

**APPRAISAL REPORT OF
SPECIFIED PROPERTY OF:**

**METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
"THE QUARTERS"
256 JARVIS STREET
TORONTO, ONTARIO**

**Prepared by:
Suncorp Valuations Ltd.**

File No. 21319

**PREMISE OF VALUE
Cost of Reproduction New**

Effective Date: August 26, 2008

Currency: Canadian Dollars

September 8, 2008

Metropolitan Toronto Condominium Corporation No. 600 – "The Quarters"
256 Jarvis Street
Toronto, ON M5B 2J4

Attention: Mr. Malcolm Broadbent
Director

Re: Appraisal of Specified Property of interest to Metropolitan Toronto Condominium Corporation No. 600 – "The Quarters" located at 256 Jarvis Street, Toronto, Ontario

In accordance with your authorization, we have completed an inspection and prepared an insurance appraisal of the referenced property. Our findings and conclusions are summarized in the enclosed documents.



For our client's protection, Suncorp maintains errors and omissions insurance that covers all appraisal assignments. Appraisals prepared wholly by members of the Appraisal Institute of Canada (AIC) are covered by the Professional Liability Insurance Program of the AIC. Appraisals authored by or prepared with professional assistance by those staff who are not members of the AIC are covered by a general errors and omissions policy carried by Suncorp Valuations.

Our final invoice for the appraisal services provided is also enclosed. We would appreciate your timely attention relative to its payment.

Should you have any questions regarding the appraisal report or our invoice, please contact the undersigned.

We thank you for your confidence in our services and look forward to serving your valuation requirements in the future.

On behalf of,
SUNCORP VALUATIONS LTD.

Vic Persaud, B.A. (Hons.)
Manager, Business Development

VP/mg

Attachment

603 – 5775 Yonge Street, Toronto, ON M2M 4J1
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September 8, 2008

Metropolitan Toronto Condominium Corporation No. 600 – “The Quarters”
256 Jarvis Street
Toronto, ON M5B 2J4

Attention: Mr. Malcolm Broadbent
Director

Re: Appraisal of Specified Property of interest to Metropolitan Toronto Condominium Corporation No. 600 – “The Quarters” located at 256 Jarvis Street, Toronto, Ontario

In accordance with your authorization, we have completed an inspection and appraisal of the referenced property. The details of our service and findings and conclusions are presented in the ensuing sections of this appraisal report.

PURPOSE AND DATE OF APPRAISAL



We have performed this appraisal service for the purpose of developing an estimate of the **Cost of Reproduction New (CRN)** of the specified property, to assist with the placement of property insurance coverage.

The effective date of the appraisal is August 26, 2008, the day of our site inspection.

INTENDED USERS OF APPRAISAL

The appraisal report is only valid for the purpose defined herein. Accordingly, the intended authorized users will be limited to the client of record, its insurance broker or agent, and the insurer of the property. Any liability to unintended users is expressly denied. For further clarification of our appraisal service please refer to the General Service Conditions and Contingent and Limiting Conditions on pages A-1 and B-1, which form an integral part of this report.

IDENTIFICATION OF APPRAISAL PROPERTY

The specified property appraised was:

***Metropolitan Toronto Condominium Corporation No. 600
“The Quarters”
256 Jarvis Street
Toronto, Ontario***

603 – 5775 Yonge Street, Toronto, ON M2M 4J1
Ph 416.283.3386 Fx 416.283.4743 Toll Free 800.764.4454
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Edmonton . Saskatoon . Toronto . Vancouver . Philadelphia . Seattle

PREMISE OF VALUE

The cost estimate for the specified property was developed on the following premise of value:

Cost of Reproduction New* (CRN) which is defined as: *"the monetary amount required to reproduce property of like kind and quality at one time in accordance with current market prices for materials, labour, manufactured equipment, contractor's overhead, profit and fees, but without provisions for overtime, bonuses for labour, or premiums for materials."*

****Cost of Reproduction New (CRN)*** is synonymous with the insurance industry's ***"Replacement Cost New."***

The CRN takes into account current market prices for labour, duties and freight, building materials and equipment, contractors' overhead, profit and fees, engineering and installation costs, as well as applicable taxes. It is exclusive of the cost of demolition, grading or filling in connection with removal of destroyed property or reconstruction.

In the event of a partial loss, the amount of the loss may be based on the repair cost which is usually proportionately higher than the CRN for the entire property, as defined in this report.

PROPERTY USE

As at the effective date of appraisal the subject property was being utilized as a residential high-rise condominium.

