

Court File No.: CV-23-00701877-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE TORONTO-DOMINION BANK

Plaintiff

- and -

IMAGES LIFE MEDIA INC., 2531509 ONTARIO INC., AND JOAO PAUL HENRIQUES  
also known as JOHN PAUL HENRIQUES

Defendants

IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE  
*BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985 c. B-3, AS AMENDED; AND  
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

SUPPLEMENTARY REPORT TO THE FIRST REPORT OF THE RECEIVER

(Dated October 27, 2023)

I. INTRODUCTION

1. This supplementary report (“Supplementary Report”) to the Receiver’s first report to Court dated October 10, 2023 (the “First Report”) is filed by Albert Gelman Inc. (“AGI”), in its capacity as receiver (in such capacity, the “Receiver”) appointed, without security, over all of the assets, undertakings and properties (together, the “Property”) of Images Life Media Inc. (“Images”) and 2531509 Ontario Inc. (“253Co.” and, together with Images., the “Companies”) by Order of the Ontario Superior Court of Justice, Commercial List (the “Court”), dated July 18, 2023 (the “Appointment Order”), made pursuant to section 243(1) of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B-3, as amended (“BIA”) and section 101 of the *Courts of Justice Act*, R.S.O 1990, c. 43, as amended. The application which resulted in the Appointment Order was commenced by The Toronto-Dominion Bank (“TD Bank”). A copy of the Appointment Order along with the

endorsement of Justice Steele made July 18, 2023 (the “Endorsement”) is attached hereto as Appendix “A”.

## II. PURPOSE OF THIS REPORT

2. This Supplementary Report is filed to request an Order, among other things:

- a. approving and authorizing the Receiver to enter into and carry out the terms of the sale **transaction (the “Transaction”) contemplated by an Agreement of Purchase and Sale dated October 18, 2023 together with any further amendments thereto deemed necessary by the Receiver in its sole discretion (the “Purchase Agreement”), entered into between the Receiver, as seller, and Nikesh Rai, in trust for a corporation to be named (the “Purchaser”), as purchaser, and vesting in the Purchaser, 253Co.’s right, title and interest in and to the real property municipally known as 113-115 Walnut Avenue, Toronto, Ontario and legally described as PT LT 4-5 PL D227 TORONTO AS IN CT378711; CITY OF TORONTO (PIN 21241 - 0192 LT) (the “Walnut Property”) free and clear of all encumbrances pursuant to an approval and vesting order (the “AVO”) in a form consistent with the one approved by the Commercial List User’s Committee of the Ontario Superior Court of Justice, to be effective upon the Receiver filing the Receiver’s Certificate attached thereto.**
- b. sealing the unredacted versions of the Purchase Agreement, the Appraisal (defined below) as well as the summary of offers received for the Walnut Property until closing of the respective transactions;
- c. approving the Interim Distributions (defined below); and,
- d. such further and other relief as this Honourable Court may deem just.

## III. SCOPE AND TERMS OF REFERENCE

3. This Supplementary Report has been prepared for the purposes described above. Accordingly, the reader is cautioned that this Supplementary Report may not be appropriate for any other purpose.

4. Unless otherwise noted, all monetary amounts referenced herein are expressed in Canadian dollars.

5. This Supplementary Report, and all other court materials and Orders issued and filed in these **receivership proceedings are available on the Receiver’s website at: <https://www.albertgelman.com/corporate-solutions/other-engagements/> (the “Case Website”) and will remain available on the website for a period of six (6) months following the Receiver’s discharge.**

## IV. MORTGAGE SECURITY

6. As set out in the First Report, 253Co. is indebted to TD Bank in the amount of \$3,020,170 plus accruing interest as of October 5, 2023 in respect of mortgage registered against title to the Walnut Property (the “TD Mortgage”). **The Receiver’s independent legal counsel, Fogler, Rubinoff LLP, has provided the**

Receiver with a legal opinion confirming that the TD Mortgage is valid, enforceable and the first mortgage on title of the Walnut Property.

7. Olympia Trust Company (“Olympia”) also registered a mortgage against title to the Walnut Property in the principal amount of \$106,000.00 on August 11, 2022 (the “Olympia Mortgage”). Olympia holds the Olympia Mortgage in trust for Hannah Smith. **The Receiver’s independent legal counsel**, Fogler, Rubinoff LLP has provided the Receiver with a legal opinion confirming that Olympia Mortgage is valid and enforceable and that Olympia Mortgage is a second registered mortgage on title of the Walnut Property, after the first registered mortgage in favour TD Bank.

#### V. APPROVAL OF WALNUT PROPERTY SALE TO THE PURCHASER

8. As set out in the First Report, 253Co. is the owner of the Walnut Property.

9. The Receiver obtained a narrative appraisal report from TL Smith Appraisals which included a market value as of July 31, 2023 (the “Appraisal”). A copy of the Appraisal with the capitalization/discount rate and market value redacted is attached as **Appendix “B”**. An unredacted version of the appraisal is attached as **Confidential Appendix “A”**.

#### Sales Process

10. In accordance with paragraphs 3(j) and 3(k) of the Appointment Order the Receiver was empowered and authorized to market and sell any or all of the property of the Companies, subject to Court approval if any sale exceeded the thresholds established in the Appointment Order.

11. The Receiver entered into a listing agreement with Lennard Commercial Realty Brokerage (the “Realtor”) on September 12, 2023. On the same day the Walnut Property was publicly listed on the Multiple Listing Service for \$2,475,000. There was no formal offer date included with the listing.

12. The Realtor prepared a marketing package, a copy of which is attached hereto as **Appendix “C”**. The Realtor sent the marketing package to approximately 9 prospective buyers identified by the Realtor, received 21 inquires about the Walnut Property and conducted 9 tours of the Walnut Property.

13. The Receiver received 3 offers. Two of the offers were from the same prospective purchaser. **The Realtor’s summary of the offers received is attached at Confidential Appendix “B”**.

#### The Purchase Agreement

14. On October 18, 2023 the Receiver received **an offer (the “Offer”) from the Purchaser** which did not include any conditions. The receiver negotiated the Offer with the Purchaser to increase the Offer price. The renegotiated Offer (which included a higher purchase price) was accepted by the Receiver on October 18, 2023. The Purchaser paid a total deposit of \$116,250 which is currently held in trust by the Realtor. The only remaining condition under the Purchase Agreement is obtaining AVO.

15. The Offer was the best offer received in terms of price and perceived execution risk vis-a-vis the applicable conditions and willingness and ability of a purchaser to close. A copy of the Purchase Agreement, with the purchase price redacted, is attached as **Appendix “D”**. An unredacted copy of the Purchase Agreement is attached as Confidential Appendix **“C”**.

16. The Receiver recommends the approval of the Purchase Agreement and the Transaction for the following reasons:

- a. the Walnut Property was exposed to the market for 36 days **which, in the Receiver’s opinion,** provided adequate market exposure;
- b. the purchase price is fair market value given the Appraisal and exposure to market;
- c. the Transaction is the best offer with the fewest conditions that the Receiver received;
- d. the Purchaser has provided a non-refundable deposit to the Receiver in the amount of \$116,250;
- e. the Purchaser Agreement contemplates that the Purchaser shall purchase the Walnut Property **on an “as is, where is” basis and that the Receiver is providing no representations or warranties** in respect of the Walnut Property;
- f. the Receiver is satisfied that the Purchaser is willing and able to close and the Receiver anticipates closing the Transaction within 5 business days of an AVO being issued. The short closing time reduces the inherent risks and costs associated with the Receiver remaining in possession and control of the Walnut Property; and,
- g. the Transaction allows the monetization of the Walnut Property in accordance with the purpose of the receivership process.

17. For the reasons stated above, the Receiver believes that the Transaction, as contemplated in the Purchase Agreement, is fair and reasonable and represents the highest and best realization for the Walnut Property in the circumstances.

18. The sale proceeds generated from the Transaction are expected to result in a partial payout of the TD Mortgage resulting in TD Bank suffering a shortfall. Representatives of TD Bank have advised the Receiver that they consent to the Transaction.

19. Accordingly, the Receiver recommends that this Court: (i) approve the Transaction as contemplated by the Purchase Agreement; (ii) authorize completion of the Transaction; and (iii) grant the AVO.

#### VI. **RECEIVER’S PROPOSED DISTRIBUTION**

20. The Receiver proposes the following distribution of the sale proceeds generated from the Transaction **(the “Interim Distributions”)**:

- a. payment of the amount due on closing for any realty taxes owing to the City of Toronto as at the closing date;
- b. payment of the charges due under the Appointment Order and, specifically, the unpaid fees of the Receiver and its counsel, Garfinkle Biderman LLP and Fogler, Rubinoff LLP, as approved by this Court;
- c. payment of the TD Mortgage up to the amount of the total indebtedness owing to TD Bank in respect of the TD Mortgage, subject to sufficient funds being available to do so in full or in part;

21. Given that TD Bank will suffer a shortfall in respect of the TD Mortgage, there will be no distribution to Olympia in respect of the Olympia Mortgage.

VII. **RECEIVER'S** CONCLUSION AND RECOMMENDATION

22. The Receiver respectfully requests an Order of this Honourable Court providing for the relief set out in paragraph 2 of this Supplementary Report.

All of which is respectfully submitted this 27th day of October 2023

ALBERT GELMAN INC., solely in its  
capacity as Court-Appointed Receiver  
of the Companies, and not in  
any other capacity

Per:

  
\_\_\_\_\_  
Tom McElroy, CIRP, LIT

# APPENDIX A



## SUPERIOR COURT OF JUSTICE

COUNSEL SLIPCOURT FILE NO.: CV-23-00701877-00CLDATE: 18 July 2023NO. ON LIST: 4TITLE OF PROCEEDING: THE TORONTO-DOMINION BANK v.  
IMAGES LIFE MEDIA INC. et al.

BEFORE JUSTICE: MADAM JUSTICE STEELE

**PARTICIPANT INFORMATION****For Plaintiff, Applicant, Moving Party, Crown:**

Name of Person Appearing	Name of Party	Contact Info
Rachel Moses	For the Plaintiff, The Toronto-Dominion Bank	<a href="mailto:rmoses@mindengross.com">rmoses@mindengross.com</a>

**For Other:**

Name of Person Appearing	Name of Party	Contact Info
Wendy Greenspoon-Soer	For the Proposed Receiver, Albert Gelman Inc.	<a href="mailto:wgreenspoon@garfinkle.com">wgreenspoon@garfinkle.com</a>

**ENDORSEMENT OF JUSTICE STEELE:**

1. The Toronto-Dominion Bank seeks the appointment of Albert Gelman Inc. as receiver of Images Life Media Inc. (“Images”) and 2531509 Ontario Inc. (“253”, and collectively with Images, the “Debtors”) pursuant to section 243 of the BIA and section 101 of the *Courts of Justice Act*.
2. Images registered head office is located at 113-115 Walnut Avenue, Toronto (the “Walnut Property”). 253 owns the Walnut Property. The Walnut Property is the primary asset.

3. Mr. Henriques is the founder and sole director of Images, and an officer and director of 253. Mr. Henriques personally guaranteed the debts of the Debtors to TD. Mr. Henriques had listed the Walnut Property for sale, but it has not sold.
4. TD has five credit facilities in favour of the Debtors. As security for the Credit Facilities, the Debtors granted TD a GSA, which entitles TD to appoint a receiver upon default. TD also is entitled to appoint a receiver upon default under the terms of the Mortgage Security.
5. The Debtors owe TD in excess of \$3.8 million under the Credit Facilities.
6. As a result of numerous concerns, TD transferred the Debtor's accounts to its financial restructuring group in February 2023. TD's concerns are set out at para. 33 in the affidavit of Abner Pennings, sworn June 28, 2023, including: the Debtors' accounts were regularly overdrawn, and the Debtors did not respond in a timely manner to communications from TD or provide requested financial information. TD was concerned whether Images was carrying on normal business operations, if at all.
7. TD has requested, since at least February 2023, that the Debtors provide year to date financial statements and information on priority payables (i.e., source deductions, harmonized sales tax and realty taxes).
8. On April 13, 2023, TD issued a non-tolerance and reservation of rights letter to the Debtors advising of various breaches under the Credit Facilities, including Payment Defaults, Realty Tax Default and Encumbrance Default. The Debtors were requested to remedy the defaults, which the Debtors have not done.
9. On April 20, 2023, TD issued payment demands and Notices of Intention to Enforce Security to the Debtors. Following the issuance of TD's demand, TD and Mr. Henriques had discussions, including an attempt to reach a forbearance agreement. TD sent a copy of the proposed forbearance agreement to Mr. Henriques. He did not sign the agreement prior to the sign back deadline. TD unilaterally extended the sign back deadline on the forbearance agreement. Mr. Henriques again did not sign the forbearance agreement. TD's lawyer sent a revised forbearance agreement to Mr. Henriques by email on June 5, 2023 and advised, among other things:

We again strongly recommend that you retain a lawyer and that this matter be treated with urgency. The date to repay the Bank is July 31, 2023 [in the event that the forbearance agreement was executed, which it was not] and payment demands have been outstanding since May 1, 2023. The status quo cannot continue, especially as realty taxes are not being paid.

10. The Debtors have not signed the forbearance agreement. No good faith payment has been made by the Debtors. The defaults identified in the Non-Tolerance and Reservation of Rights Letter have not been remedied. The indebtedness remains outstanding. TD wishes to enforce its rights.
11. Mr. Henriques did not attend the motion, nor did he send a representative on his behalf. Mr. Henriques did not file any materials. Mr. Henriques sent an email to TD's counsel sometime after midnight last night indicating that he did not receive the motion materials and was not aware of the proceeding and was unable to attend based on personal circumstances. Based on the record before me, including the affidavit of Christine Cavarzan, sworn July 18, 2023, and the affidavits of service, in addition to the submissions from counsel, I am satisfied that Mr. Henriques was aware of the motion today. He was served with the motion record by email to the same email address as he used to correspond with Ms.

Moses today: joao@vybelife.com. TD's factum was also served on Mr. Henriques on July 6, 2023. As noted in the email from Ms. Moses to Mr. Henriques, dated July 18, 2023 7:23 AM:

You were served at the email address [noted] above on **June 29, 2023** – there is no short notice. In addition, I personally left two separate voice messages for you advising of the receivership, the last voice message being left on **July 4 2023 which message lasted 55 seconds**. With all due respect, TD has been more than patient and has provided many accommodations to you, which you have ignored. By way of example, I sent the below email to you on June 5, 2023, which you failed to respond to. Your failure to address the concerns has put the Bank's security at risk. The Bank is proceeding with the receivership hearing today as previously advised.

12. Under s. 243 of the BIA and section 101 of the CJA, the Court may appoint a receiver if it is "just and convenient" to do so.
13. In determining whether to appoint a receiver, the Court must have regard to all of the circumstances, including "the nature of the property and the rights and interests of all parties in relation thereto:" *Bank of Montreal v. Sherco Properties Inc.*, 2013 7023 CanLII, at para. 41. In *Bank of Nova Scotia v. Freure Village on the Clair Creek*, 1996 CanLII 8258 (ONSC), at paras. 10-13, the Court identified certain considerations that are relevant:
  - The moving party has a right under its security to appoint a receiver;
  - The security is in jeopardy; and
  - Whether it is in the interests of all concerned to have a receiver appointed by the Court. This analysis includes an examination of the potential costs, the relationship between the debtor and the creditors, the likelihood of maximizing the return on and preserving the subject property, and the best way of facilitating the working duties of the receiver and manager.
14. In *Sherco*, Morawetz J. (as he then was) confirmed that the appointment of a receiver is not an extraordinary remedy where a secured creditor is merely seeking to enforce a contractual term:
 

... While the appointment of a receiver is generally regarded as an extraordinary equitable remedy, courts do not regard the nature of the remedy as extraordinary or equitable where the relevant security document permits the appointment of a receiver. This is because the applicant is merely seeking to enforce a term of an agreement that was assented to by both parties. See *Textron Financial Canada Limited v. Chetwynd Motels Limited*, 2010 BCSC 477; *Freure Village, supra*; *Canadian Tire Corp. v. Healy*, 2011 ONSC 4616 and *Bank of Montreal v. Carnivale National Leasing Ltd. and Carnivale Automobile Ltd.*, 2011 ONSC 1007.
15. TD notes that there are other stakeholders, including the City of Toronto, Apple Canada, and Olympia Trust, all of whom were served. Olympia Trust advised counsel for TD that they would not attend the motion and were not taking a position.
16. TD does not want to risk its security being further eroded.
17. I am satisfied that it is just and convenient to appoint a receiver at this time. TD is a secured creditor. The Debtors have breached their obligations under the Credit Agreement, which has resulted in events of default. TD has made demands and the indebtedness remains outstanding in full. The contractual terms of the GSA and the Mortgage Security permit the appointment of a receiver on default. TD continues to be concerned because, among other things, the Debtors have refused to provide the

financial information requested by TD under the Credit Agreement. Accordingly, TD has no line of sight on priority payables (other than realty tax, which is in arrears). With the lack of information TD cannot assess the extent to which there are priority payables that may jeopardize their position.

18. Order attached.

A handwritten signature in blue ink, appearing to be "J. [unclear]". The signature is cursive and somewhat stylized, with a large initial letter and several loops.





Court File No. CV-23-00701877-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE MADAM

)

TUESDAY, THE 18TH

JUSTICE STEELE

)

DAY OF JULY, 2023

)

THE TORONTO-DOMINION BANK

Plaintiff

- and -

**IMAGES LIFE MEDIA INC., 2531509 ONTARIO INC., and JOAO PAUL HENRIQUES  
also known as JOHN PAUL HENRIQUES**

Defendants

**ORDER  
(appointing Receiver)**

**THIS MOTION** made by the Plaintiff for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Albert Gelman Inc. as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Images Life Media Inc. and 2531509 Ontario Inc. (the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Abner Pennings sworn June 28, 2023 and the Exhibits thereto and on hearing the submissions of counsel for the Plaintiff, no one appearing for the Debtors although duly served as appears from the affidavits of service of Christine Cavarzan sworn June 29, 2023 and July 6, 2023, and the affidavit of

Achilles Nardelli sworn July 6, 2023, and on reading the consent of Albert Gelman Inc. to act as the Receiver,

## **SERVICE**

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

## **APPOINTMENT**

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

## **RECEIVER'S POWERS**

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

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

applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$250,000.00; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

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

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property, including the property municipally known as 113-115 Walnut Avenue, Toronto, Ontario, and legally described as PT LT 4-5 PL D227 TORONTO AS IN CT378711; CITY OF TORONTO, PIN 21241-0192 (LT);
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a

"Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

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

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

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

#### **NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

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

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

10. **THIS COURT ORDERS** that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the

Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH THE RECEIVER**

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

### **CONTINUATION OF SERVICES**

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

### **RECEIVER TO HOLD FUNDS**

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part,

whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **EMPLOYEES**

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

## **PIPEDA**

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

## LIMITATION ON ENVIRONMENTAL LIABILITIES

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

## LIMITATION ON THE RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

## RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a

charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

#### **FUNDING OF THE RECEIVERSHIP**

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$200,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the

Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

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

#### **SERVICE AND NOTICE**

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

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

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

## **GENERAL**

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

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

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

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

31. **THIS COURT ORDERS** that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's

security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

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



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## SCHEDULE "A"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the \_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Order") made in an action having Court file number \_\_-CL-\_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

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

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

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

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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

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

DATED the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Albert Gelman Inc., solely in its capacity  
as Receiver of the Property, and not in its  
personal capacity

Per: \_\_\_\_\_

Name:

Title:

Electronically issued / Délivré par voie électronique : 19-Jul-2023  
Toronto Superior Court of Justice / Cour supérieure de justice

Court File No./N° du dossier du greffe : CV-23-00701877-00CL

THE TORONTO-DOMINION BANK  
Plaintiff

-and-

IMAGES LIFE MEDIA INC., et al.  
Defendants  
Court File No. CV-23-00701877-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER**

**MINDEN GROSS LLP**  
Barristers and Solicitors  
2200 - 145 King Street West  
Toronto, ON M5H 4G2

**Rachel Moses** (LSO#42081V)  
rmoses@mindengross.com  
Tel: 416-369-4115

Lawyers for the Plaintiff,  
The Toronto-Dominion Bank

(File No. 4132528)

# APPENDIX B

**NARRATIVE APPRAISAL  
OF A  
APARTMENT BUILDING WITH 3 UNITS**



**LOCATED AT  
113 WALNUT AVE  
CITY OF TORONTO,  
PROVINCE OF ONTARIO**

**PREPARED FOR: ALBERT GELMAN SOLVING INSOLVENCY**

**PREPARED ON  
JULY 31, 2023**

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**TL SMITH APPRAISALS**

August 29, 2023,

Albert Gelman Solving Insolvency

To Whom it May Concern

**RE: VALUATION OF AN APARTMENT BUILDING WITH 3 UNITS LOCATED AT 113 WALNUT AVE, CITY OF TORONTO**

At the request of our client, Mr. Bryan Gelman I am forwarding to you the enclosed **Narrative Appraisal Report** which comprises my valuation of the above described property. The purpose of this report is to estimate the current market value of the subject property. The property rights appraised are those of the Leased Fee Interest and the effective date of my valuation is July 31, 2023, the date of my inspection. The purpose is to estimate the current market value of the subject property and the intended use of the appraisal is to assist with insolvency and with setting a sale price for the subject property. Void if used for any other use.

