

# FOR SALE

## Multi-Unit Flex-Space Industrial Complex 550, 554 and 560 Parkside Drive, Waterloo, Ontario



550 Parkside Drive



550 Parkside Drive



554 Parkside Drive



560 Parkside Drive

The property is comprised of 290,237 square feet in six buildings located in the Conestoga North industrial park in Waterloo, Ontario.

### Asking Price:

\$15,750,000 or 9.45% cap rate on income in place or \$54.26 per square foot.

### CONTACT:

**Pierre Gagné, Broker**

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**P.G. GAGNÉ**  
COMMERCIAL REAL ESTATE CORP.

MARKETING SUPPORT  
PROVIDED BY:



**Multi-Unit Flex-Space Industrial Complex  
550,554 and 560 Parkside Drive, Waterloo, Ontario**

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Notice: Although every precaution has been taken to ensure the accuracy of the information contained in this investment summary, no representations or warranties are made in connection therewith. These statements are based upon the information furnished by the principals and sources, which we deem reliable - for which we assume no responsibility, but which we believe to be correct. This submission is made subject to prior sale, change in price or terms, or withdrawal without notice. Prospective purchasers should not construe this information as legal or tax advice. Prospective purchasers should consult counsel, accountants or other advisors on matters related to this presentation. It is understood that P.G. Gagné Commercial Real Estate Corp. (The Broker) acts as the listing broker for the vendor and owe a fiduciary duty to the vendor and will be compensated by the vendor. The vendor has agreed to possibility of dual agency. Unless advised otherwise in writing, it shall be conclusively deemed that any co-operating broker involved on behalf of a prospective purchaser will act as agent of the purchaser. Co-operating brokers will be required to register their clients and will receive a commission equal to 1.0% of the sale price plus applicable GST on successful closing of the sale with the said registered client and upon The Broker having been paid in full by the vendor. The Broker and the vendor shall have no obligation whatsoever to any co-operating broker unless provided for in writing.

**Multi-Unit Flex-Space Industrial Complex  
550,554 and 560 Parkside Drive, Waterloo, Ontario**

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**SECTION I – OVERVIEW**

**INTRODUCTION**

P.G. Gagné Commercial Real Estate Corp. has been retained by the court-appointed interim receiver, Beallor & Partners Inc. (the "Receiver") of certain property owned by Vandor Realty Corporation, to advise and arrange the sale of assets located at 550, 554 and 560 Parkside Drive, in Waterloo, Ontario (the "Property"). The Property is a multi-unit flex-space industrial complex having a total rentable area of 290,237 square feet in six buildings with clear ceiling heights of 15 to 20 feet. Occupancy of the Property is 97%.

**MEMORANDUM**

This information memorandum (the "Memorandum") provides detailed information relating to the financial and physical aspects of the Property and has been prepared by P.G. Gagné Commercial Real Estate Corp. using information provided by the Receiver and other sources. While care and attention have been applied in the preparation of this Memorandum, neither the Receiver nor the Agent make any representation or warranty as to the accuracy or completeness of the information contained herein. Prospective purchasers should conduct their own investigations and satisfy themselves with respect to the offering.

**CONFIDENTIALITY**

The recipient of this Memorandum agrees: that this document and its contents are confidential; that it will hold and treat it in the strictest confidence; that it will not, directly or indirectly, disclose this document or its contents to any firm or entity without the Agent prior written consent; and that it will not use or permit this document to be used in any manner detrimental to the interests of the Property owner, the Receiver, the Agent, or their affiliates.

This document is not to be reproduced in whole or in part without the express written consent of the Agent.

**AGENT**

All inquiries regarding the Property or any information contained in this Memorandum should be directed to Pierre Gagné, on behalf of the vendor.

**Pierre Gagné, Broker**

P.G. Gagné Commercial Real Estate Corp.

**Phone: 416.955.1885**

Fax: 416.862.2136

**Email: pierre@pggagnecommercialrealestatecorp.com**

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## SECTION II – EXECUTIVE SUMMARY

### INVESTMENT HIGHLIGHTS

- An excellent opportunity to acquire a well leased multi-unit industrial flex-space complex
- Diversified lease expiry profile, providing stable occupancy with rental upside
- Good location in a strong market
- Priced below replacement cost
- Attractive layout

### THE COMPLEX

The Complex consists of six buildings situated on two adjacent land parcels, with total site area of 19.42 acres.

