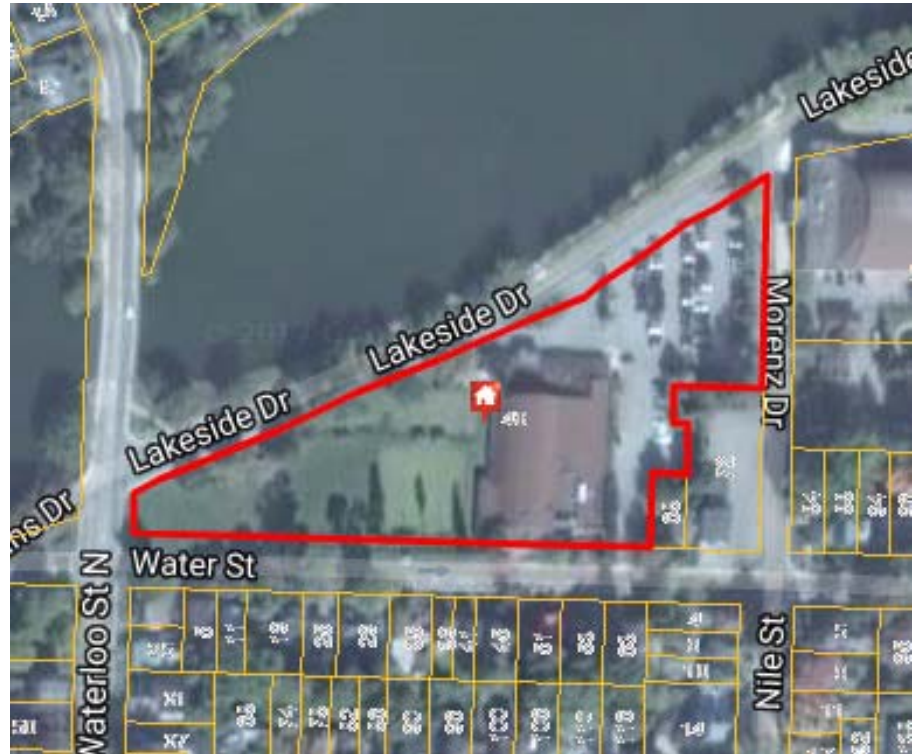


# NARRATIVE APPRAISAL REPORT

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PROPERTY TYPE : Vacant Development Land  
ADDRESS : 48 Water Street, Stratford, ON  
APPRAISER : Matt Telford, BA., AACI, P.App  
CLIENT : City of Stratford  
EFFECTIVE DATE : November 1, 2017  
REPORT DATE : November 30, 2017  
FILE # : 1117-34542/MT



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City of Stratford  
 PO Box 874, 353 McCarthy Road,  
 Stratford, ON N5A 6W3

November 30, 2017  
 Valco File: #1117-34542/MT

ATTENTION: Mr. Rob Horne | [rhome@stratford.ca](mailto:rhome@stratford.ca)

As requested, I completed an investigation and valuation analysis to estimate the November 1, 2017, Current Market Value, of the Fee Simple Interest of a parcel of vacant development land (assuming vacant and rezoned), which contains 3.64 acres (as per Geowarehouse), located at:

**48 WATER STREET,  
 STRATFORD, ONTARIO**

I personally inspected the Subject Property on September 1, 2017, and I, analysed information considered pertinent to the valuation. Based on this inspection, analyses and subject to all assumptions and limiting conditions found in the following 52 page report and addenda, Current Market Value, as at the specified date, is estimated at:


**THREE MILLION EIGHT HUNDRED THOUSAND DOLLARS**

**\$3,800,000**

Note to Reader: this report assumes that the Subject Property is vacant, and has been rezoned to R5(1), which will permit medium to high density residential uses. More specifically, the site is assumed to permit six (6) storeys, and 100 units per hectare. It also assumes that the site would physically allow this type of development.

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

Respectfully submitted,  
**VALCO CONSULTANTS INC.**

  
 Matt Telford, BA, AACI, P. App  
 1-519-667-9050, Extension 241  
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## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

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NAME OF PROJECT	:	Residential Development Land
MUNICIPAL ADDRESS	:	48 Water Street, Stratford, Ontario
LEGAL DESCRIPTION	:	The Subject Property is briefly and legally described as being composed of Lot 567, Plan 20, Stratford; Lot 568 Plan 20 Stratford; Lot 569 Plan 20 Stratford; Lot 570 Plan 20 Stratford, Except R241419 & R106988; Lot 571 Plan 20 Stratford, Except R241419, R106988 & ELY 36'; S/T Rights in R20487 & R236524; being all of PIN #531240003, City of Stratford, Perth County, Province of Ontario.
INSPECTION DATE	:	September 1, 2017
EFFECTIVE DATE	:	November 1, 2017
DATE OF REPORT	:	November 30, 2017
TYPE OF REPORT	:	Narrative Report
MARKET VALUE	:	Current Market Value
PROPERTY INTEREST	:	Fee Simple Interest - 100% Interest
CLIENT/INTENDED USERS	:	City of Stratford
INTENDED USE OF THE APPRAISAL	:	The intended use of this appraisal and the Current Market Value estimate is to assist in establishing a Market Value for internal purposes. The appraisal was not based on a requested minimum valuation, a specific valuation or the approval of a sale or mortgage.
PERSONAL PROPERTY	:	No personal property is included in this estimate.
DESCRIPTION OF IMPROVEMENTS	:	The Subject Property is currently improved with the Tom Patterson Theatre and the Kiwanis Community Centre, however, the site is assumed to be vacant land, with no site improvements.
SITE DIMENSIONS & AREA	:	The site is irregular in shape, containing approximately 3.64 acres, with frontage of 626.3' along Water Street and has secondary frontage along Lakeside Drive, Waterloo Street and Morenz Drive. The site fronts onto Lake Victoria.

UTILITIES	:	Services that are indicated to be available at the site include municipal sanitary and storm sewers, municipal water, hydro and natural gas.
OFFICIAL PLAN	:	Residential Area
ZONING	:	Assumed to be rezoned to R5(1) - Residential Fifth Density Zone (currently P - Park Zone)
HIGHEST AND BEST USE	:	The Highest and Best Use for the Subject Property, as if vacant, would be represented by a residential development as permitted by local zoning by-laws.

### **RIGHT TO REVISE**

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

**ASSET ANALYSIS**

<b>LOCATION</b>	
<b>Positive Factors</b>	<b>Negative Factors</b>
<ul style="list-style-type: none"> <li>- located close to Stratford's downtown core</li> <li>- good visual exposure</li> <li>- strong residential base nearby</li> <li>- located across from Lake Victoria, beautiful natural setting</li> </ul>	<ul style="list-style-type: none"> <li>- none noted</li> </ul>

<b>IMPROVEMENTS</b>	
<b>Positive Factors</b>	<b>Negative Factors</b>
<ul style="list-style-type: none"> <li>- good site size, will allow a range of developments</li> <li>- services available</li> <li>- good topography</li> <li>- Official Plan designation will permit residential development</li> <li>- new zoning will permit a range of residential uses</li> </ul>	<ul style="list-style-type: none"> <li>- none noted</li> </ul>

<b>INCOME CHARACTERISTICS</b>	
<b>Positive Factors</b>	<b>Negative Factors</b>
<ul style="list-style-type: none"> <li>- none noted</li> </ul>	<ul style="list-style-type: none"> <li>- none noted</li> </ul>

<b>INVESTMENT MARKET</b>	
<b>Positive Factors</b>	<b>Negative Factors</b>
<ul style="list-style-type: none"> <li>- low interest rates provide attractive leverage to the investor</li> <li>- development potential</li> </ul>	<ul style="list-style-type: none"> <li>- none noted</li> </ul>

## ESTIMATED CURRENT MARKET VALUE

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One approach to value was utilized in the valuation of the Subject Property. This approach suggested market supportable values in the following range. The range of values was then correlated to a most probable single value based on market conditions at date of valuation.

<b>DIRECT COMPARISON APPROACH</b>	<b>:</b>	<b>\$3,640,000 to \$4,000,000</b>
<b>FINAL ESTIMATE OF CURRENT MARKET VALUE</b>	<b>:</b>	<b>\$3,800,000</b>

<b>RATE ANALYSIS</b>	
<b>Final Estimate of Market Value</b>	<b>\$3,800,000</b>
<b>Total Acreage</b>	<b>3.64</b>
<b>Market Value Per Acre</b>	<b>\$1,043,956</b>

**Note to Reader:** this report assumes that the Subject Property is vacant, and has been rezoned to R5(1), which will permit medium to high density residential uses. More specifically, the site is assumed to permit six (6) storeys, and 100 units per hectare. It also assumes that the site would physically allow this type of development.

The estimate of value contained in this report is founded on a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value; especially if there was no reason to doubt its accuracy. Certain empirical data required interpretive analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to the Assumptions and Limiting Conditions contained in the Addenda of the attached report, in addition to any which may be contained in the body of the report.

This report has been prepared for the information and guidance of **CITY OF STRATFORD**. It is not to be referred to or quoted in any prospectus for the sale or exchange of securities, and may not be reproduced, in whole or in part, without prior written agreement.

## **PURPOSE AND INTENDED USE OF THE APPRAISAL**

---

The purpose and intended use of this appraisal and the estimated Current Market are to assist **CITY OF STRATFORD** exclusively. It is not reasonable for anyone other than the client shown to rely upon this report without first obtaining written authorization from the appraiser, and liability is denied to anyone who utilizes this report without authorization.

**Purpose** : To estimate the Current Market Value of the within described property as at November 1, 2017.

**Intended Use** : To assist in establishing a Current Market Value for internal purposes. The appraisal was not based on a requested minimum valuation, a specific valuation or the approval of a sale or mortgage.

## **PROPERTY RIGHTS APPRAISED**

---

The property rights being appraised are those of the "Fee Simple", which is defined as:

"An absolute fee ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat."  
(Appraisal of Real Estate, Third Canadian Edition).

This does not necessarily imply that the Subject Property, or comparable properties, are clear of encumbrances such as mortgages, liens, easements and rights-of-way.

Further, the estimated Market Value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other typical benefits which may influence the ordinary Market Value of the property, unless the effects of such special conditions, and the extent of any special value that may rise there from, have been described and measured in this report.

## **DEFINITION OF PERSONAL PROPERTY**

---

The Appraisal of Real Estate Second Canadian Edition attempts to distinguish between Real Estate, Personal Property and Trade Fixtures. The distinction between fixtures and personal property is not always obvious and attempts must be made to read leases to determine how these items are treated. It is sometimes impossible to exclude personal property from an opinion of value. The characteristics of personal property are "movable items that are not permanently affixed to, or part of, the real estate". Personal property is not endowed with the rights of real property ownership. Personal property is generally considered in the valuation of hotels where a business enterprise value is a concern and in investment/rental properties including apartment buildings, townhouses etc where such items as refrigerators, stoves, washer/dryer and dishwasher may be included.



## **TYPES OF APPRAISAL REPORTS**

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Narrative: A detailed report where an Extraordinary Limiting Condition has been invoked.

Short Narrative: Concise and briefly descriptive.

Form: A standardized format combining check-off boxes and narrative comments.

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

## **ANTICIPATED PUBLIC OR PRIVATE IMPROVEMENTS**

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There are no known public or private improvements planned that will have a significant impact on the Subject Property.

## **DEFINITION OF MARKET VALUE**

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

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

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

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; and,
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.”

### **DEFINITION OF REASONABLE MARKETING TIME**

---

The reasonable marketing time is an estimate of the amount of time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of an appraisal.

The reasonable marketing time is a function of price, time, use and anticipated market conditions such as changes in the cost and availability of funds; not an isolated estimate of time alone.