The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The appraiser acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the Canadian Uniform Standards of Professional Appraisal Practice and in accordance with the appraiser's privacy policy. Albert Gelman Solving Insolvency agrees that in accepting this report, they shall maintain the confidentiality and privacy of any personal information contained herein, and shall comply in all material respects with the contents of the appraiser's privacy policy and in accordance with the *Personal Information Protection and Electronic Documents Act* (PIPEDA).

The site is located at 113 Walnut Ave in the City of Toronto and is improved with an apartment building with 3 units situated on an interior site totalling 1,841 sf.

The following appraisal report contains my estimate of market value of the above described property. In my opinion, the estimated current market value of the subject property located at 113 Walnut Ave as of the effective date of July 31, 2023 is:

( [REDACTED] DOLLARS)

The following report contains the data, analysis and conclusions supporting the valuation. I trust you will find this report satisfactory and that it fulfills its intended purpose.

Respectfully submitted,



Tracey Smith, BA, AACI, P. App.



Yehuda Belzberg Candidate Appraiser

*Photographs of the Subject  
Front of building*



*Rear of Building*



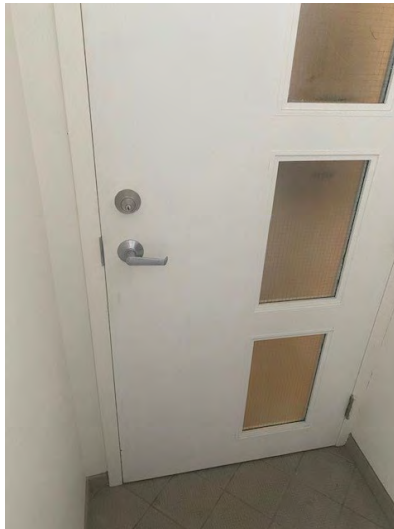
*Side of Building - Laneway*



***Photographs of the Subject  
Street Views***



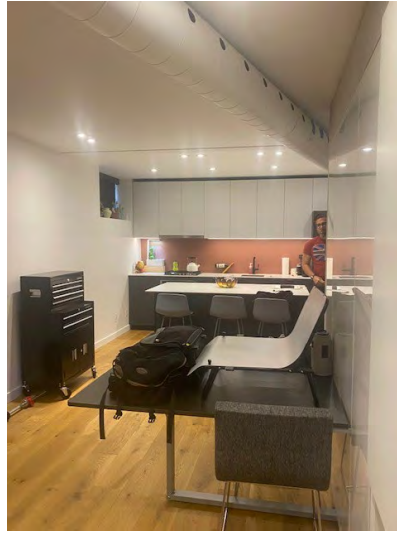
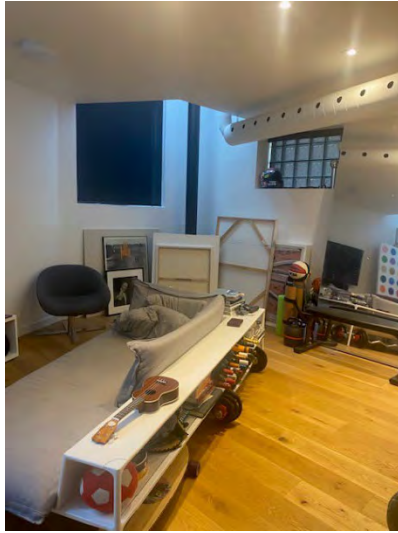
***Unit 1 – Basement/Ground Level***



***Living/Office area***



***Photographs of the Subject  
Living/Office Area***



***Kitchen Area***



***Bathroom***



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***Photographs of the Subject  
Laundry & Mechanicals***



***Unit 2 Middle Floor***



***Living/Office Area***



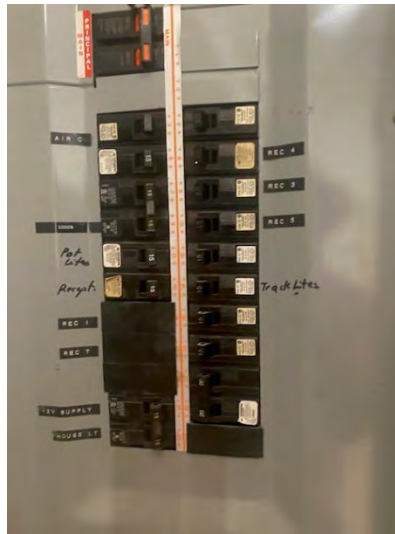
***Photographs of the Subject  
Living/Office Area***



***Kitchen Area***



***Photographs of the Subject  
Mechanicals***



***Bathroom***



***Unit 3 Top Floor***



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***Photographs of the Subject  
Living/Office Area***



***Kitchen***



***Laundry***

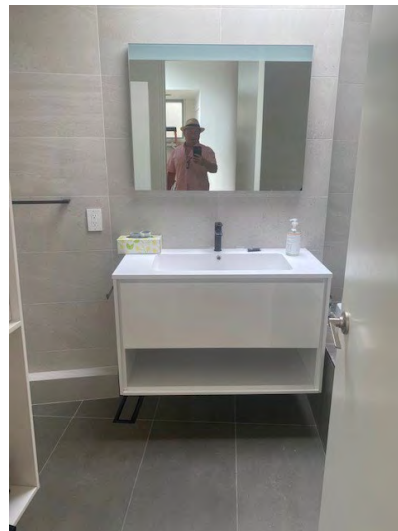


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***Photographs of the Subject  
Living/Office Area***



***Bathroom***



***Living/Office Area***



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*Photographs of the Subject  
Patio*



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**TABLE CONTENTS**


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## PART I

LETTER OF TRANSMITTAL .....	
TABLE OF CONTENTS .....	13
SUMMARY OF SALIENT FACTS.....	14

## PART II

PURPOSE OF THE APPRAISAL .....	16
LOCATION .....	21
DESCRIPTION OF THE SITE .....	35
DESCRIPTION OF IMPROVEMENTS .....	36
LAND USE CONTROLS .....	37
HIGHEST AND BEST USE .....	41

## PART III

VALUATION TECHNIQUE .....	43
INCOME APPROACH .....	44
DIRECT MARKET COMPARISON APPROACH. ....	46
RECONCILIATION AND FINAL VALUE ESTIMATE.....	59
UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS .....	60
CERTIFICATION .....	63

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**SUMMARY OF SALIENT FACTS**


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<b>LOCATION OF PROPERTY:</b>	113 Walnut Ave, City of Toronto, Province of Ontario
<b>LEGAL DESCRIPTION:</b>	Pt Lt 4-5 Pl D227 Toronto As In Ct378711; City Of Toronto
<b>PIN:</b>	212410192
<b>REGISTERED OWNER:</b>	2531509 Ontario Inc.
<b>DATE OF INSPECTION:</b>	July 31, 2023
<b>EFFECTIVE DATE OF APPRAISAL:</b>	July 31, 2023
<b>SUBJECT SITE AREA:</b>	1,841 sf (irregular shaped site)
<b>IMPROVEMENTS:</b>	Three unit; 3 storey apartment building
<b>PURPOSE OF THE APPRAISAL:</b>	To estimate the current market value of the subject building as of the effective date of the appraisal.
<b>INTENDED USE OF APPRAISAL:</b>	To assist with insolvency and with setting a sale price only. Void if used for any other use.
<b>PROPERTY RIGHTS APPRAISED:</b>	Value of the Leased Fee Interest
<b>TORONTO ZONING:</b>	(MCR) T3.0 C1.0 R2.5
<b>HIGHEST AND BEST USE:</b>	Current use

**VALUATION**

**DIRECT MARKET COMPARISON APPROACH**  
**INCOME APPROACH**  
**FINAL ESTIMATE OF MARKET VALUE**



## **PART II**

# **FACTUAL DATA**

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## **PURPOSE OF THE APPRAISAL**

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### **Report Format**

The Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) necessitates that an appraisal report be identified as one of the following types of reports:

**Current** – Refers to an appraisal where the effective date of the report is simultaneous with the date the report was prepared or inspected, where market conditions have not changed materially between the dates.

**Retrospective** – Refers to an appraisal where the effective date of the report precedes the inspection date or the date the report was prepared and whereby market conditions may be materially different in the time frame between these dates. In this type of appraisal the “retrospective” value is based on market conditions, perceptions and perspective that existed as of the effective date.

**Prospective** – Refers to an appraisal where the effective date of the report is after the inspection date or the date the report was prepared. In this type of appraisal the “prospective” value opinion is intended to reflect the projected market conditions to a future effective date.

**Up-Date** – Refers to an appraisal where the subject was previously appraised and has not undergone significant changes and/or the time between the effective date of the original appraisal and the up-date is not unreasonably long. It is an extension of a previously completed appraisal, updated to the effective date of the report and is intended for readers familiar with the original report of the subject property.

CUSPAP necessitates that an appraisal report be identified as one of the following types of reports which depends on the needs of the users and appraisers:

**Narrative** – comprehensive and detailed

**Short Narrative** – concise and briefly descriptive

**Form** – a standard format combining check off boxes and short narrative comments.

The basic distinguishing difference between each different type of report is the level of detail of presentation.

### **Classification of the Appraisal**

*This is a **Narrative Appraisal Report** which is a **Current Valuation** intended to comply with the reporting requirements set forth by CUSPAP. As such, it presents a detailed discussion of the date, reasoning, and analyses that were used in the appraisal process to develop the appraiser’s opinion of value. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of the report.*

### **Purpose of the Appraisal**

The purpose of this appraisal is to estimate the current market value of a rental apartment property with 3

units as of the date of the inspection, July 31, 2023.

**Intended Use of the Appraisal**

The intended use of the appraisal is for to assist with insolvency and with setting a sale price only. Void if used for any other purpose.

**Extraordinary Assumptions**

*An extraordinary assumption refers to any hypothesis - either fictitious or unconfirmed - which, if not true, could alter the appraiser's opinions or conclusions.*

The subject appeared to consist of a three unit apartment building. The zoning for the subject appears to be a mixed use building which allows for commercial and residential. The appraiser also noted that the subject appears to have recently undergone extensive renovations and it is assumed that all permits were received to construct the three residential units in the building. Thus it is assumed that the subject is a legal conforming use. However, the appraiser is not an expert in zoning matters and it is up to the client's discretion whether to further inquire with a planner as to the legality of the subject improvements.

Information related to the income and expenses of the property was provided by the client. This information is assumed to be accurate and if found to be inaccurate then the value contained herein is subject to change and/or void.

If any of these assumptions are found to be incorrect then the value contained herein is subject to change and/or void.

**Extraordinary Limiting Conditions**

*Extraordinary limiting condition refers to the necessary modification or exclusion of any Appraisal Standard Rule that is outlined in the Standards of Professional Appraisal Practice of the Appraisal Institute of Canada.*

There are no extraordinary limiting conditions to the conclusions of this report.

**Effective Date**

The effective date of this appraisal is July 31, 2023, the date of my inspection.

**Legal Description**

The legal description of the subject property is:	Pt Lt 4-5 Pl D227 Toronto As In Ct378711; City Of Toronto
REGISTERED OWNER:	2531509 Ontario Inc.
SITE DIMENSIONS/AREA:	1,841 sf (irregular shaped site)
IMPROVEMENTS	A 3 storey apartment building with 3 units

**Property Rights Appraised**

The property rights appraised are those of the Leased Fee Interest in the real estate comprising the property.

**History of the Subject**

Address 113 Walnut Ave, City of Toronto  
 Pin No: 212410192  
 Consideration on Record: \$2  
 Registration Date: 10/10/2017  
 Owner: 2531509 Ontario Inc.

The subject property has been listed for sale 10 times on MLS in the last 36 months. The first listing for sale was on 03/05/2021 for \$5,282,500. The most recent listing for sale was on 02/16/2023 for \$3,995,000. All the listings either expired or were terminated. Below is a summary of all the listings.

LSC	EC	St#	Street Name	Abbr	Dir	Apt/Unit	Municip.	Community	List Price ▲	Price Code	Sold Price	Price Code	Type	Description	Br	+	Wr	Contract Date
Exp		115	Walnut Ave				Toronto C01	Niagara	\$3,995,000.00				Detached	3-Storey	3		3	2/16/2023
Exp		115	Walnut Ave				Toronto C01	Niagara	\$3,995,000.00	For Sale			Office				3	2/16/2023
Exp		115	Walnut Ave				Toronto C01	Niagara	\$4,450,000.00				Detached	3-Storey	3		3	9/6/2022
Exp		115	Walnut Ave				Toronto C01	Niagara	\$4,450,000.00	For Sale			Office				3	9/6/2022
Ter		115	Walnut Ave				Toronto C01	Niagara	\$4,500,000.00	For Sale			Office					3/30/2022
Ter		115	Walnut Ave				Toronto C01	Niagara	\$4,500,000.00	For Sale			Commercial/...					3/30/2022
Exp		115	Walnut Ave				Toronto C01	Niagara	\$4,985,000.00				Detached	3-Storey	3		3	9/15/2021
Exp		115	Walnut Ave				Toronto C01	Niagara	\$4,985,000.00	For Sale			Office				3	9/15/2021
Exp		115	Walnut Ave				Toronto C01	Niagara	\$5,282,500.00	For Sale			Office				3	3/5/2021
Exp		115	Walnut Ave				Toronto C01	Niagara	\$5,282,500.00				Triplex	3-Storey	3		3	3/5/2021

No other listings for sale or for lease were found for the subject on MLS in the last 36 months. As per Geowarehouse the subject property was last transferred on 10/10/2007 for \$2. According to office records, the appraiser has had an interest or dealings with the subject property within the past 3 years.

**Property Assessment**

The subject property is assessed for municipal taxes as follows:

Address: 113 Walnut Ave, City of Toronto  
 Assessed Value 2023: \$1,795,000  
 Realty taxes (2022): \$29,108 (as per recent MLS listing)

**Definition of Market Value**

Market value, as defined by the Appraisal Institute of Canada, and as used in this Report is:

***"The most probable price in terms of money at which a property should bring in a competitive and open market under all conditions requisite for a fair sale, the buyer and seller each acting prudently and knowledgeably and assuming the price is not affected by any undue stimuli.***

*Implicit in this definition are the consummation of a sale as of a specific date and the passage of title from seller to buyer under conditions whereby:*

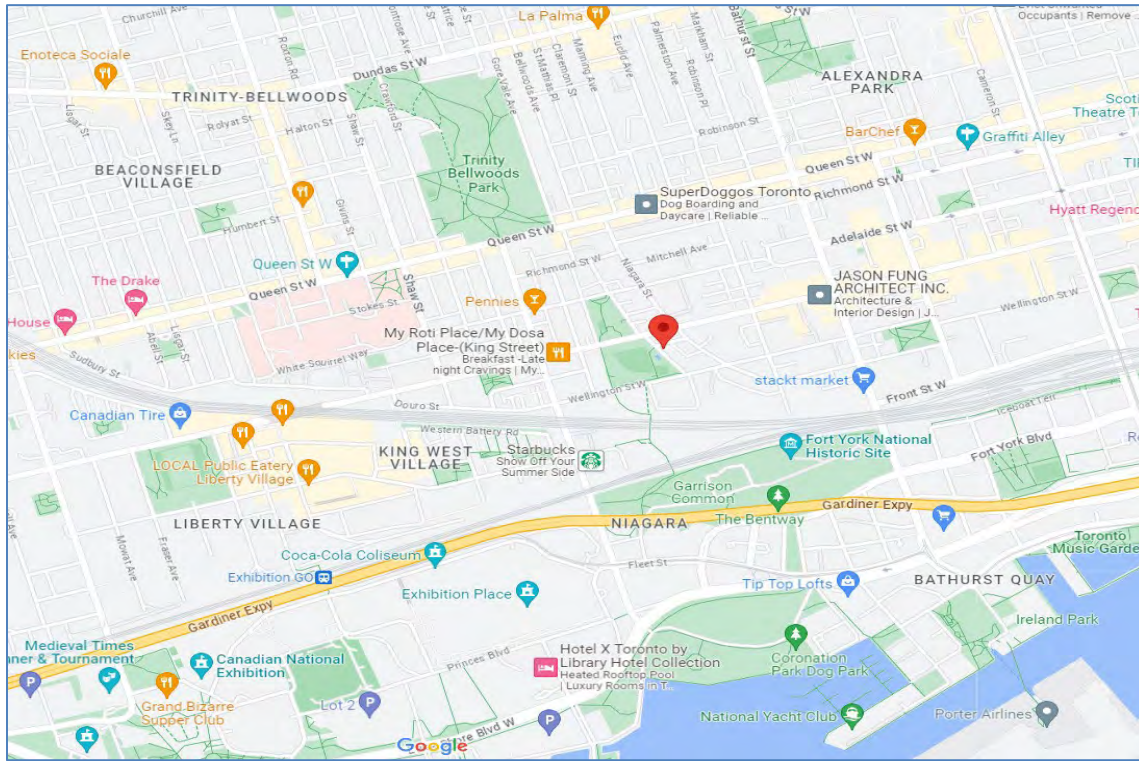
1. *Buyer and seller are typically motivated.*

- 
2. *Both parties are well informed or well advised and are acting in what they consider their best interest.*
  3. *A reasonable time is allowed for exposure in the open market.*
  4. *Payment is made in terms of cash and Canadian dollars or in terms of financial arrangements comparable thereto, and*
  5. *The price represents the normal consideration for the property sold, unaffected by special or creative financing or sale concessions granted by anyone associated with the sale."*

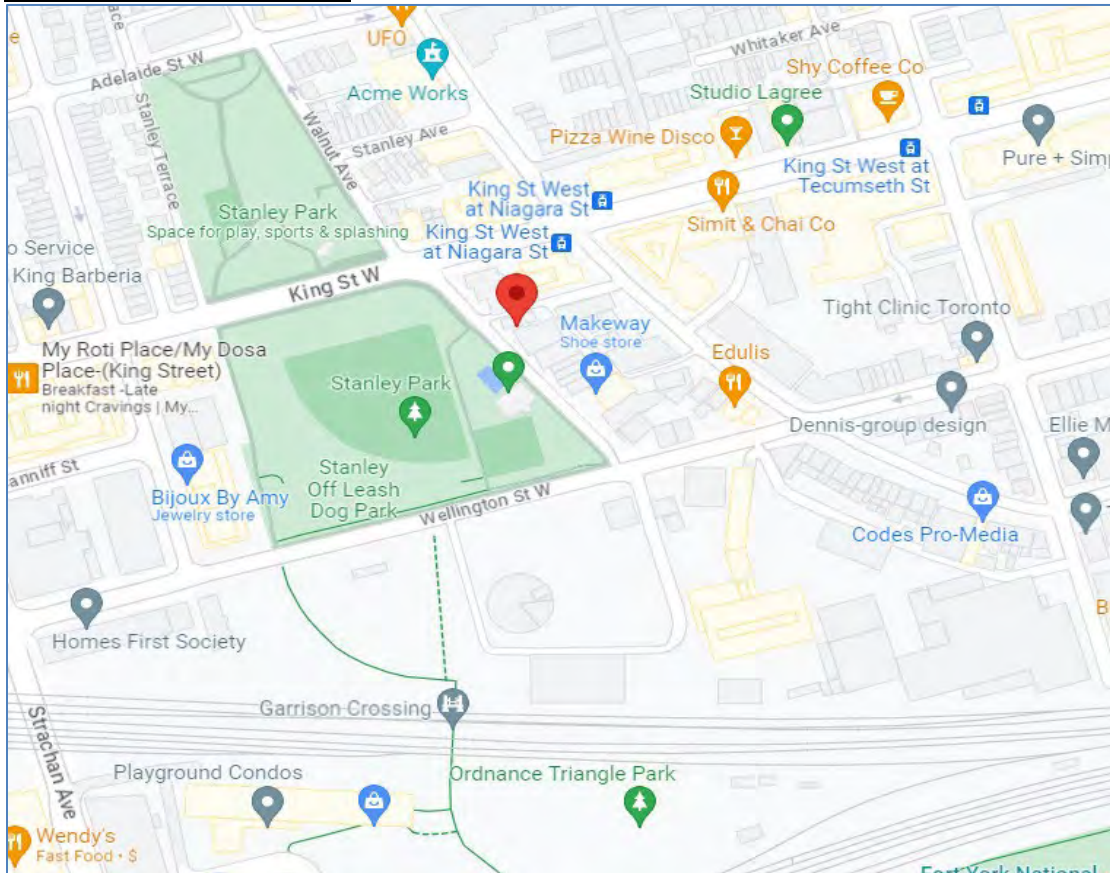
### **Scope of the Assignment**

- The scope of this report outlines our framework for the assignment;
- An exterior and interior inspection of the property was completed on July 31, 2023
- An inspection of the neighbourhood was completed and photographs were taken for illustration.
- The City of Toronto's Official Plan and Zoning By-Law designations were all reviewed.
- The Comparable Sales and the subject properties boundaries and areas are based on Altus, TREB MLS, Costar, Altus, and Geowarehouse records.
- Analysis of the highest and best use of the subject property was completed having regard to the land use controls. I have relied on discussions with municipal planning personnel and our own experience.
- The Direct Market Comparison Approach and the Income Approach were both used to estimate the current market value of the subject.
- Sales data was extracted from the Toronto Real Estate Board, Costar, Real Track, and Land Registry. The comparable sales were all inspected and an analysis of the sales was completed.
- Market research consisted of analyzing sales of comparable properties in the general vicinity of the subject property which took place over the past three years.
- My valuation and conclusions are subject to the accuracy of the information readily available.