	# Storeys	Net Leasable	Year Built	Ceiling Height	# of Tenants	Land Size (acres)	
550 Parkside – A	1	51,416 s.f.	1979	15ft	12		
B	1	40,697 s.f.	1979	15ft	11		
C	1	8,998 s.f.	1981	15ft	2		
D	1	21,742 s.f.	1981	15ft	6		
							Total acres of 550 and
554 Parkside	1	81,320 s.f.	1980	18ft	3	554	15.40
560 Parkside	1 & 2	86,064 s.f.	1979 & 1987	18, 20 & 24ft	4		4.02
<b>TOTAL</b>		<b>290,237</b>			<b>38</b>		<b>19.42</b>

### TENANCY

The property is 97% leased to 38 tenants. The two largest tenants are Agco (59,560 square feet), a multi-national manufacturer and distributor of agricultural equipment, whose lease expires November 2008; and, ROW Investment Ltd (50,604 square feet) a warehousing logistics service provider whose lease expires July 31, 2006.

### INCOME

Net operating income in place as of June 2004 is \$1,489,353.

**Multi-Unit Flex-Space Industrial Complex  
550,554 and 560 Parkside Drive, Waterloo, Ontario**

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**FINANCING**

Treat as clear

**PRICE**

\$15,750,000, or a 9.45% cap on income in place, or \$54.26 per square foot.

**PRE OFFER BINDER**

Those wishing to present an offer to purchase should obtain a Pre Offer Binder complete with a Vendor's Form of Offer from P.G. Gagné Commercial Real Estate Corp. All offers will be addressed in a negotiated bid process as each offer is received from time to time.

**CONTACT**

**Pierre Gagné, Broker**

P.G. Gagné Commercial Real Estate Corp.

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Fax: 416.862.2136

Email: pierre@pggagnecommercialrealestatecorp.com

# Multi-Unit Flex-Space Industrial Complex 550,554 and 560 Parkside Drive, Waterloo, Ontario

## SECTION III - PROPERTY DESCRIPTION

### Site

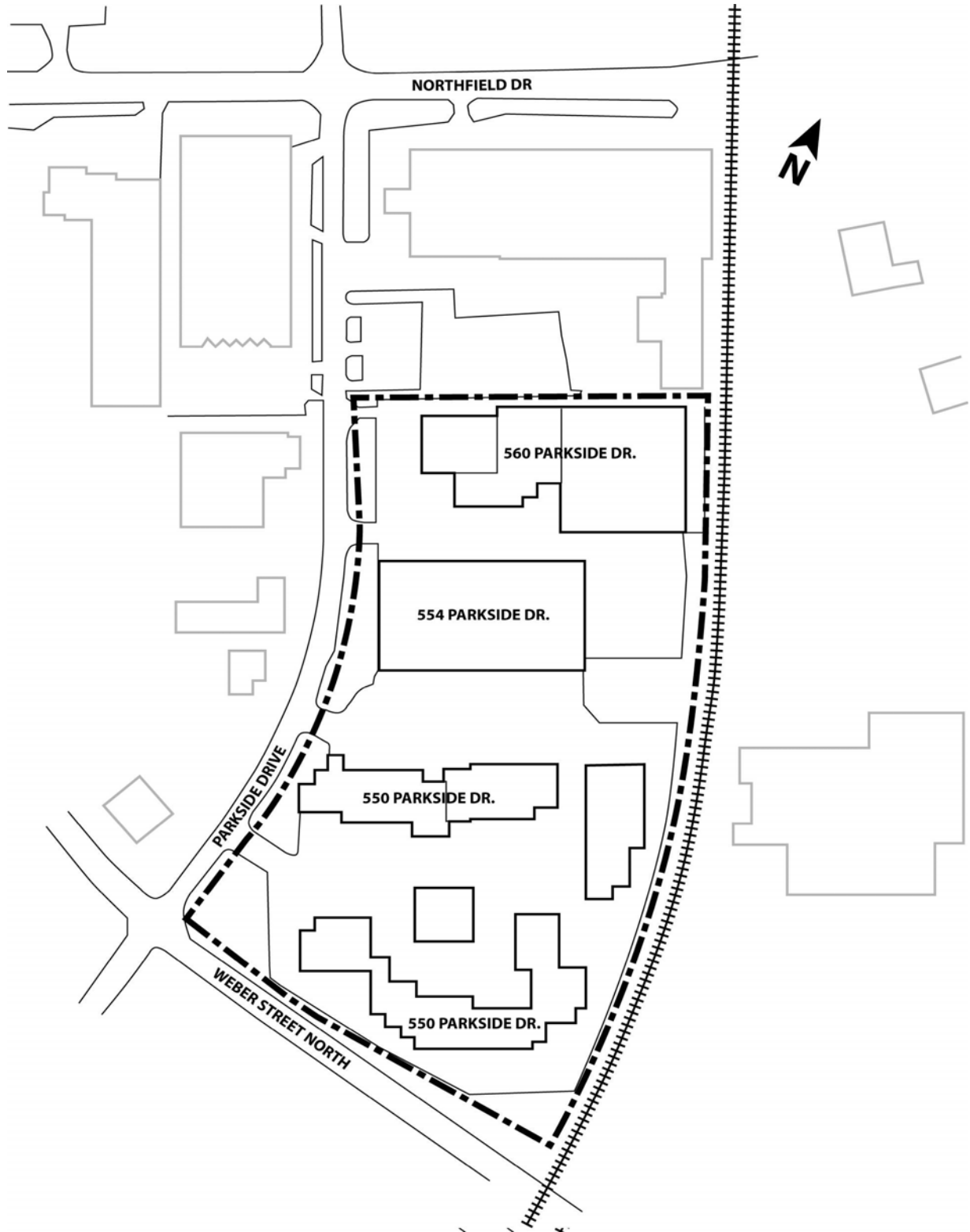
The Complex consists of two adjacent legal parcels totaling 19.42 acres: 550-554 Parkside Drive, with a site area of 15.40 acres; and 560 Parkside Drive, with a site area of 4.02 acres. Both parcels are located at the north-east corner of Weber Street North and Parkside Drive, 550-554 Parkside having frontage along Parkside Drive of 796 feet and along Weber Street of 768 feet, and 560 Parkside having frontage along Parkside Drive of 278 feet. The combined sites are generally rectangular in shape and are generally level with adjoining properties and the Parkside Drive road grade.





