

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ROYNAT INC.

Applicant

-and-

2796996 ONTARIO INC.

Respondent

RESPONDING MOTION RECORD
OF 2796996 ONTARIO INC.
(on the Receiver's motion for an approval and vesting order)

June 15, 2023

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I N D E X

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ROYNAT INC.

Applicant

-and-

2796996 ONTARIO INC.

Respondent

Defendant

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ROYNAT INC.

Applicant

-and-

2796996 ONTARIO INC.

Respondent

AFFIDAVIT OF MORGAN WEBB
(affirmed on June 15, 2023)

I, Morgan Webb, of the City of Toronto, in the Province of Ontario, AFFIRM AND SAY that:

1. I am a Law Clerk at RosensteinLaw Professional Corporation, counsel for the Respondent, and as such have knowledge of the matters which I hereinafter depose. Where I do not have direct knowledge of the facts, I have stated my source of information below and I believe such facts to be true.

THE RECEIVERSHIP

2. Amjid Chaudhry ("*Chaudhry*") is the principal of 2796996 Ontario Inc. ("*279*").

3. In February of 2023, our office was made aware of the order of Justice Dietrich dated August 5, 2022 (the "*Receivership Order*"), in which msi Spergel Inc. was appointed as receiver for 279 (the "*Receiver*").

A copy of the Receivership Order is attached hereto and marked as [Exhibit A](#)

4. At of June 9, 2023, the primary creditor, Roynat Inc., reported being owed \$4,389,736.59.

5. As part of the Receivership Order, the Receiver was responsible for selling 279's property at 88 Main Street West in Grimsby, Ontario (the "*Property*").

THE SALE OF THE PROPERTY

6. In early May of 2023, our office attempted to find out if there were any offers to purchase the Property, in order to determine whether, on sale, there would be a shortfall.

7. I contacted the Receiver's office and was told that Susan Downey ("*Downey*") is the Estates Administrator for 279 and that she would be the best person to provide information about the Property.

8. I tried calling Downey on May 12, 2023 but was unable to reach her. I called again on May 15, 2023 and left her a voicemail asking her to call me back.

9. Downey called me back the same day and left me a voicemail advising that she was on holiday but that if I sent her an email, she would forward it to her colleague to respond to right away.

10. So, later that afternoon I emailed Downey to ask her for details of the status of the sale of the Property.

A copy of my email to Downey dated May 15, 2023 is attached hereto and marked as [Exhibit B](#)

11. Shortly thereafter, I received a phone call from Melinda Vine ("*Vine*"), lawyer for the Receiver. Vine told me that she was preparing motion materials (the "*Motion*")

Materials") that she expected would be ready shortly. Vine did not provide me with any information about the sale of the Property or the nature of the motion, but she said that she would add our office to the service list.

12. On May 31, 2023, I became aware that an offer had been made on the Property and so I attempted to find out the details of the offer.

13. I emailed Downey again, advising that I spoke with Vine and that we had not received the Motion Materials yet. I again requested information about the sale of the Property.

A copy of my email to Downey dated May 31, 2023 is attached hereto and marked as [Exhibit C](#)

14. Downey forwarded my email to Vine, who responded to my email advising that she added our office to the service list and that the Motion Materials would be served in the next week or so.

A copy of Vine's email to me dated May 31, 2023 is attached hereto and marked as [Exhibit D](#)

15. I asked Vine if the motion had been already scheduled, and if so, when. I also asked, again, for information about the sale of the Property.

A copy of my email to Vine dated June 1, 2023 is attached hereto and marked as [Exhibit E](#)

16. Vine told me that the Property had already been sold and that the details would be provided in the Motion Materials that would be served shortly but she did not tell me when the motion was scheduled.

A copy of Vine's email to me dated June 2, 2023 is attached hereto and marked as [Exhibit F](#)

THE NON-DISCLOSURE AGREEMENT

17. On June 5, 2023, after still not having received any details about the sale of the Property or the scheduling of the Receiver's motion, I emailed Vine to organize a phone call between her and Jonathan Rosenstein ("*Rosenstein*") to take place that afternoon.

A copy of the email exchange dated June 5, 2023 is attached hereto and marked as [Exhibit G](#)

18. I was not part of the phone call, but Rosenstein told me, and I believe that he and Vine discussed Chaudhry signing a Non-Disclosure Agreement (the "*NDA*") so that our office could get information about the sale of the Property quickly. Vine agreed to prepare an NDA that was agreeable to the Receiver and to provide it to our office for Chaudhry to sign.

19. A few days later, after still not having received the NDA or the Motion Materials, Rosenstein wrote to Vine to follow up.

A copy of the email from Rosenstein to Vine dated June 8, 2023 is attached hereto and marked as [Exhibit H](#)

20. Vine responded and advised that (i) the motion was scheduled for June 22, (ii) that we would receive the Motion Materials at least one week in advance, and (iii) that she was drafting the NDA.

A copy of the email from Vine to Rosenstein dated June 8, 2023 is attached hereto and marked as [Exhibit I](#)

21. Rosenstein wrote back and advised that we needed the information about the sale as quickly as possible. To which Vine responded, incorrectly, that we had only just made our request to her the day before, and that she would get it to us as soon as she could.

A copy of the email exchange dated June 8, 2023 is attached hereto and marked as [Exhibit J](#)

22. The following day at 1:42 pm, our office received the NDA for Chaudhry to sign, which he signed and we sent back to Vine at 3:03 pm.

A copy of the email exchange dated June 9, 2023 is attached hereto and marked as [Exhibit K](#)

23. On June 13, 2023, days later, our office finally received the details of the sale of the Property from Vine.

A copy of the email from Vine dated June 13, 2023 is attached hereto and marked as [Exhibit L](#)

24. Our office was served with the Motion Materials at 5:52 pm June 14, 2023.

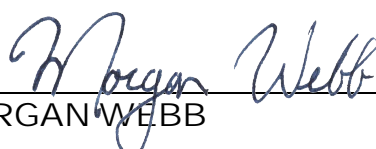
A copy of the email serving the Motion Materials, dated June 14, 2023 is attached hereto and marked as [Exhibit M](#)


THE APPRAISAL

25. In February of 2021, STRY Appraisals International Limited ("STRY") appraised the Property, at \$5,840,000.

STRY's appraisal report dated February 8, 2021 is attached hereto and marked as [Exhibit N](#)

AFFIRMED BEFORE ME at the
City of Toronto, in the Province
of Ontario this 15th day of June,
2023

} 
MORGAN WEBB


A commissioner of oaths, etc.
Jonathan Rosenstein

- and -

Applicant	Respondent
<p>ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)</p>	<p>Proceedings commenced at Toronto</p>
<p>AFFIDAVIT OF MORGAN WEBB AFFIRMED JUNE 15TH, 2023</p>	<p>RosensteinLaw Professional Corporation 5255 Yonge Street, Suite 1300 Toronto, Ontario M2N 6P4</p> <p>Jonathan Rosenstein (LSO #44914G) jrosenstein@rosensteinlaw.ca Tel: (416) 639-2123 Fax: (647) 827-0424</p> <p>Lawyer for the Respondent, 2796996 Ontario Inc.</p>

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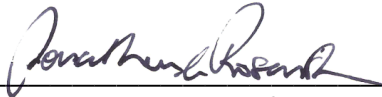
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A

THIS IS EXHIBIT
A
TO THE AFFIDAVIT OF
MORGAN WEBB
SWORN/AFFIRMED THIS
JUNE 15TH, 2023



A commissioner of oaths, etc.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) FRIDAY, THE 5th
)
JUSTICE DIETRICH) DAY OF AUGUST, 2022

ROYNAT INC.

Applicant

- and -

2796996 ONTARIO INC.

Respondent

ORDER
(appointing Receiver)

THIS MOTION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing msi Spergel Inc. as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of the Respondent 2796996 Ontario Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Cian McDonnell sworn June 20, 2022 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, and Mr. Amjid Chaudhry

attending on behalf of the Debtor, on a self-represented basis, and on reading the consent of msi Spergel Inc. to act as the Receiver,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, msi Spergel Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, 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 Debtor, 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 Debtor;

- (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 Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (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 Debtor, 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 Debtor, 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 \$100,000.00, provided that the aggregate consideration for all such transactions does not exceed \$500,000.00; 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*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

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

- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor 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 Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its 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 Debtor, 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 Debtor 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 Debtor 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 Debtor, 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 Debtor to carry on any business which the Debtor is 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 Debtor, 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 Debtor 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 Debtor 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 Debtor's 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 Debtor 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 Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's 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 AND CASL

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 Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

16. THIS COURT ORDERS that any and all interested stakeholders in this proceeding and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in this proceeding, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to such other interested stakeholders in this proceeding and their counsel and advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of cause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. 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

18. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, including, but not limited to, any illness or bodily harm resulting from a party or parties contracting COVID-19, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

19. 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.

20. 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.

21. 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

22. 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 \$500,000.00 (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.

23. 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.

24. 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.

25. 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

26. 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 'http://www.spergelcorporate.ca/engagements'.

27. 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 Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor 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

28. 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.

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

30. 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.

31. 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.

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

33. 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.

Dietrich J.

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that msi Spergel Inc., the receiver (the "Receiver") of the assets, undertakings and properties 2796996 Ontario Inc. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of _____, 20__ (the "Order") made in an action having Court file number __-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__.

msi Spergel Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

ROYNAT INC.
Applicant

-and-

2796996 ONTARIO INC.
Respondent

Court File No. CV-22-00683167-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
Commercial List**

Proceeding commenced at

TORONTO

ORDER

LIPMAN, ZENER & WAXMAN PC
Barristers and Solicitors
100 Sheppard Avenue East, Suite 850
Toronto, Ontario M2N 6N5

IAN KLAIMAN
LSO No. 58955G

Tel: 416-789-0652

Fax: 416-789-9015

Email: iklaiman@lzwlaw.com

Lawyers for the Applicant

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B
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B

THIS IS EXHIBIT
B
TO THE AFFIDAVIT OF
MORGAN WEBB
SWORN/AFFIRMED THIS
JUNE 15TH, 2023



A commissioner of oaths, etc.

Morgan Webb

From: Morgan Webb
Sent: May 15, 2023 3:35 PM
To: sdowney@spergel.ca
Cc: Jonathan Rosenstein
Subject: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby

Categories: Filed to Clio

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Thank you,

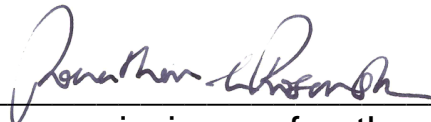
ROSENSTEINLAW P.C.

Morgan Nicole Webb
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Direct: 437-800-5259

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t: 416.639.2123 | f: 647.827.0424

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Morgan Nicole Webb
Licensed Paralegal/Law Clerk
mwebb@rosensteinlaw.ca
Direct: 437-800-5259

5255 Yonge St. , Suite 1300, Toronto ON M2N 6P4
t: 416.639.2123 | f: 647.827.0424

From: Morgan Webb
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From: Melinda Vine <mvine@harrisonpensa.com>
Sent: May 31, 2023 5:48 PM
To: Susan Downey; Morgan Webb; Tim Hogan
Cc: Jonathan Rosenstein; Mukul Manchanda; Lindsay Ferguson
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

All,
I spoke with Morgan and they have been added to the service list.
Motion will be served in the next week or so.

Melinda Vine B.A., LL.B., LL.M. | Harrison Pensa LLP | [130 Dufferin Avenue, Suite 1101, London, ON N6A 5R2](https://www.harrisonpensa.com) | tel 519-661-6705 | fax 519-667-3362 | mvine@harrisonpensa.com Assistant | Cathy Coleiro / tel 519-850-5568 | ccoleiro@harrisonpensa.com This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

From: Susan Downey <sdowney@spergel.ca>
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[EXTERNAL EMAIL]

Good afternoon Morgan,

I am forwarding your e-mail to our solicitor, Melinda Vine.

She will be able to answer your queries.

Kind regards,

Susan

Susan Downey | Estate Administrator
Corporate Restructuring & Insolvency
msi Spergel inc. | Licensed Insolvency Trustees
200 Yorkland Blvd., Suite 1100, Toronto, ON., M2J 5C1
T: 416-644-1669 | F: 416-644-1669
sdowney@spergel.ca | www.spergelcorporate.ca
Insolvency • Restructuring • Consulting



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Direct: 437-800-5259

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ROSENSTEINLAW P.C.

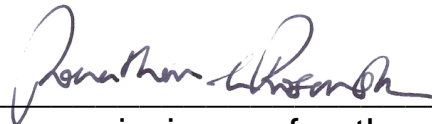
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TO THE AFFIDAVIT OF
MORGAN WEBB
SWORN/AFFIRMED THIS
JUNE 15TH, 2023



A commissioner of oaths, etc.

Morgan Webb

From: Morgan Webb
Sent: June 1, 2023 10:50 AM
To: Melinda Vine; Susan Downey; Tim Hogan
Cc: Jonathan Rosenstein; Mukul Manchanda; Lindsay Ferguson
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

Categories: Filed to Clio

Hi Melinda,

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Insolvency • Restructuring • Consulting



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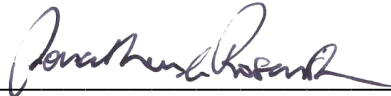
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To: Morgan Webb
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

Categories: Filed to Clio

Morgan,
Yes the property has sold. All of the details below will be provided in the report which will be served shortly.
Melinda

Melinda Vine B.A., LL.B., LL.M. | Harrison Pensa LLP | [130 Dufferin Avenue, Suite 1101, London, ON N6A 5R2](https://www.harrisonpensa.com) | tel 519-661-6705 | fax 519-667-3362 | mvine@harrisonpensa.com Assistant | Cathy Coleiro / tel 519-850-5568 | ccoleiro@harrisonpensa.com This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

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Sent: Wednesday, May 31, 2023 5:48 PM
To: Susan Downey <sdowney@spergel.ca>; Morgan Webb <mwebb@rosensteinlaw.ca>; Tim Hogan <thogan@harrisonpensa.com>
Cc: Jonathan Rosenstein <jrosenstein@rosensteinlaw.ca>; Mukul Manchanda <mmanchanda@spergel.ca>; Lindsay Ferguson <lferguson@harrisonpensa.com>
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

All,
I spoke with Morgan and they have been added to the service list.
Motion will be served in the next week or so.

Melinda Vine B.A., LL.B., LL.M. | Harrison Pensa LLP | [130 Dufferin Avenue, Suite 1101, London, ON N6A 5R2](https://www.harrisonpensa.com) | tel 519-661-6705 | fax 519-667-3362 | mvine@harrisonpensa.com Assistant | Cathy Coleiro / tel 519-850-5568 | ccoleiro@harrisonpensa.com This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

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Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby

[EXTERNAL EMAIL]

Good afternoon Morgan,

I am forwarding your e-mail to our solicitor, Melinda Vine.

She will be able to answer your queries.

Kind regards,

Susan

Susan Downey | Estate Administrator
Corporate Restructuring & Insolvency

msi Spergel inc. | Licensed Insolvency Trustees
200 Yorkland Blvd., Suite 1100, Toronto, ON., M2J 5C1
T: 416-644-1669 | F: 416-644-1669
sdowney@spergel.ca | www.spergelcorporate.ca
Insolvency • Restructuring • Consulting



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Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby

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Thank you,

ROSENSTEINLAW P.C.

Morgan Nicole Webb
Licensed Paralegal/Law Clerk
mwebb@rosensteinlaw.ca
Direct: 437-800-5259

5255 Yonge St. , Suite 1300, Toronto ON M2N 6P4
t: 416.639.2123 | f: 647.827.0424

From: Morgan Webb
Sent: Monday, May 15, 2023 3:35 PM
To: sdowney@spergel.ca
Cc: Jonathan Rosenstein <jrosenstein@rosensteinlaw.ca>
Subject: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby

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I hope you have a lovely holiday, and we look forward to your response.

Thank you,

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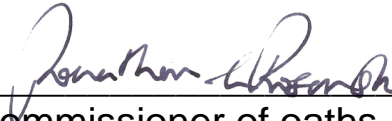
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T
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THIS IS EXHIBIT
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TO THE AFFIDAVIT OF
MORGAN WEBB
SWORN/AFFIRMED THIS
JUNE 15TH, 2023



A commissioner of oaths, etc.

Morgan Webb

From: Morgan Webb
Sent: June 5, 2023 9:59 AM
To: Melinda Vine
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

Categories: Filed to Clio

Perfect, thank you. Jonathan has a motion this morning – if for some reason it is running late, I will let you know.

ROSENSTEINLAW P.C.

Morgan Nicole Webb
Licensed Paralegal/Law Clerk
mwebb@rosensteinlaw.ca
Direct: 437-800-5259

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t: 416.639.2123 | f: 647.827.0424

From: Melinda Vine <mvine@harrisonpensa.com>
Sent: Monday, June 5, 2023 9:56 AM
To: Morgan Webb <mwebb@rosensteinlaw.ca>
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

Today at 12:00 will work.
Please send me a calendar invite.