**LOCATION MAP**



**NEIGHBOURHOOD MAP**



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## **MARKET OVERVIEW**

In a scheduled announcement on July 12, 2023, the Bank of Canada decided to raise its target for the overnight lending rate by 25 basis points to 5%. This move was more widely expected than the June rate hike. Perhaps most importantly for gauging the impact on the housing market, the statement accompanying the decision made no indication there would now be a pause, and the next decision is not until September.

The recent resumption of policy tightening will likely rekindle the kind of uncertainty seen throughout 2022 and shift a number of prospective buyers and sellers back to the sidelines this summer.

The main reasons cited by the Bank for choosing to raise rates again in July were:

- Persistent excess demand, with Canadians continuing to spend money at higher-than-expected levels, and
- Sticky core inflation which hasn't moved much for months despite welcome slowing at the overall headline inflation level.

The Bank noted a number of the positive inflation prints this year have simply been due to lower energy prices, not from disinflation in prices for things like groceries and other goods and services, which is what the Bank is really trying to get under control.

With the low hanging fruit of those big base effects from past energy price movements now more than a year in the rear-view mirror, further progress on bringing down year-over-year inflation will have to come from the real thing.

The Bank said it expects Canadian economic growth to slow over the next year, averaging around 1% through the second half of this year and the first half of next year—in other words not a recession, but hopefully slow enough to get inflation moving in the right direction.

Th issue there is the Bank now forecasts year-over-year Consumer Price Index (CPI) inflation to get suck at 3% (it's currently 3.4%) for the next year, before slowly easing back to their 2% target by mid-2025—two years from now.

This path back to target is slower and further out than previous forecasts and will reinforce the growing consensus that rates won't just be higher than many thought, which they now are, but for longer as well. Governing Council said it remains concerned slow progress could get stalled for even longer. The Bank of Canada's next scheduled interest rate announcement will be on September 6, 2023, leaving almost two months for it to assess new incoming data.

Statistics released June 15, 2023 by the Canadian Real Estate Association (CREA) show national home sales were up again on a month-over-month basis in May 2023.

### **Highlights:**

- National home sales edged up 1.5% month-over-month in June.
- Actual (not seasonally adjusted) monthly activity came in 4.7% above June 2022.

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- The number of newly listed properties rose 5.9% month-over-month.
  - The MLS® Home Price Index (HPI) climbed 2% month-over-month but was still down 4.5% year-over-year.
  - The actual (not seasonally adjusted) national average sale price posted a 6.7% year-over-year increase in June.

Home sales recorded over Canadian MLS® Systems posted a 1.5% increase between May and June 2023, smaller increase than in April and May. (Chart A) Sales were up in June in a little over half of all local markets, with gains in British Columbia and Alberta offsetting fewer sales in the Greater Toronto Area (GTA).

The actual (not seasonally adjusted) number of transactions in June 2023 came in 4.7% above June 2022. This was the largest year-over-year national sales increase in two years. “Housing markets appear to be stabilizing heading into the summer following some big ups and downs over the last year,” said Larry Cerqua, Chair of CREA. “Most importantly, the recovery in new listings over the last few months will give buyers more choice and should help to slow price growth over the second half of the year. If you’re looking for information and guidance about how to buy or sell a property in what’s looking like a more balanced market this summer and fall, contact a REALTOR® in your area,” continued Cerqua.

“With sales levelling off near historically average levels and new listings finally starting to play catch up, housing markets appear to be settling down,” said Shaun Cathcart, CREA’s Senior Economist. “History suggests the price side of things will respond to this with only a slight lag. Add to that the recent Bank of Canada rate hikes, and we can probably expect price growth to moderate in the months ahead, likely still with some degree of upward pressure, but less than in the last three months.”

The number of newly listed homes was up 5.9% on a month-over-month basis in June. Building on gains of 3.1% in April and 7.6% in May, new listings have gone from a 20-year low in March to closer to (but still below) average heading into the summer.

With new listings outperforming sales in June, the sales-to-new listings ratio eased to 63.6% compared to 66.4% in May and a recent peak of 68.3% in April. That said, the measure remains well above the long-term average for the measure of 55.2%.

There were 3.1 months of inventory on a national basis at the end of June 2023, unchanged from the end of May and down more than a full month from the most recent peak at the end of January. The long-term average for this measure is about five months.

The Aggregate Composite MLS® Home Price Index (HPI) climbed 2% on a month-over-month basis in June 2023—a large increase for a single month on the heels of similar gains in April and May. It was also once again very broadly based, with a monthly increase in prices between May and June observed in most local markets.

The Aggregate Composite MLS® HPI now sits 4.5% below year-ago levels, the smallest decline since November 2022.

The actual (not seasonally adjusted) national average home price was \$709,218 in June 2023, up 6.7% from June 2022. The national average price is heavily impacted by the GTA and British Columbia's Lower Mainland. Excluding the GTA and Greater Vancouver from the calculation cuts more than \$130,000 from the national average price.

### *National Employment Trends:*

The unemployment rate in Canada was 5.2% as of June 2023, up 0.2% from the previous month. The unemployment rate stood 8.2% below the peak from June 2020 and is below the long-run average. There were 23,600 more full-time jobs in June 2023 compared to a month earlier. A gain of 4,400 part-time positions led to an increase of 28,000 total jobs in June.

Full-time employment has recovered since reaching a bottom in May 2023 and now stands at a record high. The number of full-time jobs in June was up from the previous month in natural resources, utilities, construction, manufacturing, trade services, transportation & warehousing, the financial sector, education, information & cultural services, and public administration.

Full-time job losses in June occurred in agriculture, professional & scientific services, business & building services, healthcare, and accommodation & food services.

### *Changes in population from immigration:*

International immigration added 267,630 people to Canada's population in the fourth quarter of 2022. This was an increase of 222.7% from the same period in 2021.

Canada Economy Data					
	2015	2016	2017	2018	2019
Population (million)	35.7	36.1	36.5	37.0	37.5
GDP per capita (USD)	43,621	42,409	45,202	46,381	46,361
GDP (USD bn)	1,556	1,529	1,649	1,716	1,736
Economic Growth (GDP annual variation in %)	0.7	1.0	3.2	2.0	1.7
Domestic Demand (annual variation in %)	0.3	0.5	3.3	2.1	1.3
Consumption (annual variation in %)	2.3	1.9	3.7	2.2	1.6
Investment (annual variation in %)	-4.3	-4.0	4.0	1.8	-0.4
Exports (GAS annual variation in %)	3.4	1.4	1.4	3.1	1.3
Imports (GAS annual variation in %)	0.8	0.1	4.2	2.6	0.6
Industrial Production (annual variation in %)	-0.5	0.1	4.5	3.1	-0.9
Retail Sales (annual variation in %)	2.6	5.2	7.1	2.9	1.6
Unemployment Rate	6.9	7.0	6.3	5.8	5.7
Fiscal Balance (% of GDP)	-0.1	-0.5	-0.1	-0.4	-0.4
Public Debt (% of GDP)	91.2	91.7	90.5	89.7	-
Money (annual variation in %)	6.0	8.5	5.8	5.2	7.6
Inflation Rate (CPI annual variation in %_ccc)	1.6	1.5	1.9	2.0	2.2
Inflation Rate (CPI annual variation in %)	1.1	1.4	1.6	2.3	1.9
Inflation (PPI annual variation in %)	-0.8	-0.2	3.1	3.9	-0.1
Policy Interest Rate (%)	0.50	0.50	1.00	1.75	1.75
Stock Market (annual variation in %)	-11.1	17.5	6.0	-11.6	19.1
Exchange Rate (vs USD)	1.38	1.34	1.26	1.36	1.30
Exchange Rate (vs USD_opp)	1.28	1.32	1.30	1.30	1.33
Current Account (% of GDP)	-3.5	-3.1	-2.8	-2.5	-2.0
Current Account Balance (CAD bn)	-69.6	-62.6	-60.2	-65.6	-47.0
Trade Balance (CAD billion)	-24.6	-25.0	-24.1	-22.1	-18.4

[www.focus-economics.com](http://www.focus-economics.com)

[www.crea.ca](http://www.crea.ca)

[www.bankofcanada.ca](http://www.bankofcanada.ca)

## LOCATION AND NEIGHBOURHOOD OVERVIEW:



### *City of Toronto*

**Toronto** is the largest city in Canada and the provincial capital of Ontario. It is located in Southern Ontario on the northwestern shore of Lake Ontario. Toronto is a relatively modern city. Its history begins in the late 18th century, when the British Crown purchased its land from the Mississauga of the New Credit. The British established a settlement there, called the Town of York, which its lieutenant governor, John Graves Simcoe, designated as the capital of Upper Canada. The city was ransacked in the Battle of York during the War of 1812. In 1834, York was incorporated as a city and renamed Toronto. It was damaged in two huge fires, in 1849 and 1904. Over the years, Toronto has several times expanded its borders through amalgamation with surrounding municipalities, most recently in 1998.

The city has 2,731,571 residents, according to the 2016 Census. It is currently the fourth most populous city in North America. The census metropolitan area (CMA) had a population of 5,928,040, and the Greater Toronto Area (GTA) had a population of 6,417,516 in the 2016 Census. Toronto is at the heart of the Greater Toronto Area, and of the densely populated region in Southern Ontario known as the Golden Horseshoe. Its cosmopolitan and international population reflects its role as an important destination for immigrants to Canada. Toronto is one of the world's most diverse cities by percentage of non-native-born residents, with about 49% of the population born outside Canada. As Canada's commercial capital, it is home to the Toronto Stock Exchange and some of the nation's largest banks. Toronto hosted the 2015 Pan American Games.

1. For eight years (2011-2018), GDP (adjusted for inflation) for the Toronto Census Metropolitan Area (CMA) has been growing at a compounded average annual rate of 2.73%. In the last three years (2016-2018), the annual (year over year) growth rate increased to 2.79%, which is substantially higher than population growth of 1.61% per year. Economic growth is expected to slow down in the next five years. The five year (2019-2023) average compounded annual growth rate from all three sources is expected to be 1.93%. The Conference Board of Canada (2.23%) is higher than the average projection, while Moody's (1.74%) and Oxford Economics (1.82%) are below the average.

1. Canada's banking system ranks first in the G7 for the 11th year and it is one of the soundest in the world. –World Economic Forum, Global Competitiveness Index 2018 – 2019
2. Since May 2014, Canada created more than 1 million jobs, an increase of almost 7%, with over 88% of those being full-time positions. –Statistics Canada, June 2019
3. Canada enjoys the lowest net debt-to-GDP ratio in the G7, and its ratio is expected to remain the lowest in 2020 at 26.2%. –International Monetary Fund (IMF), World Economic Outlook, April 2019.
4. Canada tops the G20 with Germany and Australia for its fiscal soundness, with a triple A credit rating. –Standard & Poor's, Moody's and Fitch

Toronto is Canada's corporate capital with more nationally and internationally top-ranked companies than any other Canadian city. One-quarter of Canada's population is located within 160 km (100 miles.) of the city and more than 60% of the population of the USA is within a 90-minute flight.

Toronto's more than 84,500 businesses choose from a large, highly skilled, multilingual workforce of 1.4 million people – one sixth of the country's workforce. Sixty-four per cent of Toronto residents between the ages of 25 and 64 have a post-secondary education.

An impressive range of post-secondary educational facilities including four universities and four colleges offer training in virtually every discipline and skill. Toronto leads the country in number of post-secondary schools and graduates with more than 15,000 medical/biotech researchers, two top-ranked MBA schools as well as excellent programs in engineering, computer sciences and multi-media. Toronto's economy has 11 key sectors which work together to keep the city relatively resilient to economic downturns. Toronto's international competitiveness and strength in each of these areas combine to generate synergies and stimulate growth.

Toronto's ICT sector is comprised of 11,522 companies employing over 161,000 workers and generating \$52.2 billion in annual revenues.

The financial services sector is a key driver of our local, provincial and national economy, employing over 223,000 individuals. Toronto is both the financial services capital of Canada and the fastest growing financial centre in North America. As such, Toronto houses the leaders in Canada's financial services industry including:

- Five of Canada's largest domestic banks, 55 foreign bank subsidiaries and branches and 119 securities firms;
- Headquarters for six of Canada's top insurers that manage more than 90 per cent of the industry's assets, 61 mutual funds companies, 58 pension fund managers, and five of Canada's largest pension plans with combined assets in excess of \$300 billion; and,
- The TMX Group, the third-largest stock exchange group in North America and the eighth largest in the world based on market capitalization.

- Toronto's critical mass in financial activity means that this is where key corporate financial decisions are made. Toronto business executives can discuss their financial needs with the key decision-makers just by walking up the street.
- Toronto's public transit system is the second largest in North America and has the highest per capita ridership rate on the continent. More than 2,700 subway vehicles, buses and streetcars make it easy for more than 1.5 million business riders to travel throughout the city daily.

Indicators (2023)	City of Toronto	Toronto Region
Land Area (km <sup>2</sup> )	630	5,903
Population (July 2022)	3,025,647	6,471,850
Unemployment Rate (Population 15+, 2022)	6.8%	6.3%
Gross Domestic Product (in 2012 \$ billion, 2021)	\$171	\$369
Average (Mean) Household Income (2020)	\$84,000	\$97,000

- Toronto continues to lead all North American municipalities in new large scale development with 185 high-rise buildings under construction.
- Toronto's office and industrial markets are the largest in Canada and larger than many other major American cities. One of Toronto's major attractions as a business location is its cost competitiveness. In both office and industrial surveys, Toronto's overall costs are among the most competitive among major North American cities.

<b>Office Vacancy Rate (%)</b> <b>15.5</b> +3.7 percentage points from prior year 2023-Q1	<b>Industrial Vacancy Rate (%)</b> <b>1.5</b> +0.8 percentage points from prior year 2023-Q1																																																												
<b>Housing Starts</b> <b>1247</b> -1009 from prior year May 2023	<b>Home Sales</b> <b>2833</b> +411 from prior year June 2023																																																												
<b>Average Home Price (\$)</b> <b>\$1,152,424</b> +\$249 from prior year June 2023	<b>Residential Building Permits (in \$ Millions)</b> <b>\$909.2</b> +\$410.7 million from prior year May 2023																																																												
<b>Industrial Building Permits (in \$ Millions)</b> <b>\$23.7</b> -\$45.3 million from prior year May 2023	<b>Commercial Building Permits (in \$ Millions)</b> <b>\$368.2</b> -\$235.8 million from prior year May 2023																																																												
<b>Institutional Building Permits (in \$ Millions)</b> <b>\$60.3</b> -\$63.1 million from prior year May 2023	<b>Hotel Occupancy Rate (%)</b> <b>73.9</b> +8.0 percentage points from prior year April 2023																																																												
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### *According to Urbanation, May 29, 2023*

It's not yet a typical spring market in the GTA, but early signs of stabilization are already evident. The average number of days in the market is starting to fall and bidding wars are more common. Buyers are trying to offset the sting of higher interest rates by increasingly focusing on less expensive homes. The share of homes selling for more than \$1 million is currently under 40% — down notably from the near 60% seen last year. The average mortgage size in the GTA fell by 17% over the past year. While sales in the resale market are approaching pre-pandemic levels, new listings continue to fall to a level not seen since the 1991 recession (with the exception of the brief decline during the covid recession). That lack of supply in the resale market is working to stabilize prices and has the Toronto housing market moving into sellers' market territory.

The supply situation does not look any better in the new construction space. Per capita housing completions in Toronto dropped to a more than 20-year low in 2022 and ranked last among major centres (Chart 2). While GTA housing completions should see some improvement in 2023 and the few years that follow as the record number of condos currently under construction in the GTA (101,000 units in Q1-2023) are finished, the sharp drop in presales since the second half of 2022 as reported by Urbanation will eventually pull completions back down as immigration is set to rise to new highs.

The mismatch between supply and demand is therefore expected to get worse given the very strong growth in the Toronto population. A report published earlier this year by CIBC economics indicated that the combination of permanent resident and non-permanent resident arrivals from outside Canada in 2022 amounted to close to one million, representing an unprecedented swing in housing demand in a single year. The number for 2023 is expected to be even higher. We estimate that close to one-third of that total will end up in Toronto. Granted, other demographic forces are moving in the opposite direction. During the year ending July 2022, no less than 21,400 people left Toronto for other provinces (net interprovincial migration) while 78,000 moved to other census metro areas (CMAs) in Ontario (net intra-provincial migration). Those numbers are clearly impacting the housing market. Despite the recent increase, Toronto's share of resale activity in Ontario is still below the level seen in 2019 (Chart 3). No doubt that reduced affordability in the GTA plays a significant role behind that trend.

### *According to Urbanation, May 1, 2023*

#### **New Condo Sales Fall 74% from Record High Last Year**

Greater Toronto Area (GTA) new condominium sales remained slow during the first quarter of 2023, extending the challenging market conditions for new condominiums that began during the second half of 2022 as interest rates surged. New condo sales declined 74% annually in Q1-2023 to 2,360 units, representing the slowest start to a year since the financial crisis in Q1-2009 and a sharp correction from the record-high 9,242 sales in Q1-2022.

While the number of new presale units brought to market by developers in Q1-2023 fell 17% below its 10-year average, sales activity declined 54% below its 10-year average, indicating a steep drop-off in demand for new condominiums. This occurred as resale condominiums experienced a 13% annual decline in average per square foot prices in Q1-2023, causing a deterioration in confidence among new condominium buyers.

### **Unsold New Condo Inventory Rises to 7-Year High**

The number of unsold new condominium units increased 73% year-over-year from a four-year low of 9,430 units in Q1-2022 to 16,299 units in Q1-2023, reaching its highest level in seven years. Inventory was equal to 13.2 months of supply based on sales averaged over the last 12 months, increasing from a record low 3.2 months of supply a year ago in Q1-2022 and rising notably above the 10-year average of 8.4 months of supply.