The estimate of value assumes a marketing time of three (3) to nine (9) months which allows for required presentation to the market, a due diligent period and legal requirements. Given the nature of the Subject Property, this time frame is considered reasonable under current market conditions. This marketing period is also predicated on the prerequisites to "market value" as more fully defined elsewhere in this report. It is also noted that market conditions can change quite significantly over a relatively short period of time and property values can be impacted accordingly. No such adjustments (favourable or otherwise) are indicated at this time; however, it is beyond the scope of this appraisal to undertake an in-depth, long-range analysis of related property value trends.

### **DEFINITION OF REASONABLE EXPOSURE TIME**

---

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

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process; supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and, the analysis of future income expectancy estimated from the effective date of the appraisal.

Assuming that the Subject Property would have been listed and marketed by a recognized commercial brokerage firm at an asking price that would be about 5% to 10% higher than the market value estimate in this report, an 'Exposure Time' of three (3) to nine (9) months prior to the Effective Date would be reasonable.

### **CURRENT VALUE OPINION**

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Refers to an effective date contemporaneous with the date of the report, at the time of inspection or at some other date within a reasonably short period from the date of inspection when market conditions have not or are not expected to have changed.

### **RETROSPECTIVE VALUE OPINION**

---

Refers to an effective date prior to the date of the report. The use of clear language and consistent terminology in a retrospective report (eg. past tense throughout) is necessary for the reader not to be misled and to understand market conditions as of the retrospective effective date.

### **PROSPECTIVE VALUE OPINION**

---

Refers to an effective date following the date of the report; it is a forecast. The use of clear language and consistent terminology in a prospective report (eg future tense throughout) is necessary for the reader not to be misled and to understand market conditions as of the prospective effective date. Prospective value opinions are intended to reflect the current perceptions of market participants as to the future. These opinions should be judged on the market support for the forecasts when made, not whether in hindsight they in fact occurred. An Extraordinary Assumption must be clearly portrayed in the report citing the market conditions from which the prospective value opinion was developed, and absolving the appraiser from responsibility for unforeseeable events that alter market conditions prior to the effective date.

### **UPDATED VALUE OPINION**

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Refers to an extension of an original appraisal, changing the effective date. In the update any changes in the status of the Subject, in market conditions or in any respect affecting value since the prior appraisal must be reported, with analyses of these changes in developing an updated opinion. All approaches to value developed in the original appraisal should be updated with new data. The updated report must clearly show that it can only be relied upon by a reader familiar with the original.

A Current Value Opinion has been used in this report.

## **EXTRAORDINARY LIMITING CONDITIONS**

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An extraordinary limiting condition refers to a necessary modification or exclusion of a Standard Rule. The burden is on the appraiser in the report to explain and justify such necessity, and to conclude before accepting an assignment and invoking an extraordinary limiting condition, that the scope of work applied will result in opinions/conclusions that are credible. Examples include: exclusion of a relevant valuation approach; no interior inspection of the Subject improvements; no title search and no liability insurance coverage.

In accordance with the Canadian Uniform Standards of Professional Appraisal Practice, certain conditions are unacceptable in any assignment where they:

- i) compromise an appraisers impartiality, objectivity, or independence;
- ii) limit the scope of work to such a degree that the results are not credible given the purpose of the assignment and the intended use of the results;
- iii) limit the contents of a report that results in the report being misleading.

The following Extraordinary Limiting Conditions apply to this report.

- i) the value estimate is for a Current Market Value of the Fee Simple Interest. The appraiser is not responsible for any economic or social conditions which are out of his control and could have a detrimental effect on the Subject Property. The assumption is that market condition(s) will remain similar to the date of this report;
- ii) no title search was completed, other than a MPAC and Geowarehouse search;
- iii) as the Subject Property is essentially vacant land, the Cost Approach to Value has not been utilized;
- iv) this type of property would not be purchased for its income capabilities, therefore, the Income Approach to Value was also disregarded;
- v) it is assumed that the Subject Property is not contaminated by any hazardous substance, thus there is no negative or adverse affect to the value estimate. A physical inspection of the site didn't provide any visual evidence of any contamination.

## **EXTRAORDINARY ASSUMPTION AND HYPOTHETICAL CONDITIONS**

---

Extraordinary Assumptions presume as fact, otherwise uncertain information about physical, legal or economic characteristics of the Subject Property, or about conditions external to the Subject Property such as market conditions or trends, or the integrity of data used in an analysis. Extraordinary Assumptions (Hypothetical Conditions) presume as fact simulated but untrue information about physical, legal or economic characteristics of the Subject Property or external conditions. Examples would include: that non-existent improvements were already in place and ready to use, as proposed; a change in land use planning; or full occupancy in a development not yet constructed.

The following assumption(s) and condition(s) have been identified in the valuation report for the Subject Property:

- i) Note to Reader: this report assumes that the Subject Property is vacant, and has been rezoned to R5(1), which will permit medium to high density residential uses. More specifically, the site is assumed to permit six (6) storeys, and 100 units per hectare. It also assumes that the site would physically allow this type of development.

## SCOPE OF THE ASSIGNMENT

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In the process of preparing this appraisal, I

- viewed and photographed the immediate neighbourhood area surrounding the Subject Property;
- inspected the Subject site on September 1, 2017;
- reviewed the Official Plan and Zoning designations for the Subject Property;
- obtained assessment information on the Subject through the municipality, the local real estate board, Geowarehouse or MPAC;
- considered the Highest and Best Use of the Subject Property as though vacant;
- reviewed appraisal methodologies and procedures employed in arriving at indications of value;
- conducted market research with regard to comparable commercial transactions. Sources of market evidence included, as appropriate, the local real estate board, Land Title Office transactions - including those reported by MPAC, London and St. Thomas Real Estate Board, Geowarehouse, Realtrack Inc., local assessors, real estate agents, vendors and purchasers active in the market;
- exterior inspections and discussions were held with vendors, purchaser or real estate agents of each of the comparable sale transactions utilized where feasible;
- considered physical and economic factors, as well as, market conditions and analysed their potential effect on the property;
- the analysis set out in this report relied on written and verbal information obtained from a variety of sources considered reliable. Unless otherwise stated herein, I did not verify client supplied information, which I assumed to be correct.

After analysing the data, I estimated the property's market value using the Direct Comparison Approach. The collected data was then reconciled into a single most probable Current Market Value, as of the Effective Date of the appraisal.

## AREA AND NEIGHBOURHOOD DESCRIPTION

The Subject Property is located in the central sector of the City of Stratford, located just south of Lake Victoria, along Lakeside Drive, being bordered by Waterloo Street North, Water Street and Morenz Drive.

Stratford is located in the heartland of South-Central Ontario which offers the largest concentration of manufacturing industries in Canada. The City is linked to Ontario's major transportation artery, Highway 401, by Highways 7 and 8 or through County Roads 20 and 6. Stratford had a 2011 population of 30,886, which is a slight increase of 1.2% from the 2006 population of 30,516.

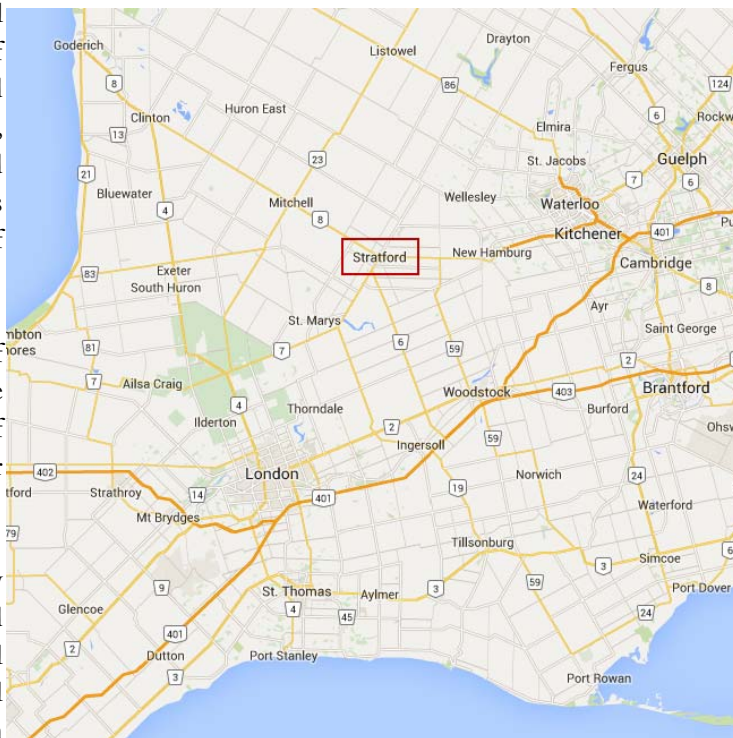
The City is located approximately 65 km northeast of London and 48 km west of Kitchener/Waterloo. The City benefits from being within a two-hour drive of over six million people and four major border crossings to the United States.

Transportation from a variety of sources is readily available. Over 20 trucking firms provide local and national shipping with warehouse and terminal facilities. Passenger rail service is provided by Via Rail while daily freight service is via three carriers; Canadian National Railways, Canadian Pacific Railway and the Goderich-Exeter Railway Company. Direct airway transit services are available to both Pearson International Airport (Toronto) and London's International Airport. Stratford Municipal Airport is located six kilometres north of the City and is equipped to handle air traffic ranging from DC-8's to helicopters. Water service is one hour away with the port of Goderich, located on Lake Huron, providing seaway depth berthing and modern docking facilities. Locally, Stratford transit provides affordable and convenient transportation within the City through ten regular scheduled transit routes.

Community services include several senior citizen facilities, Stratford General Hospital, Community Health programs and miscellaneous services, 680 acres of parkland, 170 acres of national parkland, Shakespearean Gardens, Stratford Golf & Country Club, YM-YWCA, 29 churches, as well as all major service clubs.

The Stratford Festival Theatre which began in 1953 is today the largest repertory company in North America and ranks among the three great theatres of the English speaking world. The "Festival" was founded on two principals; the sheer architectural presence of the revolutionary thrust stage concept and the uncompromising mandate for a quality theatre in all its endeavours.

Led by a local resident, Tom Patterson, the Festival by the early 1990's had grown from the original six week season to 28 weeks taking place on three permanent stages; the Festival Theatre, the Avon Theatre and the Tom Patterson Theatre. Over the years, the Stratford Festival has produced all of William Shakespeare's plays and has staged works by many other great playwrights including Beckett, Brecht, Chekhov, Ibsen, Moliere, Sheridan, Racine and Pirandello. Each season approximately 450,000 visitors come to Stratford between May and October to view the twelve productions and 512 performances. A comprehensive training program is also undertaken through courses, workshops and productions. Each



seasons workshops are held for the Company in dramatic interpretations, stage combat, choreography, mime, choral speaking and other theatrical techniques. Because of the acute shortage of centres in North America that provide intense training in the special skills required for classical theatre, the Stratford Young Company was formulated in the late 1970's.

Stratford has a diversified economic base which includes manufacturing, tourism, commercial, financial and service industries. The top two sectors of Stratford's economy are manufacturing and tourism - a unique combination that works well. A new Toyota parts supplier has chosen Stratford as the site of its new plant (November 2012). A new, 25 room luxury hotel was recently built (2013) beside the Arden Place Hotel, known as the Bruce Hotel. A local bed and breakfast operator built this facility which includes a full service hotel, pool, lounge, gym and a fine dining restaurant.