Melinda Vine B.A., LL.B., LL.M. | Harrison Pensa LLP | [130 Dufferin Avenue, Suite 1101, London, ON N6A 5R2](#) | tel 519-661-6705 | fax 519-667-3362 | mvine@harrisonpensa.com
Assistant Isabelle Stacey tel 519-850-6792 | istacey@harrisonpensa.com

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From: Morgan Webb <mwebb@rosensteinlaw.ca>
Sent: Monday, June 5, 2023 9:55 AM
To: Melinda Vine <mvine@harrisonpensa.com>
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

[EXTERNAL EMAIL]

Hi Melinda,

Are you available for a phone call with Jonathan today at 12:00 or tomorrow at 9:30?

Thanks,

ROSENSTEINLAW P.C.

Morgan Nicole Webb
Licensed Paralegal/Law Clerk
mwebb@rosensteinlaw.ca
Direct: 437-800-5259

5255 Yonge St. , Suite 1300, Toronto ON M2N 6P4
t: 416.639.2123 | f: 647.827.0424

From: Melinda Vine <mvine@harrisonpensa.com>
Sent: Friday, June 2, 2023 5:45 PM
To: Morgan Webb <mwebb@rosensteinlaw.ca>
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

Morgan,
Yes the property has sold. All of the details below will be provided in the report which will be served shortly.
Melinda

Melinda Vine B.A., LL.B., LL.M. | Harrison Pensa LLP | [130 Dufferin Avenue, Suite 1101, London, ON N6A 5R2](#) | tel 519-661-6705 | fax 519-667-3362 | mvine@harrisonpensa.com Assistant | Cathy Coleiro / tel 519-850-5568 | ccoleiro@harrisonpensa.com This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

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To: Melinda Vine <mvine@harrisonpensa.com>; Susan Downey <sdowney@spergel.ca>; Tim Hogan <thogan@harrisonpensa.com>
Cc: Jonathan Rosenstein <jrosenstein@rosensteinlaw.ca>; Mukul Manchanda <mmanchanda@spergel.ca>; Lindsay Ferguson <lferguson@harrisonpensa.com>
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

[EXTERNAL EMAIL]

Hi Melinda,

Thank you for adding us to the service list. Can you please advise if the motion has been scheduled, and if so, when?

We would also appreciate it if you could please answer my questions below:

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TO THE AFFIDAVIT OF
MORGAN WEBB
SWORN/AFFIRMED THIS
JUNE 15TH, 2023



A commissioner of oaths, etc.

Morgan Webb

From: Jonathan Rosenstein
Sent: June 8, 2023 10:49 AM
To: Melinda Vine
Cc: Morgan Webb
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

Melinda:

When can I expect your materials?
And your NDA?

ROSENSTEINLAW

PROFESSIONAL CORPORATION

Jonathan Rosenstein

Certified Specialist
(Civil Litigation)



jrosenstein@rosensteinlaw.ca

416.635.9614

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TO THE AFFIDAVIT OF
MORGAN WEBB
SWORN/AFFIRMED THIS
JUNE 15TH, 2023



A commissioner of oaths, etc.

Morgan Webb

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Sent: June 8, 2023 3:06 PM
To: Jonathan Rosenstein
Cc: Morgan Webb
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

Court date is set for June 22. You will receive our materials at least one week in advance.
I am working the NDA for you.
Melinda

Melinda Vine B.A., LL.B., LL.M. | Harrison Pensa LLP | [130 Dufferin Avenue, Suite 1101, London, ON N6A 5R2](https://www.harrisonpensa.com) | tel 519-661-6705 | fax 519-667-3362 | mvine@harrisonpensa.com
Assistant Isabelle Stacey tel 519-850-6792 | istacey@harrisonpensa.com

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From: Jonathan Rosenstein <jrosenstein@rosensteinlaw.ca>
Sent: Thursday, June 8, 2023 10:49 AM
To: Melinda Vine <mvine@harrisonpensa.com>
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PROFESSIONAL CORPORATION

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It appears that we are playing phone tag; however, I received your voicemail - thank you for calling me back so quickly.

Jonathan Rosenstein acts for 2796996 Ontario Inc. ("279") with respect to a lawsuit commenced by Westview Paving Inc.

I am Jonathan's law clerk.

We were hoping you could provide us with an update on the status of the receivership of 279. Specifically, we would like to know about the sale of 279's property at 88 Main Street in West Grimsby (the "Property"):

- 1) Has the Property been sold?
- 2) If the Property has been sold, what are the details of the sale?
- 3) What is the purchase price of the Property?
- 4) Has the deal gone firm?
- 5) When was/ is the closing date for the Property?
- 6) Is there a shortfall? Or does the sale price of the Property completely pay off what is owed by 279?

I hope you have a lovely holiday, and we look forward to your response.

Thank you,

ROSENSTEINLAW P.C.

Morgan Nicole Webb
Licensed Paralegal/Law Clerk
mwebb@rosensteinlaw.ca
Direct: 437-800-5259

5255 Yonge St. , Suite 1300, Toronto ON M2N 6P4
t: 416.639.2123 | f: 647.827.0424

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TO THE AFFIDAVIT OF
MORGAN WEBB
SWORN/AFFIRMED THIS
JUNE 15TH, 2023



A commissioner of oaths, etc.

Morgan Webb

From: Melinda Vine <mvine@harrisonpensa.com>
Sent: June 8, 2023 3:10 PM
To: Jonathan Rosenstein
Cc: Morgan Webb
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

Categories: Filed to Clio

Jonathan,
Your request was made yesterday. I've got a million things on the go.
I will get it to you as soon as I can.
Melinda

Melinda Vine B.A., LL.B., LL.M. | Harrison Pensa LLP | [130 Dufferin Avenue, Suite 1101, London, ON N6A 5R2](https://www.harrisonpensa.com) | tel 519-661-6705 | fax 519-667-3362 | mvine@harrisonpensa.com
Assistant Isabelle Stacey tel 519-850-6792 | istacey@harrisonpensa.com

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From: Jonathan Rosenstein <jrosenstein@rosensteinlaw.ca>
Sent: Thursday, June 8, 2023 3:08 PM
To: Melinda Vine <mvine@harrisonpensa.com>
Cc: Morgan Webb <mwebb@rosensteinlaw.ca>
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

[EXTERNAL EMAIL]

Melinda:

As we discussed, I need this information ASAP.
Please help me

ROSENSTEINLAW
PROFESSIONAL CORPORATION
Jonathan Rosenstein
Certified Specialist
(Civil Litigation) 
jrosenstein@rosensteinlaw.ca
416.635.9614

From: Melinda Vine <mvine@harrisonpensa.com>
Sent: Thursday, June 8, 2023 3:06 PM
To: Jonathan Rosenstein <jrosenstein@rosensteinlaw.ca>
Cc: Morgan Webb <mwebb@rosensteinlaw.ca>
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

Court date is set for June 22. You will receive our materials at least one week in advance.
I am working the NDA for you.
Melinda

Melinda Vine B.A., LL.B., LL.M. | Harrison Pensa LLP | [130 Dufferin Avenue, Suite 1101, London, ON N6A 5R2](https://www.harrisonpensa.com) | tel 519-661-6705 | fax 519-667-3362 | mvine@harrisonpensa.com
Assistant Isabelle Stacey tel 519-850-6792 | istacey@harrisonpensa.com

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From: Jonathan Rosenstein <jrosenstein@rosensteinlaw.ca>
Sent: Thursday, June 8, 2023 10:49 AM
To: Melinda Vine <mvine@harrisonpensa.com>
Cc: Morgan Webb <mwebb@rosensteinlaw.ca>
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

[EXTERNAL EMAIL]

Melinda:

When can I expect your materials?
And your NDA?

ROSENSTEINLAW
PROFESSIONAL CORPORATION

Jonathan Rosenstein
Certified Specialist
(Civil Litigation) 

jrosenstein@rosensteinlaw.ca
416.635.9614

From: Melinda Vine <mvine@harrisonpensa.com>
Sent: Wednesday, May 31, 2023 5:48 PM
To: Susan Downey <sdowney@spergel.ca>; Morgan Webb <mwebb@rosensteinlaw.ca>; Tim Hogan <thogan@harrisonpensa.com>
Cc: Jonathan Rosenstein <jrosenstein@rosensteinlaw.ca>; Mukul Manchanda <mmanchanda@spergel.ca>; Lindsay Ferguson <lferguson@harrisonpensa.com>
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby [IWOV-HPMain.FID628542]

All,

I spoke with Morgan and they have been added to the service list.
Motion will be served in the next week or so.

Melinda Vine B.A., LL.B., LL.M. | Harrison Pensa LLP | [130 Dufferin Avenue, Suite 1101, London, ON N6A 5R2](https://www.harrisonpensa.com) | tel 519-661-6705 | fax 519-667-3362 | mvine@harrisonpensa.com Assistant | Cathy Coleiro / tel 519-850-5568 | ccoleiro@harrisonpensa.com This e-mail may contain information that is privileged or confidential. If you are not the intended recipient, please delete the e-mail and any attachments and notify us immediately.

From: Susan Downey <sdowney@spergel.ca>
Sent: Wednesday, May 31, 2023 4:53 PM
To: Morgan Webb <mwebb@rosensteinlaw.ca>; Melinda Vine <mvine@harrisonpensa.com>; Tim Hogan <thogan@harrisonpensa.com>
Cc: Jonathan Rosenstein <jrosenstein@rosensteinlaw.ca>; Mukul Manchanda <mmanchanda@spergel.ca>
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby

[EXTERNAL EMAIL]

Good afternoon Morgan,

I am forwarding your e-mail to our solicitor, Melinda Vine.

She will be able to answer your queries.

Kind regards,

Susan

Susan Downey | Estate Administrator
Corporate Restructuring & Insolvency
msi Spergel inc. | Licensed Insolvency Trustees
200 Yorkland Blvd., Suite 1100, Toronto, ON., M2J 5C1
T: 416-644-1669 | F: 416-644-1669
sdowney@spergel.ca | www.spergelcorporate.ca
Insolvency • Restructuring • Consulting



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From: Morgan Webb <mwebb@rosensteinlaw.ca>
Sent: Wednesday, May 31, 2023 4:43 PM
To: Susan Downey <sdowney@spergel.ca>
Cc: Jonathan Rosenstein <jrosenstein@rosensteinlaw.ca>
Subject: RE: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby

Hi Susan,

I hope you are well.

I spoke with your colleague a couple of weeks ago, she told me that we could have a copy of the motion materials, but we have not received anything yet.

Can you please advise if the receivership motion has been scheduled? Our client seems to think it may be taking place some time next month?

I was also wondering if you could answer my questions from my email below -

- 1) Has the Property been sold?
- 2) If the Property has been sold, what are the details of the sale?
- 3) What is the purchase price of the Property?
- 4) Has the deal gone firm?
- 5) When was/ is the closing date for the Property?
- 6) Is there a shortfall? Or does the sale price of the Property completely pay off what is owed by 279?

Thank you,

ROSENSTEINLAW P.C.

Morgan Nicole Webb
Licensed Paralegal/Law Clerk
mwebb@rosensteinlaw.ca
Direct: 437-800-5259

5255 Yonge St. , Suite 1300, Toronto ON M2N 6P4
t:416.639.2123 | f:647.827.0424

From: Morgan Webb
Sent: Monday, May 15, 2023 3:35 PM
To: sdowney@spergel.ca
Cc: Jonathan Rosenstein <jrosenstein@rosensteinlaw.ca>
Subject: Receivership of 2796996 Ontario Inc. | Property at 88 Main Street, West Grimsby

Hi Susan,

It appears that we are playing phone tag; however, I received your voicemail - thank you for calling me back so quickly.

Jonathan Rosenstein acts for 2796996 Ontario Inc. ("279") with respect to a lawsuit commenced by Westview Paving Inc.

I am Jonathan's law clerk.

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I hope you have a lovely holiday, and we look forward to your response.

Thank you,

ROSENSTEINLAW P.C.

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JUNE 15TH, 2023



A commissioner of oaths, etc.

Morgan Webb

From: Morgan Webb
Sent: June 9, 2023 3:03 PM
To: Melinda Vine
Cc: Jonathan Rosenstein
Subject: RE: In the Matter of the Receivership of 2796996 Ontario Inc. [IWOV-HPMain.FID628542]
Attachments: 2023-06-09 Confidentiality Undertaking.pdf

Hi Melinda,

The executed confidentiality undertaking is attached.

Kind regards,

ROSENSTEINLAW P.C.

Morgan Nicole Webb
Licensed Paralegal/Law Clerk
mwebb@rosensteinlaw.ca
Direct: 437-800-5259

5255 Yonge St. , Suite 1300, Toronto ON M2N 6P4
t: 416.639.2123 | f: 647.827.0424

From: Melinda Vine <mvine@harrisonpensa.com>
Sent: Friday, June 9, 2023 1:42 PM
To: Jonathan Rosenstein
Cc: 'Mukul Manchanda'
Subject: In the Matter of the Receivership of 2796996 Ontario Inc. [IWOV-HPMain.FID628542]

Jonathan,
Please see attached.
Melinda

Melinda Vine B.A., LL.B., LL.M. | Harrison Pensa LLP | [130 Dufferin Avenue, Suite 1101, London, ON N6A 5R2](https://www.harrisonpensa.com) | tel 519-661-6705 | fax 519-667-3362 | mvine@harrisonpensa.com
Assistant Isabelle Stacey tel 519-850-6792 | istacey@harrisonpensa.com

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JUNE 15TH, 2023



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Morgan Webb

From: Melinda Vine <mvine@harrisonpensa.com>
Sent: June 13, 2023 9:31 AM
To: Morgan Webb
Cc: Jonathan Rosenstein
Subject: RE: In the Matter of the Receivership of 2796996 Ontario Inc. [IWOV-HPMain.FID628542]
Attachments: APS (fully signed).PDF; 2023-06-09 Confidentiality Undertaking.pdf

Jonathan,
Please see attached APS which is subject to the attached Confidentiality Undertaking in its entirety.
Melinda

Melinda Vine B.A., LL.B., LL.M. | Harrison Pensa LLP | [130 Dufferin Avenue, Suite 1101, London, ON N6A 5R2](https://www.harrisonpensa.com) | tel 519-661-6705 | fax 519-667-3362 | mvine@harrisonpensa.com
Assistant Isabelle Stacey tel 519-850-6792 | istacey@harrisonpensa.com

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From: Morgan Webb <mwebb@rosensteinlaw.ca>
Sent: Friday, June 9, 2023 3:03 PM
To: Melinda Vine <mvine@harrisonpensa.com>
Cc: Jonathan Rosenstein <jrosenstein@rosensteinlaw.ca>
Subject: RE: In the Matter of the Receivership of 2796996 Ontario Inc. [IWOV-HPMain.FID628542]

[EXTERNAL EMAIL]

Hi Melinda,

The executed confidentiality undertaking is attached.

Kind regards,

ROSENSTEINLAW P.C.

Morgan Nicole Webb
Licensed Paralegal/Law Clerk
mwebb@rosensteinlaw.ca
Direct: 437-800-5259

5255 Yonge St. , Suite 1300, Toronto ON M2N 6P4
t: 416.639.2123 | f: 647.827.0424

From: Melinda Vine <mvine@harrisonpensa.com>
Sent: Friday, June 9, 2023 1:42 PM
To: Jonathan Rosenstein

Cc: 'Mukul Manchanda'

Subject: In the Matter of the Receivership of 2796996 Ontario Inc. [IWOV-HPMain.FID628542]

Jonathan,
Please see attached.
Melinda

Melinda Vine B.A., LL.B., LL.M. | Harrison Pensa LLP | [130 Dufferin Avenue, Suite 1101, London, ON N6A 5R2](https://www.harrisonpensa.com/130-Dufferin-Avenue-Suite-1101-London-ON-N6A-5R2) | tel 519-661-6705 | fax 519-667-3362 | mvine@harrisonpensa.com
Assistant Isabelle Stacey tel 519-850-6792 | istacey@harrisonpensa.com

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MORGAN WEBB
SWORN/AFFIRMED THIS
JUNE 15TH, 2023



A commissioner of oaths, etc.

Morgan Webb

To: Jonathan Rosenstein
Subject: RE: Roynat Inc. v. 2796996 Ontario Inc. [IWOV-HPMain.FID628542]

From: Lindsay Ferguson <lferguson@harrisonpensa.com>
Sent: Wednesday, June 14, 2023 5:52 PM
To: Ian Klaiman <IKlaiman@lzwlaw.com>; Jonathan Rosenstein <jrosenstein@rosensteinlaw.ca>;
amjidchaudhry@yahoo.com; Rob Y. Moubarak <rmoubarak@sutherlaw.com>; boer@mchughwhitmore.ca;
hclaw@hclawchambers.com; tduncan@foglers.com; diane.winters@justice.gc.ca; leslie.crawford@ontario.ca;
Insolvency.Unit@ontario.ca
Cc: Tim Hogan <thogan@harrisonpensa.com>; Melinda Vine <mvine@harrisonpensa.com>; Jason DiFruscia
<jdifruscia@harrisonpensa.com>; Mukul Manchanda <mmanchanda@spergel.ca>
Subject: Roynat Inc. v. 2796996 Ontario Inc. [IWOV-HPMain.FID628542]

Good evening,

We are counsel to the Receiver, msi Spergel inc., in the above-noted matter.

Please find attached the Motion Record of the Receiver dated June 14, 2023, which is served upon you pursuant to the *Rules of Civil Procedure*.