### **New Condo Prices Grow at Slowest Pace in 8 Years**

The average price per square for available new condominiums reached \$1,434, increasing 2% year-over-year. The annual rate of price growth for new condos has slowed dramatically since reaching a recent high of 20% in Q2-2022 and represented the slowest growth in eight years.

### **Early Signs of Stabilization Emerging**

Early signs of stabilization for the GTA condo market arrived in April with a number of successful new presale launches, which is expected to usher in more new projects in the coming months. Furthermore, the resale condo market, which tends to act as a leading indicator for new condos, saw activity rise to a three-quarter high and average per sf prices increase 1.5% quarter-over-quarter in Q1-2023.

*“While condo market activity in the GTA remained in a correction phase during the first quarter of 2023, buyers began to move off the sidelines more recently as interest rates stabilized. The affordability advantage condominiums hold over other housing types and the high cost of renting should add some momentum to the market moving forward”*

**According to Urbanation, April 20, 2023, Q1, 2023 results were released.**

### **GTA Rents Rise to Over \$3,000**

Average rents for units leased and available for lease during Q1-2023 in purpose-built rental buildings completed since 2005 in the GTA reached a record high \$3,002. Annual rent growth for purpose-built rentals in Q1-2023 was 13.8% based on units that turned over in Q1-2023 compared to Q1-2022. This represented a slower rate of annual rent increase than recorded in Q4-2022 at 15.1%.

Within the condominium market, average transacted rents reached \$2,741 in Q1-2023, with similar annual growth as purpose-built rentals at 13.6%. In the three-year period since Q1-2020, average condominium rents increased by a total of 15.0%, which accounts for rent declines that occurred during the first year of the pandemic.

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### **Rents Surge for Smallest Units**

As the market became increasingly more expensive, renters in the condominium market shifted more towards smaller units that have lower monthly costs. As a result, the smallest unit types recorded the fastest rates of rent growth in Q1-2023, led by studios and one-bedrooms-without-dens posting annual rent increases of 17.8% and 17.1%, respectively, with units under 500 square feet seeing rents rise by 21.0% from a year ago. Rents for studio and one-bedroom condo rentals averaged \$2,124 and \$2,484, respectively, while two-bedroom rents averaged \$3,125. The only category of rentals to average rents under \$2,000 were micro units under 350 square feet, averaging \$1,993.

### **Vacancy Rate Under 2% for Fifth Straight Quarter**

The vacancy rate in purpose-built rental buildings completed in the GTA since 2005 was 1.8% in Q1-2023, edging up slightly from a year ago in Q1-2022 (1.6%) but remaining below 2% for the fifth consecutive quarter. The GTA rental market has tightened due to record high population inflows, low homeownership affordability, and a strong labour market all contributing to an increase in demand while supply has remained low. In Q1-2023, a total of 724 new purpose-built rentals reached occupancy, falling below the quarterly average of 794 completions over the past two years.

### **Rental Completions Set to Rise during Rest of 2023**

According to projected occupancy dates, purpose-built rental completions will increase significantly during the remainder of the year, raising the 2023 total to 7,520 units — a 174% increase over 2022 (2,747 completions) and a 297% increase over the latest 10-year average (1,893 completions). However, the increase in supply is expected to be temporary, as construction starts totaling 2,997 units over the last four quarters represented a 62% decline over the four-quarter total of 7,863 starts in the period ending Q1-2022.

**“The GTA rental market remained substantially undersupplied during the first quarter of 2023. Even though supply is set to increase in the near-term, it is expected to be short-lived and insufficient to offset demand. The fact that rental construction has dropped by over 60% in the last year despite rents having risen to over \$3,000 is indicative of the economic challenges developers are facing.”**

Q2 2023 Cap Rates			
<b>Downtown Office</b>		$\Delta$ Q/Q	
AA	5.00% - 5.75%		
A	5.50% - 6.25%	▲	
B	6.00% - 6.75%	▲	
<b>Suburban Office</b>			
A	7.00% - 7.75%	▲	
B	7.75% - 8.50%	▲	
<b>Industrial</b>			
A	4.25% - 4.75%	▲	
B	5.00% - 5.75%	▲	
<b>Retail</b>			
Regional	5.25% - 6.75%	▲	
Power	6.25% - 7.25%	▲	
Neighbourhood	5.75% - 6.75%	▲	
Strip	5.25% - 6.00%	▲	
Strip (non-anchored)	5.50% - 6.50%		
Urban Streetfront	5.00% - 5.50%	▲	
High Street	5.00% - 5.50%	▲	
<b>Multifamily</b>			
High Rise A	3.25% - 4.00%		◀▶
High Rise B	3.50% - 4.25%		◀▶
Low Rise A	3.25% - 4.00%		◀▶
Low Rise B	3.50% - 4.25%		◀▶
<b>Seniors Housing</b>			
Independent/Assisted Living A	5.75% - 6.50%		◀▶
Independent/Assisted Living B	7.00% - 7.75%		◀▶
Long Term Care A	7.00% - 7.50%		◀▶
<b>Hotel</b>			
Downtown Full Service	5.00% - 6.75%		◀▶
Suburban Limited Service	7.75% - 8.75%		◀▶
Focused Service	7.25% - 8.25%		◀▶

Source: CBRE Cap Rate Report Q2 2023

Q1 2023 Cap Rates			
<b>Downtown Office</b>		$\Delta$ Q/Q	
AA	5.00% - 5.75%	▲	
A	5.25% - 6.00%	▲	
B	5.75% - 6.50%	▲	
<b>Suburban Office</b>			
A	6.75% - 7.50%	▲	
B	7.50% - 8.25%	▲	
<b>Industrial</b>			
A	4.00% - 4.50%		◀▶
B	4.75% - 5.75%		◀▶
<b>Retail</b>			
Regional	5.00% - 6.50%	▲	
Power	6.00% - 7.25%		◀▶
Neighbourhood	5.50% - 6.50%		◀▶
Strip	5.00% - 5.75%	▲	
Strip (non-anchored)	5.50% - 6.50%		◀▶
Urban Streetfront	4.75% - 5.25%	▲	
High Street	4.75% - 5.00%	▲	
<b>Multifamily</b>			
High Rise A	3.25% - 4.00%		◀▶
High Rise B	3.50% - 4.25%		◀▶
Low Rise A	3.25% - 4.00%		◀▶
Low Rise B	3.50% - 4.25%		◀▶
<b>Seniors Housing</b>			
Independent/Assisted Living A	5.75% - 6.50%		◀▶
Independent/Assisted Living B	7.00% - 7.75%		◀▶
Long Term Care A	7.00% - 7.50%		◀▶
<b>Hotel</b>			
Downtown Full Service	5.00% - 6.75%		◀▶
Suburban Limited Service	7.75% - 8.75%		◀▶
Focused Service	7.25% - 8.25%		◀▶

Source: CBRE Cap Rate Report Q1 2023

According to the CBRE Q2 2023 Cap Rate Report for Toronto:

- The continuation of interest rate hikes and further tightening of credit conditions in Q2 2023 are having an impact on confidence levels in the commercial real estate market.
- However, Canadian cities rank among the most liquid, seeing robust activity on a relative basis. Notable transactions include Allied Properties REIT's Urban Data Centre (UDC) portfolio sale, GIC's acquisition of Summit Industrial REIT and Primaris REIT's purchase of the Conestoga Mall.
- Compared to global markets in the U.S. and Europe, Toronto feels different and investment activity

will likely surprise to the upside as transactions of scale are completed.

- Over the coming quarters, Toronto will lead global markets on a relative basis in terms of volumes as well as significance of deals.



CMHC 2022 Report Toronto

## Neighbourhood

The subject is located in the Niagara neighbourhood in Toronto. The neighbourhood is west of Bathurst, and south of King St. The neighbourhood has railroad tracks running parallel to the north and south border. The QEW is south and runs parallel to the southern border. The neighbourhood has average to good access to all residential amenities including public transportation, community and institutional facilities, and is in close proximity to commercial properties. Shopping is located within walking distance within the neighbourhood along King St. There are streetcar tracks on King St and Bathurst St. The QEW and Lake Shore Blvd are located south for commuting purposes. Lamport Stadium is west of the subject in the neighbourhood and BMO Field is located southwest in Liberty Village. Stanley Park (tennis courts and off lease) is located west directly across the road from the subject. No other adverse conditions were noted at the time of viewing. Based on TRREB MLS days on market, demand for homes in the subject's area is generally good for the city. Currently there are a number of higher rise apartment condominium property developments being built west and east of the subject neighbourhood. The immediate area is considered high density residential.

Aerial View



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## DESCRIPTION OF SITE

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### Site Area/and Site Description

According to Land Registry, the site is irregular in shape. The total site area is 1,841 sf

The subject is detached building with a commercial residential zoning. The subject is located on a corner lot of a residential/commercial street and sides onto other residential properties to the south, siding a laneway to the north and commercial properties. Commercial properties including office space, live work spaces, restaurants, and a variety of retail populate the area. The subject lot narrows to the rear lot line. The lot appears generally level. The site dimensions are based on MPAC/Teranet records which will be used as a guide in the appraisal process. The site is improved with a detached building. There are rear loading doors to the first floor. There is a roof top patio accessible to the top floor unit. The subject site and improvements appear to conform with neighbouring properties. There were no other negative features were noted at time of viewing.

### Services

Full municipal services are provided including natural gas, hydro, water, and telephone. Walnut Ave is an asphalt paved road with sanitary sewers, curbs, streetlights and sidewalks.

### Topography and Drainage

The site appeared to be relatively flat in topography and at grade with its neighbouring properties. No drainage problems were evident on the site.

### Soil Characteristics

It is assumed that in view of the size of the structures on the surrounding properties and the subject that has soils within the area are capable of handling reasonable heavy building loads. Based on my inspection of the subject property, no visible contamination was noted. An environmental assessment has not been supplied or reviewed. For the purpose of this appraisal, we have assumed that there are no environmental problems or concerns.

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## DESCRIPTION OF IMPROVEMENTS

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The subject is a detached building fronting onto the east side of Walnut Avenue. The dwelling was found to be clean and tidy upon viewing. The subject dwelling is divided into three separate apartments. Each floor has one unit.

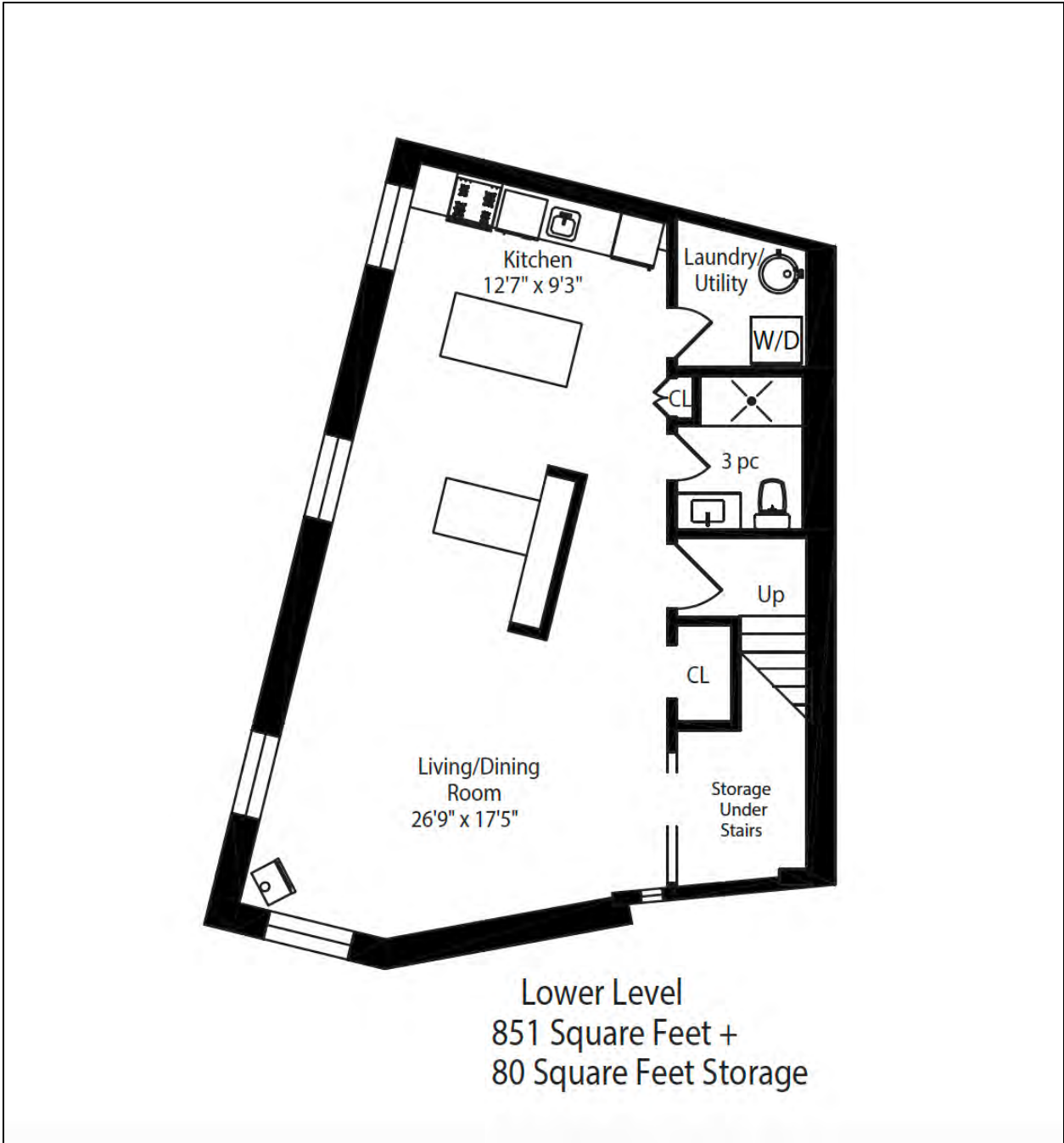
The main level (first floor) has 16 foot ceilings at the front of the unit and 9.6 feet throughout the rest of the unit. The flooring is hardwood throughout. The kitchen is open generally open concept with one bedroom, kitchen and a 3 pc bathroom. The kitchen is improved with undermount sink, stone countertop, built in oven and stove top. The bedroom bed folds out of the wall and is custom built. The cabinetry is wood. The bathroom is improved with a shower stall, imported Italian ceramic tile and prefinished vanity. The living area is improved with a fireplace.

The second-floor unit is vacant. The unit consists of one bedroom, living and dining room (currently used as office space) 3pc bathroom and kitchen. The kitchen is improved with undermount sink, stone countertop, built in oven and stove top. The bathroom is improved with a shower stall, imported Italian ceramic tile and prefinished vanity. There is a loft area (mezzanine) used for storage. The flooring is hardwood throughout. The ceiling height is 19.5 feet.

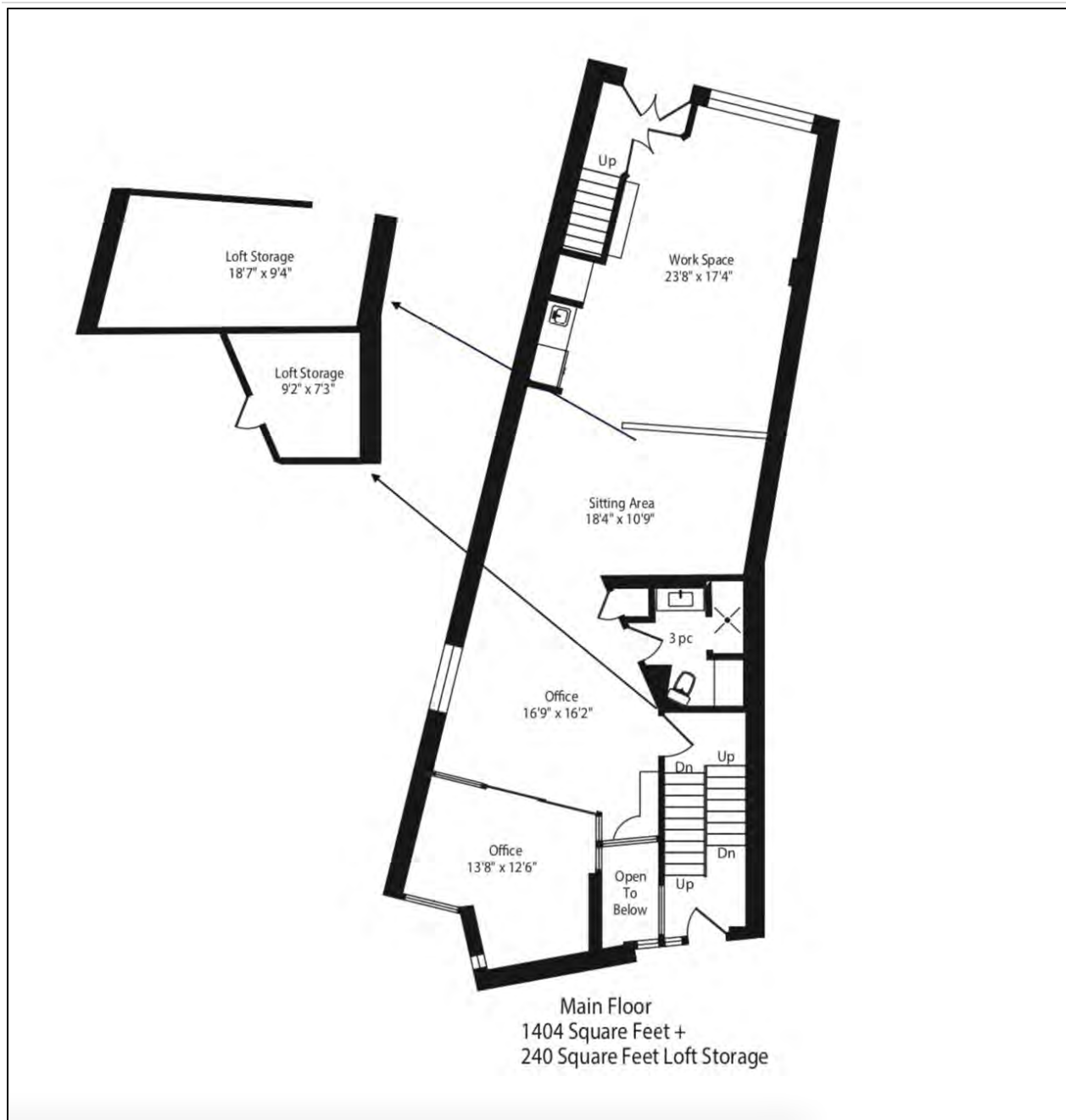
The 3<sup>rd</sup> floor unit is vacant. The third-floor unit consists of one bedroom, living and dining room, family room (lower level) with broadloom 3pc bathroom and kitchen. The kitchen is improved with undermount sink, stone countertop, built in oven and stove top. The bathroom is improved with a shower stall, imported Italian ceramic tile and prefinished vanity. The flooring throughout the upper level (kitchen, living and bedroom) is hardwood. Further there are patio doors to an outside terrace.

The building has been extensively renovated throughout with drywall ceiling and walls, Every unit has been renovated including floor cover, kitchens, and bathrooms. Each unit has a laundry and appears to have they're own mechanicals electrical, hwt and furnace. The living area is based on floor plans provided by the owner. The dwelling is considered to be in above average condition for a residential multiplex in the subject neighbourhood.

The building does not have a traditional basement space. The majority of first floor is partially below grade (approximately 4 ft) and the majority is above grade ( 5 feet 7 inches) with high windows. The front of the unit is 16 feet in height. This area is considered part of the useable area and is considered in the living area. There for no basement is present. Given the approximate age of the building this is reasonable and to be expected. Typically crawl spaces or lower basements were considered normal.







**Construction Details:**

The following is a structural analysis of the subject:

**Foundation/Floor:** The improvements were constructed with a stone/brick foundation as they were built over 70 years ago. The flooring of the improvements is concrete.

**Exterior/Interior Walls:** The exterior is stucco and interior a combination of drywall and plaster.

**Roof:** The roof was not seen. It is assumed to be in average condition.

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**Windows:** The units appear to be in newer and in good condition set in new frames.