Stratford's Top 10 Employers (2011) are (# of employees along the right side);

**Stratford's Top Ten Employers (2011)**

Stratford Festival of Canada	Theatre company	1,200
Stratford General Hospital	Life Sciences	880
DYNA-MIG	Manufacturing	500
Hendrickson Spring	Manufacturing	500
FAG Aerospace	Manufacturing	420
Stackpole	Manufacturing	330
Clemmer Steelcraft	Manufacturing	330
ScotiaBank and Trust	Financial Processing Centre	300
Aisin Canada Inc.	Manufacturing	279
Spruce Lodge	Life Sciences	200
FIO Canada	Manufacturing	100

The Stratford - Perth area is also a strong agricultural and agri-food sector, which generates 1.5 to 2 million dollars a day, and is one of the most agriculturally productive counties in all of Ontario. Stratford is also home to the new University of Waterloo Stratford Campus, which accelerates the advancement of education, research and commercialization, focussing on technology.

More specifically, the Subject Property is located just south of Lake Victoria, along Lakeside Drive, being bordered by Waterloo Street, Water Street and Morenz Drive. The immediate area is mixed use in nature and is composed of low to medium density residential, institutional developments (Allman Memorial Arena) and single family dwellings. The main commercial area of Stratford is situated to the south of the Subject Property, along Ontario Street. Overall, the Subject Property is located in a good mixed use area, in close proximity to the city's downtown core. The proximity to and view of Lake Victoria are strong positives, creating a beautiful natural setting.

In summary, the Subject Property is located in an established mixed use area, in close proximity to Stratford's downtown core.