The Motion is returnable on Thursday, June 22, 2023 at Toronto, Ontario via Zoom. Zoom particulars will be circulated once provided by the Court.

Due to the size of the document, we have attached the Motion Record without appendices. The full Motion Record can be downloaded using the following link:

<https://ln5.sync.com/dl/49d1673e0/dsuuv758-c9x4ph6h-4fbvfptw-4q85efhy>

Please advise if you have any difficulties downloading the Motion Record.

Regards,
Lindsay

Lindsay Ferguson | Bankruptcy & Insolvency Law Clerk | HARRISON PENSA LLP | [130 Dufferin Avenue, Suite 1101, London, ON N6A 5R2](https://www.harrisonpensa.com) | *tel* 519-850-5583 | *fax* 519-667-3362 | lferguson@harrisonpensa.com

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JUNE 15TH, 2023



A commissioner of oaths, etc.

PROSPECTIVE NARRATIVE APPRAISAL REPORT
AND
VALUATION ANALYSIS
OF AN "ESSO" GASOLINE STATION
AS A 'GOING CONCERN'
LOCATED AT
88 MAIN STREET WEST
TOWN OF GRIMSBY
PROVINCE OF ONTARIO



Prepared for:

**2796996 Ontario Inc.
88 Main Street West
Grimsby, ON.
L3M 1R6**



STRY APPRAISALS INTERNATIONAL LIMITED

9-6975 Meadowvale Town Centre Circle, Suite # 409
Mississauga, Ontario
L5N 2V7
Tel: (905) 565-8925
Fax: (905) 565-9736

February 8, 2021

2796996 Ontario Inc.
88 Main Street West,
Grimsby, ON.
L3M 1R6

Attention: Mr. Amid Chaudhry

Dear Sirs,

Re: Prospective Narrative Appraisal & Valuation Analysis of an "ESSO" Gasoline Station as a 'Going Concern' located at 88 Main Street West, Town of Grimsby, Province of Ontario

As authorized, we have inspected the above captioned property (hereinafter referred to as the 'subject property') on February 4, 2021 and made certain investigations and studies for the purpose of expressing to you our opinion as to its prospective market value as a 'going concern'.

The various conclusions and estimates include the final estimate of prospective market value associated with the site and the proposed development on-site to include site improvements, building structure and the various equipment belonging to both the fuel sales component and associated facilities. They are of a nature and degree attachments to the land or to the building complex on-site and are considered to be part of the real estate herein as opposed to being a chattel as commonly defined. The significant estimates and conclusions reached in this appraisal do not include fuel inventories, supplies and stock.

This report provides a description of the property and pertinent market data gathered during our investigations which have assisted us in arriving at our value conclusion.

In our opinion, the prospective market value of the fee simple interest in the subject property as a 'going concern' effective April 1, 2021 is:

\$ 5,840,000

(FIVE MILLION EIGHT HUNDRED FORTY THOUSAND DOLLARS)

The prospective market value as a 'going concern' that is determined in this appraisal report is based on the owner achieving the projections of revenue, expenses and net income from the subject property that were provided to us by BCM Partners LLP, Chartered Professional Accountants (hereinafter referred to as 'BCM Partners') in the preparation of this appraisal report. In the event they are not met, the appraiser reserves the right to change the prospective market value of the subject property.

The appraiser cannot predict the effect on economic conditions due to any pandemic that presently prevails or will in the future and the associated impact of it on real estate values. In reference to Assumption and Limiting Condition No. 8 within this report: "Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without warning, the market value expressed as of the date of this appraisal cannot be relied upon to estimate the market value of any other date except with further advice of the appraiser."

We wish to advise that we have no present or contemplated interest in this property of any kind whatsoever and that this valuation has been prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice established by the Appraisal Institute of Canada.

This report has been prepared on the assumption that the property complies with all requirements of the authorities having jurisdiction over environmental matters. The value reported may not reflect the prospective market value of the property should the property be found to be contaminated.

It is our understanding that valuation of the fee simple interest is required for first mortgage financing purposes only.

Thank you for the opportunity to be of service.

Yours very truly,
STRY APPRAISALS INTERNATIONAL LIMITED,



John R. Le'Count, AACI, P. App.
President

T A B L E O F C O N T E N T S

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STRY APPRAISALS INTERNATIONAL LIMITED

9-6975 Meadowvale Town Centre Circle, Suite #409
Mississauga, Ontario
L5N 2V7
Tel: (905) 565-8925
Fax: (905) 565-9736
Email: lecount-stry@rogers.com

EXECUTIVE SUMMARY

Effective Date of Appraisal	April 1, 2021
Purpose of Appraisal	To estimate the prospective market value of the within described property as a 'going concern'
Function of Appraisal	For first mortgage financing purposes only
Property Appraised	Gas station and associated facilities
Location	88 Main Street West, Town of Grimsby, Province of Ontario
Legal Description	<p><u>Main Parcel (±0.392 acres - ±17,072 sq. ft.)</u></p> <p>Part Lot 389 Cp Plan 4 Grimsby Designated as Part 1 Plan 30r14530 Town of Grimsby. PIN: 460200220</p> <p><u>South Parcel (±0.014 acres - ±624 sq. ft.)</u></p> <p>Part Main Street Cp Plan 4 Grimsby Closed by By-Law Nr417367 Being Regional Rd No. 81, Part 3 30r14573 Town of Grimsby. PIN: 460200217</p>
Shape (Combined Site)	Irregular
Total Site Area	±0.406 acres (17,696 sq. ft.)
Site Coverage	15.3% approximately
Gross Building Area	Total: ±2,711 square feet approximately
Services	Full municipal services available
Zoning	DMS – Downtown Main Street
Highest and Best Use	Gas station and associated facilities
Direct Comparison Approach	\$ 5,880,000
Income Approach	\$ 5,840,000
Final Prospective Market Value	\$ 5,840,000

PHOTOGRAPHS OF SUBJECT PROPERTY



Northwest View of Subject Property



Southeast View of Subject Property



Southwest Elevation of Subject Building



Northeast Elevation of Subject Building



Northwest Elevation of Subject Building



Southeast Elevation of Subject Building



Front (East) Elevation of Subject Building



Future Fuelling Facility



Future Convenience Store



Future Convenience Store

Future Convenience Store Washroom



Future Cashier's Counter

Convenience Store Electrical



Future Office



Pizza Hut Restaurant



Pizza Hut Restaurant



Main Electrical Service



Future Steel Signage & Billboard



Fuel Dispenser Pad

PHOTOGRAPHS OF NEIGHBOURHOOD



West View of Main Street West



East View of Main Street West



South View of Patton Street



North View of Patton Street

PART I
INTRODUCTION

PURPOSE OF APPRAISAL

The purpose of this appraisal report is to estimate the 'going concern' prospective market value of the subject property located at 88 Main Street West, Town of Grimsby and Province of Ontario.

INTENDED USE OF REPORT

This appraisal is intended to be used for first mortgage financing purposes only.

LEGAL DESCRIPTION

The subject property is legally described as:

Main Parcel (±0.392 acres - ±17,072 sq. ft.)

Part Lot 389 Cp Plan 4 Grimsby Designated as Part 1 Plan 30r14530 Town of Grimsby.

PIN: 460200220

South Parcel (±0.014 acres - ±624 sq. ft.)

Part Main Street Cp Plan 4 Grimsby Closed by By-Law Nr417367 Being Regional Rd No. 81, Part 3 30r14573 Town of Grimsby.

PIN: 460200217

DEFINITION OF MARKET VALUE

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

DEFINITION OF PROSPECTIVE MARKET VALUE

'Prospective Market Value' is defined as a forecast of value expected at a future date and a prospective value estimate is most frequently sought in connection with real estate projects that are proposed or not complete. The subject property comprises a proposed 'ESSO' gasoline station with ancillary amenities municipally designated as 88 Main Street West, Town of Grimsby. **The subject's prospective value is determined based on the financial projections provided to the appraiser that will take effect by the effective date of this appraisal which is determined to be April 1, 2021**

DEFINITION OF 'GOING CONCERN' VALUE

The '**Appraisal of Real Estate**' defines a 'going concern' as "the value of a proven property operation". It is the integration of both the real estate and business as one entity because without the business component, the real estate's market value is diminished. The business component is the operation that will be open and operating and includes all the necessary chattels, fixtures and equipment required to operate the business. Besides gas stations, other properties such as restaurants, taverns, motels and hotels are among some of them that fall within the category of going concerns.

EFFECTIVE DATE OF APPRAISAL

The effective date of this appraisal is April 1, 2021. This date is synonymous with the anticipated date of commencement of full gas station operations under the "ESSO" brand name.

PROPERTY RIGHTS APPRAISED

The property rights appraised are those of the fee simple interest in the real estate comprising the subject property comprising of a gas station with associated facilities on an 'as developed' basis. Fee simple is defined as a fee without limitation to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power and taxation.

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 reasonable exposure period is a function of price, time and use, not an isolated estimate of time alone. The reasonable exposure time inherent in the market value concept is always presumed to precede the effective date of the appraisal. Exposure time is different for various types of real estate and under various market conditions.

The subject property is a proposed gas station with associated facilities that located in the Town of Grimsby. We are not aware of similar properties being offered for sale within the Township, therefore demand is relatively stable. We expect a reasonable exposure time for the subject property to be between six to nine months.

MARKETING TIME

Marketing Time is an estimate of the amount of time it might take to sell a property interest in real estate at the estimated value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time which is always presumed to precede the effective date of an appraisal. We are of the opinion that a reasonable marketing time six to nine months.

LAST SALE OF SUBJECT PROPERTY

The smaller parcel of the subject property (PIN 460200217) was acquired by 88 Grimsby Inc. on July 21, 2016 for \$11,000 – per GeoWarehouse records. The larger parcel of the subject property (PIN 460200220) was acquired on January 7, 2015 for \$200,000.

The subject property is currently under an Agreement of Purchase and Sale; details are as follows:

Vendor:	88GRIMSBY Inc.
Purchaser:	Amjid Chaudhry in Trust for Corporation to be Incorporated
Sale Price:	\$5,825,000
Date of Agreement:	December 02, 2020
Closing Date of Sale:	April 30, 2021

The proposed sale price is expected to be for a 'turn-key' ESSO branded gas station facility as described within this appraisal report.

SCOPE OF APPRAISAL

The scope of the appraisal encompasses the necessary research and analysis to prepare a report in accordance with the Canadian Uniform Standards of Professional Appraisal Practice of the Appraisal Institute of Canada. In regard to the subject property, this involved the following steps:

- An inspection of the subject property and surrounding area by the appraiser was made on February 4, 2021;
- Information related to zoning, land use policies and trends were obtained from municipal planning reports and zoning by-laws;
- Limited discussions with Planning, Zoning and Engineering Officials for the municipality were conducted, if necessary;
- Assembly and analyses of relevant information pertaining to the property being appraised, including acquisition particulars if acquired within three years prior to the date of appraisal;
- Assembly and analyses of pertinent economic and market data;
- An in-depth discussion and statement of highest and best use;
- A discussion of the appraisal methodologies and procedures employed in arriving at indications of value;
- Preparation of the Direct Comparison Approach to Value. A reasonable attempt has been made to verify the sales transaction data to ensure that they were at arms length and reliable;
- Preparation of the Income Approach to Value by applying a market derived capitalization rate to the net income of the subject property;
- Reconciliation of the approaches to value into a final estimate of prospective market value as at the effective date of the appraisal;
- This Prospective Narrative Appraisal Report is a recapitulation of the appraiser's data, analyses and conclusions. Supporting documentation is retained in the appraiser's file;
- Inclusion of all appropriate photographs, maps and addenda/exhibits.

EXTRAORDINARY ASSUMPTIONS

The following are the Extraordinary Assumptions that apply to this appraisal report:

1. Typical dealer supply agreement and cross lease is duly executed with 'ESSO';
2. All gas station equipment is fully operational and in satisfactory condition;
3. The Underground Storage Tanks are Technical Standards and Safety Authority (TSSA) compliant and are in satisfactory condition;
4. That the financial projections prepared by 'BCM Partners' will be met within the first 12 months of operation, post-development;
5. That the projected volume of $\pm 6,000,000$ litres will be achieved within the 12-month period following the effective date of this appraisal report, as per the projections prepared by 'BCM Partners';
6. As of the date of this report Canada and the Global Community is experiencing unprecedented measures undertaken by various levels of government to curtail health related impacts of the Covid-19 Pandemic. The duration of this event is not known. While there is potential for negative impact with respect to micro and macro-economic sectors, as well as upon various real estate markets, it is not possible to predict such impact at present, or the impact of current and future government countermeasures. There is some risk that the Covid-19 Pandemic increases the likelihood of a global recession, however without knowledge of further anticipated government countermeasures at the national and global levels it is not possible to predict any impact at this point in time. Accordingly, this point-in-time valuation assumes the continuation of current market conditions, and that current longer-term market conditions remain unchanged. Given the market uncertainties of the Covid-19 pandemic, a force majeure event, we reserve the right to revise the value estimation set out in this report for a fee, with an update appraisal report under a separate appraisal engagement, incorporating market information available at that time.

EXTRAORDINARY LIMITING CONDITIONS

The following are the Extraordinary Limiting Conditions that apply to this appraisal report because we have not:

1. Verified sales data in the Registry Office. Therefore, we have relied upon third party verification of sales data.
2. Conducted a Title Search or examined the existence of easements, right-of-ways or restrictions, if any, and their effect on the appraised property.
3. Applied the Cost Approach to Value since it would not reflect the prospective market value of the property as a 'going concern'.

PART II
DESCRIPTIVE SECTION

Regional and Neighbourhood Data

Regional Data

The Regional Municipality of Niagara, also known as the Niagara Region, is a regional municipality comprising twelve municipalities of southern Ontario. These include the cities of Niagara Falls, Port Colborne, St. Catharines, Thorold, Welland, towns of Fort Erie, Grimsby, Lincoln, Niagara-on-the-Lake, Pelham and townships of Wainfleet and West Lincoln. The estimated population of the region, according to Census 2016 is 447,888, a 3.8% increase from the previous census obtained in 2011.

The region occupies most of the Niagara Peninsula. Its eastern boundary is the Niagara River, which is also the border with the United States. It is bounded on the north by Lake Ontario and on the south by Lake Erie. Unique natural landscapes make the Niagara Region an important centre for agriculture and tourism in Canada. The most important agricultural enterprise in Niagara is viticulture, or winemaking. The Niagara Wine Route, which connects visitors to dozens of wineries, is a growing tourism draw while the internationally renowned Niagara Falls is one of Canada's major tourist attractions. Along with Shaw Festival, held annually in Niagara-on-the-Lake, and the Welland Canal, the Regional Municipality of Niagara receives up to 12 million visitors each year.

Town of Grimsby

The Town of Grimsby is located in Niagara Region. The Town had a population of 27,314 as per the 2016 Census, a 7.9% increase from Census 2011 estimates. The Town of Grimsby is bounded by the City of Hamilton to the west, Township of West Lincoln to the south and Town of Lincoln to the east. Of the 14,575-resident workforce, major employment sectors include: Sales and Service Occupations (3,020); Business, Finance and Administration Occupations (2,220); Management Occupations (2,060); and Trades, Transport and Equipment Operators and Related Occupations (2,015).



Neighbourhood Description

The subject is located within the 'Downtown – Main Street' commercial district of the Town of Grimsby. West of the subject, to the north side of Livingston Avenue there are several large-scale retail developments including *Canadian Tire*, *Sobey's* and *Shoppers Drug Mart*. East of the subject, there are smaller scale retail developments which line both sides of Main Street. Main Street West becomes Livingston Avenue west of Patton Street.

Location of Subject Property in Neighbourhood

The subject property is a corner lot specifically situated on the northeast corner of Main Street East and Patton Street. The intersection is controlled by two-way stop signs on Patton Street.