APPRAISAL INCLUSIONS

The following classifications of property were **included** in the scope of our appraisal:

Building Construction and Services*

- Site Preparation and Excavation (within the footprint of building)
- Foundations
- Framing
- Exterior Walls
- Roof Frame and Coverings
- Floor Structure
- Interior Partitions and Finishes
- Electrical and Lighting Systems
- Plumbing and Sewerage Systems
- Heating, Ventilating and Air Conditioning
- Fire Protection and Security Systems
- Vertical Transportation
- Additional Specialty Features
- Site Services from the Structure to the Lot Line, Figured for a Typical Setback

*Our standard appraisal service includes replacement costs for on-site services from the structure to the lot line, figured for a typical setback. Therefore, we did not investigate the details and specifications of the existing services.

Yard Improvements*

- Paving
- Fencing
- Yard Lighting
- Road, Sidewalks, Curbs and Retaining Walls
- Signs
- Flagpoles
- Landscaping (excluding exotic plants, vegetation and sculptures)

*The CRN of the Yard Improvements is relatively small in comparison to the Buildings. We therefore, did not perform a detailed listing and itemized costing of these assets. Rather, we developed an estimate of their insurable value based on approximate quantities or benchmark unit cost estimates for this type of property.

Fixtures (defined as something affixed or attached to real property as a permanent apparatus, appliance or equipment, ie: plumbing or lighting fixtures)

BUILDING CODES AND BYLAWS

In performing this appraisal project, we did not perform a by-law study pertaining to the subject property. We therefore, did not take into consideration the replacement of the property to conform to building codes, ordinances, and other legal restrictions.

DEMOLITION AND DEBRIS REMOVAL

In performing this service we developed a cost estimate for demolition and debris removal, in the event of a loss. This cost estimate is set out separately in our appraisal report.

APPRAISAL EXCLUSIONS

Our appraisal service **excludes** the following classifications of property:

- Land
- Betterments and Improvements within the units made by the Owners or Tenants
- Furniture and other Chattels owned by the Owners or Tenants
- Common property assets such as fitness equipment, entertainment equipment, furniture, and artwork, which are not affixed to the property, but are commonly owned
- All appliances
- Underground Site Services (outside the lot line)
- Construction-in-Progress, if any
- Inventory, Supplies and other Consumables
- Personal Property of the Employees
- Fine Arts or Other Collectibles
- Current and Intangible Assets

SCOPE OF APPRAISAL SERVICE

In completing this appraisal project, our professional staff performed a site inspection and architectural detail verification of the specified property on August 26, 2008. The scope of our inspection included:

For Building Construction and Services and Yard Improvements:

- A review of architectural drawings (As Builts) or condominium plans, if available
- An inventory of pertinent construction features
- A review of building services
- Identification of specialty construction features
- Photographing building(s)
- Estimation of gross floor area based on drawings provided
- A brief inventory of the Yard Improvements

INSURANCE EXCLUSIONS

We have not reviewed the property insurance policy relative to the specified property to identify insurance exclusions, if any. Our CRN conclusions therefore, include both above-grade and below-grade assets. We recommend that you review with your insurance broker or agent, if any insurance exclusions apply to the subject property.

VALUATION METHODOLOGY

The appraisal industry recognizes the following three traditional approaches to develop a value:

- Cost Approach
- Direct Comparison (Market) Approach
- Income Approach

The approach best suited for developing an estimate of the CRN for insurance placement purposes is the Cost Approach, as insurance premiums are normally based on Replacement Cost and not market value. The market and income approaches to value are therefore not applicable to the appraisal services performed.

Development of Building Construction CRN Through the Cost Approach

The CRN for the Building Construction and Yard Improvements was calculated using the Marshall Valuation Service, published by Marshall & Swift/Boeckh (MS/B). The valuation methods employed for this appraisal were the Segregated Cost Method or Model-Based Method, or a combination of both.

The Segregated Cost Method

To determine cost via this method involves estimating the current unit cost of installed components, sections or systems of the building structure under appraisal. The unit price includes costs of materials, labour, overhead, fees and profits required to replace the building components new, as of the date of appraisal.

The Model-Based Method

This method uses as a basis, the current cost per square foot of other properties that are similar to the subject property in their design, style, construction and function. This benchmark cost is then adjusted to more closely suit the specifications and construction quality of the subject property being appraised. Once adjusted, this unit cost is applied to the subject's gross floor area with additional consideration given to any specialty features.