VIEW ALONG WATER STREET



VIEW ALONG WATER STREET



LAKE VICTORIA



ALLMAN ARENA



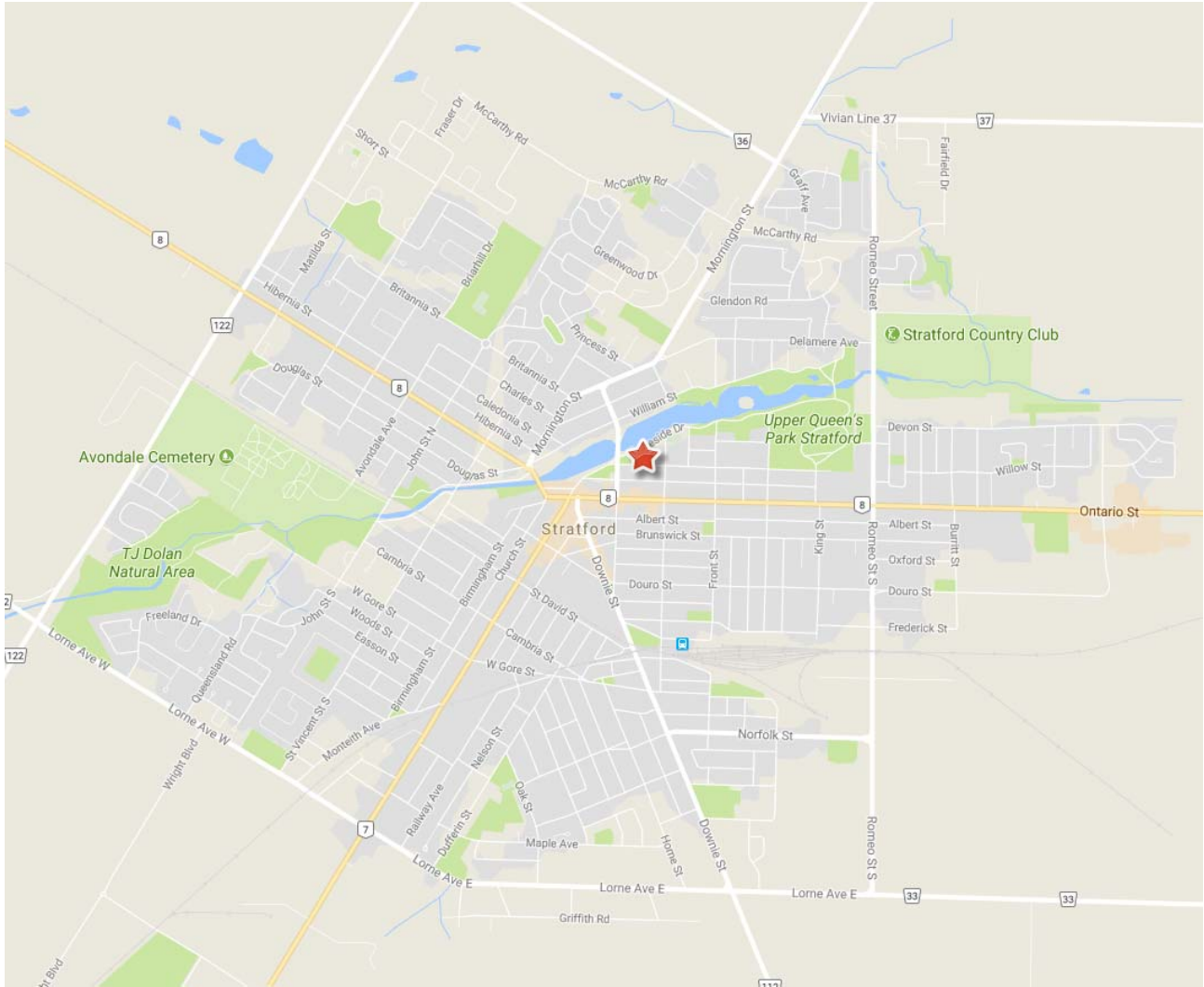
NEARBY PROPERTIES



NEARBY PROPERTIES

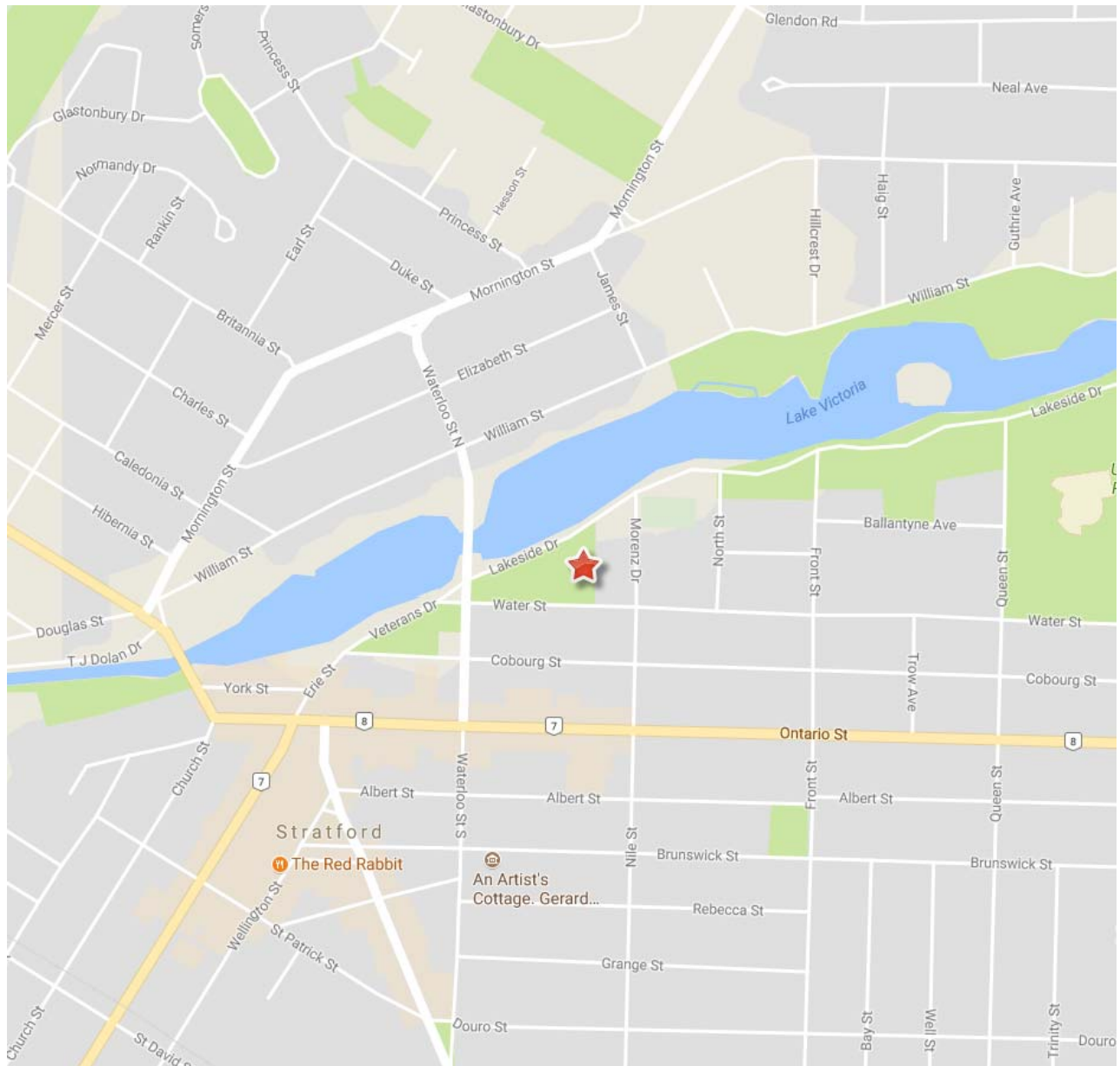


LOCATION MAP: CITY VIEW

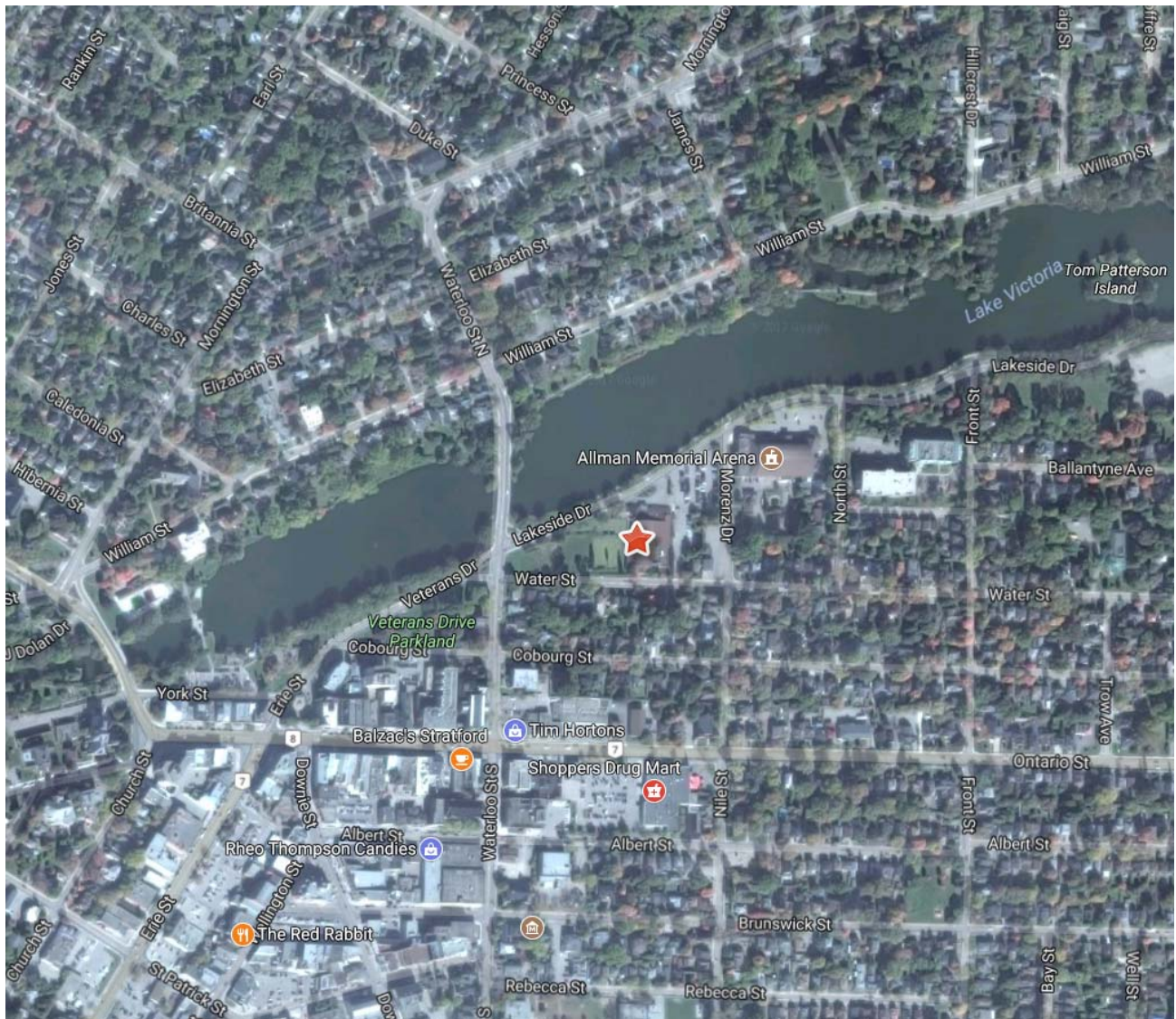


**LOCATION MAP: NEIGHBOURHOOD VIEW**

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AERIAL VIEW





## LEGAL DESCRIPTION

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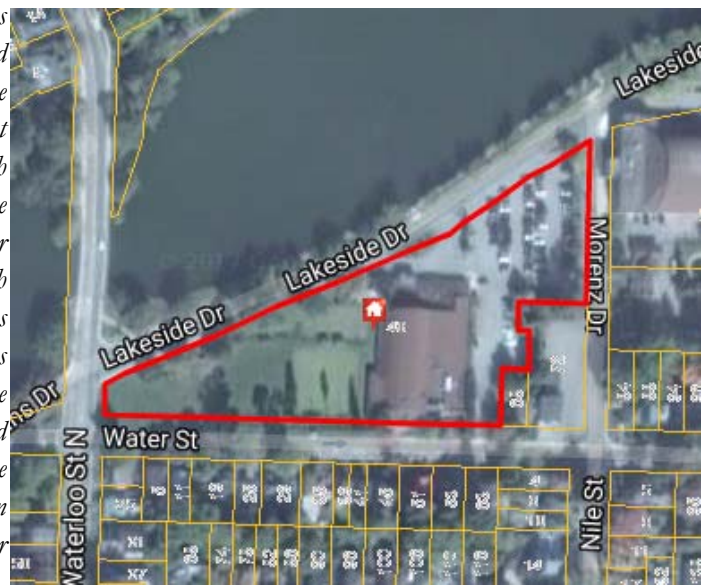
The Subject Property is briefly and legally described as being composed of Lot 567, Plan 20, Stratford; Lot 568 Plan 20 Stratford; Lot 569 Plan 20 Stratford; Lot 570 Plan 20 Stratford, Except R241419 & R106988; Lot 571 Plan 20 Stratford, Except R241419, R106988 & ELY 36'; S/T Rights in R20487 & R236524; being all of PIN #531240003, City of Stratford, Perth County, Province of Ontario.

## SITE DESCRIPTION

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The site is irregular in shape, containing approximately 3.64 acres, with frontage of 626.3' along Water Street and has secondary frontage along Lakeside Drive, Waterloo Street and Morenz Drive. The site fronts onto Lake Victoria.

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



## MUNICIPAL SERVICES, ROADS AND UTILITIES

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

Water Street, Waterloo Street, Morenz Drive and Lakeside Drive, in the vicinity of the Subject Property are two lane, asphalt paved roads with concrete curbs, overhead street lights and sidewalks.

SITE SKETCH

---



## ASSESSMENT AND TAXES

According to municipal records for the City of Stratford, the Subject Property is assessed and taxed as follows.


48 WATER STREET, STRATFORD, ONTARIO			
<b>Roll Number</b>		31 11 020 010 09700 0000	
<b>Phased In Assessed Value - January 1, 2016</b>		\$2,017,500	
<b>Taxes (2017)</b>		n/a	
<b>Building Area</b>	<b>Taxes Per Sq. Ft.</b>	32,084	\$0.00 Per Square Foot
	<b>Assessment Per Sq. Ft.</b>		\$63 Per Square Foot

\* assessed as the improved site (theatre/KCC).

The 'Current Value' means, in relation to land, the amount of money the fee simple interest, if unencumbered, would realize if sold at arm's length by a willing seller to a willing buyer. This value excludes any long term leases and mortgages in place as of the effective date of the valuation. In addition, the 'Current Value' of eligible land is based on current use, not potential use using the Highest and Best Use Principle. This in effect eases the burden to owners of vacant land which has development potential.

## PROPERTY OWNERSHIP HISTORY

The Subject Property has been under the same ownership in excess of three years. The Subject Property is not currently listed for sale, nor is it subject to a purchase and sale agreement. This report is to aid in a potential sale of the property.




**48 WATER ST**  
 STRATFORD | N5A3C1  
[Search By Block](#) | [Enhanced Report](#) | [GeoWarehouse Store](#)

ACTIVE | PIN 531240003 | ARN 311102001009700

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**Land Registry Information - PIN: 531240003**

Address: 48 WATER ST  
 Municipality: STRATFORD      LRO: 44      Area: 14,744 m2  
 Land Registry Status: ACTIVE      Registration Type: LT      Perimeter: 664 m  
 Description: LT 567 PL 20 STRATFORD; LT 568 PL 20 STRATFORD; LT 569 PL 20 STRATFORD; LT 570 PL 20 STRATFORD, EXCEPT R241419 & R106988; LT 571 PL 20 STRATFORD, EXCEPT R241419, R106988 & ELY 36; S/T RIGHTS IN R204847 & R236524; STRATFORD  
 Party To: THE CORPORATION OF THE CITY OF STRATFORD;

 [Print](#)   [Store](#)   [Parcel Register](#)

**Assessment Information**

Assessment Roll Number: 311102001009700  
 2017 Tax Year, Phased In Assessment: \$2,017,500      Depth: 0.00 A  
 Assessed Value based on January 1, 2016: \$2,067,000      Property Type: 710 Recreational sport club - non-commercial (excludes golf clubs and ski resorts)

[Store](#)   [Assessment Reports](#)

**Sales History Information**

DATE:	TYPE:	AMOUNT:
03/31/1995	T	\$120,000
PARTY TO: THE CORPORATION OF THE CITY OF STRATFORD;		
08/12/1977	T	\$6,000
PARTY TO: THE CORPORATION OF THE CITY OF STRATFORD;		

**DESCRIPTION OF IMPROVEMENTS**

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The Subject Property is currently vacant land. The site is relatively level, flat and at the grade of the adjoining road.



VIEW OF SITE



VIEW OF SITE



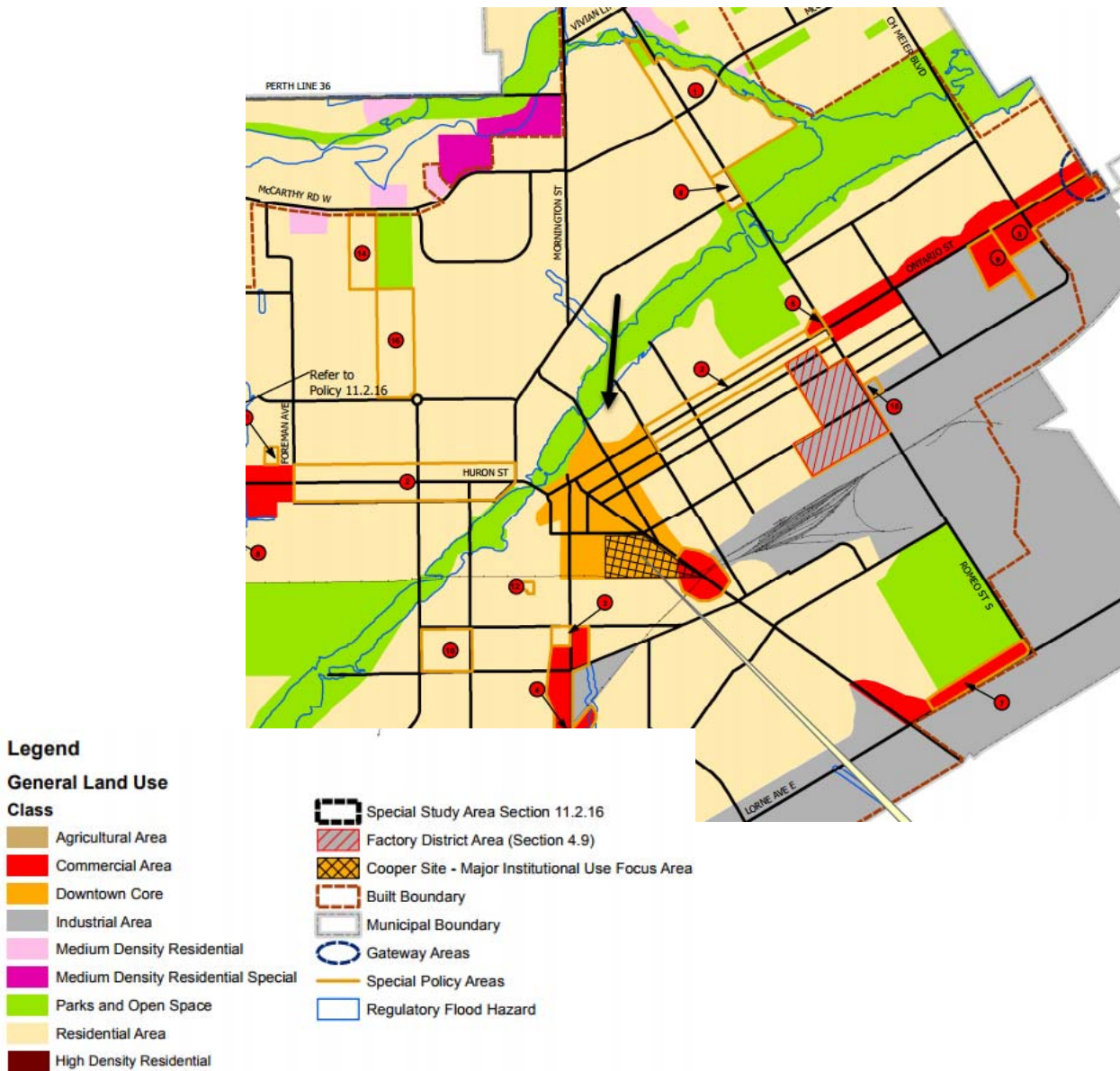
**OFFICIAL PLAN**

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

“A document approved by the Minister of Municipal Affairs and Housing containing objectives and policies established primarily to provide guidance for the physical development of a municipality while having regard to relevant social, economic and environmental matters.”

The Official Plan for the City of Stratford designates the Subject Property ‘**RESIDENTIAL AREA**’.