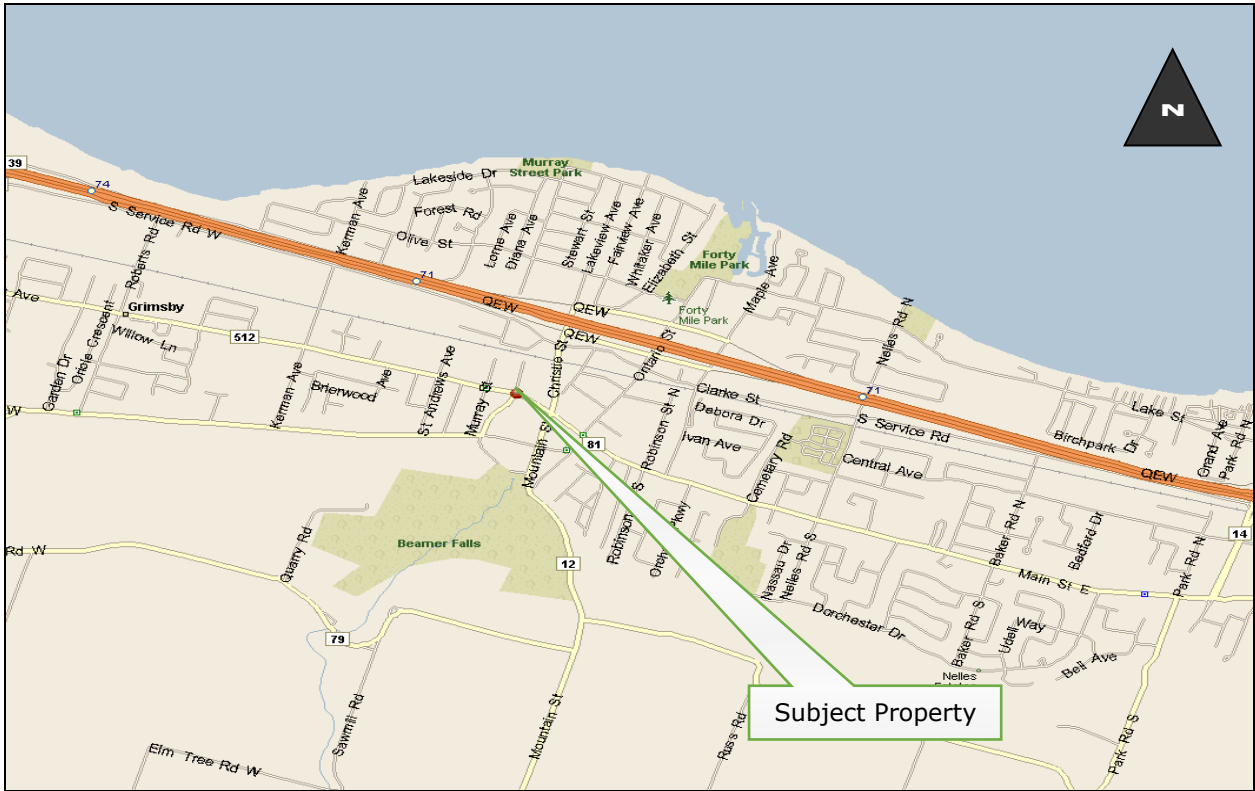
Properties which abut the subject include:

North	Residential Dwelling
South	Coronation Park
East	Retail Plaza
West	Vacant Lot, Paradise Pools & Spas, Revel Realty

This section of Main Street West is a two-lane arterial route improved with concrete curbs and gutters, sidewalks, streetlights and buried services. The route expands to accommodate a dedicated centre turn lane near the subject property. Patton Street is a two-lane dead-end route that is improved with concrete curbs and gutters, streetlights, overhead utility wires and a sidewalk to the west side of the street.

The subject is situated in a neighbourhood that is considered to be in a relatively stable period of its life cycle with no ongoing new developments observed in the immediate vicinity of the subject property.

Location Map



Site Analysis



Note: Parcel boundaries shown for illustrative purposes only

The subject site is approximately ± 0.406 acres and has a municipal address of 88 Main Street West, Town of Grimsby, Ontario. The main particulars relating to the site are:

Main Parcel (± 0.392 acres - $\pm 17,072$ sq. ft.)

Part Lot 389 Cp Plan 4 Grimsby Designated as Part 1 Plan 30r14530 Town of Grimsby.
PIN: 460200220

South Parcel (± 0.014 acres - ± 624 sq. ft.)

Part Main Street Cp Plan 4 Grimsby Closed by By-Law Nr417367 Being Regional Rd No. 81,
Part 3 30r14573 Town of Grimsby.
PIN: 460200217

When combined, the subject site has the following statistics:

Shape	: Irregular
Frontage	: ± 125.03 (Estimated)
Depth	: N/A
Site Area	: ± 0.406 acres

TOPOGRAPHY

The subject site has a general north to south and east to west slope, following the changing grades from Main Street West and Patton Street. The site is above grade with the abutting property to the east.

ACCESS

There are single driveway accesses to the subject property from Main Street West and Patton Street.

SERVICES

Full municipal services and public utilities are available including water, sewer, gas, telephone, hydro, police, street cleaning, etc.

SOIL CONDITIONS

Although no soil analysis has been made in conjunction with this appraisal report, it is assumed that the existing soil conditions are typical for the area and soil bearing and drainage qualities are adequate to support future development. It is beyond the scope of this appraisal to assess the environmental liability which may or may not be present in or on the subject property.

To the best of our knowledge there are no mineral deposits contained in the subject property.

HAZARDOUS FACTORS

No particular hazardous factors inherent in the immediate location of the property, eg. floods, odours etc. were noted. There were no odours in the area. No investigation was carried out as to soil contamination, but this may be explored independently if considered necessary.

ENVIRONMENTAL

This appraisal report is prepared on the assumption that the property is free and clear of any environmental problems. The appraiser has been provided with a copy of a Phase II Environmental Site Assessments prepared by Rubicon Environmental (2008) Inc. dated January 19, 2021. However, the appraiser is not qualified to provide an opinion on the site's environmental impact, if any.

EASEMENTS

Normal utility easements assumed.

Description of Improvements

The subject property is to be developed as an 'ESSO' branded gas station with a commercial building, fuel dispensers, underground storage tanks, a canopy and other ancillary facilities required for a gas station operation. The site historically operated as a 'SHELL' gas station that was mostly demolished, aside from three Underground Storage Tanks; to accommodate the proposed development. The commercial building is proposed to house a 'Pizza Hut' restaurant and a convenience store. The following improvements with their associated areas are provided below:

Convenience Store	±1,361	sq. ft. approximately
Pizza Hut Restaurant	±1,350	sq. ft. approximately
Total:	±2,711	sq. ft. approximately
Canopy	±2,803	sq. ft. approximately

CONVENIENCE STORE

This building is a single storey steel frame structure with poured concrete slab on grade foundation. The building is a nearly L-shaped structure with the convenience store to comprise approximately half of the north portion of the building, with the 'Pizza Hut' restaurant unit comprising the south half of the building. The building has a double set of thermal glass doors in aluminum frame to the southwest corner of the building. Additionally, there is a single thermal glass entrance door to the south side of the building, providing direct access into the 'Pizza Hut' unit and there is a single thermal glass entry door to the northeast side of the building providing access into the future convenience store area. Steel doors are located to the north and east ends of the structure. Thermal glass windows in anodized aluminum frame are located to the southwest and northeast sides of the building. Exterior finish of the building is split faced masonry veneer, brick veneer and EIFS stucco to all sides of the structure. The roof is flat membrane structure that is built to accommodate two rooftop HVAC units.

The convenience store section of the building has plank-style ceramic tile flooring, interior walls and bulkheads are painted drywall and the ceiling is T-bar acoustic tile with recessed LED light fixtures and LED potlights. The convenience store area will be segmented into a main retail area, one unisex washroom, office and storage room. There is a wall inset for an 8-door walk-in inset cooler, display/grab rack units and a service and display counter for the convenience store. ATM and lottery machines will be installed in the store. Security cameras will be located inside and to the exterior of the store. A large thermal glass curtain wall divides the convenience store unit from the Pizza Hut restaurant unit. A double set of thermal glass doors provides interior access between the units.

Electrical service is 600 volts / 225 amps 2 wire rates main electrical service to run the combination of the commercial building and the fuel sales component, main signage, and yard lighting and miscellaneous systems installed on-site.

PIZZA HUT

The Pizza Hut unit features ceramic tile flooring throughout, walls are painted drywall and ceilings are T-bar acoustic tile with recessed LED light fixtures and LED potlights. The front section of the unit has a cashier's counter and a unisex washroom, the rear of the unit is used for product storage and preparation.

FUEL FACILITY

CANOPY

The canopy has a heavy gauge steel sheet roof cover and gloss finished composite plastic material. Upon inspection, the sides of the canopy did not have any fascia installed. When completed, the sides of the canopy will be clad in enamel metal panels which will carry the 'ESSO' logo banner in lit format. The canopy has LED light fixtures. The size of the canopy is ±2,803 square feet.

Fuel Dispensers

There will be four 'Dresser Wayne Ovation' dispensers located under canopy cover. Three dispensers will offer three grades of gasoline. One dispenser will offer three grades of gasoline and one grade of diesel fuel. All dispensers will have the latest pay at the pump technology including 'chip and pin' technology and will be located on concrete islands. Upon inspection, dispensers had not been installed.

Underground Storage Tanks

Three underground double wall fibreglass storage tanks were reportedly installed in 2009 and one tank was installed in 2020 with the following capacities:

Diesel (Installed 2020)	1 tank	20,000 litres
Regular Gasoline (Installed 2009)	1 tank	35,000 litres
Regular Gasoline (Installed 2009)	1 tank	35,000 litres
Premium Gasoline (Installed 2009)	1 tank	35,000 litres
Total	4 tanks	125,000 litres

It was reported that all fuel lines were replaced as part of the proposed site renovation.

SITE IMPROVEMENTS (PROPOSED)

Asphalt paved parking and driveways (to be completed in the Spring);
Sod and landscape area;
Steel 'ESSO' signage;
Concrete pad below canopy area and above UST's.

CONDITION OF IMPROVEMENTS

The commercial building was recently constructed and will be in 'excellent' condition post-renovations.

REMAINING ECONOMIC LIFE OF BUILDING

The remaining economic life of the commercial building is estimated to be approximately 45-50 years.

Land Use Controls

OFFICIAL PLAN

The subject property is located in an area that is designated as 'Downtown – Main Street' per the Official Plan for the Town of Grimsby.

ZONING & LAND USE CONTROLS

The subject property is regulated by the Corporation of the Town of Grimsby By-law No. 14-45; as amended. The subject property is located within a 'DMS' – Downtown Main Street zone.

Permitted uses within the DMS zone include:

Apartment building; Bakery shop; Bank; Banquet facility; Clinic; Club; Commercial fitness centre; Community Recreational Centre; **Convenience store***; Department store; Dry cleaning distribution station; Farm market; Laundromat; Liquor or beer store or Microbrewery; Personal service shop; Place of entertainment; Post office; Printing establishment; Public transportation depot; **Restaurant***; Retail store; Service shop; Studio; Supermarket; Tavern/Bar/Pub; Undertaking establishment.

*Denotes a proposed use of the subject property.

Additional permitted uses with conditions include: Commercial school; Day care facility; Dwelling unit; Office; Public parking lot.

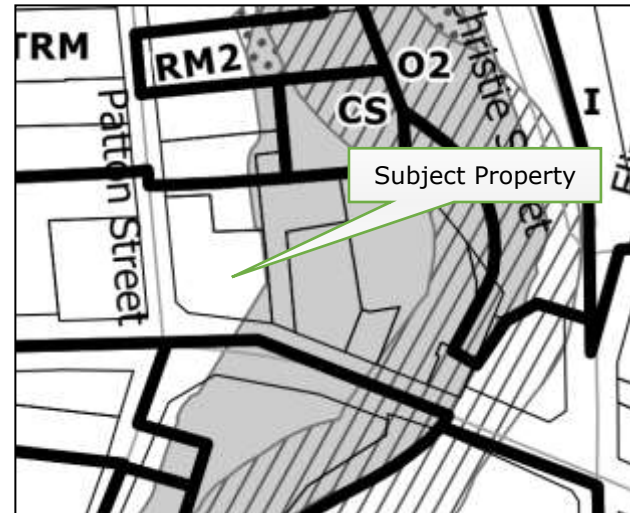
The southeast corner of the site has a partial hazard overlay. This area of the subject property is proposed to be asphalt paved.

The subject property received Site Plan Approval for the ongoing site redevelopment per Site Plan Application 26SP-16-1601. The site was formerly established as a 'SHELL' station, thus the proposed development is considered to be a legal, non-conforming use.

Regulations covering the minimum lot area and lot restrictions and set backs are more specifically identified in the by-law.

The appraisal is prepared on the basis that the proposed development of the subject property complies with all aspects of the by-law.

A copy of the zoning by-law is included in the Addenda to this report, for reference purposes.



Highest and Best Use

INTRODUCTION

The principle of highest and best use is fundamental to the concept of value in real estate appraising. This principle may be defined as "that use which is most likely to produce the greatest net return over a given period of time". The criteria for determining highest and best use include the following:

- Physical Possibility - the use must be within the realm of probability, a likely one, not speculative or conjectural;
- Legal Permissibility - the use must be legal and in compliance with zoning and building restrictions;
- Financial Feasibility - a demand for such use must exist;
- Maximum Productivity - the use must provide the highest net return to the land.

PHYSICAL POSSIBILITY

The site is a corner lot of sufficient size, shape and suitable topography to accommodate the proposed gas station. It has frontage and exposure on Main Street West. There is good traffic flow on Main Street West. Therefore, the use is physically possible.

LEGAL PERMISSIBILITY

The subject property's proposed use as a gas station is considered to be legal, non-conforming. Site coverage is at 15.3% approximately.

FINANCIAL FEASIBILITY

The subject property is a formerly well-established gas station which operated under the SHELL brand name. The site is proposed to be redeveloped under the 'ESSO' brand name. The gas station and added amenities will provide income to the subject property. The economic viability of the subject property is evident by its former established development and Triple-A covenant with Pizza Hut.

MAXIMUM PRODUCTIVITY

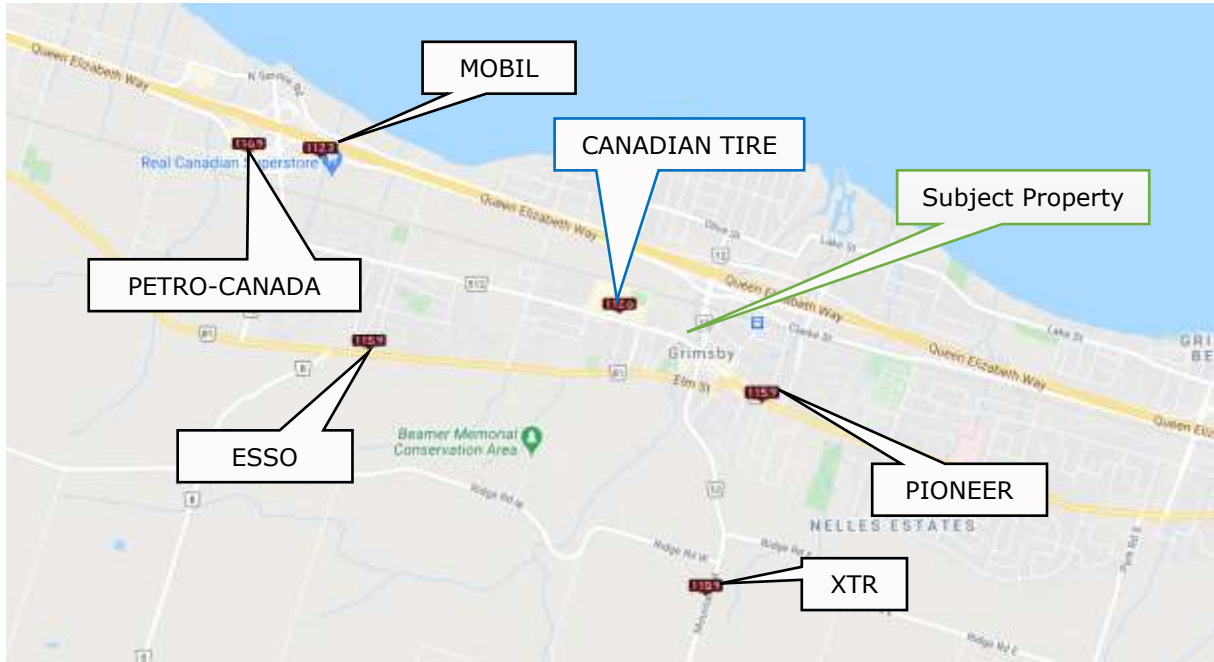
Of the various uses satisfying the criteria discussed above the proposed use represents the maximum productivity of the property.

CONCLUSION

This gas station is an income producing property. The neighbourhood has typical residential and commercial development in regard to the type of land use, infrastructure, transportation and parking. Having considered all pertinent factors it is our opinion that the Highest and Best Use of the subject site as at the effective date of this appraisal report is a continuation of the present use as a gas station, as if vacant. On an improved basis, this use also represents the Highest and Best Use of the site.

Relative Matters

The subject property will directly compete with two nearby gas stations along Main Street in Grimsby (namely a non-traditional CANADIAN TIRE retailer and PIONEER locations), and indirectly competes with other gas stations as identified in the below map in Grimsby:



HOURS OF OPERATION

The subject property is expected to operate on an 18 hour per day, 7 day per week basis as a self-serve gas station.

AADT STUDY

Traffic count data along Main Street West is reported through the 'Niagara Open Data' program. In 2017, the section of Main Street West between Livingston Avenue and Mountain Street had an AADT count of ±12,900 vehicles.

KENT GROUP LTD. DAILY PETROLEUM PRICING SURVEY IN CANADA – FEBRUARY 4, 2021

Gasoline	Diesel	Propane	Furnace Oil
117.5	114.0	88.3	103.1
Change from last (cpl)	Change from last (cpl)	Change from last (cpl)	Change from last (cpl)
Day 0.4 ▲	Day 0.4 ▲	Week 0.0 –	Week 0.5 ▼
Week 2.0 ▲	Week 1.1 ▲	Year 1.6 ▼	Year 10.5 ▼
Year 4.5 ▲	Year 8.0 ▼	Price Updated: 2/2/2021	Price Updated: 2/2/2021
Retail Margin 6.1	Retail Margin 4.6		

PART III
VALUATION SECTION

METHODS OF VALUATION

VALUATION TECHNIQUES

The purpose of this report is to determine the prospective market value of the subject property as a 'going concern'. This is achieved by a systematic gathering, classification and analysis of data which is required in the development of the three basic approaches to value: the Income Approach, the Direct Comparison Approach and the Cost Approach.

