detail

Site Plan



Site Plan Showing Unit Mix and Number of Accessible Units For Each Building



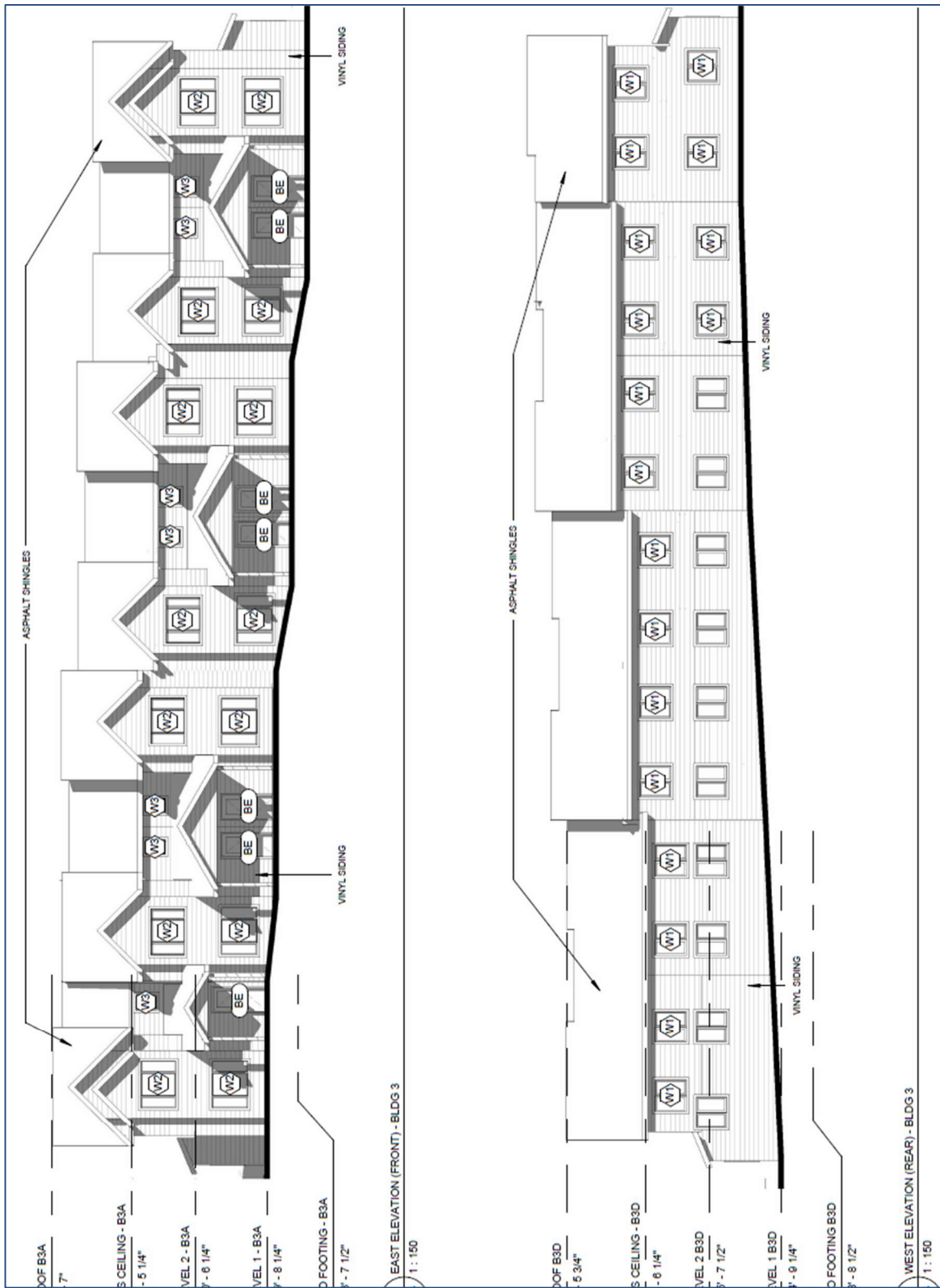
Proposed Building 1 North and South Elevations