**Services:** The roof drainage system is connected to the storm sewer lines. All normal municipal plumbing services are provided.

**Electrical Service:** The electrical service is assumed to be adequate to service the building. The units in both of the buildings are separately metred and all tenants pay their own hydro.

**Age/Condition:** The improvements were constructed over 70 years and have appear to have been maintained to meet today's living standards. Overall, the improvements were in average plus condition and were well maintained. It appears that the improvements recently underwent extensive renovations. The remaining economic life of the improvements is 40 years assuming ongoing repairs and maintenance is undertaken as needed.

## Land Use Controls City of Toronto Zoning



The subject is located within an older City of Toronto Zoning by law area. As per a recent MLS listing for the subject the zoning for the subject (MCR) T3.0 C1.0 R2.5. This a mixed use commercial and residential zoning designation. The permitted uses in a CR zone are:

### 40.10.20.10 Permitted Use

#### (1) Use - CR Zone

(A) In the CR zone, the following uses are permitted under the letter "c" in the zone label referred to in regulation 40.5.1.10(3)(A)(i):

- Ambulance Depot
- Art Gallery
- Artist Studio
- Automated Banking Machine
- Community Centre
- Courts of Law
- Education Use
- Financial Institution
- Fire Hall
- Library
- Massage Therapy
- Medical Office
- Museum
- Office
- Park
- Passenger Terminal
- Performing Arts Studio
- Personal Service Shop
- Pet Services
- Police Station
- Post-Secondary School
- Production Studio
- Religious Education Use
- Software Development and Processing
- Veterinary Hospital
- Wellness Centre [ By-law: 1198-2019 ]

(B) In the CR zone, the following uses are permitted under the letter "r" in the zone label referred to in regulation 40.5.1.10(3)(A)(ii):

- Dwelling Unit in a permitted building type in Clause 40.10.20.40
- Hospice Care Home
- Municipal Shelter
- Nursing Home
- Religious Residence
- Residential Care Home
- Respite Care Facility
- Retirement Home
- Student Residence
- [ By-law: 545-2019 ]

#### 40.10.20.40 Permitted Building Types

##### (1) Permitted Building Types for Dwelling Units

In the CR zone the following building types for dwelling units are permitted:

- (A) **Apartment Building** on a lot that has a zone label with an "r" value referred to in regulation 40.5.1.10(3)(A)(ii) that is greater than 0.0;
- (B) **Mixed Use Building** on a lot that has a zone label with an "r" value referred to in regulation 40.5.1.10(3)(A)(ii) that is greater than 0.0; and
- (C) **Townhouse**:
  - (i) on a lot that has a zone label with an "r" value referred to in regulation 40.5.1.10(3)(A)(ii) that is greater than 0.0; and
  - (ii) on a lot that is not located in Policy Area 3 (PA3) or Policy Area 4 (PA4) on the Policy Overlay Map.

The subject property consists of a 3 unit apartment building. Additionally, the appraiser noted that on Geowarehouse, the subject property is designated as mixed use retail/residential property.

#### Structure

Property Description: Retail or office with residential unit(s) above or behind  
 Property Code: 471  
 - less than 10,000 s.f. gross building area (GBA), street or onsite parking, with  
 6 or less apartments, older downtown core

The subject appeared to consist of a three unit apartment building. The zoning for the subject appears to be a mixed use building which allows for commercial and residential. The appraiser also noted that the subject appears to have recently undergone extensive renovations and it is assumed that all permits were received to construct the three residential units in the building. Thus it is assumed that the subject is a legal conforming use. However, the appraiser is not an expert in zoning matters and it is up to the client's discretion whether to further inquire with a planner as to the legality of the subject improvements.

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## **HIGHEST AND BEST USE**

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### **Highest and Best Use**

Real estate is valued in terms of its highest and best use. Highest and best use is defined as:

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

*Source: The Dictionary of Real Estate Appraisal  
Third Edition, 1993  
Appraisal Institute*

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

### **Subject Property – As Though Vacant**

#### **Physically Possible**

Analysis of the site characteristics and nearby improvements in the area indicates the subject site could adequately support physical development.

#### **Legally Permissible**

The zoning by law permits a wide range of commercial and residential uses. The current use as an apartment building is assumed to be a legal conforming use.

#### **Financially Feasible**

Apartment Buildings are financially feasible as some of the available land has been developed with similar multiplex buildings and demand for them has been steady.

#### **Maximally Productive**

Given the surrounding uses, an apartment building constructed to its maximum zoning potential is deemed the maximally productive and would comply with the zoning bylaw.

### **Subject as Vacant**

The subject property as vacant is best suited for an apartment building under existing zoning by-laws.

### **Subject Property – As Improved**

Given the current zoning, location, site and building improvements, condition and utility provided to the owner, the current use generates the greatest return and therefore represents the highest and best use of the subject property as a 3 unit apartment building.

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## VALUATION TECHNIQUE

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There are three generally recognized approaches to estimate the value of real property:

### 1. The Cost Approach

This approach is based on the theory that a purchaser would pay no more for a property than it would cost to build. It is based on the estimated cost to construct the improvement(s) of equal utility considering estimated loss through various forms of depreciation, i.e. accrued depreciation, to which the estimated value of the underlying land value is added.

### 2. Direct Market Comparison Approach

The Direct Comparison Approach is the analysis of property sales and listings and comparing them to the subject property. This approach is an application of the Principal of Substitution which affirms that when a property is replaceable no prudent buyer would pay more for the property than the cost to acquire an equally desirable substitute.

### 3. Income Approach

The Income approach is a method that converts current and anticipated income to be derived from a property into an estimate of value through the application of a market derived capitalization rate. This approach is especially relevant in the valuation of investment properties that are typically bought and sold on the basis of the future anticipated income. The belief that value can be related to the present worth of the income stream that a property is capable of generating when developed to its Highest and Best Use.

### Conclusion as to Approaches to Value

The Cost Approach was not used, as investors are generally aware of replacement cost however, they place little reliance on the fully developed Cost Approach when determining a value for acquisition purposes. Similarly, a site such as the subject property that was built over 70 years ago would require extensive analysis as it relates to the depreciation of the improvements. It is difficult to accurately apply this approach to an improvement of this age. Thus, the Cost Approach was not developed. The Income Approach has been heavily relied upon as most properties such as the subject that are income producing properties are analyzed based on their ability to produce income. The Direct Market Comparison Approach has also been developed although less weight was placed on this approach. It is considered to be a less sophisticated approach to value for an asset such as the subject and is commonly only used as a benchmark of value.

### Reasonable Exposure Time

**Exposure time may be defined as follows:**

*"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."*

The subject is located in a good location within the City of Toronto. A reasonable exposure time of 1-4 months is estimated.

## INCOME APPROACH

The Income Capitalization Approach includes analysis of the market for similar comparable properties that have leased within a meaningful time frame, and a performance estimation of a Year 1 stabilized net operating income is developed.

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

### Subject Occupancy

The subject consists of 3 units. There was one unit rented which was the lower level unit. As per the client, it was rented for \$2,400/month. The other two units were vacant. The main floor unit is assumed to be a two bedroom unit with the upper floor and lower level unit appearing to be one bedroom units. The appraiser noted that the subject units were large when compared to other residential units. The lower level unit was 851 sf plus an 80 sf storage area. The main floor unit was 1,404 sf with a 240 sf storage loft area. The upper floor unit was 920 sf with a large 243 sf terrace. It was necessary to investigate the market rental rates in order to apply a rental rate to the two vacant units and to determine where the one contractual lease rate falls within the market.

It appeared that all the units were separately metred for hydro.

Below are current lease rates of apartment units in the subject neighbourhood.

#	Address, Toronto	# Of Bed	Date	Rental Rate	Comments	parking	Hydro
1	629 King St W #1125	1	05/03/2023	\$2,200	Good condition	No	No
2	55 Stewart St #627	1	06/30/2023	\$2,275	Good condition	No	No
3	27 Canniff St #513	1	07/24/2023	\$2,500	Good condition	No	No
4	27 Bathurst St 717 W	1	07/27/2023	\$2,800	Good condition	No	No
5	125 Western Battery Rd #413	1	07/28/2023	\$3,100	Good condition	Yes	No
6	1030 King St W #844	1	07/04/2023	\$3,650	Good condition	Yes	No
7	915 King St W #404	1	08/13/2023	\$3,795	Good condition	Yes	No
8	12 Sudbury St #212	2	07/23/2023	\$3,100	Good condition	No	No
9	1 Shaw St #510	2	05/21/2023	\$3,550	Good condition	Yes	No
10	78 Tecumseth St #1203	2	08/14/2023	\$3,600	Good condition	Yes	No
11	700 King St #1116	2	05/01/2023	\$4,200	Good condition	Yes	No
12	781 King St W #608	2	07/14/2023	\$5,250	Good condition	Yes	No
13	35 Massey St #2	2	08/16/2023	\$5,500	Good condition	Yes	No

### Market Rent

Market lease rates for 1 bedroom apartments range from \$2,200 - \$3,795/month. The lease rates for two bedroom units was \$3,100/month - \$5,500/month. The subject's lower level was leased at \$2,400/month. This appears to be in line with the subject lease rates. There may be a possibility of upside potential in this lease but it is the contractual lease rate that will be utilized in the analysis. The upper floor unit was over 900 sf and had a larger terrace. The points to a lease rate towards the upper end of the range. Thus a lease

rate of \$4,000/month will be utilized for this unit. The subject's main floor space was over 1,400 sf. This points towards a lease rate at the upper end of the range. Thus, a lease rate of \$5,250/month will be utilized for the analysis. Below is a summary of the rental rates.

Building	Unit	# of Bedrooms	Amount	Annual
113 Walnut	1	1	\$ 2,400	\$ 28,800
113 Walnut	2	2	\$ 4,000	\$ 48,000
113 Walnut	3	1	\$ 5,250	\$ 63,000
<b>Total</b>			<b>\$ 11,650</b>	<b>\$ 139,800</b>

### General Vacancy and Collection Loss

The CMHC average vacancy rates for the City of Toronto is 1.7% as of January 2023. Based on the aforementioned, a vacancy and bad debt amount of 2% of gross income will be deducted.

### Operating Expenses

**Realty Tax:** As per a recent MLS listing from 2022 the realty taxes for the subject was \$29,108 in 2022. This amount will be used for 2023 as well as the assessed value did not change.

**Insurance:** The insurance market has seen a large increase in premiums over the last few years. An amount of \$6,000/year will be assumed.

**Utilities:** The total utilities were not provided. It is assumed that the tenants will be paying for hydro directly with the landlord responsible for gas, water, and any common area hydro. An amount of \$6,000/year is assumed.

**Repairs and Maintenance:** While there is a large range of items that are included in repairs and maintenance there is a stabilized standard in the marketplace for buildings such as the subject. This range is typically \$750/unit - \$1,500/unit. The building was well maintained and has been recently renovated although it was still an older building. Thus, a rate towards the middle of the range of \$750/unit or \$2,250 will be utilized in the analysis for repairs and maintenance.

**Property Management:** A typical rate based on the market of 3.5% will be utilized in the analysis.

**Structural Reserve:** No structural reserve will be charged against effective gross income.

### Summary:

Below is a summary of the net income projection for the subject property as of the effective date using the information mentioned above.

Operating Statement			
Rental Income		Per Suite	% EGI
Residential rental revenue	\$139,800	\$46,600	
<u>Vacancy@2%</u>	<u>-\$2,796</u>		
<b>Total Effective Gross Income</b>	<b>\$137,004</b>		<b>100%</b>
Operating Expenses			
Realty Tax	\$29,108	\$9,703	21%
Insurance	\$6,000	\$2,000	4%
R&M	\$2,250	\$1,000	2%
Management	\$4,795	\$1,598	3.5%
Utilities	\$6,000	\$2,000	4%
Structural Reserve	\$0	\$0	0%
<b>Total Expenses</b>	<b>\$48,153</b>	<b>\$6,637</b>	<b>35%</b>
<b>Net Income</b>	<b>\$88,851</b>	<b>\$29,617</b>	<b>65%</b>

The appraiser noted that the expense ratio was 35%. This is towards the high end of the range but still within the range that is typically seen for multi unit buildings.

### ***Capitalization Technique***

In the evaluation of real property, the market place has proven that there is a relationship between the income and value. In light of this, the Appraiser methodology has several tools available to measure this relationship, resulting in an estimate of value to the subject property through the capitalization of the Net Income. In today's marketplace, two methods are widely accepted which may yield a good estimate of value. These methods are the Mortgage Equity Capitalization Technique and the Direct Capitalization Technique. It is the Direct Capitalization Technique which will be used in this report.

The Direct Capitalization Technique involves the analysis of sales of similar types of properties to derive a relationship between the selling price and the Annual Net Operating Income. This overall rate is expected to represent what an informed, prudent and rational investor is requiring for similar competitive properties in the marketplace. Similar refers to similarities with respect to risk and durability of income or investment return of specific properties. The Direct Capitalization Technique is usually an excellent means of estimating Market Value when revenue producing properties are the subject matter. This technique is especially useful where standard or typical type of revenue producing properties are concerned.

I have investigated the market for sales of similar apartment buildings to determine an appropriate capitalization rate for the subject. I have included various comparables which are considered to reasonably provide an estimated capitalization rate for the subject.

Not all of the comparable sales developed in the Direct Comparison Approach had reliable income information from which to develop going-in capitalization rates. Consequently, we went back to the market to widen the search and develop yield rates for comparable properties in the broader market.

The following is a summary of my findings.

No.	Sale Date	Location, Toronto	Estimated Net Income	Sale Price	Going In Capitalization Rate
1	09/01/2022	356 Walmer Rd	\$ 122,400	\$ 3,600,000	3.40%
2	08/22/2022	72 Walmer Rd	\$ 113,850	\$ 3,450,000	3.30%
3	06/28/2023	80 Guestville Ave	\$ 529,000	\$10,900,000	4.85%
4	04/26/2023	709 Kennedy Rd	\$ 884,710	\$20,000,000	4.42%
5	01/19/2023	53 Dawes Rd	\$ 185,000	\$ 4,710,000	3.93%
6	06/27/2023	2421-2423 Keele St	\$ 311,250	\$ 7,500,000	4.15%
7	08/12/2022	11 1/2 Rose Ave	\$ 175,000	\$ 5,000,000	3.50%
8	04/11/2023	9 Humewood Dr Bldg 3	\$ 131,533	\$ 3,408,888	3.86%
9	06/28/2022	111 Cosburn Ave	\$ 203,792	\$ 7,730,000	2.64%
10	05/31/2022	2477 Queen St	\$ 161,690	\$ 4,370,000	3.70%
11	08/03/2022	4 Newbold Ave	\$ 154,000	\$ 4,400,000	3.50%
12	06/01/2022	2412 Queen St E	\$ 171,500	\$ 4,900,000	3.50%
13	06/01/2023	2808 Keele St	\$ 626,275	\$15,275,000	4.10%
14	08/02/2022	849 Broadview Ave	\$ 424,625	\$ 9,875,000	4.30%
15	10/12/2022	449 Annette St	\$ 71,443	\$ 1,660,000	4.30%
16	11/08/2022	373 Woodbine Ave	\$ 61,000	\$ 1,325,000	4.60%
17	04/29/2022	103-105 Chatsworth Dr	\$ 131,102	\$ 3,620,000	3.62%
18	07/28/2022	8 Newholm Rd	\$ 234,360	\$ 8,370,000	2.80%
19	10/19/2022	20 Elizabeth St N	\$ 496,600	\$19,100,000	2.60%
20	09/07/2022	2419 Keele St	\$ 90,855	\$ 3,035,000	2.99%
21	03/21/2022	28A Third St	\$ 121,464	\$ 2,965,000	4.10%
22	04/04/2022	71 Murrie St	\$ 53,420	\$ 2,450,000	2.18%
	<b>Average</b>				<b>3.65%</b>

### Summary

The capitalization rates indicate a range of 2.60%- 4.85%. It was difficult to find recent capitalization rates for sales in the market. The interest rates rose a number of times in 2022 and then again by 25 basis points in both June and July 2023. Due to all the interest rate hikes the real estate market has seen some softening and higher capitalization rates. It was difficult to capture this due to the lack of recent sales. Many apartment buildings in Toronto are sold for this potential upside in rent that can be achieved and investors typically pay a premium or a lower capitalization rate in scenarios where there is significant upside potential in the income. It did not appear that there was a lot of upside potential in the rental rates as the rental rates appeared to be mostly in line with the market rental rates except for the main level space. However, the appraiser did note that the subject building was a smaller multi unit building which makes it more appealing towards a larger pool of investors. This would signify a lower capitalization rate. Based on the aforementioned a capitalization rate towards the middle/upper end of the range of [REDACTED] is considered appropriate and will be utilized in the analysis. Below is a summary of the final analysis.



## Direct Market Comparison Approach

The estimated value based on the Income Approach above of [REDACTED] indicates a price per unit of [REDACTED] for the subject property. The metric of price per unit is considered less sophisticated and only really used as a benchmark or high level indication of the appropriate value for a property. Generally, the price per unit is tied to the average revenue per unit which in turn is generally tied to the size of the units. For example, rental townhomes will generally sell at a higher price per unit than a bachelor unit due to the townhouse being able to generate a higher rental rate than the bachelor unit. Additionally, buildings that have all newer tenants at market rental rates would typically sell at a higher price per unit due to all the rents being at or close to the top end of the market and thus it maximizes the net revenue per unit. Buildings that have tenants that are paying far below market would typically sell at a lower price per unit due to the lower net revenue per unit that it generates. Below is a chart that summarizes the net revenue per unit and sale price per unit for some of the comparable sales that were referenced above as part of the capitalization rate analysis.

Number	Address	Sale Date	# of Units	Sale Price/Value	Net Revenue	Net Revenue/Unit	Sale Price/Value per Unit
1	71 Murrie St, Toronto	04/04/2022	6	\$ 2,450,000	\$ 53,420	\$ 8,903	\$ 408,333
2	28A Third St, Toronto	03/21/2022	6	\$ 2,965,000	\$ 121,464	\$ 20,244	\$ 494,167
3	2477 Queen St E, Toronto	05/31/2022	11	\$ 4,370,000	\$ 203,792	\$ 18,527	\$ 397,273
4	9 Humewood Dr Bldg 3	04/11/2023	6	\$ 3,408,888	\$ 131,533	\$ 21,922	\$ 568,148
5	103-105 Chatsworth Dr	04/29/2022	6	\$ 3,620,000	\$ 131,102	\$ 21,850	\$ 603,333
S	113 Walnut Ave	N/A	3	[REDACTED]	\$88,851	\$29,617	[REDACTED]

Further below is a chart of similar 3 and 4 unit properties with no income information. The range established by these comparables is between \$687,500 and \$900,000.

Number	Address	Sale Date	# of Units	Sale Price/Value	Sale Price/unit
6	23 Atlantic Ave, Toronto	6/16/2023	3	\$ 2,700,000	\$ 900,000
7	50 Rose Ave, Toronto	03/21/2022	3	\$ 2,550,000	\$ 850,000
8	296 Avenue Road, Toronto	6/20/2023	4	\$ 2,750,000	\$ 687,500

Although there are other factors involved and thus the relationship between net revenue per suite and the corresponding sale price per unit is not a perfect correlation, the general thesis is reflected in the summary above. Comparable sales #4, and #5 generated the highest net revenue per unit and also had the highest sale price per unit. Sale #1 had the lowest amount for net revenue per unit and also sold for the lowest value per unit. The subject's net revenue per unit was higher than all the comparable sales. This is likely due to the unit mix for the subject being superior than all the comparable sales as it had very larger units. Thus it had the highest net revenue per suite due to the ability to achieve a high rental rate per suite. As mentioned above the interest rates have risen dramatically in 2022 and again in 2023 and this has caused for an increase in the capitalization rates. This is another major factor in determining an appropriate price per unit. Thus sale #5 which occurred during a superior time in the market sold at very low capitalization rates which is likely a larger reason why their price per unit was only slightly lower than the subject's although the net revenue per unit was much lower. Sales #6 through #8 are considered to be good indicators of value for the subject and suggest a rate of \$825,000/unit;

Based on the aforementioned and utilizing Sales #6, #7 and #8 as being the best indicators for the subject, a price per unit for the subject \$825,000/unit is considered appropriate. When applied to the subject's 3 units this results in a value of [REDACTED].