INCOME APPROACH

With the Income Approach, the value is based on future benefits (cash flows) that may be derived from the property. The two principal techniques utilised for the Income Approach are the discounted cash flow (DCF) analysis method and the direct capitalization of a stabilized income (OCR) method.

Discounted Cash Flow Method

The discounted cash flow (DCF) method attempts to directly quantify more variables related to multi-tenanted income producing properties with regular cash flows. Using this valuation method, future cash flows from the property are forecast using precisely stated assumptions, together with an estimated reversion value upon a deemed disposition at the end of the holding period. The multi-year model allows the appraiser to directly consider the costs associated with vacancies, leasing costs, exposure to vacancies, growths in rental rates. These future financial benefits then are discounted to present day value at an appropriate discount rate.

The selection of a discount rate allows the appraiser to recognize the time value of money, certainty of payment (risk) and the opportunity cost of funds that can be associated with a long-term non-liquid investment.

Overall Capitalization Rate Method

With the overall capitalization method, an estimate of a stabilized income is capitalized by an investor's expected return based on comparable properties that have sold. Inherent in the capitalization rate are many factors not directly quantifiable in the cash flow such as vacancies, income growth and security of income. This approach is considered to be relevant where market derived capitalization rates are available to use in appraising the subject property.

DIRECT COMPARISON APPROACH

The Direct Comparison Approach involves a comparison of the subject property to similar properties that have actually sold in arms-length transactions or are offered for sale. Sale prices are adjusted to reflect the differences that exist between the properties that sold and the subject property; the adjusted prices are correlated into a final value estimate of subject's prospective market value.

This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market and is particularly useful in estimating the value of the properties that are typically owner-occupied. The unit of comparison for improved properties is typically the price per square foot based on annual fuel sales derived from the facility.

COST APPROACH

This approach consists of estimating the replacement cost new of all improvements, deducting accrued depreciation from all sources, and adding the value of the underlying land, estimated by comparison to recent land sales. The value derived from this approach is a summation of the various property components contributing to the total property value. It is applicable when each component is independently measurable, and when the sum of all components is believed to reflect prospective market value.

The Cost Approach is especially useful in estimating insurable value, or in estimating the prospective market value of new improvements and special purpose properties which, because of their design and single-use nature, have a limited market and would not be valued more accurately by another approach.

This approach is not applicable to unimproved land or obsolete improvements and rapidly loses its accuracy when large allowances for depreciation are required or when market stagnation limits the availability of recent comparable land sales transaction and new construction cost data. This approach is also not applicable when the property is encumbered by multiple leases which restrict the direct application of the Principle of Substitution.

SUMMARY

In establishing the prospective market value of a specific property, we must rely upon the approaches that are best suited to estimate value for that property. In our view, the prospective market value of the subject property as a 'going concern' is derived mainly from the Direct Comparison Approach and the Income Approach to Value.

We have therefore appraised the subject property on the basis of the two methods referred to above.

PART IV
DIRECT COMPARISON APPROACH

DIRECT COMPARISON APPROACH

The Direct Comparison Approach is a valuation whereby the property being appraised is compared with similar properties that have recently been sold or offered for sale. The assumption is that if the subject property had been exposed to the market, it would have been in competition with comparable properties dealing with the same type of purchaser under similar market conditions. Since no two properties are completely alike, adjustments must be made to compensate for differences between the comparables and the subject property. In arriving at the value conclusion by this method, the greatest weight is given to actual sales of truly comparable properties made at or nearest the effective date of appraisal in order to reflect comparable economic conditions.

Traditionally, the primary elements of comparison are time, location and physical characteristics, with the objective being to deduce from the sales data the amount the property under appraisal would achieve, in terms of price at the date of valuation, if exposed for sale on the market for a reasonable time.

The most relevant comparable sales which form the basis of this approach to value have been summarized for ease of reference on the following pages. These comparables have each been described and analyzed in this section of the report and adjustments to each comparable have been made to make a reasonable comparison of them to the subject property. There may be other adjustments necessary in order to compare the subject property. If so, they are stated in the report.

DISCUSSION AND ANALYSIS OF THE COMPARABLE SALES

The Direct Comparison Approach to Value compares sales of various properties to the subject and where necessary, adjustments are made to compare them to the subject property. If a comparable property is considered to be superior to the subject property, a negative adjustment is applied. Consequently, a positive adjustment is applied if a comparable property is considered to be inferior. The adjustments are applied for differences in the comparables in relation to the subject. What they add or detract from the subject property considers the contribution of various factors, and those compared to it. The contribution of the value of the various differences is usually not the cost to install such an item, but how the market perceives such an item or lack thereof. This is known as the Principle of Contribution. Adjustments are not always quantifiable, however, and in such cases, an upward or downward adjustment is noted, thus leading the appraiser to lean towards one end or the other of the estimated range of unit values. The most common adjustments are summarized as follows.

PROPERTY RIGHTS CONVEYED

In all of the comparable sales, the property rights conveyed were those of "Fee Simple", the same as the subject property, therefore, no adjustment is necessary.

FINANCING

Adjustments are required to each of the comparable sales is one to account for any special financing terms, which provided a benefit to the purchaser. Research by the appraiser did not reveal any beneficial financing terms to the purchasers therefore no financing adjustments will be applied.

MOTIVATIONAL FACTORS

This adjustment considers such things as a vendor under financial pressure to sell, thus resulting in a lower than usual price, or, say a purchaser assembling properties for a development, thus possibly paying a premium to acquire the necessary properties to complete the development. To our knowledge, none of the sales had any duress associated with them. Hence, no upward adjustments are necessary to these transfers. It has been our experience that duress sales trade in the area of 10% - 15% below the standard market range.

TIME ADJUSTMENT

The next adjustment required, is for time, to account for any change in market conditions since the date of sale of the comparable sales and the effective date of this appraisal report.

PHYSICAL ADJUSTMENTS

Adjustments for physical differences such as location, building size, quality of construction, layout and condition are made where necessary. These factors are noted in the 'Analysis' section of each comparable sale.

Gas Station Property Sales

Sale No.	Address	Registration Date	Annual Gasoline Sales (Volume - litres)	Volume Year	Sale Price	Land Area (acres)	Bldg Area sq. ft.	Site Density	Sale Price Per Litre	ADJUSTMENTS				Adjusted Sale Price per litre
										Time	Location	Size	Other	
1	5687 Stanley Avenue, Niagara Falls	Jun-21, 2019	5,900,000	Projection	\$5,500,000	0.820	5,117	14.3%	\$0.93	↑	↓	↑	↓	\$0.85
2	1303 & 1305 Highway 5 West, Hamilton	Nov-07, 2019	6,535,052	2019-2020	\$7,475,000	7.770	8,788	2.6%	\$1.14	↑	↓	↑	↓	\$0.89
3	5486 Stanley Avenue, Niagara Falls	Mar-27, 2020	6,072,120	2018	\$5,650,000	1.076	5,057	10.8%	\$0.93	↑	↓	↑	↓	\$0.85
4	12476 Highway 50, Bolton	Jun-03, 2020	5,025,664	2019-2020	\$6,100,000	3.121	1,248	0.9%	\$1.21	↑	↓	↓	↑	\$1.34
S.P.	88 Main Street West, Town of Grimsby					0.406	2,711	15.3%						

Average Adjusted Sale Price Per Litre \$0.98
Median Adjusted Sale Price Per Litre \$0.87

S.P. = SUBJECT PROPERTY

Sale No. 1: 5687 Stanley Avenue, Niagara Falls

This property is located on a regular lot of ± 0.82 acres located within the City of Niagara Falls, on the southwest corner of Stanley Avenue and Emery Street with ± 152.59 feet frontage on Stanley Avenue and approximately 2 kilometres west of the Rainbow Bridge to the United States.



The property is a newly developed 'MOBIL' self-serve gas station with a convenience store, Tim Hortons food outlet, a vacant commercial space, second floor store storage space/office/manager's accommodation, fuel dispensers and canopy together with other ancillary facilities. The commercial building has an east facing aspect and is $\pm 5,117$ sq. ft. in size.

Stanley Avenue here is a four lane (plus centre turning lane) route running in a north-south direction, providing a link from Highway 420/Falls Avenue into the tourist area of Niagara Falls to the southeast. This section of Stanley Avenue is improved with concrete curbs, gutters, sidewalks, streetlights and buried services. Emery Street is local residential route that runs in an east-west direction from Stanley Avenue and is improved with sidewalks, streetlights and overhead utility wires to the south side of the street.

This property sold on June 21, 2019 from 2611149 Ontario Inc. to 2533732 Ontario Limited for a total consideration of \$5,500,000. Based on projected fuel sales volumes of 5,900,000 litres, this is the equivalent of \$0.93 per litre of fuel.

Analysis

Adjustments made to this sale include the following:

Factor	Adjustment	Remarks
Time:	Upward	An upward adjustment is made for time for this 2020 sale due to the growth in the market for this category of real estate.
Location:	Downward	Downward adjustment is made for location as this property is located in a larger population centre as compared to the subject's location in Grimsby.
Size:	Upward	An upward size adjustment is made to this sale based on the premise that typically, properties with larger buildings sell at lower per unit rates when compared to properties with smaller buildings. The opposite is true such that when buildings are smaller, the sale price per unit is higher.
Other:	Downward	This sale features a convenience store, Tim Horton's restaurant, commercial and office space amenities; superior to the proposed convenience store and Pizza Hut restaurant amenities of the subject property. This sale operates under the 'MOBIL' brand name, inferior to the 'ESSO' brand name of the subject property. Overall, a downward 'Other' adjustment is considered necessary.

Sale No. 2: 1303 & 1305 Highway 5 West, Hamilton

Irregular shaped interior land parcel specifically situated on the north side of Highway 5 West, the second property east of Highway 8. The site area is ± 7.77 acres.



This gas station was developed circa 2016. This 'SHELL' branded gas station features a convenience store ($\pm 2,608$ square feet), auto service garage ($\pm 3,485$ square feet), a freestanding Tim Horton's restaurant ($\pm 2,695$ square feet) & retail propane sales, alongside other ancillary facilities required to run a gas station operation. The site also includes a satellite diesel fuelling facility. The Tim Horton's facility was added to the site in November of 2018. Total building area of the site is $\pm 8,788$ square feet.

The property transferred on November 7, 2019 from 2493150 Ontario Inc. to GBS Investments Group. for a consideration of \$ 7,475,000. Total reported fuel sales for 2019-2020 were $\pm 6,535,052$ litres or \$1.14 per litre of fuel.

Analysis

Adjustments made to this sale include the following:

Factor	Adjustment	Remarks
Time:	Upward	An upward adjustment is made for time for this 2020 sale due to the growth in the market for this category of real estate.
Location:	Downward	Downward adjustment is made for location as this property is located in a larger population centre as compared to the subject's location in Grimsby.
Size:	Upward	An upward size adjustment is made to this sale based on the premise that typically, properties with larger buildings sell at lower per unit rates when compared to properties with smaller buildings. The opposite is true such that when buildings are smaller, the sale price per unit is higher.
Other:	Downward	This sale features a convenience store, Tim Horton's restaurant, automotive repair garage and retail propane sale amenities; superior to the proposed convenience store and Pizza Hut restaurant amenities of the subject property. This sale is of inferior condition as compared to the subject property. Overall, a downward 'Other' adjustment is considered necessary.

Sale No. 3: 5486 Stanley Avenue, Niagara Falls

This property an irregular lot of ± 1.076 acres located to the southeast corner of Stanley Avenue and Kitchener Street in the City of Niagara Falls, approximately 2 kilometres west of the Rainbow Bridge to the United States.



The property is a recently developed 'ESSO' self-serve gas station (2017) with a commercial building housing a convenience store & McDonald's restaurant, fuel dispensers and canopy together with other ancillary facilities. The commercial building has an east facing aspect and is $\pm 5,057$ sq. ft. in size.

Stanley Avenue here is a four lane (plus centre turning lane) route running in a north-south direction, providing a link from Highway 420/Falls Avenue into the tourist area of Niagara Falls to the southeast. This section of Stanley Avenue is improved with concrete curbs, gutters, sidewalks, streetlights and buried services.

This property sold on March 27, 2020 from 2320595 Ontario Inc. to 2728083 Ontario Inc. for a total consideration of \$5,650,000. Based on reported 2018 fuel sales volumes of 6,072,120 litres, this is the equivalent of \$0.93 per litre of fuel.

Analysis

Adjustments made to this sale include the following:

Factor	Adjustment	Remarks
Time:	Upward	An upward adjustment is made for time for this 2020 sale due to the growth in the market for this category of real estate.
Location:	Downward	Downward adjustment is made for location as this property is located in a larger population centre as compared to the subject's location in Grimsby.
Size:	Upward	An upward size adjustment is made to this sale based on the premise that typically, properties with larger buildings sell at lower per unit rates when compared to properties with smaller buildings. The opposite is true such that when buildings are smaller, the sale price per unit is higher.
Other:	Downward	This sale features a convenience store and McDonald's restaurant outlet; superior to the proposed convenience store and Pizza Hut restaurant amenities of the subject property. This sale is of inferior condition as compared to the subject property. Overall, a downward 'Other' adjustment is considered necessary.

Sale No. 4: 12476 Highway 50, Bolton

This property is located on an irregular lot of ± 3.121 acres on the northeast corner of Highway 50 and George Bolton Parkway in Bolton.

This sale was recently renovated under the 'ESSO' brand name in 2018/2019 – formerly operating as a 'HUSKY' station previously. The site was originally developed in 2008. The station features a convenience store amenity of $\pm 1,248$ square feet. The gas station comprises the northeast corner of the site, with rear lands being undeveloped.



Highway 50 is a four lane arterial route traveling in a general north-south direction, improved with concrete curbs and gutters, streetlights, a sidewalk to the west side of the street and overhead utility wires running parallel to the street.

This property sold on June 3, 2020 from Pilla Investments Incorporates to 2752324 Ontario Inc. for \$6,100,000. Based on reported fuel volumes of $\pm 5,025,664$ litres this is the equivalent of \$1.21 per litre of fuel.

Analysis

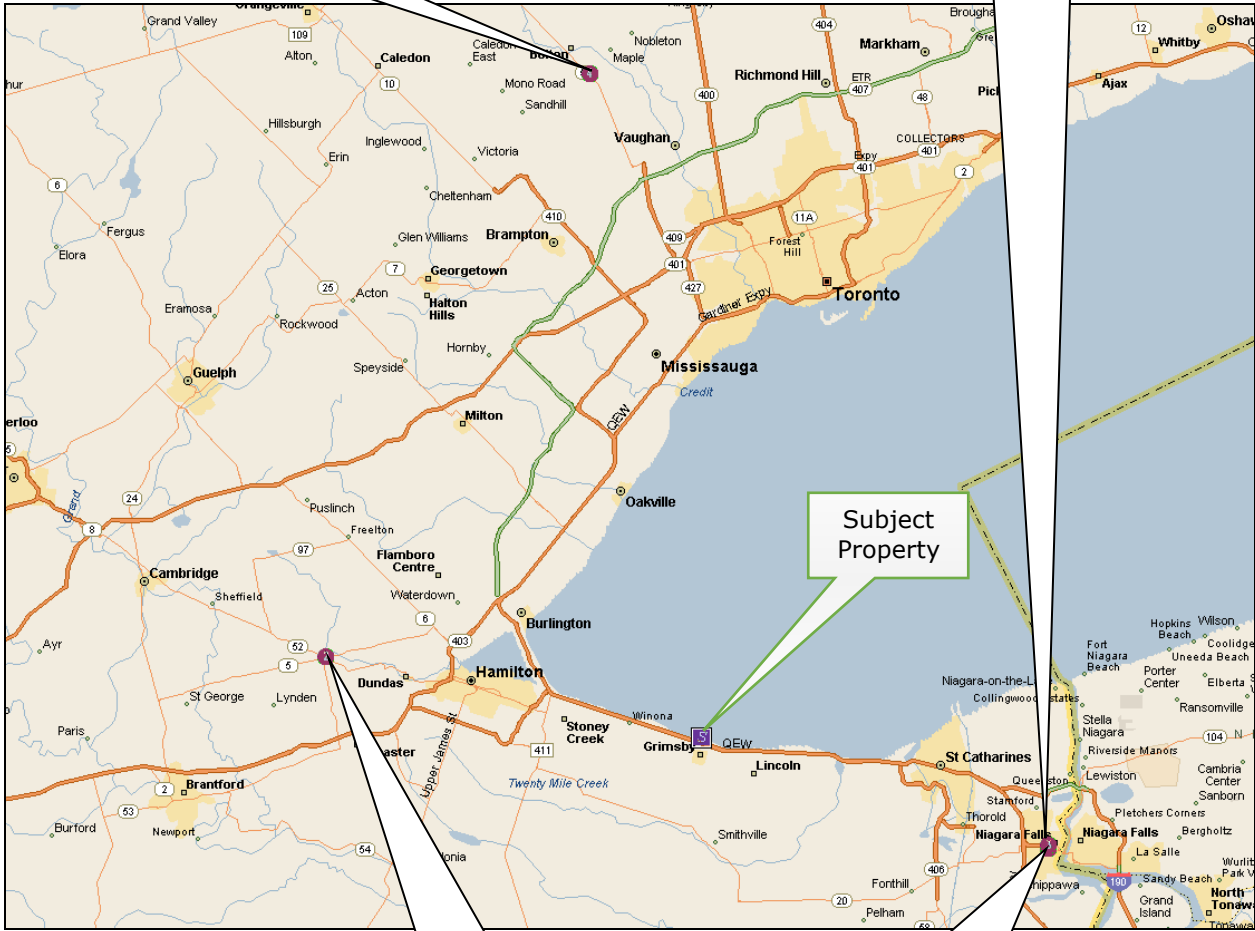
Adjustments made to this sale include the following:

Factor	Adjustment	Remarks
Time:	Upward	An upward adjustment is made for time for this 2020 sale due to the growth in the market for this category of real estate.
Location:	Downward	Downward adjustment is made for location as this property is located in a larger population centre as compared to the subject's location in Grimsby.
Size:	Downward	A downward size adjustment is made to this sale based on the premise that typically, properties with smaller buildings sell at higher per unit rates when compared to properties with larger buildings. The opposite is true such that when buildings are larger, the sale price per unit is lower.
Other:	Upward	This sale features a convenience store only amenity; inferior to the to the proposed convenience store and Pizza Hut restaurant amenities of the subject property. This sale is of inferior condition as compared to the subject property. Overall, an upward 'Other' adjustment is considered necessary.