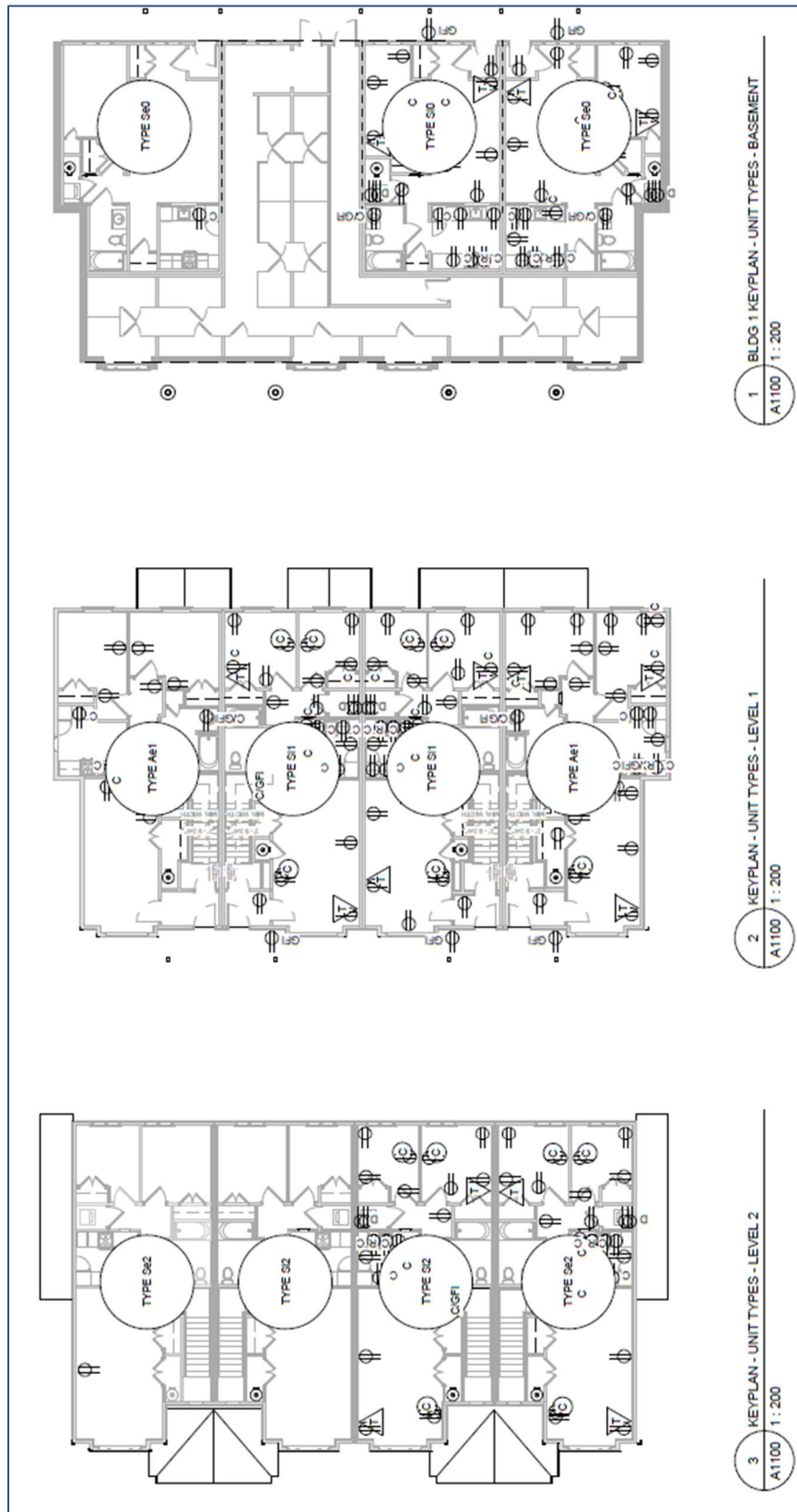
Proposed Building 2 North and South Elevations



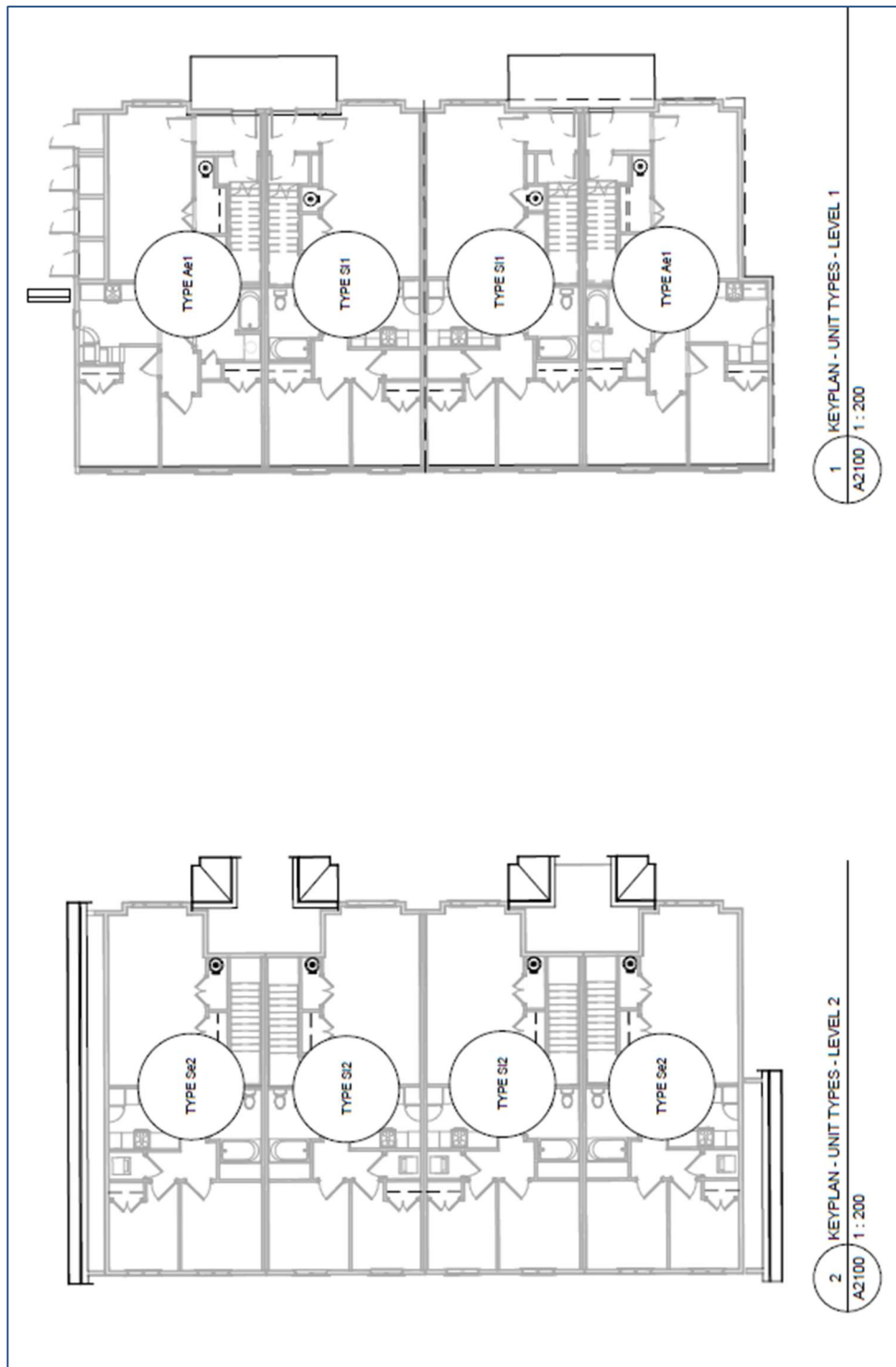
Proposed Building 3 East and West Elevations