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





## ZONING

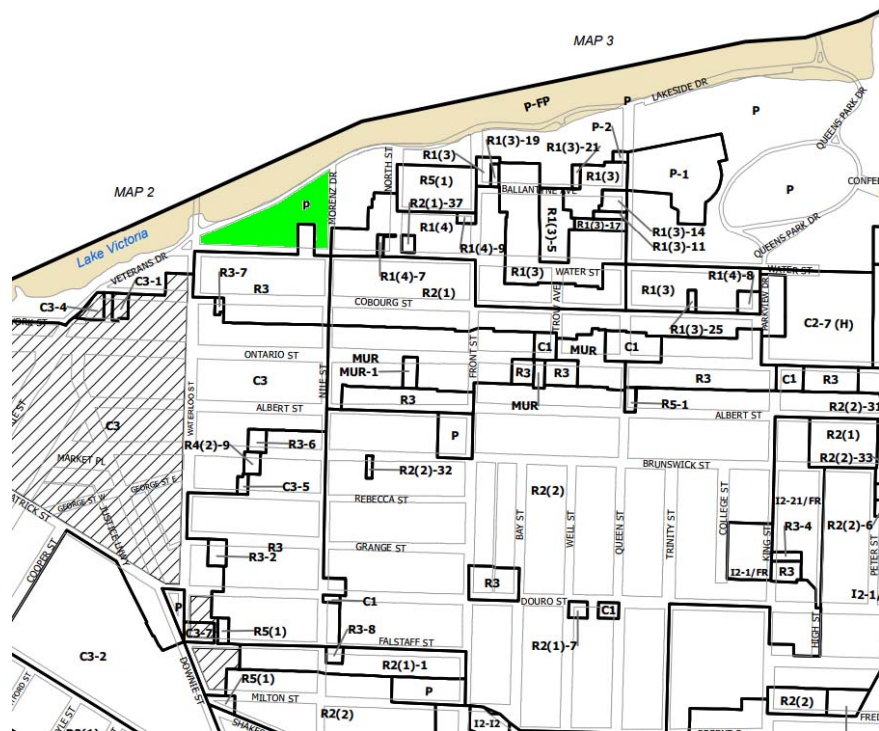
While Official Plans set out the general long-range policy framework for future land use, Zoning By-Laws take precedence and put those objectives of the Official Plan into effect and provide for their day-to-day administration.

Unlike the Official Plan, the Zoning By-Law contains very specific and legally enforceable regulations. Any new development or construction that fails to comply with a municipality's Zoning By-Law is not permitted and will be denied a building permit.

Zoning By-Laws define zones for various types of uses and establish the specific type of land use in each zone (i.e. residential, commercial, agricultural, institutional, industrial, etc.). The by-laws will also set standards for erecting buildings (i.e. minimum lot size, frontage, set-backs from streets, side yard clearances, building heights, parking requirements, etc.).

According to the Zoning By-Law for the City of Stratford, the Subject Property is zoned **'P - PARK ZONE'**. It is not within the scope of this report to determine if all regulations have been met. This report assumes that the existing use is legal. The permitted uses are quite limited, as outlined on the following page. For the purposes of this report, the Subject Property is assumed to be rezoned to **'R5(1) - RESIDENTIAL FIFTH DENSITY ZONE'**.

Note to Reader: this report assumes that the Subject Property is vacant, and has been rezoned to R5(1), which will permit medium to high density residential uses. More specifically, the site is assumed to permit six (6) storeys, and 100 units per hectare. It also assumes that the site would physically allow this type of development.



## ZONING EXCERPTS

### SECTION 9 RESIDENTIAL FIFTH DENSITY (R5) ZONE

No land shall be used, no buildings or structures shall be erected and no lot shall be altered in the Residential Fifth Density (R5) Zone except in accordance with the General Provisions of Section 3 and the following:

#### 9.1 PERMITTED USES

- apartment dwelling
- nursing home
- seniors' apartment dwelling
- retirement home/lodge

#### 9.2 GENERAL USE REGULATIONS

In accordance with Table 9-1, Schedule "B" and the following regulations.

##### 9.2.1 Accessory Buildings and Structures

- |    |   |   |
|----|---|---|
| a) | <u>Maximum Lot Coverage</u>               | 10% or 100 m <sup>2</sup> whichever is the lesser |
| b) | <u>Maximum Floor Area</u>                 | 100 m <sup>2</sup>                                |
| c) | <u>Maximum Building Height</u>            | one (1) storey or 5.0 m whichever is the lesser   |
| d) | <u>Maximum Height of an Exterior Wall</u> | 3.0 m   |

TABLE 9-1  
RESIDENTIAL FIFTH DENSITY (R5) ZONE VARIATIONS

R5(1) to R5(2)

A	B	C	D
	ZONE VARIATION STANDARD <sup>Ⓞ</sup>	R5(1)	R5(2)
1	Lot Area	750 m <sup>2</sup>	1000 m <sup>2</sup>
2	Lot Frontage: interior lot	15 m	25 m
3	Lot Frontage: corner lot	20 m	30 m
4	Lot Depth	30 m	30 m
5	Front Yard Depth/ Exterior Side Yard Width	7.5 m <sup>Ⓞ</sup>	10 m <sup>Ⓞ</sup>
6	Side Yard Width	3.0 m <sup>Ⓞ</sup>	5.0 m <sup>Ⓞ</sup>
7	Rear Yard Depth	6.0 m	6.0 m
8	Maximum Lot Coverage	35%	30%
9	Maximum Height	15 m	20 m
10	Maximum Density	100 uph <sup>Ⓞ</sup>	100 uph <sup>Ⓞ</sup>
11	Landscaped Open Space	30%	35%

## HIGHEST AND BEST USE

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The term "Highest and Best Use" is generally considered in appraisal terminology as relating to the most profitable, likely use to which a property can be put, which will result in the greatest net return over a given period of time. For an asset to have value, it must be capable of providing some form of beneficial utility or enjoyment to the owner or user. An examination of the Highest and Best or most probable use is, therefore, critical to the appraisal process.

The Highest and Best Use analysis provides a focus for the choice of an appropriate valuation methodology. If a property's current use is its highest and best use, its most probable selling price will ordinarily be a function of the existing use. Should the use of either the land as if vacant, or an alternative use of the land and structures as developed be found to represent the most beneficial use, the market value of the asset will likely be governed by this alternative.

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

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

## ADDITIONAL CONSIDERATION

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The following items were considered in regards to the Highest and Best Use of the Subject Property. In addition to the general factors associated with the Highest and Best Use concept, the appraiser gave consideration to the following site specific items:

<b>LOCATION:</b>	The Subject site is located in a very good, established area, in close proximity to the downtown core and across from Lake Victoria.
<b>LOT SIZE:</b>	The Subject site is irregular in shape and contains a total area of approximately 3.64 acres. The site is large enough to permit a range of uses.
<b>IMPROVEMENTS:</b>	As of the Effective Date of this appraisal, the site was improved with the Tom Patterson Theatre and the Kiwanis Community Centre, however, is assumed to be vacant land.
<b>LAND USE:</b>	The Subject site is assumed to be zoned <b>R5(1) - RESIDENTIAL FIFTH DENSITY ZONE</b> which allows a range of residential uses. The Official Plan designation would also permit residential uses. Based on the proposed zoning and Official Plan designation for the area, the potential use of the Subject Property would appear to be in keeping with the expectations of the surrounding community.
<b>SERVICES:</b>	The Subject site has full municipal services necessary to support development. Although no engineering reports were provided, based on the existing developments in the area, the property would appear to be physically capable of supporting development.

Therefore, taking into account the above information the Highest and Best Use for the Subject Property, would be represented by a residential development, as permitted by local zoning by-laws.

**ASSEMBLAGE**

Assemblage is a difficult and probably the least understood Highest and Best Use conclusion to support. There are three(3) elements necessary for an 'assemblage' conclusion of the Highest and Best Use including market value, bilateral monopoly and the reasonably probable aspect of the Highest and Best Use.

An appraisal definition defines assemblage as, "the combining of two or more parcels, usually but not necessarily contiguous into one ownership or use; the process that creates plottage value". Plottage is the increment of value created when two or more sites are combined to create greater utility. For the purchase of property by an adjacent property owner to qualify as an assemblage, the objective of the purchase must be "to create greater utility". This normally involves increasing returns through increasing size.

In the case of the Subject Property there would not be plottage value created by an assemblage of adjacent properties within the Subject area.

## APPROACHES TO VALUE

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In estimating the Market Value of an improved property, there may be three important factors:

- (a) The current cost of replacing a property including the underlying site value, less accrued depreciation from all identifiable sources. Depreciation includes actual physical deterioration as well as functional and economic or locational obsolescence.
- (b) The value indicated by market activity including recent sales of comparable properties and the availability of similar facilities offered for sale.
- (c) The value that the property's actual or potential net achievable income would support based on a market acceptable capitalization of the net income.

This results in three basic approaches to value:

- (1) The Cost Approach
- (2) The Direct Comparison Approach
- (3) The Income Approach

The three approaches, if all applicable, result in three estimates of value. These estimates are then considered in light of the accuracy, importance and relevancy of the data on which they are based, resulting in a Final Estimate of Value.

The property being appraised is a parcel of future development land.

The Cost Approach was concluded to have limited or no application in the valuation of the Subject Property, due to its nature, vacant land.

The Income Approach was concluded to have limited or no application in the valuation of the Subject Property, due to its nature, vacant land.

The Direct Comparison Approach involves the analysis of actual market transactions, as well as, the availability of competitive sites. It was concluded that the Direct Comparison Approach would provide a reliable indication of value for the Subject Property.

The Direct Comparison Approach is more particularly developed on the following pages.

## VALUATION ANALYSIS

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In valuing the Subject Lands, the Six Land Valuation Techniques were considered, which are as follows:

- a) Direct Comparison Approach
- b) Extraction
- c) Allocation
- d) Land Residual Technique
- e) Direct Capitalization
- f) Yield Capitalization

The property being appraised, as previously described in this report, is a speculative development parcel. The respective location is being valued as if free and clear of any encumbrances.

### APPLICABILITY AND LIMITATIONS OF LAND VALUATION TECHNIQUES

#### A) DIRECT COMPARISON APPROACH

**Procedure** Sales of Similar, vacant parcels are analysed, compared, and adjusted to provide a value indication for the land being appraised.

**Applicability** Direct comparison is the most common technique for valuing land, and it is the preferred method when comparable sales are available.

**Limitations** A lack of sales and the comparability of the available data may weaken the support for the value estimate.

#### B) EXTRACTION

**Procedure** An estimate of the depreciated cost of the improvements is deducted from the total sale price of the property to arrive at a land value.

**Applicability** This technique is applicable when:

The building's contributory to total property value is generally small and relatively easy to identify (the technique is frequently used in rural areas).

**Limitations** The appraiser must be able to determine the value contribution of the improvements, estimated at their depreciated cost.

#### C) ALLOCATION

**Procedure** A ratio of land value to property value is extracted from comparable sales and applied to the sale price of the subject property to arrive at the land value.

**Applicability** This technique is applicable when:

- The number of land sales is inadequate
- A check for reasonableness is needed rather than a formal opinion of value

Limitations The allocation method does not produce conclusive value indications and is rarely used as the primary land valuation technique. Also, land-to-property value ratios can be difficult to support.

#### **INCOME CAPITALIZATION TECHNIQUES**

##### **D) DIRECT CAPITALIZATION: LAND RESIDUAL TECHNIQUE**

Procedure The net operating income attributable to the land is capitalized at a market-derived land capitalization rate to provide an estimate of value.

Applicability This technique is only applicable in testing the feasibility of alternative uses of a particular site in highest and best use analysis or when land sales are not available.

Limitations The technique is generally recognized by the courts as too speculative to yield a reliable indication of land value.\*

The following conditions must be met:

- Building value is known or can be accurately estimated
- Net operating income to the property is known or can be estimated
- Both building and land capitalization rates are available from the market

##### **E) DIRECT CAPITALIZATION: GROUND RENT CAPITALIZATION**

Procedure A market-derived capitalization rate is applied to the ground rent of the subject.

Applicability This method is useful when:

- Comparable rents, rates, and factors can be developed from an analysis of sales of leased land

Limitations An adjustment to the value indication for property rights may be necessary when current rent under existing contract does not match market rent

##### **F) YIELD CAPITALIZATION DISCOUNTED CASH FLOW ANALYSIS - SUBDIVISION DEVELOPMENT ANALYSIS**

Procedure Direct and indirect costs and entrepreneurial profit are deducted from an estimate of the anticipated gross sales price of the finished lots, and the net sales proceeds are discounted to present value market-derived rate over the development and absorption period.