Location Map of Comparable Sales

Sale No. 4
12476 Highway 50,
Bolton

Sale No. 3
5486 Stanley Avenue,
Niagara Falls



Sale No. 2
1303 and 1305
Highway 5 West,

Sale No. 1
5687 Stanley Avenue,
Niagara Falls

SUMMARY

A search of comparable gas station sales within the Town of Grimsby revealed no recent transfers. Therefore, it was necessary to extend the search to include the sale of gas stations in other competing areas.

Adjustments made to the various comparables surveyed include those for time of sale, location, size, amenities offered and condition of the property. Each comparable analysed in the preceding pages were adjusted in order to compare them to the subject. All the comparables together, after adjustments, provide good support in deriving a value estimate in the Direct Comparison Approach.

The projections prepared by 'BCM Partners' estimate a total fuel sales volume of **±6,000,000 litres** in the projected year of operation. This volume is slightly lower than the average of the comparables surveyed of 5,883,209 litres of annual sales volume. The adjusted sale prices of the four comparables range from \$ 0.85 to \$ 1.34 per litre of annual sales volume for retail fuel sales, inclusive of four "going-concerns". The average adjusted sale price per litre is \$ 0.98 and the median adjusted sale price is \$ 0.87 per litre.

The unit rate per litre that is selected as being appropriate to the subject is established at the average of all comparables or **\$0.98 per litre of annual sales volume** for the subject property as a "going concern", effective April 1, 2021 Applied to the subject, the prospective market value of the subject property is:

PROSPECTIVE MARKET VALUE BY DIRECT COMPARISON APPROACH TO VALUE					
Retail Fuel Sales and Ancillary Facilities	6,000,000	litres @	\$ 0.98	per litre of annual sales volume =	\$ 5,880,000
				Rounded To:	\$ 5,880,000

\$ 5,880,000

(FIVE MILLION EIGHT HUNDRED EIGHTY THOUSAND DOLLARS)

PART V
INCOME APPROACH

I N C O M E A P P R O A C H

The Income Approach is based upon our estimate of income that an investor may reasonably expect to earn on the subject property and then converting or capitalizing this cash flow to a capital value. The two main methods of capitalization used are the Overall Capitalization Rate (OCR) and the Discounted Cash Flow (DCF) methods. The OCR method measures the relationship of value to the net operating income expected for one year, using an analysis of comparable sales of other similar investment properties. The DCF method involves the reasonable estimation of net operating income over a longer investment horizon, based upon typical market expectations of income and expenses. The forecasted annual net operating income and the reversionary value of the asset are discounted to express the present value using rates as surveyed from the market.

Given typical investment parameters utilized by investors within this market segment, the OCR method has been used in the valuation of the subject property.

SCOPE OF INCOME APPROACH

The subject property is proposed to comprise a convenience store, Pizza Hut restaurant and gasoline station operation. The subject property is expected to operate under the "ESSO" brand name.

In compiling our stabilized income and expense statement, we have relied on the projections for both revenue and expenses prepared by 'BCM Partners' and made certain adjustments to it in accordance with appraisal practice in appraising income properties.

Note: The subject property essentially comprises two distinct components being the gas station operation and the commercial section which comprises the leased Pizza Hut premises. It is therefore necessary to appraise the two components separately due to their use and also due to separate capitalization rates being used for each component. The gas station component is appraised as a 'going concern' and revenue from the sale of fuel and sundry items from the convenience store to determine gross income. For the commercial section, net rent is used to determine potential revenue and gross income for the space.

Having regard to the projections made for income, vacancy allowance and operating costs, we have estimated the net operating income.

The appraiser has interpreted the particular investment characteristics displayed by the subject property and has applied an appropriate rate of capitalization based upon market expectations and established the subject's prospective market value based on a 'going concern'.

It is from the financial projections prepared by 'BCM Partners' for revenue, expense and net income for the first year that we developed our stabilized income and expense statement. 'BCM Partners' projections and our stabilized income and expense statement follow.

Financial Projections

2796996 ONTARIO INC.
PROJECTED STATEMENT OF INCOME
FOR THE YEAR ENDING MARCH 2022 & 2023

	Projected Year Ending Mar 31, 2022	Projected Year Ending Mar 31, 2023
REVENUE		
Gas sales (6,000,000 L @ \$1.00 per L for 2021 and 7,000,000 L @ \$1.05 per L for 2022)*	6,000,000	7,350,000
Store sales including Lotto	1,250,000	1,400,000
Cross lease (\$0.015 per litre)	90,000	105,000
Other income - Pizza Hut Rent(1350 SF * 35)	47,500	47,500
Other income - Bill Board Rent	18,000	20,000
Other Income - ATM and Air Machine	12,000	15,000
	<u>7,417,500</u>	<u>8,937,500</u>
Cost of sales - Gas (\$0.93 and \$0.98 per litre)	5,580,000	6,860,000
Cost of sales - Store (75% of the Store Sale)	937,500	1,050,000
	<u>6,517,500</u>	<u>7,910,000</u>
Gross profit	900,000	1,027,500
EXPENSES		
Salaries and wages	100,000	100,000
Advertisement	3,000	4,000
Credit card charges	60,000	70,000
Mortgage interest*	131,250	131,250
Utilities	20,000	25,000
Insurance	5,000	5,000
Repairs and maintenance	10,000	10,000
Telephone	1,200	1,200
Property taxes	20,000	21,000
Professional fees	4,500	4,500
Amortization of tangible assets	201,250	373,375
Office and general expenses	2,000	2,000
	<u>558,200</u>	<u>747,325</u>
NET PROFIT BEFORE TAXES	341,800	280,175
Provision for income tax	(58,106)	(47,630)
NET PROFIT FOR THE PERIOD	283,694	232,545
Retained Earnings brought forward	-	83,694
Dividend	200,000	300,000
RETAINED EARNINGS	83,694	16,239

* Based on the Fuel Margin of 7 Cents per litre

* Based on 3.5% annual interest rate for loan of \$3,750,000

APPRAISER'S STABILIZED RECONSTRUCTED INCOME AND EXPENSE STATEMENT

88 Main Street West, Town of Grimsby
(Gas Station, Convenience Store)

REVENUE:		Projected Year 1
Gas Sales	6,000,000 litres @ \$ 0.070 / litre	\$ 420,000
Cross Lease	6,000,000 litres @ \$ 0.015 / litre	\$ 90,000
Store Sales	\$ 1,250,000 gross @ 25% margin	\$ 312,500
Billboard Rent		\$ 18,000
ATM & Air		\$ 12,000
TOTAL REVENUE:		\$ 852,500
Less: Vacancy on Total Revenue @ :	2%	\$ 17,050
EFFECTIVE GROSS INCOME		\$ 835,450
EXPENSES:		
Structural Repairs and Maintenance (% of EGI) :	2%	\$ 16,709
Salaries and Wages	11.97% of EGI	\$ 100,000
Advertisement	0.36% of EGI	\$ 3,000
Credit Card Charges	7.18% of EGI	\$ 60,000
Utilities	1.80% of EGI	\$ 15,000
Insurance	0.48% of EGI	\$ 4,000
Repairs and Maintenance	0.90% of EGI	\$ 7,500
Telephone	0.14% of EGI	\$ 1,200
Property Taxes	1.80% of EGI	\$ 15,000
Professional Fees	0.54% of EGI	\$ 4,500
Office and General Expenses	0.24% of EGI	\$ 2,000
TOTAL EXPENSES:		\$ 228,909
NET INCOME (LOSS):		\$ 606,541
Percentage of Operating Expenses to Effective Gross Income		27%

Stabilized Income and Expenses

The following is an explanation of each item, including items added by the appraiser and / or amendments made to the projections provided to us to derive the appraiser's reconstructed income and expense statement.

INCOME

FUEL SALES

Retail fuel sales volume is projected at **±6,000,000 litres** during the first operational year under the ESSO brand name; per projections provided by BCM Partners.

PETROLEUM SALES REVENUE

A Motor Fuel Supply Agreement has been provided to the appraiser and is a 10-year agreement. A cross-lease value of 1.5 cents per litre is payable to the dealer. BCM Partners has projected an average annual margin on fuel sales of 7 cents per litre.

CONVENIENCE STORE

Product sales from the convenience store such as the sale of pop, cigarettes, snacks etc. is projected to be \$1,200,000 in the projected year and the profit margin is projected at 25%.

BILLBOARD RENT

Rental income from the on-site Billboard is reported to be \$18,000 per annum.

ATM & AIR

Commissions from the ATM machine and sales from the compressed air dispenser is projected to be \$12,000.

EXPENSES

VACANCY

A vacancy allowance of 2% is provided for in the event the gas station is temporarily closed for repairs or servicing of pumps or underground storage tanks.

STABILIZED OPERATING EXPENSES

The procedure of analysing operating expenses involves an examination of amounts expended in previous years; the trends indicated to date; the current costs in each classification and the probable trends in the foreseeable future. The resulting amount represents the forecasted annual expenditure based upon typical operating conditions and on current prices. The best source of information for preparing a reconstructed statement is the actual (if possible audited) financial statements for the past several years. Only financial projections prepared by 'BCM Partners' have been relied upon. We have therefore used the projections that were provided to us by 'BCM Partners'. Adjustments to revenue and expenses for the subject are made based on some known expenditures for the subject in addition to that available to us based on our ongoing analysis of similar properties.

STRUCTURAL REPAIRS AND MAINTENANCE

This item is included by the appraiser as all buildings require maintenance to keep them in stable condition. In addition to cosmetic needs, they require maintenance to parts of the building structure. Such maintenance can involve regular service to less apparent items such as repairs to caulking and attention to roof flashing. This also includes periodic structural changes such as roof replacement over the life of the building. We consider an allowance of 2% of Effective Gross Income as suitable for this property.

SALARIES AND WAGES

This includes salaries for staff required to run the operation. The projection for wages is a necessary expense item. It is expected that a Site Manager will assist in day-to-day operations.

ADVERTISEMENT

This item includes costs associated with the promotion of the business.

CREDIT CARD CHARGES

Credit card charges represent the cost of credit card transactions to the merchant and are paid to the credit card company and are typically based on sales volume. The amount allocated for projection purposes is \$60,000. This includes typical bank charges for maintaining an operating account with the financial institution that the gas station will do business with.

UTILITIES

This expense is self-explanatory referring to cost of water, gas and hydro needed to run the business. This item has been adjusted to \$15,000 as estimated Utilities used by the Pizza Hut tenant are recoverable.

INSURANCE

Covers fire insurance for the structures on-site. This item has been adjusted to \$4,000 as estimated insurance costs related to the Pizza Hut are recoverable.

REPAIRS AND MAINTENANCE

All buildings require maintenance to maintain them in stable condition. These include day to day expenses for wear and tear that may occur and are separate from Structural Repairs referred to above. This item has been adjusted to \$7,500 as Utilities used by the Pizza Hut tenant are recoverable.

TELEPHONE

Payment made to the telephone company that provides service to the operation.

PROPERTY TAXES

This item is projected at \$20,000. This item has been adjusted to \$15,000 as estimated proportionate Property Taxes for the Pizza Hut tenant are recoverable.

PROFESSIONAL FEES

This item refers to expenses required for professional services to maintain the operation at specific standards.

OFFICE AND GENERAL EXPENSES

An amount of \$2,000 is projected for this item which is self-explanatory.

EXCLUDED EXPENSES

LONG TERM DEBT INTEREST

This is an expense for capital spending and estimated interest rates. The expense is disallowed in the appraisal process since the property is being appraised as if free and clear.

DEPRECIATION

This item is excluded in the appraisal process under the Appraisal Institute of Canada's requirements when applying of the Income Approach.

Capitalization Rates for Gas Stations

No.	Address	Sale Date	Sale Price	Net Income	Capitalization Rate
1	25 Matthew Street, Marmora (ESSO)*	May-2019	\$4,000,000	\$477,980	11.95%
2	295 St. George Street, Dresden (MOBIL)*	Jun-2019	\$3,800,000	\$440,734	11.60%
3	605 Highway 7, Kawartha Lakes (ESSO)*	Jul-2019	\$4,100,000	\$460,319	11.23%
4	181 Brant Road, Brant County (ULTRAMAR)*	Jul-2019	\$2,800,000	\$364,170	13.01%
5	15829 Simcoe Street North, Port Perry (ULTRAMAR)	Jul-2019	\$1,890,000	\$228,256	12.08%
6	69 Oxford Street West, Drumbo (ESSO)	Aug-2019	\$3,200,000	\$345,537	10.80%
7	136 Weber Street South, Waterloo (ULTRAMAR)	Aug-2019	\$3,200,000	\$303,466	9.48%
8	4103 Highway 28, Lakefield (ULTRAMAR)	Aug-2019	\$3,350,000	\$379,658	11.33%
9	410 Queen Street, Chatham (ESSO)*	Aug-2019	\$3,650,000	\$466,876	12.79%
10	752 Queen Street East, St. Mary's (ESSO)*	Nov-2019	\$3,800,000	\$504,226	13.27%
11	337 Sykes Street South, Meaford (ESSO)*	Nov-2019	\$4,100,000	\$507,076	12.37%
12	95 Victoria Street East, Alliston (SHELL)	Dec-2019	\$3,975,000	\$504,113	12.68%
13	149-153 Dundas Street, Thamesford (PIONEER)*	Feb-2020	\$3,950,000	\$486,704	12.32%
14	5486 Stanley Avenue, Niagara Falls (ESSO)	Mar-2020	\$5,650,000	\$641,646	11.36%
15	337 Second Street, Hanover (ESSO)*	Sep-2020	\$3,950,000	\$473,324	11.98%
16	110 Highway 33, Quinte West (ULTRAMAR)*	Sep-2020	\$5,915,000	\$619,447	10.47%
17	297 Main Street West, Port Colborne (ESSO)*	Mar-2020 (Extended)	\$3,600,000	\$444,225	12.34%
18	1837 Main Street West, Hamilton (ULTRAMAR)*	Apr-2020 (Extended)	\$4,835,000	\$498,463	10.31%
19	6802 County Road 10, Baxter (PIONEER)	Apr-2020 (Extended)	\$7,200,000	\$786,589	10.92%
20	7 Metcalfe Street, Strathroy (ULTRAMAR)*	Apr-2020 (Extended)	\$4,380,000	\$508,156	11.60%
21	789 Murray Street, Wallaceburg (MOBIL)*	TBD Pending Conditions	\$3,375,000	\$399,045	11.82%
22	2895 Regional Road 81, St. Catharines - Jordan (ESSO)*	TBD Pending Conditions	\$4,000,000	\$460,419	11.51%
23	11 Ontario Road, Mitchell (MOBIL)	Feb 2020 (Extended)	\$3,950,000	\$455,702	11.54%
24	110 Highway 33, Quinte West (ULTRAMAR)*	Feb 2020 (Extended)	\$3,950,000	\$458,072	11.60%
25	4585 Highway 38, Harrowsmith (CENTEX)	TBD Pending Conditions	\$1,550,000	\$183,850	11.86%
26	679 St. Clair Street, Chatham (PIONEER)*	Jan 2020 (Extended)	\$4,600,000	\$562,847	12.24%
27	1334 Main Street East, Hamilton (ESSO)	Mar 2020 (Extended)	\$3,100,000	\$339,652	10.96%

* Projected Net Income and a 'Going-Concern' Sale Price

Average **11.68%**
Median **11.60%**

ANALYSIS

Our research for suitable capitalization rates for gas stations in the Niagara Region revealed limited information. Therefore, the search was expanded to include gas stations that have sold in other competing areas. It is the appraiser's opinion that a suitable capitalization rate should take into account the following relative to the property.