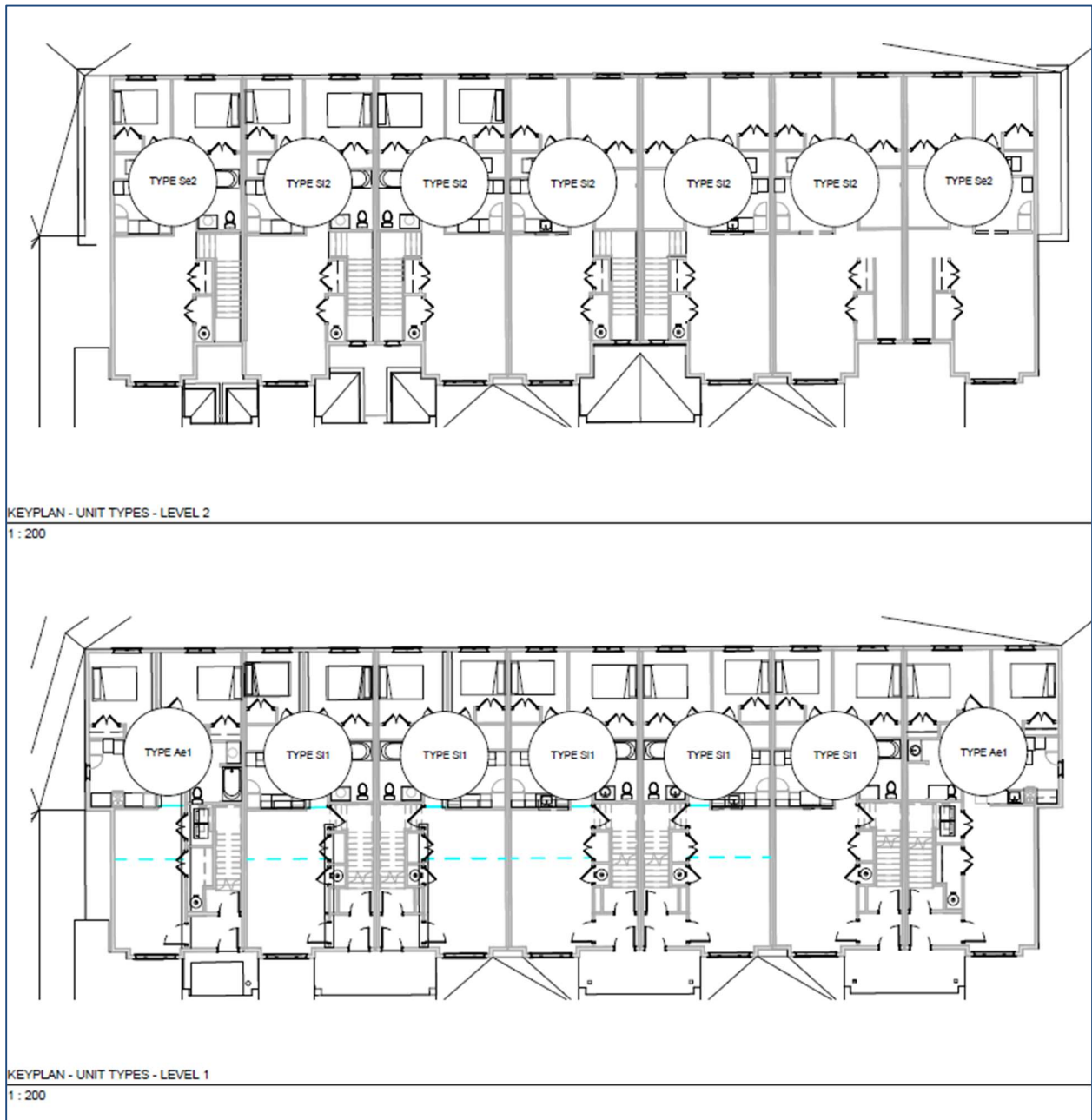
Unit Types Per Floor For Building 1



Unit Types Per Floor For Building 2

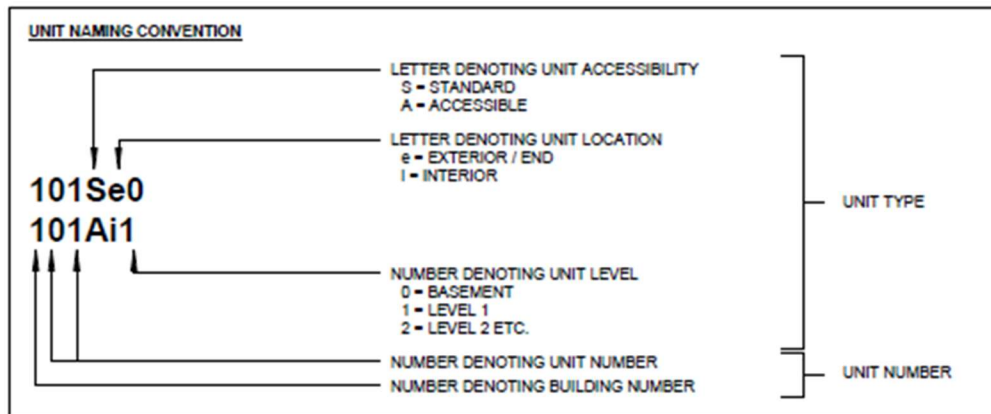


Unit Types Per Floor For Building 3

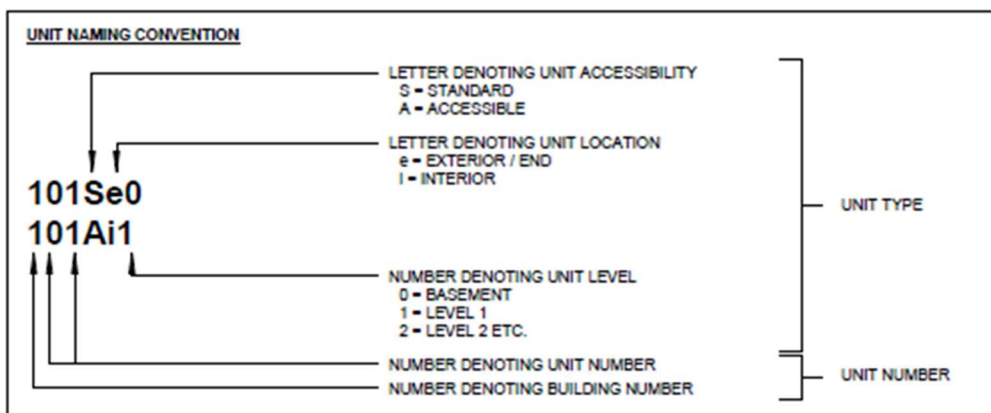


Naming Convention For Each Unit In Three Buildings

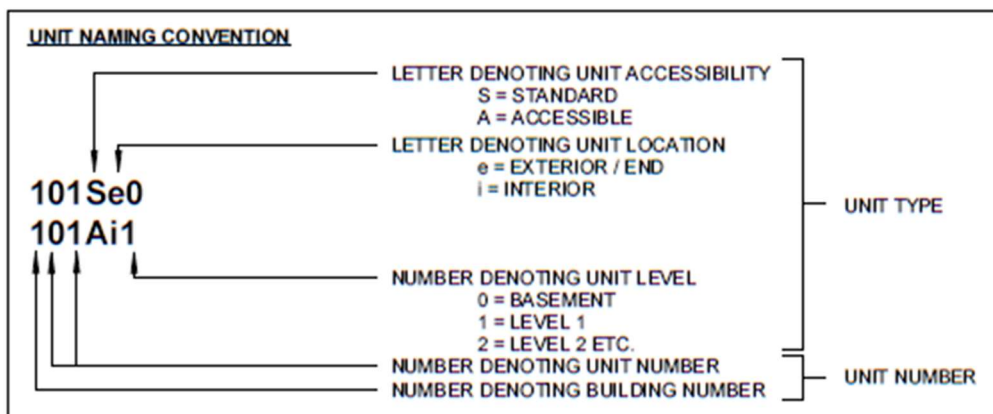
Building 1



Building 2



Building 3





**REGISTRY OF DEEDS
CERTIFICATE OF REGISTRATION**

Registration Date: MAY 10, 2024

Registration Time: 09:40 AM

Registration Number: 1111674

A handwritten signature in black ink, appearing to read "Jean Toyl".

Registrar of Deeds

Confirmation Date: MAY 30, 2024

Receipt Number: 5905LLH1

Consideration: 1.00

Document Type: NOTICE OF MORTGAGE

Filed By: O'KEEFE & SULLIVAN

From Parties:
Karwood Contracting Ltd.

To Parties:

Moskowitz Capital Mortgage Fund II Inc.

Location:

Civic 166 Park Avenue, Mount Pearl

B100

THIS MORTGAGE AMENDMENT made at the City of St. John's, in the Province of Newfoundland and Labrador, this 22 day of April, 2024.

BETWEEN:

KARWOOD CONTRACTING LTD., a body corporate, duly incorporated under the laws of the Province of Newfoundland and Labrador
(the "Mortgagor")

AND:

MOSKOWITZ CAPITAL MORTGAGE FUND II INC., a body corporate, duly incorporated under the laws of the Province of Ontario
(the "Lender")

WHEREAS by a Mortgage dated the 21st day of November, 2023, and made between the Parties hereto and registered in the Registry of Deeds for Newfoundland and Labrador as Registration Number 1098210 (the "Mortgage"), the Mortgagor did grant and mortgage unto the Lender the lands and premises therein described to secure payment of funds loaned by the Lender to the Mortgagor and secured by the Mortgage;

AND WHEREAS the Lender has agreed to limit the consideration secured by the Mortgage over the lands and premises known as 166 Park Avenue, in the City of Mount Pearl, Province of Newfoundland and Labrador, and being more particularly described in the Schedule "A" attached hereto, to the sum of Four Hundred and Fifty Thousand Dollars (\$450,000.00);

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the sum of One Dollar (\$1.00) now paid by the Mortgagor to the Lender, and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the Borrower), the Lender agrees that the consideration secured by the Mortgage related to 166 Park Avenue, in the City of Mount Pearl, Province of Newfoundland and Labrador is hereby limited to the sum of Four Hundred and Fifty Thousand Dollars (\$450,000.00).