[REDACTED] ( [REDACTED] DOLLARS)

Below is a summary of the comparable sales used in the Direct Market Comparison Approach.

**Sale 1**  
**71 Murrie St, Toronto**



Sold Date:	04/04/2022
Purchase Price:	\$2,450,000
Number of Units:	6
Capitalization Rate:	2.18%
Net Revenue:	\$53,420
Net Revenue per Unit:	\$8,903
Sale price per Unit:	\$408,333/unit

Remarks: This is the dated sale of a 6 unit multiplex located south west of the subject. The building consisted of four two bedroom units and two one bedroom units. The rents appeared to be well below market and there was a good deal of upside potential in the rents. Many of the units appeared to be dated and in fair condition. The site provided for 6 parking spaces.

**Sale 2**  
**28A Third St, Toronto**



Sold Date:	03/21/2022
Purchase Price:	\$2,965,000
Number of Units:	6
Capitalization Rate:	4.10%
Net Revenue:	\$121,646
Net Revenue per Unit:	\$20,244
Sale price per Unit:	\$494,167/unit

Remarks: This is the dated sale of a 6 unit multiplex located close to the subject. The building had been fully renovated and was in good condition. The unit mix consisted of five two bedroom units and one bachelor unit. All the units had air conditioning as well as their own washer dryer and microwave.

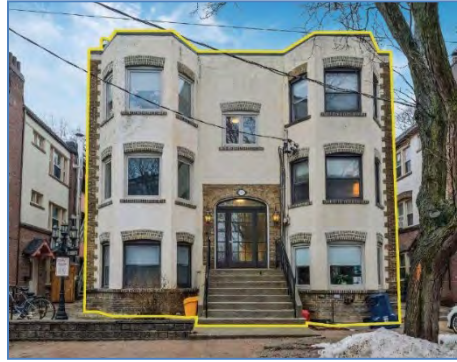
**Sale 3**  
**2477 Queen St E, Toronto**



Sold Date:	05/31/2022
Purchase Price:	\$4,370,000
Number of Units:	11
Capitalization Rate:	3.7%
Net Revenue:	\$203,792
Net Revenue per Unit:	\$18,527
Sale price per unit:	\$397,273/unit

Remarks: This is the sale of an 11 unit multiplex located east of the subject along Queen St E in the Beaches neighbourhood. The improvements consisted of all one bedroom units. The lot size was 4,800 sf and the improvements were 7,500 sf. The improvements appeared to be in dated condition.

**Sale 4**  
**9 Humewood Dr, Toronto**



Sold Date:	04/11/2023
Purchase Price:	\$3,408,888
Number of Units:	6
Capitalization Rate:	3.86%
Net Revenue:	\$131,533
Net Revenue per Unit:	\$21,922
Sale price per unit:	\$568,148/unit

Remarks: This is the sale of a 6 unit multiplex located north of the subject near St Clair Ave W and Bathurst St. Overall the improvements appeared to be in superior condition than the subject. The units appeared to be larger although overall it appeared that the unit mix was still inferior than the subject.

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**Sale 5**  
**103-105 Chatsworth Dr, Toronto**



Sold date:	04/29/2022
Purchase price:	\$3,620,000
Vendor:	Starfam Investments Inc.
Number of units:	6
Sale Price Per Unit:	\$603,333

**Comments:**

This is the sale of a 6 unit building located in Lytton Park. The location was considered to be superior than the subject location. The building had 4 two bedroom units and 2 one bedroom units as well as 8 parking spaces. The condition of the improvements was considered to be good but still older and inferior to the subject.

---

**Sale 6**  
**23 Atlantic Ave, Toronto**



Sold date:	6/16/2023
Purchase price:	\$2,550,000
Vendor:	n/a
Number of units:	3
Sale Price Per Unit:	\$900,000

**Comments:**

This is the sale of a 3 unit mixed use building that is located in very close proximity to the subject. The improvements are 4,400 sf and the condition of the property is similar to the subject.

---

**Sale 7**  
**50 Rose Ave, Toronto**



Sold date: 6/16/2023  
Purchase price: \$2,700,000  
Vendor: 1082296 Ontario Ltd  
Number of units: 3  
Sale Price Per Unit: \$850,000

**Comments:**

This is the sale of a 3 unit multiplex that is in good condition and similar to the subject. The location is considered to be similar to the subject.

**Sale 8**  
**296 Avenue Road, Toronto**



Sold date:	6/20/2023
Purchase price:	\$2,750,000
Vendor:	Lakeshore Accounting Inc.
Number of units:	4
Sale Price Per Unit:	\$687,500

**Comments:**

This is the sale of a 3 unit multiplex that is in good condition and similar to the subject. The location is considered to be similar to the subject.

**RECONCILIATION AND FINAL ESTIMATE OF VALUE**

---

The purpose of this appraisal is to estimate the current market value of a 3 unit apartment improvement located at **113 Walnut Ave** as of the effective date and inspection date of the valuation is July 31, 2023. The intended use of this report is to for to assist with insolvency and with setting a sale price only. My analysis has provided the following estimate of value:

**INCOME APPROACH**



**DIRECT MARKET COMPARISON APPROACH**

The Income Approach to value involves the conversion of anticipated benefits (dollar income or amenities) into a value estimate. Properties such as the subject that are income producing properties are generally traded based on their income producing capabilities. Thus, the income approach was given some weight in the final analysis, however; as market rental rates had to be utilized, it was given less weight.

The Direct Market Comparison Approach to value was used in my analysis and involves the study of the market with comparable sales, which after making the necessary adjustments, provides a benchmark indication of Market Value for the subject. The Direct Market Comparison Approach was based on an analysis of market transactions although it is considered a less sophisticated approach then the Income Approach. The value obtained through the Direct Market Comparison Approach for comparables #6, #7 and #8 was given significant weight in the analysis.

Based on the aforementioned the Direct Market Approach has been given the most weight in the analysis. The Income Approach was given some weight but is considered to provide some support to the value obtained from the Direct Market Approach.

As such, the final value estimate, as of the effective date of this appraisal is:

(  **DOLLARS**)

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## **UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS**

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SUBJECT: 113 Walnut Ave, City of Toronto, Province of Ontario  
 PROPERTYINTEREST: Lease Fee Interest  
 EFFECTIVEDATE: July 31, 2023

**AT THE REQUEST OF OUR CLIENT, I HAVE INSPECTED THE SUBJECT PROPERTY DESCRIBED IN THIS REPORT AND CONSIDERED ANY RELEVANT MATTERS WITH RESPECT TO FORMING AN OPINION OF MARKET VALUE OF THE SUBJECT PROPERTY, IN ORDER TO ASSIST ALBERT GELMAN SOLVING INSOLVENCY WITH INSOLVENCY AND WITH SETTING A SALE PRICE ON THE SUBJECT.**

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. It is assumed the income and expenses provided to the appraiser are accurate. Should this not be the case, the value stated herein may change and/or be VOID.
19. The subject appeared to consist of a three unit apartment building. The zoning for the subject appears to be a mixed use building which allows for commercial and residential. The appraiser also noted that the subject appears to have recently undergone extensive renovations and it is assumed that all permits were received to construct the three residential units in the building. Thus it is assumed that the subject is a legal conforming use. However, the appraiser is not an expert in zoning matters and it is up to the client's discretion whether to further inquire with a planner as to the legality of the subject improvements.

**CERTIFICATION**

ADDRESSED TO: Albert Gelman Solving Insolvency  
SUBJECT PROPERTY: 113 Walnut Ave, City of Toronto  
INSPECTION DATE: July 31, 2023

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

- The statements of fact contained in this report are true and correct, and I have considered all factors believed to affect the value of the property.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the properties that are the subject of this report or to the parties involved with this assignment.
- My compensation is not contingent upon any action or event resulting from the analyses, opinions, or conclusions in or the use of the report.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with CUSPAP.
- I have the knowledge and experience to complete the assignment competently.
- I, Tracey Smith reviewed the report.
- I, Yehuda Belzberg assisted in completing this report
- Jonathan Knell completed an interior and exterior inspection of the subject property.
- No one else provided significant professional assistance to the person assigning this report.
- The Appraisal Institute of Canada has a Mandatory Recertification Program for designated members. As of the date of this report, we have fulfilled the requirements of the program.

The final estimate of the current market value for 113 Walnut Ave, as at the effective date of the appraisal, July 31, 2023 is:

( [REDACTED] DOLLARS)

*Y. Belzberg*

August 29, 2023

\_\_\_\_\_  
Yehuda Belzberg, Candidate Appraiser

\_\_\_\_\_  
Date



August 29, 2023

\_\_\_\_\_  
Tracey Smith, BA, AACI, P. App.

\_\_\_\_\_  
Date

## APPENDIX C

# For Sale

104



Multi-Unit Investment Opportunity

## 115 Walnut Avenue

Three Loft-Style Units in Downtown Toronto

**Lennard:**

200-55 University Avenue, Toronto  
416.649.5920

[lennard.com](http://lennard.com)

# 115 Walnut Avenue

Detached building with three beautiful, renovated units



Lot Area

1,841 SF (irregular shape)

Lot Frontage

34.16 FT

Lot Depth

85.0 FT



Lower Level

## Bachelor Unit

- 3pc Bath, 9 foot ceilings
- Currently Tenanted

Main Level

## Loft Style Studio w/ Office Space

- 3pc Bath, open concept
- Occupied until Oct 31/2023

Upper Level

## 2 Storey Unit

- 4pc Bath, walkout to terrace
- Vacant



Price

\$2,475,000



Listing Agent

**Michael Zeldin\***

Associate Vice President

416.649.5942 | [mzeldin@lennard.com](mailto:mzeldin@lennard.com)

\*Sales Representative

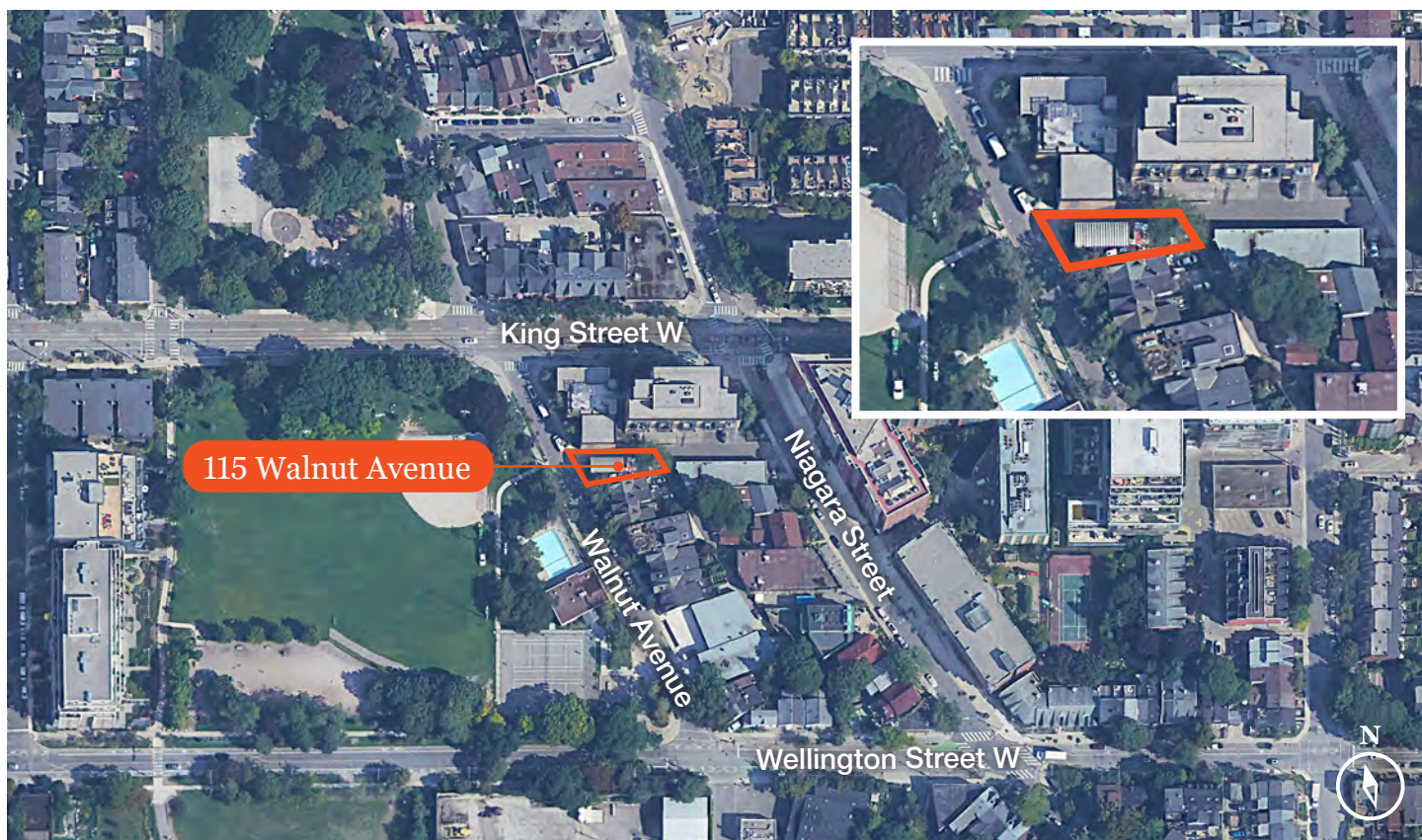
## Property Details

Zoning	R3 Z1.5, By-law 438-86
Official Plan Designation	Neighbourhood
Legal Description	PT LT 4-5 PL D227 Toronto As In CT378711; City of Toronto
Year Built	1953
Parking	2 Surface Spaces
Loading	1 Truck Level Door
Property Tax	\$29,107.95 (2022)

**Lennard:**

# 115 Walnut Avenue

## Parcel Outline



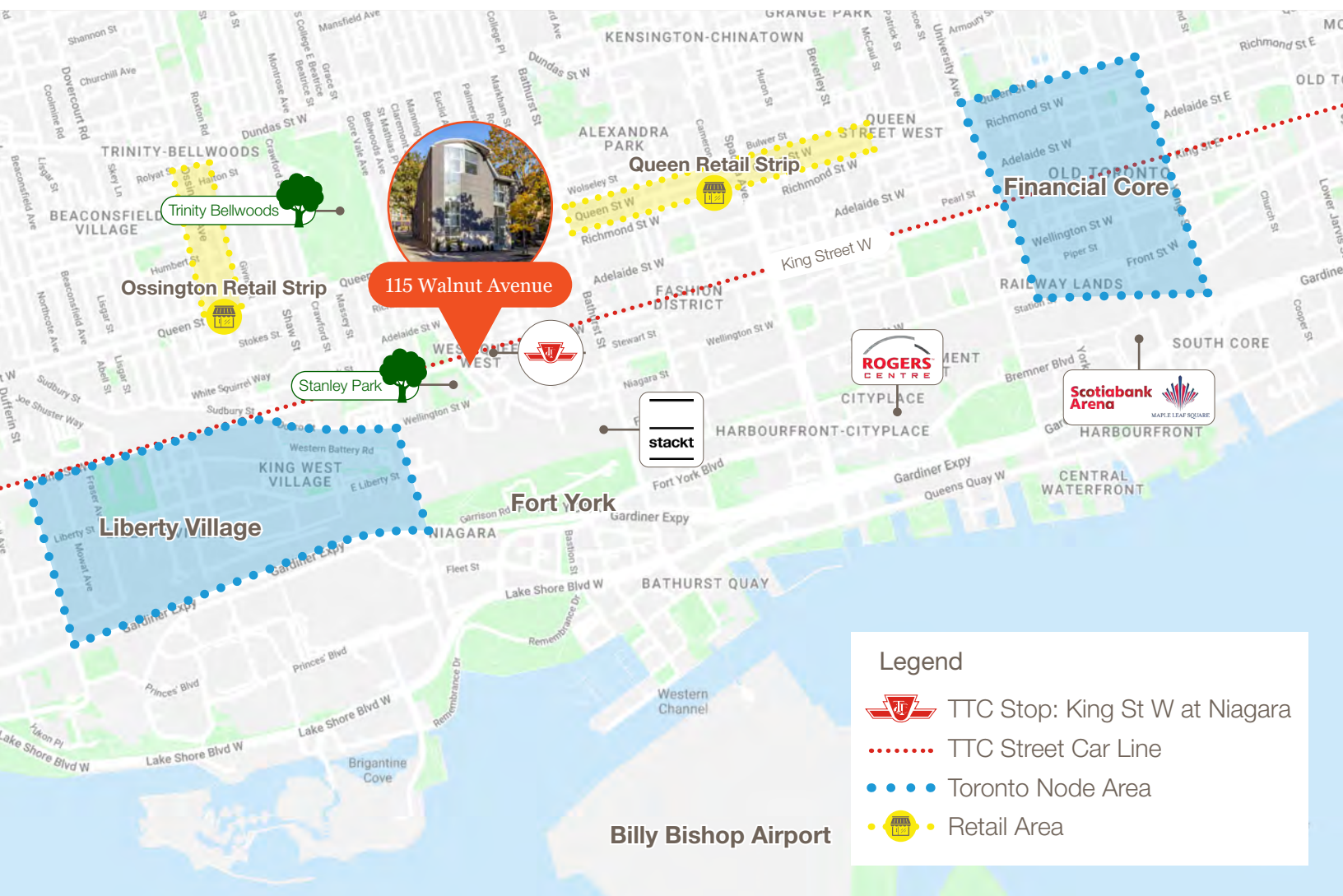
## Property Highlights

- Extensively renovated throughout
- En-suite laundry in lower level and upper level units
- Lower level unit features high ceilings (9 ft.), spacious layout and modern finishes
- Main floor is a generously spaced open concept studio suitable for a live/work or office opportunity
- 2nd/3rd floor is a 2 storey, modern designed unit with a large terrace
- Across the street from Stanley Park, and close to Trinity Bellwoods and Fort York
- TTC Streetcar one block away from Rogers Centre
- Minutes to financial core, Scotiabank Arena, great retail and more

**Lennard:**

# 115 Walnut Avenue

## Amenities Map



## Walk, Transit & Bike Scores



Walk Score  
**94**  
Walker's Paradise



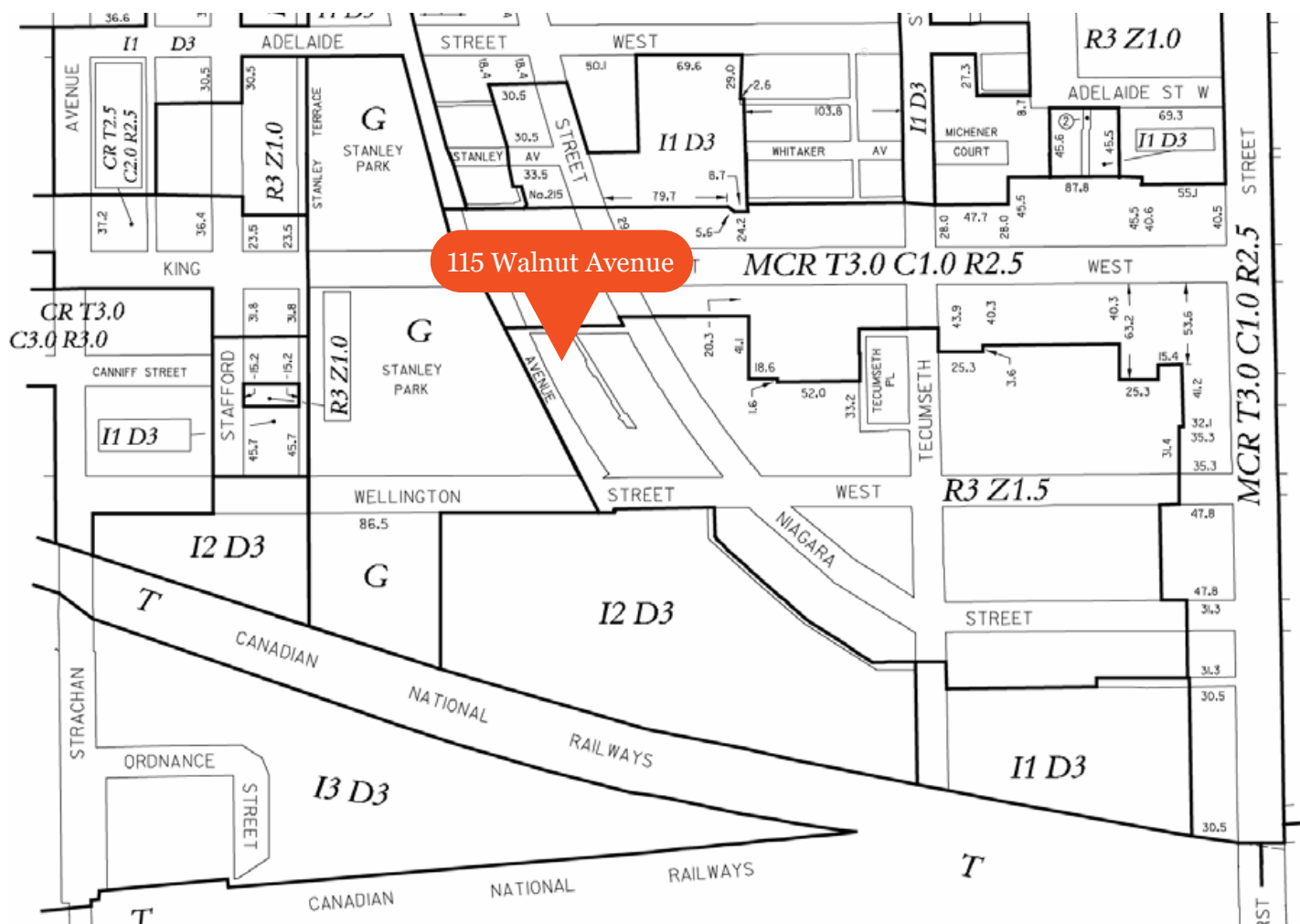
Transit Score  
**94**  
Rider's Paradise