Development of Demolition and Debris Removal Cost Estimate

As part of our appraisal investigation, we also developed an estimate of the cost of demolition and debris removal for the subject buildings, in connection with reconstruction. This cost estimate was based on a hypothetical scenario, since it is not possible to predict the type and extent of a future property loss and thus the required amount of demolition and debris removal. More specifically, this cost estimate was based on a hypothetical scenario assuming a 60% building construction loss. This loss scenario implies that the remaining 40% of the building would have to be demolished and 100% of the debris removed, to achieve a clean site adequate for normal reconstruction. It should be noted that this cost estimate is based on normal building construction and does not address building contents, nor any additional costs relative to handling or disposal of hazardous or contaminated building materials, or extra costs incurred to transport to abnormally distant dump sites. Furthermore, the cost estimate did not consider additional costs for any salvage operations associated with architecturally unique historical properties. We would further caution that the terms and conditions in your insurance policy may stipulate a demolition and debris removal coverage that may differ from the suggested hypothetical scenario. We therefore recommend that you review the adequacy of the suggested coverage estimate, with your insurance representatives.

APPRAISAL REPORT CONTENTS

Our appraisal report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Canadian Uniform Standards (CUS). The CRN is stated in our report in Canadian Dollars and includes Provincial Sales Tax (PST) and Goods and Service Tax (GST), where applicable.

Our report includes:

- This Letter of Transmittal which identifies the property appraised, states the purpose, summarizes the nature of our service, and presents the conclusions reached.
- An Addendum consisting of:
 - Schedule "A" – General Service Conditions;
 - Schedule "B" – Contingent and Limiting Conditions;
 - Schedule "C" – Certification Statement;
 - Schedule "D" – Summary of Insurable Costs (CRN);
 - Schedule "E" – Photograph;
 - Schedule "F" – Building Construction and Services Cost Analysis.

All field notes developed for this appraisal project will be safely stored and retained for a period of seven years. This will facilitate future appraisal updates and will assist in establishing a claim, should this become necessary.

CONCLUSION OF VALUE

Based on the appraisal investigation detailed herein and the valuation methodology applied it is our opinion that as at August 26, 2008, the insurable costs of the specified property of Metropolitan Toronto Condominium Corporation No. 600 – “The Quarters” located at 256 Jarvis Street, Toronto, Ontario is reasonably stated as follows:

INSURABLE COSTS SUMMARY:**CRN**


Building Construction and Services:	22,656,000
Yard Improvements:	90,000
Demolition and Debris Removal:	<u>1,209,000</u>

TOTAL INSURABLE COST:***\$23,955,000***

CRN = Cost of Reproduction New

All costs throughout the report are expressed in Canadian dollars and are inclusive of applicable taxes.

On behalf of,
SUNCORP VALUATIONS LTD.



Adriana Blagoeva, B.Sc., RPA, AIMA

Valuation Consultant



Tom A. Gardiner, ASA

President and CEO

ADDENDA

SCHEDULE "A"

GENERAL SERVICE CONDITIONS

The service(s) provided by Suncorp Valuations Ltd. (referred to as "Suncorp") were performed in accordance with professional appraisal standards. Our compensation is not contingent in any way upon the conclusion of value. We will assume, without independent verification, the accuracy of all data that was provided to us. We have acted as an independent contractor and have reserved the right to use subcontractors. All files, working papers, or documents that were developed by us during the course of the engagement will be our property. We will retain this data for at least seven years.

Our report will only be used for the specific purpose(s) stated herein and any other use is invalid. No reliance may be made by any third party without our prior written consent. You may show our report in its entirety to those third parties that need to review the information contained therein. No one should rely on the report as a substitute for his or her own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

You agree to indemnify and hold Suncorp harmless from any losses, claims, actions, damages, expenses or liabilities, including reasonable legal fees, to which we may become subject to in connection with this assignment, except for those attributed to our negligence. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, subcontractor, affiliate, and agent or like individual or group.

We will reserve the right to include your company name in our reference list, however, we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings.

SCHEDULE "B"

CONTINGENT AND LIMITING CONDITIONS

The services provided by Suncorp are subject to the following contingent and limiting conditions, which are applicable to any building appraisal:

- Sketches, drawings, diagrams, and photographs, if presented in the report, are included for the sole purpose of illustration, to assist the reader in visualizing the property. We did not survey the subject site, and therefore will not assume responsibility for such matters, nor other technological and engineering techniques that are required to discover any inherent or hidden conditions of the subject property. Architectural drawings provided by the client or their agent were deemed to be accurate as to the building dimensions and specifications, unless information is received to the contrary.
- Fees for the professional services rendered in conjunction with our appraisal report do not account for any professional time associated with or required to appear in court to give expert witness testimony relative to the subject property. Fees associated with expert witness testimony, if required, will be agreed to with the client at the time they are required.
- It was assumed, but not verified, that similar density of development, as it currently exists, could be achieved for the subject property under the current zoning regulation. It is suggested that you consult with your insurance broker or agent and/or insurance company to ensure proper coverage. Zoning by-laws are an insurance policy coverage issue, not a valuation issue.
- No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property was assumed to be good and marketable, and free and clear of any liens and encumbrances, unless otherwise stated.
- No environmental audit or historic use study of the subject property was conducted as part of this appraisal. It was assumed that the use of the subject property complies fully with any and all environmental regulations and laws. It was further assumed that there are no hazardous materials on or in the vicinity of the subject property.
- The mechanical and heating systems, piping, plumbing and other building services and equipment, if included in the report, were assumed to be in good working condition and adequate for the building(s). This equipment was not tested, nor did Suncorp assume any responsibility for testing of such.
- We will reserve the right to alter, revise and/or rescind the values reported should any subsequent or additional information be found, or in the event the engagement parameters are modified to any degree.
- The insurable values concluded in this report are only valid as at the specified appraisal date. No consideration was given to future economic factors including inflation/deflation, currency exchange fluctuations, labour, etc.

SCHEDULE "C"

CERTIFICATION STATEMENT

RE: SPECIFIED PROPERTY OF METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600 – "THE QUARTERS"
LOCATED AT 256 JARVIS STREET, TORONTO, ONTARIO

The appraisal investigation which included a valuation analysis and the preparation of this report was completed by Adriana Blagoeva, B.Sc., RPA, AIMA. A personal inspection of the subject property was conducted on August 26, 2008, by Adriana Blagoeva, B.Sc., RPA, AIMA. Professional assistance was not provided to the persons signing this certificate.

We hereby certify that, to the best of our knowledge and belief, the statements of fact contained in this report are true and correct. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are impartial and unbiased.

We have no present or prospective interest, nor any bias or personal interest with respect to the subject property, and no personal interest with respect to the parties involved with this assignment. Our findings are not contingent upon developing or reporting predetermined results, and our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction of value that favours the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.

Our analysis, opinions and conclusions are in conformity with the Uniform Standards of Professional Appraisal Practice and the Canadian Uniform Standards including the Competency Provision.

The American Society of Appraisers has mandatory reaccreditation requirements and the Appraisal Institute of Canada has a continuing professional development program. We verify that we are in compliance with these requirements.

Based on the appraisal investigation detailed herein and the valuation methodology applied it is our opinion that as at August 26, 2008, the insurable costs of the specified property are reasonably stated as follows:

<u>INSURABLE COSTS SUMMARY:</u>	<u>CRN</u>
Building Construction and Services:	22,656,000
Yard Improvements:	90,000
Demolition and Debris Removal:	<u>1,209,000</u>
<i>TOTAL INSURABLE COST:</i>	<i>\$23,955,000</i>

CRN = Cost of Reproduction New

On behalf of,
 SUNCORP VALUATIONS LTD.

 *Valuation Consultant*
 Adriana Blagoeva, B.Sc., RPA, AIMA

I, the Supervising Appraiser, did not inspect the property.



President/CEO

Tom A. Gardiner, ASA

DATE: September 8, 2008

**SCHEDULE "E"
PHOTOGRAPH**

**METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
"THE QUARTERS"
TORONTO, ONTARIO**



CLASS OF CONSTRUCTION

"B" - FIRE RESISTIVE CONSTRUCTION - Buildings have reinforced concrete frames and concrete or masonry floors and roofs.

SCHEDULE "F"
BUILDING CONSTRUCTION COST ANALYSIS
METROPOLITAN TORONTO CONDOMINIUM CORPORATION NO. 600
"THE QUARTERS"
256 JARVIS STREET
TORONTO, ONTARIO

DATE BUILT: CIRCA 1 982
 SIZE: 148,570 SQUARE FEET (INCL. PARKADE)
 BUILDINGS: ONE (1) MIXED USE BUILDING
 UNITS: FIFTY-FIVE (55) RESIDENTIAL + ONE (1) RETAIL UNIT
 CLASS: B

APPRAISAL NUMBER: B1
 EFFECTIVE DATE: AUGUST 26, 2008
 ARCHITECTURAL DRAWINGS: E. I. RICHMOND ARCHITECTS
 ARCHITECTURAL DWGS. 1979

DESCRIPTION	CRN
BUILDING CONSTRUCTION AND SERVICES:	22,656,000
YARD IMPROVEMENTS:	90,000
DEMOLITION AND DEBRIS REMOVAL COSTS:	1,209,000
TOTAL	\$ 23,955,000