IN WITNESS WHEREOF the Lender has hereunto affixed its corporate seal duly attested by the hand(s) of its proper officer(s) in that behalf, on the day and year first before written.

SIGNED, SEALED AND DELIVERED
in the presence of:

Stephen Maharaj

STEPHEN MAHARAJ,
Notary Public, Province of Ontario,
limited to the attestation of instruments and
the taking of affidavits,
for Moskowitz Capital Management Inc.
and its associated companies.
Expires March 13, 2027.

**MOSKOWITZ CAPITAL
MORTGAGE FUND II INC.**

Per: Brian Moskowitz
Name: Brian Moskowitz
Title: President

BOUNDARY DESCRIPTION

Prepared on behalf of Karwood Contracting

Civic # 166 Park Avenue, Mount Pearl, in the province of Newfoundland and Labrador, Canada

BEGINNING at a point, said point having the following NAD83 coordinates in Zone 1, central meridian 53° west longitude, of the Transverse Mercator Projection as modified for the Province of Newfoundland and Labrador

N 5 264 499.834
E 319 980.686

with reference to Monument number 80G2162 with Co-ordinates N 5 264 488.245 metres and E 320 013.464 metres and Monument number 80G2164 with Co-ordinates N 5 264 486.138 metres and E 320 553.867 metres;

THENCE turning and running along land of Dwayne H. Brown, Civic #170 Park Avenue north ten degrees twenty three minutes thirty three seconds west (N10°23'33"W) for a distance of nineteen decimal four three six (19.436) metres; thence north zero nine degrees twenty three minutes thirty eight seconds west (N09°23'38"W) for a distance of thirty four decimal six seven six (34.676) metres; thence south eighty two degrees zero six minutes twenty three seconds west (S82°06'23"W) for a distance of twenty decimal eight six one (20.861) metres;

THENCE turning and running along land of Dwayne H. Brown, Civic #172 Park Avenue north zero nine degrees eleven minutes twenty four seconds west (N09°11'24"W) for a distance of fifteen decimal four four one (15.441) metres;

THENCE turning and running along land of Wayne G. and Jacqueline E. Rose, Civic #14 Riverview Avenue north zero nine degrees twenty minutes zero zero seconds west (N09°20'00"W) for a distance of forty three decimal three seven six (43.376) metres;

THENCE turning and running along the southern limit of Riverview Avenue north seventy nine degrees ten minutes eleven seconds east (N79°10'11"E) for a distance of fifty four decimal one three zero (54.130) metres;

THENCE turning and running along land of Terry D. and Sharon A. Kelloway, Civic #16 Riverview Avenue and Peter and Deborah Halliday, Civic # 5 Winston Avenue south eleven degrees zero zero minutes forty one seconds east (S11°00'41"E) for a distance of thirty nine decimal three four five (39.345) metres;

THENCE turning and running along lots fronting onto Winston Avenue south zero five degrees thirteen minutes zero zero seconds east (S05°13'00"E) for a distance of sixteen decimal two seven two (16.272) metres; thence south zero eight degrees twenty five minutes fifty two seconds east (S08°25'52"E) for a distance of thirteen decimal seven nine three (13.793) metres; thence south zero nine degrees zero two minutes ten seconds east (S09°02'10"E) for a distance of nineteen decimal nine six four (19.964) metres;

THENCE turning and running along land of Dennis and Geriann McArthur, Civic # 164 Park Avenue south zero seven degrees thirty three minutes forty six seconds east (S07°33'46"E) for a distance of forty one decimal one three nine (41.139) metres;

THENCE turning and running along the northern boundary of Park Avenue north seventy two degrees fifty three minutes zero zero seconds west (N72°53'00"W) for a distance of thirty four decimal nine five one (34.951) metres, more or less, to the Point of Beginning.



JON E. WILLIAMS SURVEYS LIMITED
JOB# 12-0339
DATED: 22 05 2012

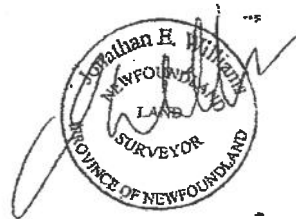
All bearings are Grid North NAD83 in Zone 1 of the Transverse Mercator Projection as modified for the Province of Newfoundland;

NOTE: There is area overhead wires and poles erected on the property as shown on the attached plan.