Bike Score  
**94**  
Biker's Paradise

# 115 Walnut Avenue

Zoning: R3 Z1.5, By-law 438-86



## Permitted Uses

Permitted uses include but are not limited to:

### (i) Residential Uses

- Apartment buildings
- Converted house\*
- Detached house
- Duplex
- Keeping of roomers or boarders\*
- Semi-detached triplex
- Triplex
- Rooming house\*
- Bed and breakfast establishment\*
- Home/work\*

### (ii) Non-Residential Uses

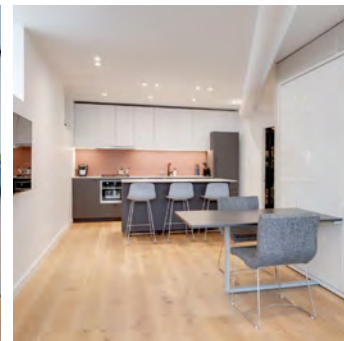
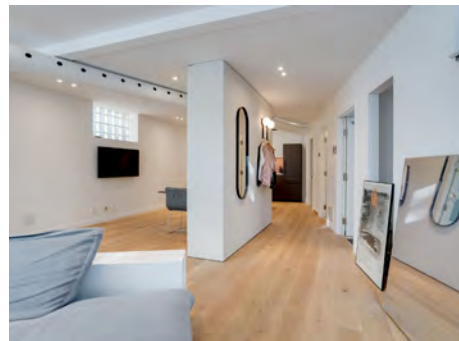
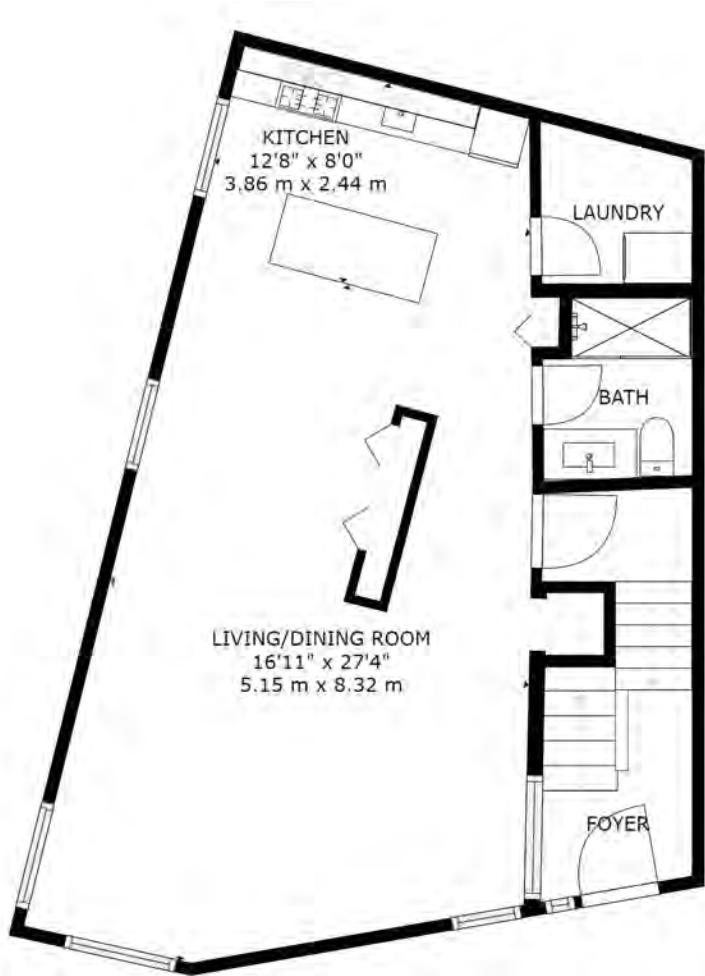
- Day nursery\*
- Place of worship\*
- Public school

\*subject to provisions as described in zoning by-law 438-86

**Lennard:**

# 115 Walnut Avenue

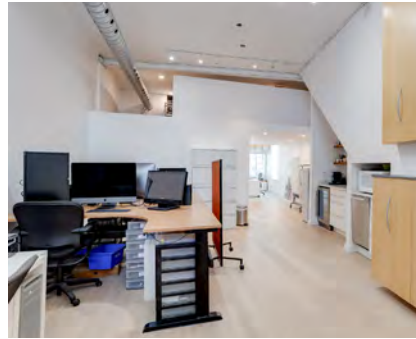
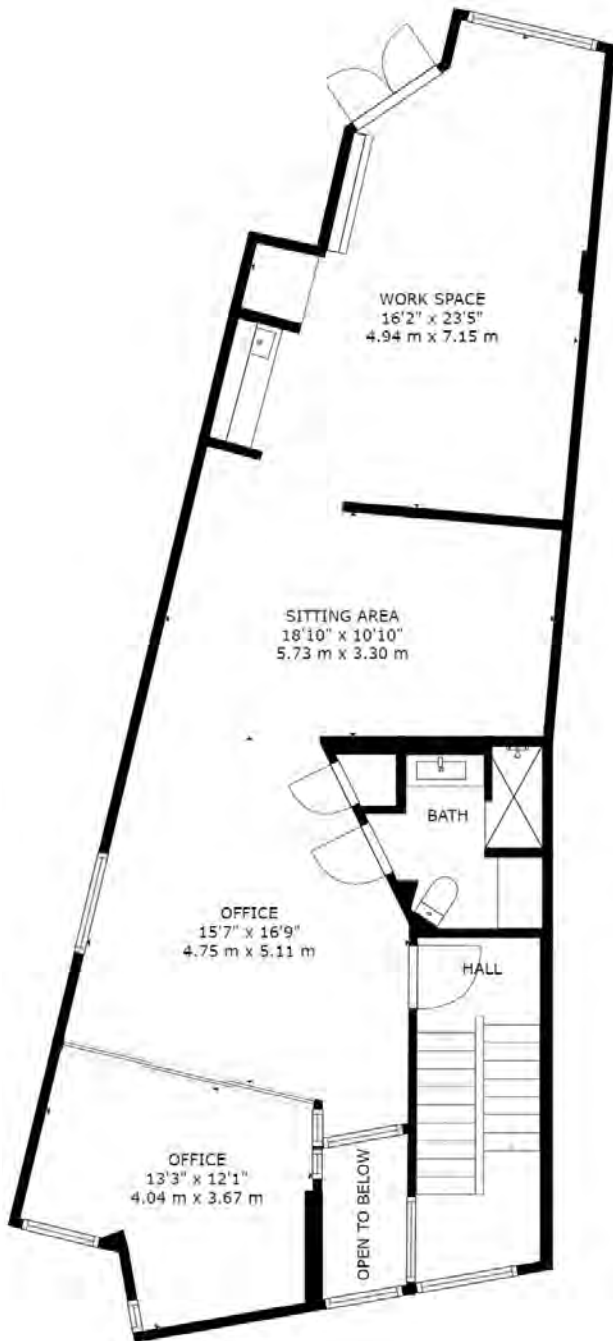
Floor Plan: Lower Level



**Lennard:**

# 115 Walnut Avenue

Floor Plan: Main Floor



**Lennard:**

# 115 Walnut Avenue

Floor Plan: Upper Level (2nd/3rd Floor)



**Lennard:**

## **Lennard:**

**Michael Zeldin\***  
Associate Vice President  
416.649.5942  
[mzeldin@lennard.com](mailto:mzeldin@lennard.com)

200-55 University Avenue, Toronto  
416.649.5920  
[lennard.com](http://lennard.com)

\*Sales Representative

Statements and information contained are based on the information furnished by principals and sources which we deem reliable but for which we can assume no responsibility. Lennard Commercial Realty, Brokerage

# APPENDIX D

# Agreement of Purchase and Sale Commercial

## Form 500

for use in the Province of Ontario

This Agreement of Purchase and Sale dated this 18 day of October, 2023

**BUYER:** Nikesh Rai, in trust for a corporation to be named  
(Full legal names of all Buyers) agrees to purchase from

**SELLER:** Albert Gelman Inc. in its Capacity as Court Appointed Receiver of 2531509 Ontario Inc., the following  
(Full legal names of all Sellers)

**REAL PROPERTY:**

Address 115 Walnut Ave

fronting on the east side of Walnut Ave

in the City of Toronto

and having a frontage of 33.73 more or less by a depth of 85.24 more or less

and legally described as

PT LT 4-5 PL D227 Toronto as in CT378711; City of Toronto

(Legal description of land including easements not described elsewhere)

NR BQ

(the "property") NR  
BQ [Redacted] BQ

**PURCHASE PRICE:** BQ [Redacted] Dollars (CDN\$) [Redacted]  
[Redacted] Dollars

**DEPOSIT:** Buyer submits as otherwise described in this Agreement  
(Herewith/Upon Acceptance/as otherwise described in this Agreement)

One Hundred Sixteen Thousand Two Hundred Fifty Dollars (CDN\$) 116,250.00

by negotiable cheque payable to Lennard Commercial Realty, Brokerage "Deposit Holder"  
to be held in trust pending completion or other termination of this Agreement and to be credited toward the Purchase Price on completion. For the purposes of this Agreement, "Upon Acceptance" shall mean that the Buyer is required to deliver the deposit to the Deposit Holder within 24 hours of the acceptance of this Agreement. The parties to this Agreement hereby acknowledge that, unless otherwise provided for in this Agreement, the Deposit Holder shall place the deposit in trust in the Deposit Holder's non-interest bearing Real Estate Trust Account and no interest shall be earned, received or paid on the deposit.

**Buyer agrees to pay the balance as more particularly set out in Schedule A attached.**

**SCHEDULE(S) A** & B BQ attached hereto form(s) part of this Agreement.

**1. IRREVOCABILITY:** This offer shall be irrevocable by BQ 19 NR 18 day of October, 2023, after which time, if not accepted, this offer shall be null and void and the deposit shall be returned to the Buyer in full without interest.

**2. COMPLETION DATE:** This Agreement shall be completed by no later than 6:00 p.m. on the See Schedule B, 2023. Upon completion, vacant possession of the property shall be given to the Buyer unless otherwise provided for in this Agreement.

INITIALS OF BUYER(S):

NR

INITIALS OF SELLER(S):

BQ

3. **NOTICES:** The Seller hereby appoints the Listing Brokerage as agent for the Seller for the purpose of giving and receiving notices pursuant to this Agreement. Where a Brokerage (Buyer's Brokerage) has entered into a representation agreement with the Buyer, the Buyer hereby appoints the Buyer's Brokerage as agent for the purpose of giving and receiving notices pursuant to this Agreement. **Where a Brokerage represents both the Seller and the Buyer (multiple representation), the Brokerage shall not be appointed or authorized to be agent for either the Buyer or the Seller for the purpose of giving and receiving notices.** Any notice relating hereto or provided for herein shall be in writing. In addition to any provision contained herein and in any Schedule hereto, this offer, any counter-offer, notice of acceptance thereof or any notice to be given or received pursuant to this Agreement or any Schedule hereto (any of them, "Document") shall be deemed given and received when delivered personally or hand delivered to the Address for Service provided in the Acknowledgement below, or where a facsimile number or email address is provided herein, when transmitted electronically to that facsimile number or email address, respectively, in which case, the signature(s) of the party (parties) shall be deemed to be original.

FAX No.: .....  
(For delivery of Documents to Seller)

FAX No.: .....  
(For delivery of Documents to Buyer)

Email Address: ..... **mzeldin@lennard.com** .....  
(For delivery of Documents to Seller)

Email Address: .....  
(For delivery of Documents to Buyer)

4. **CHATELS INCLUDED:**  
See Schedule B

Unless otherwise stated in this Agreement or any Schedule hereto, Seller agrees to convey all fixtures and chattels included in the Purchase Price free from all liens, encumbrances or claims affecting the said fixtures and chattels.

5. **FIXTURES EXCLUDED:**  
See Schedule B

6. **RENTAL ITEMS (Including Lease, Lease to Own):** The following equipment is rented and **not** included in the Purchase Price. The Buyer agrees to assume the rental contract(s), if assumable:  
See Schedule B

The Buyer agrees to co-operate and execute such documentation as may be required to facilitate such assumption.

7. **HST: If the sale of the property (Real Property as described above) is subject to Harmonized Sales Tax (HST), then such tax shall be in addition to the Purchase Price.** The Seller will not collect HST if the Buyer provides to the Seller a warranty that the Buyer is registered under the Excise Tax Act ("ETA"), together with a copy of the Buyer's ETA registration, a warranty that the Buyer shall self-assess and remit the HST payable and file the prescribed form and shall indemnify the Seller in respect of any HST payable. The foregoing warranties shall not merge but shall survive the completion of the transaction. If the sale of the property is not subject to HST, Seller agrees to certify on or before closing, that the transaction is not subject to HST. Any HST on chattels, if applicable, is not included in the Purchase Price.

INITIALS OF BUYER(S):

*NR*

INITIALS OF SELLER(S):

*BG*

8. **TITLE SEARCH:** Buyer shall be allowed until 6:00 p.m. on the ..... day of..... See Schedule B ..... 20..... (Requisition Date) to examine the title to the property at his own expense and until the earlier of: (i) thirty days from the later of the Requisition Date or the date on which the conditions in this Agreement are fulfilled or otherwise waived or; (ii) five days prior to completion, to satisfy himself that there

are no outstanding work orders or deficiency notices affecting the property, that its present use (..... residential/commercial ..... ) may be lawfully continued and that the principal building may be insured against risk of fire. Seller hereby consents to the municipality or other governmental agencies releasing to Buyer details of all outstanding work orders and deficiency notices affecting the property, and Seller agrees to execute and deliver such further authorizations in this regard as Buyer may reasonably require.

9. **FUTURE USE:** Seller and Buyer agree that there is no representation or warranty of any kind that the future intended use of the property by Buyer is or will be lawful except as may be specifically provided for in this Agreement.

*NR*  
*BG*  
~~10. **TITLE:** Provided that the title to the property is good and free from all registered restrictions, charges, liens, and encumbrances except as otherwise specifically provided in this Agreement and save and except for (a) any registered restrictions or covenants that run with the land providing that such are complied with; (b) any registered municipal agreements and registered agreements with publicly regulated utilities providing such have been complied with, or security has been posted to ensure compliance and completion, as evidenced by a letter from the relevant municipality or regulated utility; (c) any minor easements for the supply of domestic utility or telecommunication services to the property or adjacent properties; and (d) any easements for drainage, storm or sanitary sewers, public utility lines, telecommunication lines, cable television lines or other services which do not materially affect the use of the property. If within the specified times referred to in paragraph 8 any valid objection to title or to any outstanding work order or deficiency notice, or to the fact the said present use may not lawfully be continued, or that the principal building may not be insured against risk of fire is made in writing to Seller and which Seller is unable or unwilling to remove, remedy or satisfy or obtain insurance save and except against risk of fire (Title Insurance) in favour of the Buyer and any mortgagee, (with all related costs at the expense of the Seller), and which Buyer will not waive, this Agreement notwithstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and all monies paid shall be returned without interest or deduction and Seller, Listing Brokerage and Co-operating Brokerage shall not be liable for any costs or damages. Save as to any valid objection so made by such day and except for any objection going to the root of the title, Buyer shall be conclusively deemed to have accepted Seller's title to the property.~~

11. **CLOSING ARRANGEMENTS:** Where each of the Seller and Buyer retain a lawyer to complete the Agreement of Purchase and Sale of the property, and where the transaction will be completed by electronic registration pursuant to Part III of the Land Registration Reform Act, R.S.O. 1990, Chapter L4 and the Electronic Registration Act, S.O. 1991, Chapter 44, and any amendments thereto, the Seller and Buyer acknowledge and agree that the exchange of closing funds, non-registrable documents and other items (the "Requisite Deliveries") and the release thereof to the Seller and Buyer will (a) not occur at the same time as the registration of the transfer/deed (and any other documents intended to be registered in connection with the completion of this transaction) and (b) be subject to conditions whereby the lawyer(s) receiving any of the Requisite Deliveries will be required to hold same in trust and not release same except in accordance with the terms of a document registration agreement between the said lawyers. The Seller and Buyer irrevocably instruct the said lawyers to be bound by the document registration agreement which is recommended from time to time by the Law Society of Ontario. Unless otherwise agreed to by the lawyers, such exchange of Requisite Deliveries shall occur by the delivery of the Requisite Deliveries of each party to the office of the lawyer for the other party or such other location agreeable to both lawyers.

12. **DOCUMENTS AND DISCHARGE:** Buyer shall not call for the production of any title deed, abstract, survey or other evidence of title to the property except such as are in the possession or control of Seller. If requested by Buyer, Seller will deliver any sketch or survey of the property within Seller's control to Buyer as soon as possible and prior to the Requisition Date. If a discharge of any Charge/Mortgage held by a corporation incorporated pursuant to the Trust And Loan Companies Act (Canada), Chartered Bank, Trust Company, Credit Union, Caisse Populaire or Insurance Company and which is not to be assumed by Buyer on completion, is not available in registrable form on completion, Buyer agrees to accept Seller's lawyer's personal undertaking to obtain, out of the closing funds, a discharge in registrable form and to register same, or cause same to be registered, on title within a reasonable period of time after completion, provided that on or before completion Seller shall provide to Buyer a mortgage statement prepared by the mortgagee setting out the balance required to obtain the discharge, and, where a real-time electronic cleared funds transfer system is not being used, a direction executed by Seller directing payment to the mortgagee of the amount required to obtain the discharge out of the balance due on completion.

13. **INSPECTION:** Buyer acknowledges having had the opportunity to inspect the property and understands that upon acceptance of this offer there shall be a binding agreement of purchase and sale between Buyer and Seller.

*NR*  
*BG*  
~~14. **INSURANCE:** All buildings on the property and all other things being purchased shall be and remain until completion at the risk of Seller. Pending completion, Seller shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interests may appear and in the event of substantial damage, Buyer may either terminate this Agreement and have all monies paid returned without interest or deduction or else take the proceeds of any insurance and complete the purchase. No insurance shall be transferred on completion. If Seller is taking back a Charge/Mortgage, or Buyer is assuming a Charge/Mortgage, Buyer shall supply Seller with reasonable evidence of adequate insurance to protect Seller's or other mortgagee's interest on completion.~~

INITIALS OF BUYER(S):

*NR*

INITIALS OF SELLER(S):

*BG*

**15. PLANNING ACT:** This Agreement shall be effective to create an interest in the property only if Seller complies with the subdivision control provisions of the Planning Act by completion and Seller covenants to proceed diligently at his expense to obtain any necessary consent by completion.