SITE PREP, EXCAVATION:	EXCAVATIONS FOR UNDERGROUND PARKADE LEVELS & FOOTINGS
FOUNDATIONS:	CONCRETE GRADE BEAMS AND FOOTINGS (ASSUMED)
FRAMING:	
BELOW GRADE	PERIMETER REINFORCED CONCRETE WALLS AND INTERIOR COLUMNS
ABOVE GRADE	REINFORCED CONCRETE INTERIOR & EXTERIOR WALLS AND INTERIOR COLUMNS
FLOOR STRUCTURE:	
BELOW GRADE	CONCRETE SLAB & REINFORCED CONCRETE ELEVATED SLAB
MAIN FLOOR STRUCTURE	REINFORCED CONCRETE ELEVATED SLAB OVER PARKADE
UPPER FLOORS	REINFORCED CONCRETE ELEVATED SLABS
INTERIOR CONSTRUCTION:	
INTERIOR WALLS	DRYWALL ON FRAME, CONCRETE AND MASONRY WALLS
INTERIOR DOORS	WOOD AND METAL DOORS
FIRE PROTECTION	SMOKE AND HEAT DETECTORS, EMERGENCY LIGHTS, ALARMS, ANNUNCIATOR, STANDPIPES, PULL STATIONS AND CARBON MONOXIDE SENSORS
INTERIOR FINISHES:	
FLOOR	MARBLE & CERAMIC TILES, CARPET, VINYL SHEET, HARDENER & SEALER CONCRETE
CEILING	SMOOTH & TEXTURED DRYWALL, ACOUSTIC TILES
VERTICAL MOVEMENT:	
STAIRS	CONCRETE & METAL STAIRS
ELEVATORS	TWO (2) SERVING SEVENTEEN (17) STOPS - 2000 LBS CAPACITY - ELECTRIC
PLUMBING SYSTEM:	GOOD QUALITY RESIDENTIAL TYPE FIXTURES, PIPING AND SEWERAGE
H.V.A.C.:	FAN COIL UNITS FOR HEATING & AIR CONDITIONING (SUITES & AMENITY) FORCED MAKEUP AIR - HEATING & AIR CONDITIONING (VESTIBULE, LOBBY) FORCED MAKEUP AIR - HEATING & VENTILATION (HALLWAYS) ELECTRIC BASEBOARD HEATING & SPACE HEATING UNITS, PARKADE IS VENTILATED
ELECTRICAL & LIGHTING:	GOOD QUALITY RESIDENTIAL TYPE INCANDESCENT & FLUORESCENT LIGHTING & ELECT. SYSTEM
EXTERIOR WALLS:	
BELOW GRADE	CONCRETE BASEMENT WALLS
ABOVE GRADE	PRECAST CONCRETE PANELS, DECORATIVE "RIBBED" CONCRETE, METAL & GLASS PANELS,
ROOF:	FLAT CONCRETE SLAB ON CONCRETE JOISTS WITH COMPOSITION COVER CONCRETE PAVERS (AT 2ND LEVEL AMENITY TERRACE & ROOFTOP / MECHANICAL PH LEVEL)
FIRE SPRINKLERS:	FULLY SPRINKLERED PARKADE & GROUND FLOOR RETAIL UNIT
OTHER:	DIESEL EMERGENCY GENERATOR, CLOSED CIRCUIT TELEVISION, REMOTE & CARD ACCESS, SECURITY & INTERCOM SYSTEM, AUTOMATIC DOOR OPENERS, TRASH COMPACTOR, GARBAGE CHUTE, SAUNA, HOT TUB, ONE-WAY GATE OPENER, PLANTERS, RAMP, STEEL SIDING ABOVE GROUND LEVEL AT RAMP & PASSAGEWAY, WOOD TRELLIS, LAMPPOSTS
NOTE:	THE BASIC STRUCTURE OF THE RETAIL UNIT LOCATED AT GROUND LEVEL HAS BEEN INCLUDED IN THIS APPRAISAL. HOWEVER ALL THE IMPROVEMENTS WITHIN THE "MINI-MART" STORE SUCH AS INTERIOR PARTITIONS, PLUMBING, LIGHTING FIXTURES & FLOOR FINISHES HAVE BEEN EXCLUDED (TENANT IMPROVEMENTS). AN ALLOWANCE FOR ROUGHED - IN ELECTRICAL, PLUMBING & DEMISING WALLS HAVE BEEN INCLUDED IN THE REPORT