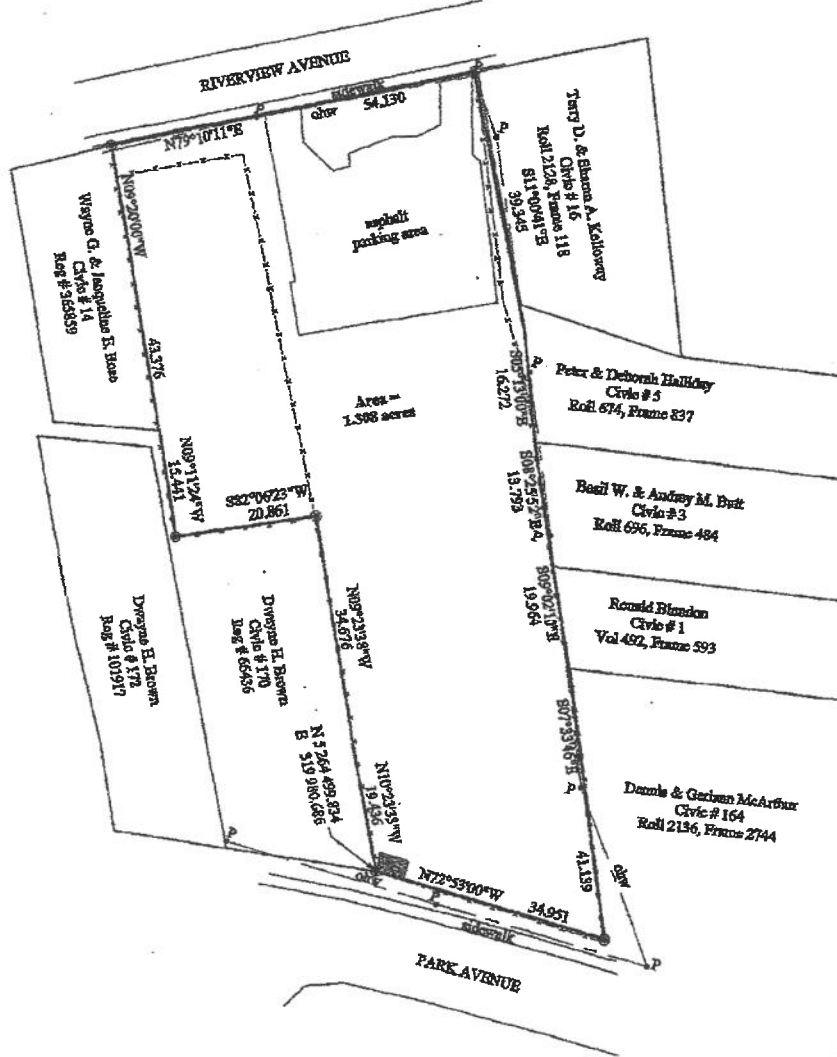
The above described piece or parcel of land contains an area of 1.308 acres, more or less, and is more particularly shown on the drawing hereto attached dated 22.05.2012.

This description and accompanying plan are integral parts necessary to adequately reflect the legal boundary of the subject property and therefore invalid if separated.

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JON E. WILLIAMS SURVEYS LIMITED
JOB# 12-0339
DATED: 22.05.2012

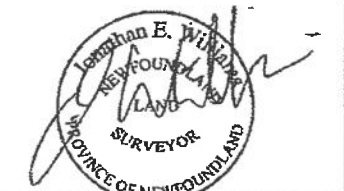


NOTE: - This plan certifies the information as of the date shown and only as of this date. All distances are Metric. Jonathan Williams, Newfoundland Land Surveyor, 2012. Unauthorized use, alteration or reproduction of this survey document is prohibited by law as outlined in the "Copyright Act". The undersigned surveyor hereby authorizes the reproduction of this survey document for the herein defined intended purpose only. Further use is strictly prohibited.

LEGENDA:
 A. = anchor
 © = capped from pin
 o.h.w. = overhead wire
 P. = pole
 fh. = fire hydrant

**JON E. WILLIAMS
SURVEYS LIMITED**
 Newfoundland Land Surveyors
 72 NAVARO PLACE
 ST. JOHN'S, NF, A1A 0B9
 Phone/Fax: 1-709-738-0189
 CELL: 1-709-699-5340
 email: J.williamsurveys@gmail.com

MONUMENTS USED (QAD 83):
 80C2162 5 264 488.245 520 015.464
 80C2164 5 264 486.138 320 553.867
 Scale Factor = 0.999885



Boundary Survey
Karwood Contracting
 Civic # 166 Park Avenue, Mount Pearl, in the Province of Newfoundland and Labrador, Canada

Date: 22 05 2012	Scale: 1:750	JOB #: 12-0339	Surveyed: J.W. & B.N.	Approved by: J.W.
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**REGISTRY OF DEEDS
CERTIFICATE OF REGISTRATION**

Registration Date: JULY 24, 2024

Registration Time: 12:40 PM

Registration Number: 1122247

A handwritten signature in black ink, appearing to read "Jean Toyl".

Registrar of Deeds

Confirmation Date: SEPTEMBER 05, 2024

Receipt Number: 5905M1ZT

Consideration: 230,000.00

Document Type: NOTICE OF MORTGAGE

Filed By: O'KEEFE & SULLIVAN

From Parties:
Karwood Contracting Ltd.

To Parties:
Canadian Western Trust Company

Location:
Civic 166 Park Avenue, Mount Pearl

THIS MORTGAGE AMENDMENT made at the City of St. John's, in the Province of Newfoundland and Labrador, this 5 day of July, 2024.

BETWEEN:

KARWOOD CONTRACTING LTD., a body corporate, duly incorporated under the laws of the Province of Newfoundland and Labrador
(the "Mortgagor")

AND:

CANADIAN WESTERN TRUST COMPANY
(Incorporation NO. A46845)
300-750 Cambie St., Vancouver, BC V6B 0A2
In Trust for RRSP Account #114369 to **HEATHER McMULLIN**,
a resident of the City of Mount Pearl, in the Province of
Newfoundland and Labrador

(hereinafter called the "Mortgagee") (the "Lender")

WHEREAS by a Mortgage dated the 26th day of April, 2024, and made between the Parties hereto and registered in the Registry of Deeds for Newfoundland and Labrador as Registration Number 1111675 (the "Mortgage"), the Mortgagor did grant and mortgage unto the Lender the lands and premises therein described to secure payment of funds loaned by the Lender to the Mortgagor and secured by the Mortgage;

AND WHEREAS the Lender has agreed to increase the consideration secured by the Mortgage over the lands and premises known as 166 Park Avenue, in the City of Mount Pearl, Province of Newfoundland and Labrador, and being more particularly described in the Schedule "A" attached hereto, to the sum of Three Hundred and Thirty Thousand Dollars and Zero Cents (\$230,000.00);

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the sum of One Dollar (\$1.00) now paid by the Lender to the Mortgagor, and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the Mortgagor), the Lender agrees that the consideration secured by the Mortgage related to 166 Park Avenue, in the City of Mount Pearl, Province of Newfoundland and Labrador is hereby increased to the sum of Two Hundred and Thirty Thousand Dollars and Zero Cents (\$230,000.00).