- The above chart of capitalization rates ranges from 13.27% to 9.48%;
- The average capitalization rate is 11.68% and the median is 11.60%;
- The income generating capability of the subject property is enhanced under the ESSO brand name;

- The Pizza Hut outlet is a Triple A covenant which will serve to attract customers on-site for fuel and sundry item sales;
- The subject property was well established in the neighbourhood having formerly operated as a 'SHELL' gas station prior to the ongoing site renovation under the 'ESSO' brand name.

CONCLUSION

For the foregoing reasons, the appraiser has established a capitalization rate of **11.50%**, which is slightly below the average of the comparable properties surveyed.

VALUATION

CAPITALIZING THE NET INCOME

Capitalization of Net Income

Relevant Factors: Subject's Net Income
Overall Capitalization Rate - (Ro)

Formula:
$$\frac{\text{Subject's Net Income}}{\text{Capitalization Rate}} = \text{Value}$$

Therefore, the market value of the **gas station component** of the subject property as a 'going concern' using the Income Approach to value, effective April 1, 2021, is calculated as follows:

PROSPECTIVE MARKET VALUE BY INCOME APPROACH TO VALUE - GAS STATION			
Net Operating Income (NOI):	<u>\$606,541</u>	=	\$ 5,274,270
Capitalization Rate:	11.50%		
		Rounded to	<u><u>\$ 5,275,000</u></u>

\$ 5,275,000

(FIVE MILLION TWO HUNDRED SEVENTY-FIVE THOUSAND DOLLARS)

It is noted that the value of the gas station component is to be added to the retail component of the subject property to determine the total market value of the subject property.

COMMERCIAL COMPONENT
VALUATION

COMMERCIAL COMPONENT

The retail component of the subject property is under a commercial lease agreement dated May 17, 2020 with the following details:

Landlord	88GRIMSBY Inc.
Tenant	Maruti Grimsby Inc. O/A Pizza Hut
Premises	±1,350 square feet
Term	October 1, 2020 – September 30, 2025
Extension Option	One 5-Year
Rental Rate	\$25 per square foot net
Additional Rent	\$10 per square foot

In order to verify if the reported rental income for the retail component of the subject property reflective of 'fair market rent', retail rental rates of competitive properties for nationally branded fast-food outlets associated with gas stations were sought and are shown below:

Index No.	Address	Area (sq. ft.)	Lease Rate Psf / Annum	Total Net Rent Per Annum	Remarks
1	336 Broadway, Orangeville	1,667	\$47.51	\$79,200	Net lease of a Burger King restaurant associated with a Petro-Canada gas station.
2	57 - 67 Bridge Street, Lakefield	1,400	\$25.00	\$35,000	Net lease. McDonald's Restaurant occupying space in an ESSO gas station.
3	799 Barton Street East, Hamilton	2,677	\$28.00	\$74,956	Net lease. Free standing Tim Hortons coffee shop in an ESSO branded gas station which also includes a automatic carwash and self serve coin car wash.
4	5964 Highway 9, New Tecumseth	3,000	\$24.00	\$72,000	Net lease of a freestanding Country Style Bistro Deli with drive-thru in a private label gas station just outside Schomberg.
5	400 Highbury Avenue, St. Thomas	2,703	\$42.55	\$115,013	Net lease of a freestanding Tim Horton's restaurant with drive-thru associated with a Petro-Canada gas station.
6	1134 Plains Road West, Burlington	1,150	\$78.26	\$90,000	Projected net lease rate of \$90,000 based upon a percentage of gross sales, located within a newly developed 'ESSO' gas station.
7	141 Fourth Avenue, Englehart	2,099	\$30.97	\$65,000	Net lease of a Tim Hortons coffee shop located within a newly developed SHELL station.
8	1303 & 1305 Highway 5 West, Hamilton	2,695	\$35.25	\$95,000	Net lease of a freestanding Tim Horton's restaurant with drive-thru associated with a SHELL gas station.
Average Rent			\$38.94		
Median Rent			\$33.11		

The surveyed rental rates range from \$24.00 to \$78.26 per square foot with total net rents ranging from \$35,000 to \$115,013. The subject's Pizza Hut restaurant has been leased at a rate of \$25.00 per square foot net, plus TMI. Therefore, the projected rent of \$33,750 per annum is considered to be reflective of 'fair market rent' for the Pizza Hut space.

VACANCY AND CREDIT LOSS

In view of the condition of the building, its location and its competition in the neighbourhood, and the limited supply of similar rentable space, we have projected a stabilized allowance for Vacancy Loss at 2% of Gross Income to reflect potential vacancy. This includes a nominal allowance for bad debt.

STABILIZED OPERATING EXPENSES

The procedure of analyzing operating expenses involves an examination of amounts expended in previous years; the trends indicated to date; the current costs in each classification and the probable trends in the foreseeable future. The resulting amount represents the forecasted annual expenditure based upon typical operating conditions and on current prices. The best source of information for preparing a reconstructed statement is the actual (if possible audited) financial statements for the past several years. Since the leases are net to the landlord, no direct expenses are paid by the landlord.

MANAGEMENT

Management fee is set at a level of 1% of Effective Gross Income.

REPAIRS AND MAINTENANCE

All buildings require maintenance to maintain them in stable condition. In addition to cosmetic needs, they require maintenance to parts of the building fabric and equipment. Such maintenance can involve regular service to the heating system, safety systems and less apparent items such as repairs to caulking and attention to roof flashing. This includes periodic structural changes such as roof replacement over the life of the building. We consider an allowance of 1% of Effective Gross Income as suitable for this property.

EXPENSES

As estimated per the financial statements and adjusted by the appraiser where necessary. The office and retail rents are anticipated to be fully net to the landlord.

STABILIZED INCOME AND EXPENSE STATEMENT

Based upon the preceding comments, a Stabilized Income and Expense Statement have been developed for the subject property as set out on the following page:

STABILIZED INCOME AND EXPENSE STATEMENT
(RETAIL COMPONENT)

88 Main Street West, Town of Grimsby

			Year 1 Projection
<u>Net Rental Income</u>			
Pizza Hut	1,350 sq. ft. @	\$25 per sq. ft. net	\$ 33,750
<u>TOTAL RENTAL</u>			\$ 33,750
Less: Vacancy and Bad Debt Allowance @		2%	\$ 675
Effective Gross Income (EGI)			\$ 33,075
<u>Operating Expenses</u>			
Management Fee at :		1% of EGI	\$ 331
Structural Repairs and Maintenance at:		1% of EGI	\$ 331
TOTAL EXPENSES			\$ 662
NET OPERATING INCOME			\$ 32,414
Percentage Operating Expenses to Effective Gross Income			2%

Capitalization Rates - Commercial Use Properties

No.	Address	Sale Date	Sale Price	Net Income	Capitalization Rate
1	70 King Street East, Hamilton	Jan-2020	\$4,190,000	\$226,260	5.40%
2	333 Upper Centennial Parkway, Stoney Creek	Jan-2020	\$3,000,000	\$197,200	6.57%
3	193-199 James Street North, Hamilton	Mar-2020	\$2,975,000	\$178,500*	6.00%
4	150 Lakeport Road, St. Catharines	Apr-2020	\$1,628,888	\$97,733	6.00%
5	577 Ontario Street, St. Catharines	Jun-2020	\$1,085,000	\$65,100*	6.00%
6	126 Queenston Traffic Road, Hamilton	Jun-2020	\$6,825,000	\$420,420	6.16%
7	451 Concession Street, Hamilton	Nov-2020	\$2,250,000	\$121,500*	5.40%
8	522 Upper Sherman Avenue, Hamilton	Dec-2020	\$1,050,000	\$66,780	6.36%

Note: * Estimated Net Rental Rate Based on Reported Capitalization Rate

Average 5.99%

Median 6.00%

Due to a paucity of data in Grimsby, the search for commercial capitalization rates was expanded into competing areas of Hamilton, Stoney Creek and Grimsby.

SUMMARY

- The chart of capitalization rates for properties in competitive areas above indicate a market derived overall average capitalization rate of 5.99% and a median of 6.00%;
- The chart of capitalization rates indicates a range of 5.40% to 6.57%;
- The commercial component of the subject property comprises main floor commercial space with good exposure onto Main Street West with the added amenity of a gas station on site which will serve to generate traffic to the site.

In establishing a capitalization rate for the subject property, we have taken into consideration that the subject property's commercial component will benefit from the gas station component of the subject property attracting customers on site. Therefore, a capitalization rate of **5.75%** has been established which is towards the average rate of the capitalization rates displayed on the chart above.

This above capitalization rate is used in establishing the prospective market value of the subject property on the basis of the Income Approach to Value.

CAPITALIZING THE NET INCOME

Capitalization of Net Income	
Relevant Factors:	Subject's Net Income Overall Capitalization Rate - (Ro)
Formula:	$\frac{\text{Subject's Net Income}}{\text{Capitalization Rate}} = \text{Value}$

Therefore, the prospective market value of the commercial component of the subject property using the Income Approach to value is calculated as of April 1, 2021, as follows:

PROSPECTIVE MARKET VALUE BY INCOME APPROACH TO VALUE COMMERCIAL COMPONENT				
Net Operating Income (NOI):	\$	32,414	=	\$ 563,722
Capitalization Rate:		5.75%		
			Rounded to:	\$ 565,000

\$ 565,000 (rounded)

(FIVE HUNDRED SIXTY-FIVE THOUSAND DOLLARS)

SUMMARY OF INCOME APPROACH

Therefore, the total prospective market value of the subject property (gas station & commercial component) using the Income Approach to value is calculated as of April 1, 2021 as follows:

INCOME APPROACH - SUMMARY		
Gas Station, Convenience Store & Amenities	\$	5,274,270
Commercial Component	\$	563,722
Total	\$	5,837,992
Rounded to	\$	5,840,000

\$ 5,840,000

(FIVE MILLION EIGHT HUNDRED FORTY THOUSAND DOLLARS)

RECONCILIATION AND FINAL ESTIMATE OF PROSPECTIVE MARKET VALUE

Two approaches to value have been applied to the subject. They are the Direct Comparison Approach and the Income Approach. The derived values are:

Direct Comparison Approach	\$ 5,880,000
Income Approach	\$ 5,840,000

Direct Comparison Approach

The Direct Comparison Approach in this valuation was based on four comparable sales chosen because of their recent transaction, proximity/location, size, layout and condition. No two properties are similar therefore to make a reasonable comparison of them to the subject requires adjustment to the sale price. The ideal comparable would be one which requires the least number of adjustments.

In this approach to value, no comparable sale in the Town of Grimsby was found. Therefore, the search was expanded to include sales of gas stations in competing areas that are relatively close in proximity to the subject. As such, several of these comparables required significant adjustments to make a reasonable comparison to the subject.

As a verification process, the properties considered in the Direct Comparison Approach were appraised on the basis of fuel sales volume based on cents per litre. A concluded prospective market value of \$5,880,000 was derived.

The Direct Comparison Approach, however, has been given less consideration in establishing the final prospective market value of the subject property because the subject property is an income producing property. While the Direct Comparison Approach serves as a check against that prospective market value derived using the Income Approach and in this appraisal is the secondary approach to value.

Income Approach

The Income Approach is the more reliable method in this valuation because income producing properties, such as the subject, are bought and sold based on their income potential and income durability. It is considered to be the primary approach in this appraisal.

Gasoline sales and other reported income were used to support the revenue that can be generated from the subject property. Net income was derived after allowing for necessary expenses to run the operation. Net rental rates for fast food outlets associated within gas stations were sought to determine if the achieved rental rate of the Pizza Hut outlet was reasonable.

A search for capitalization rates for similar properties in the Town of Grimsby revealed none. The search was therefore extended to competing markets. Those properties most similar to the subject were given most weight. These capitalization rates formed the basis on which a capitalization rate was derived for the subject property.

FINAL ESTIMATE OF PROSPECTIVE MARKET VALUE

In establishing the final prospective market value of the subject property, the appraiser has given a strong weighting in favour of the Income Approach to Value since it is the 'going concern' that is being appraised. Less weight has been placed on the Direct Comparison Approach.

In our opinion the prospective market value of the subject property as a 'going concern', effective April 1, 2021 is:

\$ 5,840,000

(FIVE MILLION EIGHT HUNDRED FORTY THOUSAND DOLLARS)

APPENDIX A
EXTRACT OF ZONING BY-LAW

8.0 DOWNTOWN ZONES**8.1 Permitted Uses**

- 8.1.1** The uses permitted in the Downtown Main- Street (DMS), Downtown Intensification (DI) and Transitional Residential Multiple - *Commercial* (TRMC) Zones are identified in Table 13 through symbols under the column related to each zone. Where a "Q" is shown in the column under a zone, a qualification applies to a permitted use as described following Table 13.

Table 13: Permitted Uses in the Downtown Zones

Permitted Use	Downtown Main-street Zone (DMS)	Downtown Intensification Zone (DI)	Transitional Residential Multiple – Commercial (TRMC)
<i>Apartment building</i>	✓	✓	
<i>Bakery shop</i>	✓	✓	Q4
<i>Bank</i>	✓	✓	
<i>Banquet facility</i>	✓	✓	
<i>Bed and breakfast</i>			*
<i>Boarding house</i>			Q2
<i>Building supply</i>		✓	
<i>Clinic</i>	✓	✓	✓
<i>Club</i>	✓	✓	
<i>Commercial fitness centre</i>	✓	✓	Q4
<i>Community Recreational Centre</i>	✓	✓	Q4
<i>Commercial school</i>	Q3	✓	Q4
<i>Convenience store</i>	✓	✓	Q4
<i>Converted dwelling</i>			✓
<i>Day care facility</i>	Q1	Q1	✓
<i>Department store</i>	✓	✓	
<i>Duplex dwelling</i>			✓
<i>Dry cleaning distribution station</i>	✓	✓	
<i>Dwelling unit</i>	Q1	Q1	✓
<i>Farm market</i>	✓	✓	Q4
<i>Group home</i>			Q2
<i>Home occupation</i>			*
<i>Hotel</i>		✓	
<i>Laundromat</i>	✓	✓	Q4
<i>Liquor or beer store or microbrewery</i>	✓	✓	Q4
<i>Office</i>	Q3	Q3	Q4
<i>Personal service shop</i>	✓	✓	Q4
<i>Place of entertainment</i>	✓	✓	Q4

Zoning By-law

Town of Grimsby Zoning By-law Review

Section 8: Downtown

Permitted Use	Downtown Main-street Zone (DMS)	Downtown Intensification Zone (DI)	Transitional Residential Multiple – Commercial (TRMC)
Post office	✓	✓	
Printing establishment	✓	✓	
Public <i>parking lot</i>	Q5	✓	
Public transportation depot	✓	✓	
<i>Restaurant</i>	✓	✓	✓
<i>Retail store</i>	✓	✓	
<i>Service shop</i>	✓	✓	
<i>Secondary suite</i>			*
<i>Single detached dwelling</i>			✓
<i>Semi-detached dwelling</i>			✓
<i>Specialty Retail Shop</i>			Q4
Studio	✓	✓	✓
Supermarket	✓	✓	
<i>Tavern/Bar/Pub</i>	✓	✓	Q4
Undertaking establishment	✓	✓	
<i>Veterinary clinic</i>		✓	Q4

✓ Permitted use

* Accessory use

Q1 Permitted only at or above the second *storey*.

Q2 Permitted only in *existing residential building*

Q3 Permitted only at or above the second *storey* facing Main Street.

Q4 Permitted to a maximum *gross floor area* of 500 sq.m. per *use*.

Q5 Only permitted as a sole *use* on a *lot* provided it does not front onto Main Street.

8.2 Prohibited Uses

- a) Automobile oriented *uses*, such as *automobile sales establishments*, *automobile service garages* and *gas stations* are prohibited in the Main-Street Zone.
- c) *Single detached dwellings*, *semi-detached dwellings*, *duplex dwellings*, *back to back townhouse dwellings*, *street townhouse dwellings* and *block townhouse dwellings* are prohibited in the Main Street and Intensification Zones.

8.3 Lot, Building and Yard Requirements

- 8.3.1 The regulations applicable to *uses* permitted in the Downtown Main- Street (DMS), Downtown Intensification (DI) and Transitional Residential Multiple - *Commercial* (TRMC) Zones are set out in Table 14 and additional requirements applying to specific *uses* are outlined in Section 8.3.2.