Applicability This technique is applicable when:

- Vacant land that has the potential for development as a subdivision represents the likely highest and best use of the land

Limitations Discounted cash flow analysis requires significant amounts of data on development sales and costs for the developed lots.

**SOURCE: THE APPRAISAL OF REAL ESTATE, THIRD CANADIAN EDITION.**

## DIRECT COMPARISON APPROACH

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The Direct Comparison Approach entails the gathering, analysing and comparison of data on similar properties that have sold, on which offers have been made, or that are available for sale. This approach involves the study of the actions and reactions of buyers and sellers in the marketplace and is basic to the appraisal process. The analysis of sales provides an historic overview of the marketplace which is then updated on the basis of current offers to purchase and the future predictions suggested by those properties currently offered for sale.

Basically, the Direct Comparison Approach implies the 'Principle of Substitution' which states that a prudent purchaser will not pay more for a property than it would cost to acquire an equally desirable substitute. The properties selected for comparison should be similar in most essential aspects to the Subject Property. In addition to comparing the similar characteristics between the properties, the dissimilar characteristics must also be weighed. The comparable properties may require adjustments to measure the reaction in the market to the differences between the properties.

The underlying basic principle involved in the adjustment process is the 'Principle of Contribution'. Adjustments may be made, where applicable, for influencing factors such as neighbourhood, zoning, time of sale, terms of sale, condition, quality and physical features of the property and any other factors affecting value.

In an ideal market situation for applying the Direct Comparison Approach, the following conditions would prevail:

- A reasonable number of sales have occurred between buyers and sellers who are knowledgeable of the local market;
- The sales are closely comparable to the Subject Property;
- The terms of the sale are similar;
- The sales are all very recent; and
- The sales are 'normally distributed' in a statistical sense.

Unfortunately, even in the best of conditions, there are often insufficient sales that are reasonably comparable. The limits on comparability depend on the types of properties involved. A good comparable is one that would be a reasonable alternative for most prospective buyers who would be interested in the Subject Property.

The market data used was collected from the Valco Consultants Inc. data files, various Real Estate Boards, realtors, persons knowledgeable of the commercial market and other real estate professionals.

The data search of the City of Stratford revealed a limited number of sales involving properties comparable to the Subject. The search was expanded to include comparable sales throughout Southwestern Ontario.

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

The sales were analysed physically on the basis of sale price per acre of land (sale price divided by site area). This measurement generally minimizes the margin of error that can result from differences between the properties being compared.



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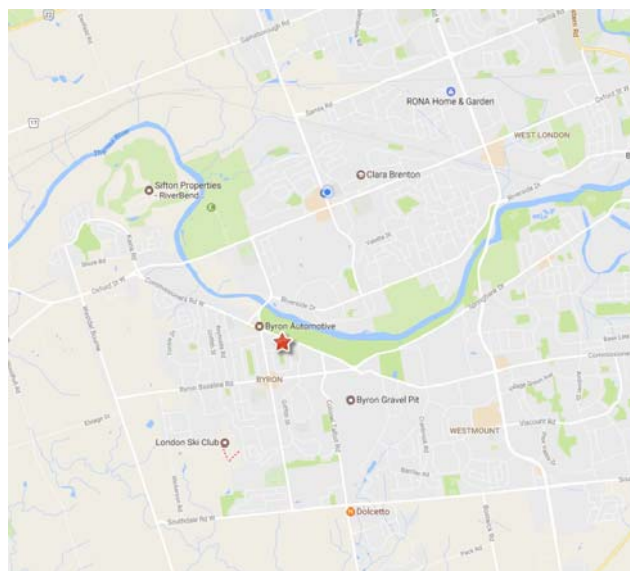
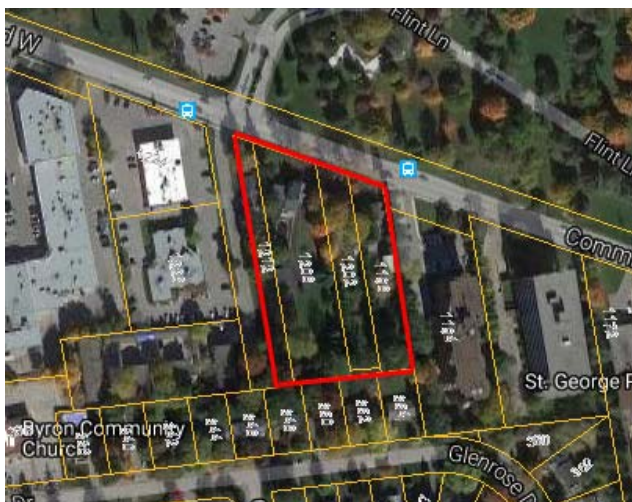
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**COMPARABLE SALES**

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## COMPARABLE LAND SALE #1



## PROPERTY IDENTIFICATION:

FILE #: 33574

PIN #: 084120004, 007, 006, 005

Address: 1198 - 1212 Commissioners Road West, London

Location: West sector of London, in the Village of Byron

Legal Desc.: Plan 563, Lot 41 &amp; 42, cont.

## SALE DATA:

Vendor: Named Individuals  
 Purchaser: Tricar Properties Ltd  
 Sale Date: September 16, 2016  
 Sale Price: \$2,075,000  
 Services: Full

## PROPERTY DATA:

Zoning: R9-5  
 Site Area: 2.330 Acres  
 Sale Price Per Acre: \$890,558 Per Acre  
 Developable Units: 130 Units  
 Sale Price Per Unit: \$15,962 Per Unit

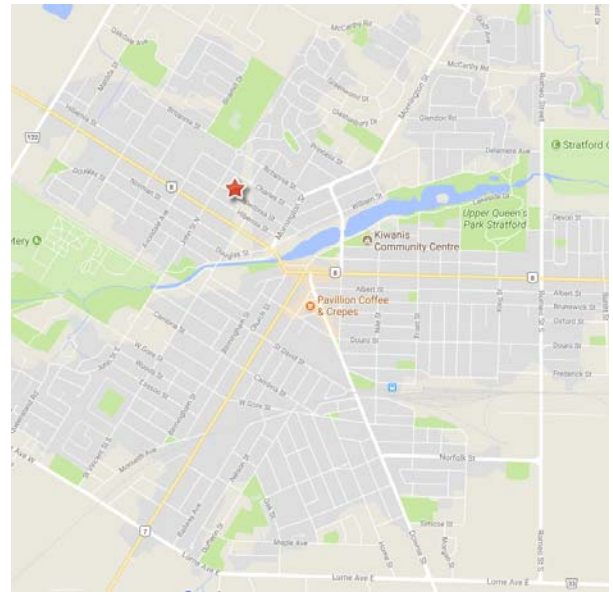
## REMARKS:



This property is located in the west sector of London, in an established residential area, in the Village of Byron. The site is a land assembly of four parcels, which are improved with four, older, single family residences, which do not contribute to the overall value of the property, as its highest and best use is for residential development. The property contains 2.33 acres and is zoned R9-5, which permits medium - high density residential development. The property was purchased by a residential developer, Tricar, who plan to construct a seven (7) storey, 130 unit, luxury condominium building. The site is located across from Springbank Park, in the Village of Byron, being a very good development site.



**COMPARABLE LAND SALE #3**



**PROPERTY IDENTIFICATION:**

**FILE #:** 34542

**PIN #:** 531520118

**Address:** 140 Caledonia Street, Stratford

**Location:** northwest of the downtown core

**Legal:** ALL OF LOTS 73, 74, 75, 76, 77, 78, 79, 80, 109, 110, 111, 112, 113, 114 & PART LOTS 81 & 82, PLAN 52 DESIGNATED AS PART 1, PLAN 44R-5328, SAVE AND EXCEPT PART 28, PLAN 44R5394 SUBJECT TO AN EASEMENT IN GROSS OVER PART 1, PLAN 44R-5328, SAVE AND EXCEPT PART 28, PLAN 44R5394 AS IN PC126751 CITY OF STRATFORD

**SALE DATA:**

**PROPERTY DATA:**

**Vendor:** N/A  
**Purchaser:** Tricar Properties Limited  
**Sale Date:** November 20, 2014  
**Sale Price:** \$1,225,000  
**Services:** Municipal Services Available

**Zoning:** R5(1)-10  
**Site Area:** 2.440 Acres  
**Sale Price Per Acre:** \$502,049 Per Acre  
**Developable Units:** 50 Units  
**Sale Price Per Unit:** \$24,500 Per Unit

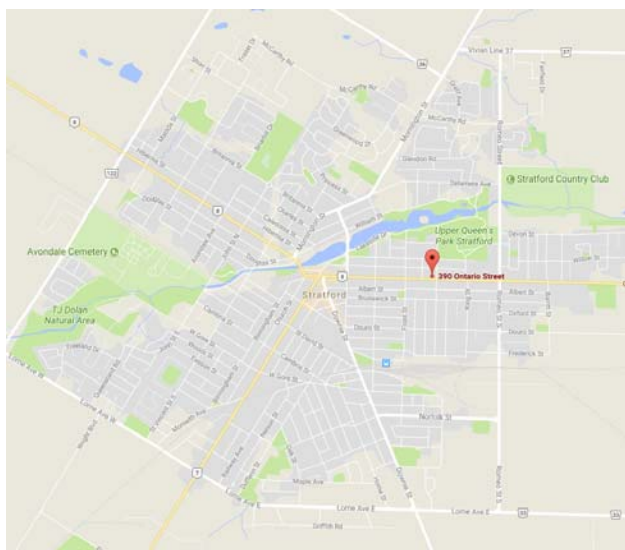
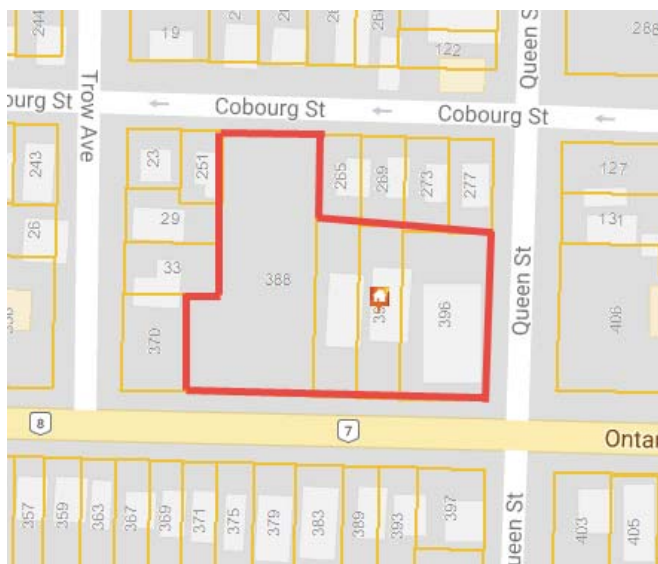
**REMARKS:**



This transaction involved the purchase of the Fee Simple Interest of the former Avon School, in the northwest sector of the City of London. It is situated in an established residential area, with the site containing 2.44 acres. The site was zoned for medium-high density residential development. The property was purchased for redevelopment, with the purchaser building a mid rise, 50 unit apartment building.