IN WITNESS WHEREOF the Mortgagor has hereunto affixed its corporate seal duly attested by the hand(s) of its proper officer(s) in that behalf, on the day and year first before written.

SIGNED, SEALED AND DELIVERED

in the presence of:



Barrister, NL

KARWOOD CONTRACTING LTD.

Per: 

Name: Gregory Hussey

Title: Director

BOUNDARY DESCRIPTION

Prepared on behalf of Karwood Contracting

Civic # 166 Park Avenue, Mount Pearl, in the province of Newfoundland and Labrador, Canada

BEHAVING at a point, said point having the following NAD83 coordinates in Zone 1, central meridian 53° west longitude, of the Transverse Mercator Projection as modified for the Province of Newfoundland and Labrador

N 5 264 499.834
E 319 980.686

with reference to Monument number 80G2162 with Co-ordinates N 5 264 488.245 metres and E 320 013.464 metres and Monument number 80G2164 with Co-ordinates N 5 264 486.138 metres and E 320 553.867 metres;

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SCHEDULE "A"

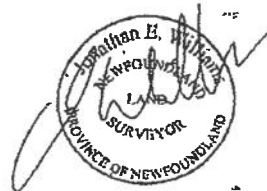
All bearings are Grid North NAD83 in Zone 1 of the Transverse Mercator Projection as modified for the Province of Newfoundland;

NOTE: There is area overhead wires and poles erected on the property as shown on the attached plan.

The above described piece or parcel of land contains an area of 1.308 acres, more or less, and is more particularly shown on the drawing hereto attached dated 22 05 2012.

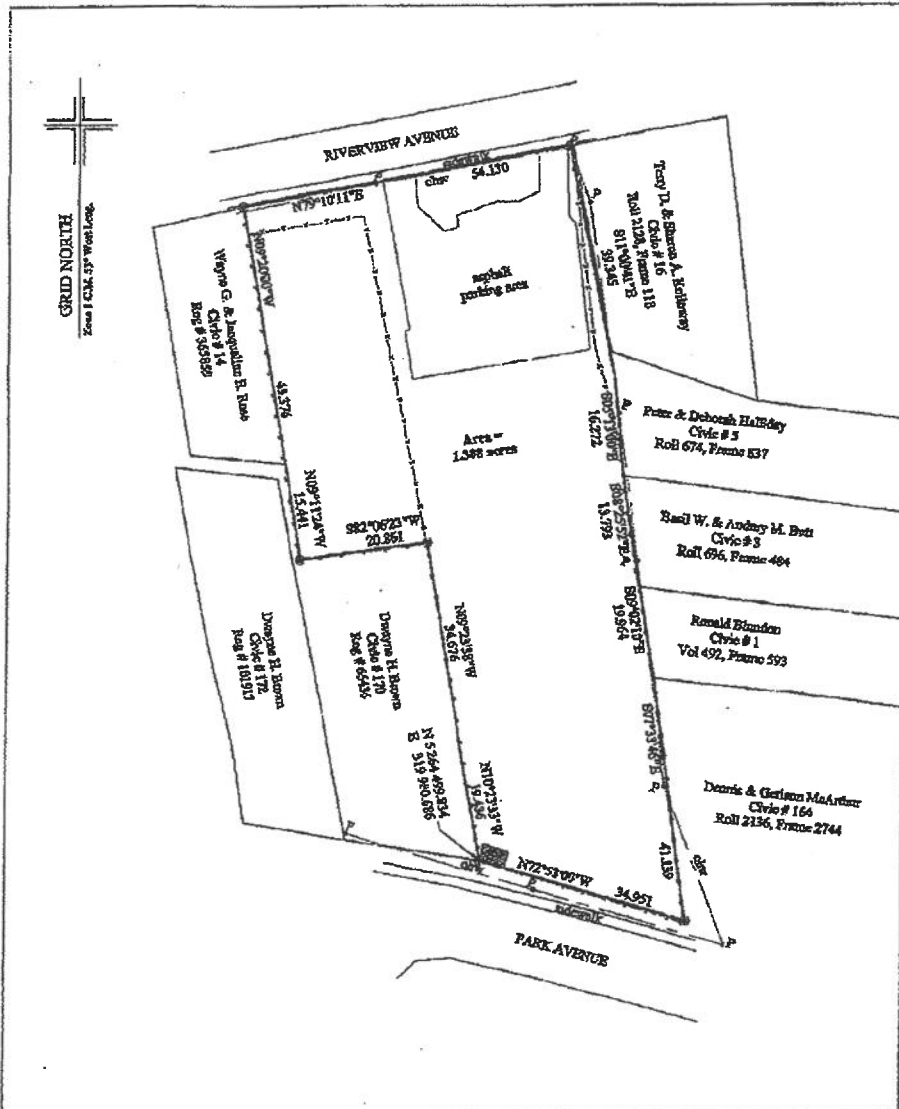
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© Jonathan E. Williams, Newfoundland Land Surveyor, 2012. Unauthorized use, alteration or reproduction of this survey document is prohibited by law as defined by the "Copyright Act". The authoring surveyor hereby authorizes the reproduction of this survey document for matters related to the herein-defined intended purpose only. Any further use is strictly prohibited.