Table 14: Regulations applying to Downtown Zones

Uses	Min. Lot Area	Max. Lot Coverage	Lot Frontage	Front Yard	Exterior Side yard	Interior Side yard	Min. Rear Yard	Height
DMS Zone	NR	NR	NR	Min: 0 m. Max: 3 m.	Min: 0 m. Max: 3 m.	Min: 0 m. Max: 2 m. (4)	7.5 m.	Min: 7.5 m. (2 storeys) Max: 15 m. (4 storeys)
DI Zone	NR	40%	NR	Min: 0 m. Max: 6 m. ⁽¹⁾	Min: 0 m. Max: 6 m. ⁽¹⁾	Min: 2 m. Max: 4 m. (4)	7.5 m.	Min: 7.5 m. (2 storeys) Max: 15 m. (4 storeys) ⁽²⁾
TRMC Zone ⁽²⁾	400 sq.m.	40 %	15 m.	Min. 4.5m.	Min. 4.5 m.	Min: 1.5 m.	9 m.	Min. 7.5 m. (2 storeys) Max: 12 m. (3 storeys) south of Main Street West/Livingston Avenue and 15 m. (4 Storeys) north of Main Street/Livingston Avenue

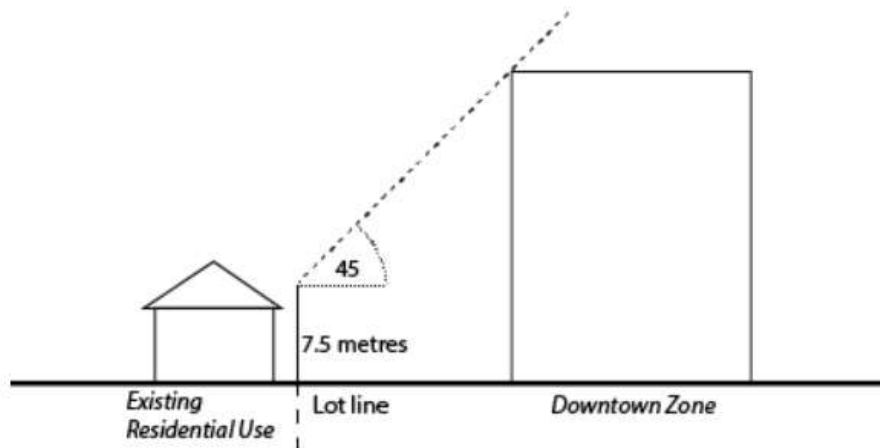
Note:

- (1) For all buildings located within 20 metres of a street.
- (2) Permitted *single detached dwellings* shall be subject to the provisions of the RD4 zone except the maximum lot coverage which shall be 40% and permitted *semi-detached dwellings* and *duplex dwellings* shall be subject to the provisions of the RM1 zone.
- (3) Except, within the Niagara Escarpment Plan Area shown on Schedule 19, any building above 12 m. or 3 storeys requires a Visual Impact Assessment to the satisfaction of the Town and Niagara Escarpment Commission.
- (4) Except, the maximum *side yard* may be increased to 3 m. for one way drive aisle and 6 m. for a two way drive aisle where a driveway access is required to rear yard parking.

NR = No requirement

8.3.2 Additional Provisions

- 8.3.2.1 The outside storage of goods and materials is prohibited in any *yard* which abuts a public roadway.
- 8.3.2.2 Above the second *storey*, the *front wall* of a *building* shall be set back 1 metre, towards the interior of the *building*, measured from the outer edge of the exterior wall of the *storey* directly below it.
- 8.3.2.3 Where any new development abuts an *existing residential use*, no portion of the *building* shall extend beyond the area of an *angular plane* measured at 45 degrees from 7.5 metres above the abutting *lot line*.

**8.3.2.4 Additional Commercial Provisions:**

- a) *Parking lots* abutting a *street* shall incorporate a 2.5 metre *landscaping strip* between the *parking lot* and the *street line*.
- b) A *primary entrance door* open to the public shall be incorporated into the *front wall* of all *buildings* facing the *front lot line*.
- c) For new *buildings* under 4,000 sq. metres within the DMS and DI zones, at least 60% of the surface area of each wall facing and located within 30 metres of an *front lot line* shall be comprised of *openings*. This provision only applies to that proportion of the wall that is within 3.0 metres of *finished grade*.
- d) For new *buildings* 4,000 sq. metres, and larger within the DMS and DI zones, at least 40% of the surface area of each wall facing and located within 30

Zoning By-law**Town of Grimsby Zoning By-law Review****Section 8: Downtown**

metres of *front lot line* shall be comprised of *openings*. This provision only applies to that proportion of the wall that is within 3.0 metres of *finished grade*.

- e) Within the DMS zone, the *front wall* of a *building* shall occupy a minimum of 80% of the distance of the *front lot line* and 50% of the distance of the exterior *lot line* and shall be set back no further than 3 metres from the *street line*. The minimum requirement shall be deemed to be met when it is shown on an approved site plan new *buildings*.
- f) Within the DI zone, the *front wall* of a *building* shall occupy a minimum of 50% of the distance of the *front lot line* and 40% of the distance of the exterior *lot line* and shall be set back no further than 3 metres from the *street line*. The minimum requirement shall be deemed to be met when it is shown on an approved site plan for new *buildings*.
- g) The width of an individual retail/*commercial* unit in the DMS zone shall be a minimum of 4 metres and a maximum of 8 metres.
- h) The width of a new individual retail/*commercial* unit in the DI zone shall be a minimum of 8 metres and a maximum of 15 metres.
- i) For all new *buildings* in the Downtown zones, no parking, driveways, *drive-through stacking lane*, or lanes shall be located between the *buildings* and the *street*. This requirement shall not apply to *commercial buildings* larger than 5,000 sq. m. within the DI zone.

8.4 Site Specific Exceptions

- 8.4.1 Notwithstanding the permitted *uses* in subsection 8.1.1, the following site specific exceptions shall apply to the specific property listed in Table 15 and illustrated on Schedules 1-B to 17-B in Section 15. These *uses* may be:
 - a) in addition to the *uses* permitted in subsection 8.1.1
 - b) solely permitted to the exclusion of all other *uses* in section 8.1.1, or
 - c) not permitted, despite being listed in subsection 8.1.1.
- 8.4.2 The following site specific exceptions provisions listed in Table 15 shall apply to the properties referenced by each special provision in lieu of the provisions in Table 14.

APPENDIX B
FINANCIAL PROJECTIONS

2796996 ONTARIO INC.
FINANCIAL PROJECTIONS
FOR YEAR ENDING MARCH 2022 & 2023

PROJECTIONS	
Projected Balance Sheet	1
Projected Statement of Income	2

2796996 ONTARIO INC.
BCM PARTNERS LLP
Chartered Professional Accountants

NOTICE TO READER

We have compiled the projected balance sheet and statement of income for 2796996 Ontario Inc. O/A ESSO GAS STATION as at March 31, 2022 & 2023 based on the information provided by the management and market condition of that area. All the information provided are projected and we express no assurance thereon. Readers are cautioned that these statements may not be appropriate for their purposes or use.

BCM Partners LLP
Chartered Professional Accountants
Place: Mississauga
Date: February 02, 2021

2796996 ONTARIO INC.
PROJECTED BALANCE SHEET
 FOR THE YEAR ENDING MARCH 2022 & 2023

	Projected Year Ending Mar 31, 2022 \$	Projected Year Ending Mar 31, 2023 \$
ASSETS		
Current		
Cash and bank balance	50,000	60,000
Inventory	150,000	160,000
Other Assets - Deposit	50,000	50,000
	<u>250,000</u>	<u>270,000</u>
Capital Assets	5,623,750	5,250,375
Total Assets	<u>5,873,750</u>	<u>5,520,375</u>
LIABILITIES		
Current		
Account payable and accrued liabilities	30,000	35,000
Provision of income tax	58,106	47,630
Total Current Liability	<u>88,106</u>	<u>82,630</u>
Long Term		
Long term mortgage	3,750,000	3,750,000
Due to shareholder	1,951,850	1,671,406
Total Long term Liability	<u>5,701,850</u>	<u>5,421,406</u>
Total liabilities	<u>5,789,956</u>	<u>5,504,036</u>
SHAREHOLDERS' EQUITY		
Share capital	100	100
Retained earnings	83,694	16,239
Total Shareholder' Equity	<u>83,794</u>	<u>16,339</u>
Total Liabilities & Shareholders' Equity	<u>5,873,750</u>	<u>5,520,375</u>

2796996 ONTARIO INC.
PROJECTED STATEMENT OF INCOME
FOR THE YEAR ENDING MARCH 2022 & 2023

	<u>Projected</u> Year Ending Mar 31, 2022	<u>Projected</u> Year Ending Mar 31, 2023
REVENUE		
Gas sales (6,000,000 L @ \$1.00 per L for 2021 and 7,000,000 L @ \$1.05 per L for 2022)*	6,000,000	7,350,000
Store sales including Lotto	1,250,000	1,400,000
Cross lease (\$0.015 per litre)	90,000	105,000
Other income - Pizza Hut Rent(1350 SF * 35)	47,500	47,500
Other income - Bill Board Rent	18,000	20,000
Other Income - ATM and Air Machine	12,000	15,000
	<u>7,417,500</u>	<u>8,937,500</u>
Cost of sales - Gas (\$0.93 and \$0.98 per litre)	5,580,000	6,860,000
Cost of sales - Store (75% of the Store Sale)	937,500	1,050,000
	<u>6,517,500</u>	<u>7,910,000</u>
Gross profit	900,000	1,027,500
EXPENSES		
Salaries and wages	100,000	100,000
Advertisement	3,000	4,000
Credit card charges	60,000	70,000
Mortgage interest*	131,250	131,250
Utilities	20,000	25,000
Insurance	5,000	5,000
Repairs and maintenance	10,000	10,000
Telephone	1,200	1,200
Property taxes	20,000	21,000
Professional fees	4,500	4,500
Amortization of tangible assets	201,250	373,375
Office and general expenses	2,000	2,000
	<u>558,200</u>	<u>747,325</u>
NET PROFIT BEFORE TAXES	341,800	280,175
Provision for income tax	(58,106)	(47,630)
NET PROFIT FOR THE PERIOD	283,694	232,545
Retained Earnings brought forward	-	83,694
Dividend	200,000	300,000
RETAINED EARNINGS	83,694	16,239

* Based on the Fuel Margin of 7 Cents per litre

* Based on 3.5% annual interest rate for loan of \$3,750,000

2796996 ONTARIO INC.
NOTE TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2022 & 2023

1. Description of Business

2796996 Ontario Inc. (the 'Company') was incorporated under Business Corporation Act of Ontario. The company will be Canadian Controlled Private Corporation and engaged in the business of Gas Station and Convenience Store.

Incorporation and Operations of the Company

The company is incorporated in December of 2020, however, the current operations after renovation of the gas station will start in March 2021. First year of projections ending March 31, 2022 will represent approximately 12 months of operations.

2. CAPITAL ASSETS

Capital assets are projected to record at cost. Amortization is provided at the rates estimated to be sufficient to amortize cost of the assets over their estimated useful lives at the following rates:

	<u>Rates</u>	<u>Method</u>
Machinery and equipment	20%	Declining balance
Building	4%	Declining balance
Leasehold improvements	10%	Declining balance

Note: First year amortization is only 50%

	Cost/ addition	Amortization	Net Book Value	
	\$		\$	2023
Land	1,500,000	-	1,500,000	1,500,000
Building	2,500,000	148,000	2,352,000	2,450,000
Machinery and equipment	1,200,000	336,000	864,000	1,080,000
Leasehold Improvements	625,000	90,625	534,375	593,750
	5,825,000	574,625	5,250,375	5,623,750

APPENDIX C
QUALIFICATIONS OF APPRAISER



JOHN R. Le'COUNT, MIMA, AACI, P.App.
PRESIDENT

STRY APPRAISALS INTERNATIONAL LIMITED

EDUCATION

- ♦ **Queen's University** (3-year Extension Course)
"Property Assessment – Practice and Principles"
Granted MIMA Designation
Awarded the Municipal World Award for outstanding scholarship in the above course in Ontario
- ♦ **Appraisal Institute of Canada**
Granted AACI, P.App., Designation
Certificate No. 1822 issued July 4th, 1977
Qualified to do appraisals of all types of real estate
- ♦ **Seneca College of Applied Arts and Technology**
Economic Course (Micro and Macro)
- ♦ **British Institute of Engineering Technology**
Diploma in Company Secretaryship

DESIGNATIONS

- ♦ **MIMA** (Member of the Institute of Municipal Assessors of Ontario)
AACI, P.App. (Accredited Appraiser Canadian Institute)

OTHER

- ♦ Former Part-time member (Adjudicator) of the Assessment Review Board (Attorney General's Office, Province of Ontario)

EXPERIENCE

- ♦ 1967 – 1986 **Marathon Realty Company Limited**
Assistant to Executive Vice President
Director of Sales
Operations Manager (Land) for Ontario and Manitoba
 - ♦ 1986 – 1989 **York Hannover Developments Limited**
Director of Leasing
Director of Land Sales
 - ♦ 1989 – 1990 **The Manufacturers Life Insurance Company**
Real Estate Investment Director – North America
 - ♦ 1990 – 1991 **City of Etobicoke**
Director of Realty Service
 - ♦ 1991 – Present **Fee Appraiser**
-

APPENDIX D
ASSUMPTIONS
AND
LIMITING CONDITIONS

ASSUMPTIONS AND LIMITING CONDITIONS

1. This report is prepared at the request of **2796996 Ontario Inc.** for the purpose of an appraisal at prospective market value for first mortgage financing purposes only. It is not reasonable for any person or company other than **2796996 Ontario Inc.** to rely upon this appraisal without first obtaining written authorization from us. There may be qualifications, assumptions or limiting conditions in addition to those set out below relevant to that person's identity of his intended use. This report is prepared on the assumption that no other person will rely on it for any other purpose and that all liability to all such persons is denied.
2. While expert in appraisal matters, the author is not qualified and does not purport to give legal advice. It is assumed that:
 - (a) A legal description as set out herein is correct;
 - (b) Title to the property is good and marketable;
 - (c) There are no encroachments, encumbrances, restrictions, leases or covenants that would in any way affect the valuation, except as expressly noted herein;
 - (d) The existing use is legally conforming use which may be continued by any purchaser from the existing owner;
 - (e) Rights of way, easements or encroachments over the real property and leases or other covenants noted herein are legally enforceable.

Because these assumptions have been made, no investigation, legal or otherwise, has been undertaken which would verify these assumptions except as expressly noted herein.

3. The author is not a qualified surveyor and no legal survey concerning the subject property has been provided.
4. The author is not qualified to give engineering advice. It is assumed that there are no patent or latent defects in the subject improvements, that no objectionable materials such as urea formaldehyde foam are present, that they are structurally sound and in need of no immediate repairs, unless expressly noted within this report. No soil tests have been done nor have tests been done of the heating, plumbing, electrical, air-conditioning or other systems and, for the purpose of this opinion, they are assumed to be in good working order.
5. No investigation has been undertaken with the local zoning office, the fire department, the building inspector, the health department or any other government regulatory agency unless such investigations are expressly presented to have been in this report. The subject property must comply with such government regulations and, if it does not comply, its non-compliance may affect prospective market value. To be certain of compliance, further investigations may be necessary.
6. Neither possession of this report nor a copy carries with it the right of publication. All copyright is reserved to the author and is considered confidential by the author and his client. It shall not be disclosed, quoted from or referred to, in whole or in part, or published in any manner, without the express written consent of the appraiser; subject only to confidential review by the Appraisal Institute of Canada.

7. Market data has been obtained in part from documents at the Land Registry Office, or as reported by the Real Estate Board. As well as using such documents and generally reliable evidence of market transactions, it was also necessary to rely on hearsay evidence.
8. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without warning, the prospective market value expressed as of the date of this appraisal cannot be relied upon to estimate the prospective market value of any other date except with further advice of the appraiser.
9. The compensation for services rendered in this report does not include a fee for court preparation or court appearances, which must be negotiated separately. However, neither this nor any other of these limiting conditions is an attempt to limit the use that might be made of this report should its property become evident in a judicial proceeding. In such case, it is acknowledged that it is the judicial body which will decide the use the report which best serves the administration of justice.
10. This is a Prospective Narrative Appraisal Report which is intended to comply with the reporting requirements set forth under standard rules of the Uniform Standards of Professional Appraisal Practice for a Prospective Narrative Appraisal Report. As such, it includes full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
11. 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.
12. The appraiser is not qualified to comment on environmental issues that may affect the prospective market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the prospective market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the prospective market value of the property appraised.
13. This report shall remain the property of Stry Appraisals International Limited until our invoice for this is paid in full and it contains the original signature of the appraiser.

APPENDIX E
CERTIFICATION

C E R T I F I C A T I O N

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

1. An inspection of the subject property municipally described as 88 Main Street West, Town of Grimsby and Province of Ontario was carried out on February 4, 2021. At that time the site and neighbourhood were inspected.
2. The statements of fact contained in this report are true and correct.
3. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions and conclusions.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in and my compensation for this assignment were not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client.
6. I have the knowledge and experience to complete the assignment competently.
7. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice.
9. No one provided significant professional assistance to the person signing this report.
10. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Canadian Uniform Standards of Professional Appraisal Practice established by the Appraisal Institute of Canada.
11. The use of this report is subject to the requirements of the Appraisal Institute of Canada relating to review by its duly authorized representatives.
12. As of the date of this report, the undersigned has fulfilled the requirements of The Appraisal Institute of Canada's Continuing Professional Development Program for designated members.

13. The estimated prospective market value of the real estate, as an 'on going concern', as of the effective date of appraisal of April 1, 2021 is:

\$ 5,840,000

(FIVE MILLION EIGHT HUNDRED FORTY THOUSAND DOLLARS)

and is subject to the assumptions and limiting conditions contained in the body of the report.



February 8, 2021

Date

John R. Le'Count, AACI, P. App.
President

STRY APPRAISALS INTERNATIONAL LIMITED

ROYNAT INC.

- and -

Court File No. CV-22-00683167-00CL
2796996 ONTARIO INC.

Applicant

Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

RESPONDING MOTION RECORD
OF 2796996 ONTARIO INC.
(on the Receiver's motion for an approval and vesting order)

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