**COMPARABLE LAND SALE #4**



**PROPERTY IDENTIFICATION:**

**PIN #:** 531250118; 531250115;  
531250112

**Address:** 388, 390, 396 Ontario Street, Stratford

**Location:** east sector of Stratford, along an arterial roadway

**Legal Desc.:** LT 28 PL 32 STRATFORD; PT LT 27 PL 32 STRATFORD; PT LT 67 PL 32 STRATFORD; PT LT 68 PL 32 STRATFORD AS IN R135887 ; STRATFORD; PT LT 27 PL 32 STRATFORD; PT LT 68 PL 32 STRATFORD AS IN R385361; S/T & T/W R385361 ; STRATFORD; LT 26 PL 32 STRATFORD; LT 69 PL 32 STRATFORD; PT LT 25 PL 32 STRATFORD; PT LT 27 PL 32 STRATFORD; PT LT 68 PL 32 STRATFORD AS IN R307334; S/T & T/W R307334; STRATFORD

**SALE DATA:**

**PROPERTY DATA:**

**Vendor:** Lee Enterprises Ltd.; Named Individuals;  
1697236 Ontario Inc.

**Purchaser:** Chancery Developments Ltd.;

**Sale Date:** August 2015

**Sale Price:** \$1,325,000

**Services:** Full

**Zoning:** Residential

**Site Area:** 1.230 Acres

**Sale Price Per Acre:** \$1,077,236 Per Acre

**Frontage:** 354.7 Feet

**Sale Price Per F. F.:** \$3,736 Per F. F.

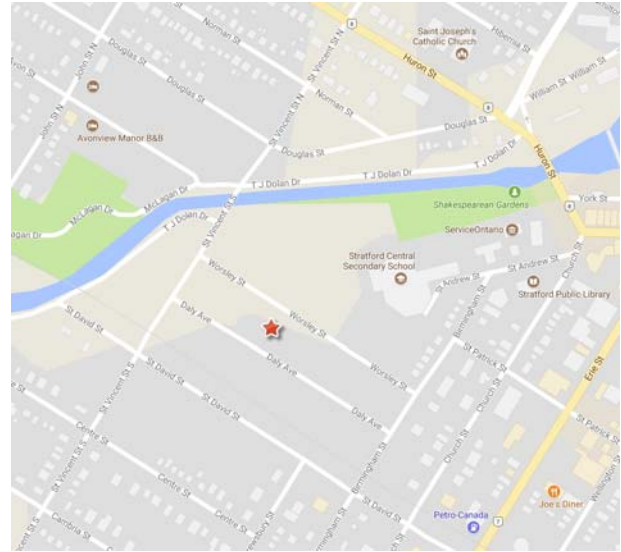
**REMARKS:**



This sale involves the purchase of three parcels of land, including a vacant parcel of land, 2 duplexes and an older office building. The property is situated in the east sector of Stratford, along an arterial roadway. The property is situated in a mature and established area. The site contains 1.23 acres and has 354.7' of frontage along Ontario Street. The selling agent involved indicated that the purchasers bought the parcels for the purpose of redevelopment. He indicated that the original plan was for upscale town homes, however, no decision has been finalized. He did mention that it would likely be redeveloped with a form of residential development.



**COMPARABLE LAND SALE #5**



**PROPERTY IDENTIFICATION:**

**FILE #:** 34542

**PIN #:** 531400070; 531400069

**Address:** 11 & 60 Daly Avenue, Stratford

**Location:** central sector of Stratford, in close proximity to the downtown core

**Legal:** Lot 9, Plan 74, Stratford; Part Lot 8, Plan 74 Stratford as in R96156; Lot 10, Plan 74

**SALE DATA:**

**PROPERTY DATA:**

**Vendor:** various  
**Purchaser:** various  
**Sale Date:** November 2014; June 2015  
**Sale Price:** \$900,000  
**Services:** Municipal Services Available

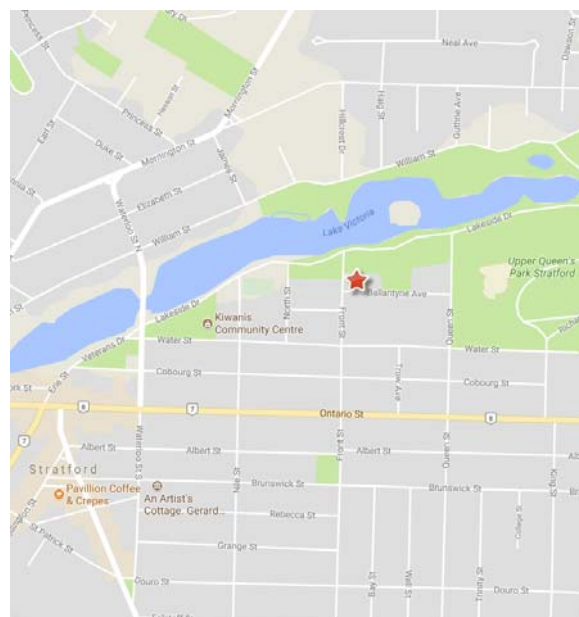
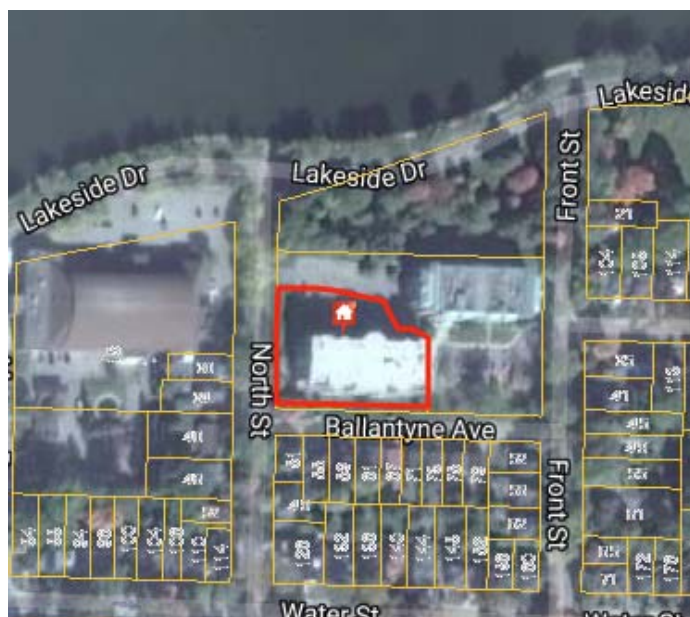
**Zoning:** R2(1) - Residential Second Density Zone  
**Site Area:** 0.660 Acres  
**Sale Price Per Acre:** \$1,363,636 Per Acre  
**Developable Units:** N/A Units  
**Sale Price Per Unit:** N/A Per Unit

**REMARKS:**



This transaction involved the purchase of the Fee Simple Interest of two (2) single family homes, in the central sector of the City of Stratford. The 0.66 acre site is situated in a very good and established residential area. The site was zoned for low density residential development. The two properties were purchased for redevelopment, with the purchaser severing the two properties into seven (7) single family residential lots.

## COMPARABLE LAND SALE #6



## PROPERTY IDENTIFICATION:

FILE #: 34542

PIN #: 531240024

Address: 36 Front Street, Stratford

Location: central sector of Stratford, in close proximity to the downtown core and Lake Victoria

Legal: PERTH STANDARD CONDOMINIUM PLAN NO. 42 AND ITS APPURTENANT INTEREST SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN PC120665 CITY OF STRATFORD

## SALE DATA:

Vendor: Logan Contracting Ltd.  
 Purchaser: 36 Front Ltd. (The Tricar Group)  
 Sale Date: August 24, 2012  
 Sale Price: \$1,200,000  
 Services: Municipal Services Available

## PROPERTY DATA:

Zoning: R5(1)  
 Site Area: 0.900 Acres  
 Sale Price Per Acre: \$1,333,333 Per Acre  
 Developable Units: 32 Units  
 Sale Price Per Unit: \$37,500 Per Unit

## REMARKS:



This transaction involved the purchase of the Fee Simple Interest of a parcel of development land, in the central sector of the City of Stratford. The 0.90 acre site is situated in a very good and established residential area. The site was zoned for medium-high density residential development. The property was purchased for redevelopment, with the purchaser constructing a four storey, 32 unit residential condominium building.

The following table summarizes the physical units of comparison illustrated by the comparable properties.

<b>COMPARABLE LAND SALES CHART</b>					
<b>48 WATER STREET, STRATFORD</b>					
<b>VALCO FILE # 1117-34542/MT</b>					
<b>#</b>	<b>Date of Sale</b>	<b>Address</b>	<b>Sale Price</b>	<b>Site Area (Acres)</b>	<b>Sale Price Per Acre</b>
1	September 2016	1198-1212 Commissioners Road West, London	\$2,075,000	2.33	\$890,558
2	2016	1349 - 1361 Commissioners Road West, London	\$1,585,000	1.80	\$880,556
3	November 2014	140 Caledonia Street, Stratford	\$1,225,000	2.44	\$502,049
4	August 2015	388, 390, 396 Ontario Street, Stratford	\$1,325,000	1.23	\$1,077,236
5	Nov. 2014 / June 2015	11 & 60 Daly Avenue, Stratford	\$900,000	0.66	\$1,363,636
6	August 2012	36 Front Street, Stratford	\$1,200,000	0.90	\$1,333,333
<b>48 WATER STREET, STRATFORD</b>				<b>3.64</b>	



## ADJUSTMENTS

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The underlying principle in terms of which adjustments are made is contribution or marginal productivity. In relating this principle, the appraiser must acknowledge the influence of the presence or absence of factors being considered on the probable price of the Subject Property. The actual sale or listing price of each comparable is known. The element being sought in each adjustment is the estimated price at which the comparable would have sold, if it were identical to the Subject.

Some of the most critical elements of comparison have been addressed as follows:

### PROPERTY RIGHTS CONVEYED

The property rights conveyed for the comparable sales used was that of the fee simple and no adjustments were necessary.

### FINANCING TERMS

The sale price of one property may differ from that of an identical property due to the financial arrangements provided. This is particularly the case where the comparable has a preferable financing package as contrasted to that which is available in the prevailing market. The comparable land transactions used in this report had varying financing terms. With regards to future development land, a lender typically participates in the financing. The financing terms of the comparable sales have been reviewed and have been adjusted accordingly.

### CONDITIONS OF SALE

Adjustments for conditions of sale typically reflect the motivation of buyer and the seller. No adjustments were applied for this factor.

### MARKET CONDITIONS

The date of sale identifies market conditions prevailing at the time the transaction occurred. Market conditions may change between the date of sale of the comparable, and the effective date of the appraisal. The comparable sales analysed transacted from a period between August 2012 and September 2016. From this period to the effective date, the development land market was increasing. As a result, upward adjustments were made.

### LOCATION

Market Value is highly sensitive to location. In the case of the Subject Property, it is located in the central sector of Stratford, in an established area. The comparables were located in areas which were inferior, equal to or superior to the Subject Property; thus locational adjustments of varying degrees were necessary were made.

### PHYSICAL CHARACTERISTICS

This is a term that includes the physical differences between the comparable and the Subject Property. With regard to comparison of vacant land, factors included under physical items would be configuration, frontage, depth, lot size, site improvements and topography.

In regard to lot size adjustment, the Principle of Contribution was implemented. Purchasers consider shape, frontage, depth and overall area when acquiring properties whether it be vacant or improved. Research revealed no concrete evidence that clearly defines lot size adjustments. The size adjustment was subjective and based on my experience, as well as discussions with Realtors and other appraisers and their experience.

The Subject Property has a relatively good site size, good frontage and configuration.

#### ECONOMIC CHARACTERISTICS

This item includes all the attributes of a property that affect its net operating income and is usually an element of comparison applied to income-producing properties.

#### ZONING AND LAND USE

Properties may exhibit similar locational and physical attributes but have different zoning or land use classifications. It was necessary to take into account the relatively minor differences in the zoning designations, however, the majority of the comparable sales had some form of residential zoning. The Subject Property's zoning (assumed) permits medium density residential development, being a positive.

The required adjustments have been summarized on the chart on the following page for the Subject Property.