JON E. WILLIAMS SURVEYS LIMITED
JOB# 12-0539
DATED: 22 05 2012

SCHEDULE "A"



<p>NOTE: - This plan contains the information as of the date shown and only as of this date. All distances are metric. Jonathan Williams, Newfoundland Land Surveyor, 2012. Unauthorised use, alteration or reproduction of this survey document is prohibited by law as outlined in the "Copyright Act". The authoring surveyor hereby authorises the reproduction of this survey document for the herein defined intended purpose only. Further use is strictly prohibited.</p>		<p>MONUMENTS USED (NAD 83)</p> <p>80G2162 5264 489.245 320 013.464 80G2164 5264 486.136 320 553.867</p> <p>Scale Factor = 0.999885</p>
<p>LEGEND:</p> <p>A. — anchor ⊙ — capped iron pin o.h.w. — overhead wire P. — pole Zh. — fire hydrant</p>		
<p>Boundary Survey Karwood Contracting Civic # 166 Park Avenue, Mount Pearl, in the Province of Newfoundland and Labrador, Canada</p>		

Date: 22 05 2012 Scale: 1:750 JOB #: 12-0339 Surveyed: J.W. & B.N. Approved by: J.W.

IN THE MATTER OF the *Family Law Act* R.S.N. 1990, c. F-2, as amended

AND

IN THE MATTER OF the Mortgage of a parcel of land known as Civic 166 Park Ave., Mount Pearl, in the Province of Newfoundland and Labrador.

- to wit -

AFFIDAVIT OF STATUS

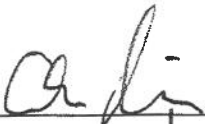
I, Gregory Hussey, of the Town of Paradise, in the Province of Newfoundland and Labrador, make oath and say as follows:

1. THAT I am a Director/Officer of Karwood Contracting Ltd. (the "Corporation"), owner of real property known as 166 Park Ave., City of Mount Pearl, in the Province of Newfoundland and Labrador, as described in the attached Indenture of Mortgage, and as such I have full knowledge of the facts herein deposed to except where otherwise stated.
2. THAT the Corporation is and will continue to be, at least until the registration of this instrument, a resident of Canada within the intent and meaning of the *Income Tax Act*, R.S.C. 1985 (5th Supp.), c. 1, and all amendments thereto.
3. THAT the property described in the within Indenture has never been occupied by me or any director, officer or shareholder of the Corporation or by the spouse of any director, officer or shareholder of the Corporation as a matrimonial home.
4. THAT for further clarification, the property described in the within Indenture does not constitute matrimonial assets or a matrimonial home as defined by the *Family Law Act*, R.S.N.L. 1990, c. F-2, (the "Act"), and the said property is not held for the benefit of any officer, director or shareholder of the Corporation and no spouse of any officer, director or shareholder of the Corporation has a right to possession of the said property by reason of the *Family Law Act*, a Separation Agreement or a Marriage Contract.
5. THAT the ownership of a share or an interest in a share of the capital stock of the Corporation does not entitle the shareholder thereof, or his or her spouse, to the occupation of or constitute an interest in the property described in the foregoing Indenture.
6. THAT no other person is entitled to any interest in this property by virtue of any law of the Province of Newfoundland and Labrador.
7. THAT I am over the age of nineteen years at the time of the making of this my Affidavit.
8. THAT upon execution of the attached instrument the Corporation was not and will not be liable for any tax imposed under the *Retail Sales Tax Act*, R.S.N.L. 1990, c. R-15.




9. THAT the Corporation is an employer as defined under either the *Workplace Health, Safety and Compensation Act*, R.S.N.L. 1990, c. W-11, the *Labour Standards Act*, R.S.N.L. 1990, c. L-2, as amended, or the *Health and Post Secondary Education Act*, R.S.N.L. 1990, c. H-1, and I hereby confirm that there are no monies owing under the legislation which would constitute a lien on the subject property.
10. THAT to the best of my personal knowledge at this date, there are no statutory liens of any kind whatsoever charging or encumbering the property more particularly described in the within Indenture.
11. THAT the Corporation has not made an Assignment in Bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.
12. THAT I swear this Affidavit knowing that it is a criminal offence to give false information in an Affidavit.

SWORN TO at the City of St. John's
in the Province of Newfoundland and Labrador,
this 8 day of July, 2024
before me:



Notary Public, NL



Gregory Hussey

CANADA

NEWFOUNDLAND AND LABRADOR

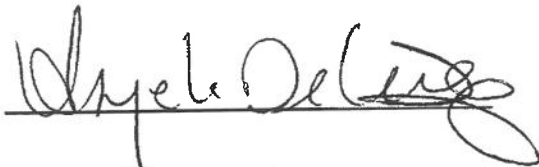
ST. JOHN'S

TO WIT:

AFFIDAVIT OF VALUE

I, **Colin P. Sullivan**, of the City of St. John's in the Province of Newfoundland and Labrador, make oath and say that this Mortgage was used to increase a previous Mortgage with a principal balance of \$117,000.00 owing to Canadian Western Trust Company registered as Registration No. 1111675, and that the face value of the new Mortgage is \$230,000.00 and therefore the registration of this Mortgage will be based on a figure of \$113,000.00.

SWORN TO before me at St. John's,
in the Province of Newfoundland and
Labrador, this ___ day of July, 2024.



ANGELA De CARIA

A Commissioner for Oaths in and for
the Province of Newfoundland and Labrador.
My commission expires on December 31, 2025



COLIN P. SULLIVAN