~~**16. DOCUMENT PREPARATION:** The Transfer/Deed shall, save for the Land Transfer Tax Affidavit, be prepared in registrable form at the expense of Seller, and any Charge/Mortgage to be given back by the Buyer to Seller at the expense of the Buyer. If requested by Buyer, Seller covenants that the Transfer/Deed to be delivered on completion shall contain the statements contemplated by Section 50(22) of the Planning Act, R.S.O.1990.~~

NR  
BG

**17. RESIDENCY:** (a) Subject to (b) below, the Seller represents and warrants that the Seller is not and on completion will not be a non-resident under the non-residency provisions of the Income Tax Act which representation and warranty shall survive and not merge upon the completion of this transaction and the Seller shall deliver to the Buyer a statutory declaration that Seller is not then a non-resident of Canada;  
(b) provided that if the Seller is a non-resident under the non-residency provisions of the Income Tax Act, the Buyer shall be credited towards the Purchase Price with the amount, if any, necessary for Buyer to pay to the Minister of National Revenue to satisfy Buyer's liability in respect of tax payable by Seller under the non-residency provisions of the Income Tax Act by reason of this sale. Buyer shall not claim such credit if Seller delivers on completion the prescribed certificate.

**18. ADJUSTMENTS:** Any rents, mortgage interest, realty taxes including local improvement rates and unmetered public or private utility charges and unmetered cost of fuel, as applicable, shall be apportioned and allowed to the day of completion, the day of completion itself to be apportioned to Buyer.

**19. TIME LIMITS:** Time shall in all respects be of the essence hereof provided that the time for doing or completing of any matter provided for herein may be extended or abridged by an agreement in writing signed by Seller and Buyer or by their respective lawyers who may be specifically authorized in that regard.

**20. PROPERTY ASSESSMENT:** The Buyer and Seller hereby acknowledge that the Province of Ontario has implemented current value assessment and properties may be re-assessed on an annual basis. The Buyer and Seller agree that no claim will be made against the Buyer or Seller, or any Brokerage, Broker or Salesperson, for any changes in property tax as a result of a re-assessment of the property, save and except any property taxes that accrued prior to the completion of this transaction.

**21. TENDER:** Any tender of documents or money hereunder may be made upon Seller or Buyer or their respective lawyers on the day set for completion. Money shall be tendered with funds drawn on a lawyer's trust account in the form of a bank draft, certified cheque or wire transfer using the Lynx high value payment system as set out and prescribed by the *Canadian Payments Act (R.S.C., 1985, c. C-21)*, as amended from time to time.

**22. FAMILY LAW ACT:** Seller warrants that spousal consent is not necessary to this transaction under the provisions of the Family Law Act, R.S.O.1990 unless the spouse of the Seller has executed the consent hereinafter provided.

NR  
BG

~~**23. UFFI:** Seller represents and warrants to Buyer that during the time Seller has owned the property, Seller has not caused any building on the property to be insulated with insulation containing urea formaldehyde, and that to the best of Seller's knowledge no building on the property contains or has ever contained insulation that contains urea formaldehyde. This warranty shall survive and not merge on the completion of this transaction, and if the building is part of a multiple unit building, this warranty shall only apply to that part of the building which is the subject of this transaction.~~

**24. LEGAL, ACCOUNTING AND ENVIRONMENTAL ADVICE:** The parties acknowledge that any information provided by the brokerage is not legal, tax or environmental advice, and that it has been recommended that the parties obtain independent professional advice prior to signing this document.

**25. CONSUMER REPORTS:** The Buyer is hereby notified that a consumer report containing credit and/or personal information may be referred to in connection with this transaction.

**26. AGREEMENT IN WRITING:** If there is conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement including any Schedule attached hereto, shall constitute the entire Agreement between Buyer and Seller. There is no representation, warranty, collateral agreement or condition, which affects this Agreement other than as expressed herein. For the purposes of this Agreement, Seller means vendor and Buyer means purchaser. This Agreement shall be read with all changes of gender or number required by the context.

**27. ELECTRONIC SIGNATURES:** The parties hereto consent and agree to the use of electronic signatures pursuant to the *Electronic Commerce Act, 2000, S.O. 2000, c17* as amended from time to time with respect to this Agreement and any other documents respecting this transaction.

**28. TIME AND DATE:** Any reference to a time and date in this Agreement shall mean the time and date where the property is located.

INITIALS OF BUYER(S):

NR

INITIALS OF SELLER(S):

BG

29. SUCCESSORS AND ASSIGNS: The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein. SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

(Witness) Nikesh Rai (Buyer/Authorized Signing Officer) 10/18/2023 (Seal) (Date)
(Witness) (Buyer/Authorized Signing Officer) (Seal) (Date)

I, the Undersigned Seller, agree to the above offer. I hereby irrevocably instruct my lawyer to pay directly to the brokerage(s) with whom I have agreed to pay commission, the unpaid balance of the commission together with applicable Harmonized Sales Tax (and any other taxes as may hereafter be applicable), from the proceeds of the sale prior to any payment to the undersigned on completion, as advised by the brokerage(s) to my lawyer. SIGNED, SEALED AND DELIVERED in the presence of: IN WITNESS whereof I have hereunto set my hand and seal:

(Witness) Bryan Gelman (Seller/Authorized Signing Officer) Alber 10/19/2023 (Seal) (Date)
(Witness) (Seller/Authorized Signing Officer) (Seal) (Date)

SPOUSAL CONSENT: The undersigned spouse of the Seller hereby consents to the disposition evidenced herein pursuant to the provisions of the Family Law Act, R.S.O.1990, and hereby agrees to execute all necessary or incidental documents to give full force and effect to the sale evidenced herein.

(Witness) (Spouse) (Seal) (Date)

CONFIRMATION OF ACCEPTANCE: Notwithstanding anything contained herein to the contrary, I confirm this Agreement with all changes both typed and written was finally accepted by all parties at this day of 10/19/2023, 11:42:37 AM EDT, 20 (a.m./p.m.)

Bryan Gelman (Signature of Seller or Buyer)

INFORMATION ON BROKERAGE(S)
Listing Brokerage LENNARD COMMERCIAL REALTY, BROKERAGE 416-649-5920 (Tel.No.)
MICHAEL PAUL ZELDIN (Salesperson/Broker/Broker of Record Name)
Co-op/Buyer Brokerage (Tel.No.)
(Salesperson/Broker/Broker of Record Name)

ACKNOWLEDGEMENT

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

Bryan Gelman 10/19/2023 (Date)
(Seller) Alber
(Seller) Appointed Receiver of 231509 Ontario Inc. (Date)
Address for Service
(Tel. No.)
Seller's Lawyer Wendy Greenspoon-Soer, Garfinkle Biderman LLP
Address Suite 801, 1 Adelaide St E, Toronto, ON M5C 2V9
Email wgreenspoon@garfinkle.com
416-869-7615 (Tel. No.) (Fax. No.)

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

Nikesh Rai 10/19/2023 (Date)
(Buyer) Nikesh Rai, in trust for a corporation to be named (Date)
Address for Service
(Tel. No.)
Buyer's Lawyer Simmarjit Madaan, Madaans LLP
Address Suite 5A, 30 Toppflight Drive, Mississauga, ON L5S
Email simmar@madaanlaw.ca
905-405-8100 (Tel. No.) (Fax. No.)

FOR OFFICE USE ONLY COMMISSION TRUST AGREEMENT
To: Co-operating Brokerage shown on the foregoing Agreement of Purchase and Sale:
In consideration for the Co-operating Brokerage procuring the foregoing Agreement of Purchase and Sale, I hereby declare that all moneys received or receivable by me in connection with the Transaction as contemplated in the MLS® Rules and Regulations of my Real Estate Board shall be receivable and held in trust. This agreement shall constitute a Commission Trust Agreement as defined in the MLS® Rules and shall be subject to and governed by the MLS® Rules pertaining to Commission Trust.
DATED as of the date and time of the acceptance of the foregoing Agreement of Purchase and Sale. Acknowledged by:
MICHAEL PAUL ZELDIN (Authorized to bind the Listing Brokerage)
(Authorized to bind the Co-operating Brokerage)

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# Schedule A Agreement of Purchase and Sale - Commercial

**Form 500**  
for use in the Province of Ontario

This Schedule is attached to and forms part of the Agreement of Purchase and Sale between:

**BUYER:** Nikesh Rai, in trust for a corporation to be named ..... and

**SELLER:** Albert Gelman Inc. in its Capacity as Court ..... Appointed Receiver of 2531509 Ontario Inc.

for the purchase and sale of 115 Walnut Ave Toronto

ON M5V 2S1 dated the 18 day of October, 2023

Buyer agrees to pay the balance as follows:

**1. DEPOSIT PAYMENT:**

The Buyer shall pay the deposit by way of a wire transfer, certified cheque or bank draft to the Deposit Holder within one (1) business day (not including Saturdays, Sundays or statutory holidays) of acceptance of this Agreement of Purchase and Sale.

**2. ACCESS:**

The Seller agrees to provide access to the Property to the Buyer, or anyone designated by the Buyer, at mutually agreed upon times, and not less than 24 hours notice, for the purposes of inspection or appraisal provided that no destructive investigations may be performed. In the event of any damage to the Property resulting from the Buyer's inspections, the Buyer shall restore the Property to its original condition at the Buyer's expense.

**3. ASSIGNMENT OF WITHIN OFFER:**

The Buyer shall have the right at any time prior to closing, to assign the within Offer to any person, persons or corporation, either existing or to be incorporated, and upon delivery to the Seller of notice of such assignment, the Buyer hereinbefore named shall not be released from all liability.

~~4. BUYER'S CONDITION:~~

~~This Agreement is conditional until 5:00 pm on the 14th day following acceptance of this Agreement, for the Seller to provide to the Buyer written evidence signed by the tenant in occupancy of the basement unit (the "Tenant") confirming the Tenant's agreement to terminate the tenancy and provide vacant possession of the unit on or before January 31, 2024 (the "Tenancy Termination Agreement"). Unless the Seller satisfies this condition within the time period stated herein, this Agreement shall be null and void and the deposit and any interest accrued shall be forthwith returned to the Buyer in full without deduction. This condition is included for the sole and absolute benefit of the Buyer and may be waived by the Buyer at its sole discretion.~~

This form must be initialed by all parties to the Agreement of Purchase and Sale.

**INITIALS OF BUYER(S):** *NR*

**INITIALS OF SELLER(S):** *BG*

**SCHEDULE "B" TO THE AGREEMENT OF PURCHASE AND SALE**

1. The Property is being sold on an "as is, where is" and "without recourse" basis with no representations, warranties or (except as expressly stated herein) condition, express or implied, statutory or otherwise of any nature and kind whatsoever as to title, encumbrances, description, present or future use, fitness for use, environmental condition including the existence of hazardous substances, merchantability, quantity, defect (latent or patent), condition, location of structures, improvements and mezzanines or the legality thereof, zoning or lawful use of the Property, rights over adjoining properties and any easements, right-of-way, rights of re-entry, restrictions and/or covenants which run with the land, ingress and egress to the Property, the condition or state of repair of any chattels, encroachments on the Property by adjoining properties or encroachments by the Property on adjoining properties, if any, any outstanding work orders, orders to comply, deficiency notices, building permits or building permit applications, municipal or other governmental requirements agreements or requirements (including site plan agreements, development agreements, Subdivision agreements, building or fire codes, building and zoning bylaws and regulations, development fees, imposts, lot levies and sewer charges) or any other matter or thing whatsoever, either stated or implied. The Buyer acknowledges having reviewed the state of title to the property and agrees to accept title subject to all of the foregoing, and that it shall, despite any presumption to the contrary at law or otherwise, not be entitled to make any requisition as to title or otherwise.
2. This Agreement is conditional upon the Seller obtaining an Order of the Court approving the said Agreement, as well as conditional upon the Seller obtaining an Order of the Court vesting the Property in the Buyer, on Closing directing all registered charges to be deleted from title (collectively, the "**Sale Approval and Vesting Order**"). The Buyer shall accept title to the Property subject to all other encumbrances and registrations. On Closing, title will be transferred by the Sale Approval and Vesting Order and not by Transfer/Deed of Land. Buyer acknowledges and agrees that it shall satisfy itself regarding title during the Buyer's Conditional Period (the "Buyer's Conditional Period").
3. The Buyer acknowledges that it has relied entirely on its own judgment, inspection and investigation of the Property and any rights necessary to the access, use and enjoyment of, appurtenant or otherwise, the Property.

*NR BQ*

4. In the event of any conflict or inconsistency between any provision of this Schedule "B" and any provision of this Agreement of Purchase and Sale not contained in Schedule "B", the provision of Schedule "B" shall govern and prevail.
5. The Buyer acknowledges that the Seller is selling the Property pursuant to the Sale Approval and Vesting Order.
6. The Seller shall not be required to furnish any abstracts of title or any survey or other document.
7. The Buyer acknowledges that the fixtures, improvements and chattels, if any, presently on the Property are to be taken by it, at its own risk completely, without representation or warranty of any kind from the Seller as to the ownership or state of repair of any such fixtures, improvements and chattels. The Buyer further acknowledges that the chattels and fixtures presently on the Property may be subject to security interests.
8. The Buyer acknowledges and agrees that the Buyer is acquiring the Property together with all of the chattels (list to be provided) on an "as is where is" basis." The Buyer represents and warrants to the Seller that the Buyer has absolutely satisfied itself as to the status and condition of the Chattels including without limitation their state of repairs.
9. The Buyer agrees with the Seller that the Buyer takes title to the Property subject to any tenancies in existence. The Buyer shall obtain possession of the Property at the Buyer's own expense. The Buyer acknowledges that the Seller will not obtain or provide any acknowledgments or agreements with respect to the Property from third parties, the property manager and any tenants.
10. The Buyer acknowledges that any information supplied to the Buyer by the Seller or its agents or representatives is, and was supplied, without any representation or warranty, and that the responsibility for the verification of any such information shall be wholly the responsibility of the Buyer.
11. The Buyer shall be responsible for payment of all outstanding realty taxes owing on the Property from the Closing Date, and payment of all taxes exigible on sale and transfer of the Property and any Chattels and fixtures, including without limitation, HST as applicable, retail sales tax as applicable and Land Transfer Tax.
12. The Seller shall provide the Buyer with only the keys to the Property that are in its possession.

*NR BQ*

13. **CLOSING DATE:** The closing date shall occur on the later of (i) five (5) days (not including Saturday, Sunday or any day which is a statutory holiday in the Province of Ontario) following the obtaining of the Court Approval and Vesting Order by the Seller, or (ii) on such later date as the Seller may designate, in its sole discretion.
14. PROVIDED THAT in the event that the Court Approval and Vesting Order are for any reason (not including the default of the Buyer) not obtained by the 90th day following the date of this Agreement, this Agreement shall be null and void and the deposit shall be returned to the Buyer.

## **CLOSING DOCUMENTS**

### Deliveries by Seller

15. The Seller will deliver on closing to the Buyer a certificate signed by the Seller confirming that the Seller is not a non-resident of Canada for the purpose of section 116 of the Income Tax Act, together with the Sale Approval and Vesting Order for registration by the Buyer, with all Land Transfer Taxes to be paid by the Buyer.

### Deliveries by Buyer

16. At or before Closing, upon fulfillment by the Seller of all of the conditions herein in favour of the Buyer which have not been waived in writing by the Buyer, the Buyer shall deliver the following, each of which shall be in form and substance satisfactory to the Seller, acting reasonably:
- a. payment of the Purchase Price pursuant to this Agreement;
  - b. a certified copy of the articles of incorporation of the Buyer;
  - c. evidence satisfactory to the Seller that the Buyer is registered for HST under the Excise tax Act, including the Buyer's HST number and an undertaking to self-assess for HST; and

such further and other documentation as is referred to in this Agreement or as the Seller may reasonably require to give effect to this Agreement.

## **CONFIDENTIALITY**

17. The Buyer shall not publicly announce the existence of the Agreement of Purchase and Sale or disclose any of its contents except:

*NR BQ*

- a. in accordance with a written public statement or other form of disclosure satisfactory to both parties; or
- b. as required in connection with the application for Court approval.

## GENERAL

18. Any notice to be given or document to be delivered to the Seller pursuant to this Agreement shall be sufficient if delivered personally or by facsimile transmission to the Seller as follows:

Albert Gelman Inc.  
60 Shaftesbury Avenue  
Toronto, ON M4T 1A3  
Attention: Bryan Gelman  
Fax: 416-504-1655  
Email: bgelman@albertgelman.com

With a Copy to:

Garfinkle, Biderman LLP  
Attention: Wendy Greenspoon-Soer  
Fax: 416-869-7615  
Email: wgreenspoon@garfinkle.com

19. Any notice to be given or document to be delivered to the Buyer pursuant to this Agreement shall be sufficient if delivered personally or by facsimile transmission to the Buyer as follows:

Name: Nikesh Rai  
Address: 4845 Dovehouse Drive, Mississauga, ON L5M 7K4  
Attention: Nikesh Rai  
Fax:  
Email: nrain@raidev.org

With a Copy to:

Name:  
Address:  
Attention:  
Fax:  
Email:

20. Any written notice or delivery of documents given in either manner prior to 5:00 p.m. (Toronto time) on a Business Day shall be deemed to have been given and received on the day of delivery or facsimile transmission. The address for notice to either party may be

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changed by notice in writing given by such party to the other party.

21. This Agreement shall be interpreted with all changes of gender and number required by the context.
22. This Agreement or any amendments to this Agreement may be delivered by either party by facsimile transmission, email or any similar system reproducing the original with the necessary signatures. Such delivery shall be deemed to be made when the facsimile transmission or email is received by the applicable party. The signatory shall promptly thereafter deliver the original to the recipient if requested to do so.
23. On the closing date, the Buyer shall deliver the balance of the purchase price due on closing by wire transfer in good funds using the LVTS system to the Seller or as Seller shall direct, together with other closing documents as provided above, all not later than 1:00 p.m. on the date set for closing (unless the Seller otherwise agrees in its sole discretion). The parties agree that the transaction shall proceed in accordance with the terms of a Document Registration Agreement to be prepared by the Seller's solicitors in the Seller's solicitors' standard form which shall set out the arrangements more particularly described in section 11 of the Agreement of Purchase and Sale.
24. In the event that the closing date falls on a date on which the court office or the land registry office is not open or available to accept registrations, then in such event the closing shall take place on the next day on which the court office and the land registry office are open.
25. Property taxes only shall be adjusted as of the closing date. The Buyer acknowledges and agrees that the Seller shall not deliver any undertaking to re-adjust on closing.
26. Sections 10, 14, 16, and 23 of the Agreement of Purchase and Sale are hereby deleted.
27. Notwithstanding anything to the contrary contained in this Agreement, if at any time or times prior to the closing date, the Seller is unable to complete this Agreement as a result of any action taken by an encumbrancer, any action taken by the present registered owner, the refusal by the present registered owner to take any action, the exercise of any right by the present registered owner or other party which is not terminated upon acceptance of this Agreement, a certificate of pending litigation is registered against the Property, a court order is made prohibiting the completion of the sale, or if the Buyer submits a valid title requisition which the Seller is unable or unwilling to satisfy prior to Closing, or if the sale of the Property is restrained or otherwise enjoined at any time by a Court of competent jurisdiction, the Seller may, in its sole and unfettered discretion, elect by written notice to the Buyer to terminate this Agreement, whereupon the deposit and any interest earned thereon shall be returned to the Buyer and neither party shall have any further rights or liabilities hereunder against the other.

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28. The Seller, by acceptance of the Offer, is entering into the Agreement solely in its capacity as the Court Appointed Receiver and not in its personal or any other capacity. Any claim against the Seller shall be limited to, and only enforceable against the property and assets then held by or available to the Seller in its capacity as Receiver and shall not apply to its personal property and assets held by it in any other capacity. The Seller shall have no personal or corporate liability of any kind, whether in equity, contract, tort or otherwise.

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