**COMPARABLE ADJUSTMENTS  
QUALITATIVE ANALYSIS CHART  
FILE #1117-34542/MT**

Element	Subject	Comp. #1	Comp. #2	Comp. #3	Comp. #4	Comp. #5	Comp. #6
Sale Price	--	\$2,075,000	\$1,585,000	\$1,225,000	\$1,325,000	\$900,000	\$1,200,000
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Configuration	Rectangular.	Similar	Similar	Similar	Similar	Superior	Similar
Financing Terms	Normal	Similar	Similar	Similar	Similar	Similar	Similar
Conditions /Sale	Normal	Similar	Similar	Similar	Similar	Similar	Similar
Site Improvements	None	Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
Services	Full	Similar	Similar	Similar	Similar	Similar	Similar
Market Conditions	Nov. 2017	Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
Location	Very Good	Inferior	Inferior	Inferior	Inferior	Inferior	Inferior
Dev. Site Area (acres)	3.64	2.33	1.80	2.44	1.23	0.66	0.90
Use / Zoning	R5	R9-5	R8-4	R5	R	R2	R5
Price Per Acre	--	\$890,558	\$880,556	\$502,049	\$1,077,236	\$1,363,636	\$1,333,333
Overall Rate Index	--	Inferior	Inferior	Inferior	Similar	Superior	Superior

COMPARABLE	INFERIOR	SIMILAR	SUPERIOR	ADJUSTMENT
1	\$890,558	--	--	Upward
2	\$880,556	--	--	Upward
3	\$502,049	--	--	Upward
4	--	\$1,077,236	--	Nil
5	--	--	\$1,363,636	Downward
6	--	--	\$1,333,333	Downward

**COMMENTS:**

The Subject Property has several strong positive features that make this a very good quality development site. The site size would permit a range of developments, has a very good zoning designation (assumed to be rezoned to R5), which will permit medium density residential uses. The location is very good, being situated in close proximity to the downtown core, is across from Lake Victoria and in an established residential area. For these reasons, the Subject Property warrants a range that is at the upper end of the range.

<b>DIRECT COMPARISON APPROACH</b>		
Subject Total Area (Acreage)		3.64
Range	\$1,000,000	\$1,100,000
Indicated Values	\$3,640,000	\$4,004,000
<b>ROUNDED VALUES</b>	<b>\$3,640,000</b>	<b>\$4,000,000</b>

## CORRELATION AND FINAL ESTIMATE OF VALUE

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One approach to value was investigated resulting in the following indications of value:

### DIRECT COMPARISON APPROACH

**\$3,640,000 to \$4,000,000**

The reasonable marketing time is an estimate of the amount of time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of an appraisal. The reasonable marketing time is a function of price, time, use and anticipated market conditions such as changes in the cost and availability of funds; not an isolated estimate of time alone.

The estimates of value assume a marketing time of three (3) to nine (9) months which allows for required presentation to the market, a due diligent period, and legal requirements. Given the nature of the Subject Property, this time frame is considered reasonable under current market conditions. This marketing period is also predicated on the prerequisites to 'market value' as more fully defined elsewhere in this report. It is also noted that market conditions can change quite significantly over a relatively short period of time and property values can be impacted accordingly. No such adjustments (favourable or otherwise) are indicated at this time; however, it is beyond the scope of this appraisal to undertake an in-depth, long-range analysis of related property value trends.

Considering the data investigated and market conditions in general, the most probable single Current Market Value of the Subject Property, as at November 1, 2017, was:

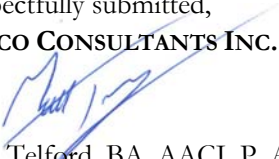
**THREE MILLION EIGHT HUNDRED THOUSAND DOLLARS**

**\$3,800,000**

Note to Reader: this report assumes that the Subject Property is vacant, and has been rezoned to R5(1), which will permit medium to high density residential uses. More specifically, the site is assumed to permit six (6) storeys, and 100 units per hectare. It also assumes that the site would physically allow this type of development.

This is a 'Narrative Appraisal Report' prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice. The report describes the method and approach to value in support of the conclusions and contains pertinent data gathered in my investigation of the market. The client acknowledges that the attached report is confidential and agrees not to disclose the information contained herein to a third party without the expressed authority of the author of the report shown below.

Respectfully submitted,  
**VALCO CONSULTANTS INC.**

  
 Matt Telford, BA, AACI, P. App  
 1-519-667-9050, Extension 241  
[mtelford@valcoconsultants.com](mailto:mtelford@valcoconsultants.com)

## APPRAISER'S CERTIFICATION

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

- the statements and opinions contained in this appraisal report are true and correct;
- that I personally inspected 48 Water Street, Stratford, Ontario on September 1, 2017, and investigated the information and data contained in this report;
- I have no present or prospective interest in the property being appraised and I have no personal interest or bias with respect to the parties involved. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event;
- the reported analyses, opinions and conclusions, limited only by the reported assumptions and limiting conditions (Addenda) and are my personal, unbiased, professional analyses, opinions and conclusions;
- my analyses, opinions and conclusions developed within this report have been prepared in conformity with the requirements of the Code of Professional Ethics and the Canadian Uniform Standards of Professional Appraisal Practice of the Appraisal Institute of Canada;
- the Appraisal Institute of Canada has a mandatory Continuing Professional Development Program. I hereby certify that I have fulfilled the requirements of the program;
- that it is my opinion that, as at November 1, 2017, the Subject Property has an estimated Current Market Value, of:
- 

**THREE MILLION EIGHT HUNDRED THOUSAND DOLLARS**

**\$3,800,000**

Note to Reader: this report assumes that the Subject Property is vacant, and has been rezoned to R5(1), which will permit medium to high density residential uses. More specifically, the site is assumed to permit six (6) storeys, and 100 units per hectare. It also assumes that the site would physically allow this type of development.

DATED at London, Ontario on November 30, 2017.

Respectfully submitted,  
**VALCO CONSULTANTS INC.**



Matt Telford, BA, AACI, P. App  
1-519-667-9050, Extension 241  
[mtelford@valcoconsultants.com](mailto:mtelford@valcoconsultants.com)



**ADDENDA**

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Land Lease  
Underlying Assumptions and Limiting Conditions  
Resume of Qualifications

## LAND LEASE

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As per the clients request, this report will comment on the potential lease rate should the property owner choose to lease the land to a third party. The 3<sup>rd</sup> party in this case would construct a multi million dollar, modern theatre facility that will replace the current Tom Patterson Theatre. The most commonly used method in determining the annual lease rate in a land lease situation is to select a capitalization rate, and apply it to the current market value of the property (land value). Based on existing land lease properties, market comparable sales / investment sales and the appraisers knowledge and experience a capitalization rate range between 7.25% and 8.25% is deemed to be most applicable. This produces a land lease rate between \$275,000 and \$315,000 per annum.

MARKET VALUE (LAND)	CAPITALIZATION RATE	LAND LEASE (PER ANNUM)
\$3,800,000	7.25%	\$275,500
\$3,800,000	7.75%	\$294,500
\$3,800,000	8.25%	\$313,500



## UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

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

1. The report is prepared for the exclusive and confidential use of **CITY OF STRATFORD**. It is not reasonable for any other person(s) to rely on this appraisal, or any portion thereof, without the written authorization of the addressee and the author of the report. The appraisal is prepared on the expressed assumption that no other person(s) will rely on it for any purposes and all liability to all such person(s) is denied.
2. The appraiser's/consultant's responsibility is limited to the client and use of this appraisal by third parties shall be solely at the risk of the third parties.
3. That the legal description as provided or obtained for use in conjunction with this report is correct.
4. That no responsibility is assumed for matters legal in character, nor is any opinion rendered as to title which is assumed to be marketable.
5. That the improvements (if any) are within lot lines and that there are no encroachments from without. Further, the plans and/or sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, its configuration, indicated boundaries, etc.
6. Investigations have been undertaken in respect of matters which regulate the use of land. However, no inquiries have been placed with the Fire Department, the Building Inspector, the Health Department, or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The Subject Property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigation may be necessary.
7. It is assumed that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built, occupied and is being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. It is also assumed that there are no work orders or other notices of violation of law outstanding with respect to the real estate and that there is no requirement of law preventing occupancy of the real estate as described in this report.

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

8. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, poly-chlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may be present on the properties or other environmental conditions, were not called to the attention of, nor did the appraiser become aware of such during the inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances or conditions. If the presence of substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions are identified, the value of the property could be affected. The value estimate is therefore predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.
9. That the estimate of value herein applies only to the premises described. Any separate valuations of land and buildings as shown must not be used for any other purposes or used separately; otherwise, they are invalid. A re-evaluation should be made if the improvements are removed or substantially altered and/or if the land is utilized for another purpose.
10. That certain opinions, estimates, data and statistics furnished by others in the course of investigation are correct; however, this data is not guaranteed for accuracy even though attempts have been made to verify said information, where possible.
11. Responsible ownership and competent property management are assumed.
12. That neither all nor any part of the contents of this report will be conveyed to the public through advertising, public relations, news, sales or other media without consent and approval of the author, particularly, as to the valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute of Canada, the CRA or AACI designation.
13. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as of any other date without subsequent advice of the author of this report.
14. Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made therefore, including provisions for additional compensation, adequate time for preparation and for any appearances which may be required. However, neither this nor any other of these Assumptions and Limiting Conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of this report which best serves the administration of justice.
15. This report is only valid if it bears the original signature of the author.

**RESUME OF QUALIFICATIONS**  
**MATTHEW TELFORD, BA, AACI, P. APP**

**EDUCATION & PROFESSIONAL DESIGNATIONS**

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- AACI      Accredited Appraiser Canadian Institute
- P.App     Professional Member of the Appraisal Institute of Canada
- BA        Bachelor of Arts Degree: M.I.T. - University of Western Ontario
- Pg. D.    Post Graduate Diploma: Human Resources Management - Sheridan College

**MEMBERSHIPS & ASSOCIATIONS**

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

AIC - London Chapter

- Member of the Executive Committee

**EDUCATION & EXPERIENCE HISTORY**

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2015 - Present      Partner / Real estate appraiser with Valco Consultants Inc.  
2005 - 2014        Real estate appraiser with Valco Consultants Inc.  
2006 - 2012        University of British Columbia, AIC Education Program  
2003 - 2004        English teacher in South Korea, with ECC Changwon.  
2002 - 2003        Human Resources Management - Post Graduate Diploma - Sheridan College.  
1998 - 2001        BA, M.I.T. - University of Western Ontario.

## **AREAS OF PRACTICE**

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### **INDUSTRIAL BUILDINGS**

Within this category, buildings ranging in size from 1,000 to 700,000+ square feet have been analyzed. These single and multi-tenant structures were occupied by a wide range of occupants including general manufacturing, warehousing and automotive related manufacturing.

### **RETAIL BUILDINGS**

Valuations within this segment of the market have included newly built/to be built retail developments, older core area and neighbourhood mixed-use structures, retail strip malls and single-tenant structures.

### **OFFICE BUILDINGS**

Reports have been completed on existing single-storey owner-occupied buildings as well as high-rise, single and multi-tenant structures in the core area of various municipalities as well as suburban structures. Unusual situations have included buildings developed on leased land, or constructed with a head lease agreement for the entire structure.

### **MULTI FAMILY RESIDENTIAL BUILDINGS**

Projects ranging in size from three to 180 units have been valued, including those with a mixture of unit types including lower level retail or office accommodation.

### **VACANT LAND**

This would include residential sites available for single family dwellings, townhouse or apartment buildings. Industrial sites and sites available for construction of a wide range of retail, office or commercial developments.

### **SPECIAL USE PROPERTIES**

These would include public and private golf courses, fast food restaurants, service stations, car washes, mini-storage warehousing, car dealerships, owner-occupied and lease-back arrangements, restaurants, motels, hotels, taverns, schools and churches.