Multi-Unit Flex-Space Industrial Complex  
550,554 and 560 Parkside Drive, Waterloo, Ontario

SITE PLAN



# Multi-Unit Flex-Space Industrial Complex 550,554 and 560 Parkside Drive, Waterloo, Ontario



## Buildings

The sites are improved with six multi-tenant flex-space industrial buildings, as follows:

- 550 Parkside - Building A - 51,416 square feet net leaseable area
- Building B - 40,697 square feet net leaseable area
- Building C - 8,998 square feet net leaseable area
- Building D - 21,742 square feet net leaseable area
- Total - 122,853 square feet net leaseable area



- 554 Parkside - 81,320 square feet net leaseable area
- 560 Parkside - 86,064 square feet net leaseable area

## Zoning

The Property is zoned T, an industrial designation permitting a variety of industrial uses.



## Legal Descriptions

550-554 Parkside Drive is legally described as Part Lot 11, German Company Tract, City of Waterloo, Regional Municipality of Waterloo, designated as Parts 1 & 2 on Reference Plan P 58R-2428.

560 Parkside Drive is legally described as Part Lot 11, German Company Tract, City of Waterloo, Regional Municipality of Waterloo, designated as Parts 2, 3, 4 and 5 on Reference Plan P 58R-2338.



## Municipal Tax Information

- 550-554 Parkside Drive - Roll # 043.400.00300.0000
- 560 Parkside Drive - Roll # 043.400.00400.0000



## Multi-Unit Flex-Space Industrial Complex 550,554 and 560 Parkside Drive, Waterloo, Ontario



### Basic Construction

The buildings are constructed of concrete foundations and footings, steel superstructure, steel decking, and a flat roof built up with tar and gravel composite supported by open web steel joists. Exterior walls are decorative concrete block at the front and sides, with plain concrete block at the rear.



Buildings A and B of 550 Parkside were constructed in 1977-1979, and buildings C and D were constructed in 1979-1981. The building at 554 Parkside was built in 1979-1980. 560 Parkside was constructed in stages. Originally, the front portion of the building (12,475 square feet) and the rear portion of the building (50,604 square feet) were built as two free standing buildings in 1979. In 1987 the area between the two was developed with an additional 22,985 square foot area which joined the two original buildings to form a single building. At this time, the front section was also completely renovated.



Clear ceiling height of the buildings at 550 Parkside is approximately 15 feet, and is approximately 18 feet at 554 Parkside. Clear ceiling height of the building at 560 Parkside ranges from approximately 18 feet in the front section, to 20 feet for the middle section, and to 24 feet in the rear section.

### Office Component

All of the buildings at 550 Parkside are one storey and each unit contains a finished office component, varying from a minimum of +/- 10% to a high of 100%. 554 Parkside includes a two-storey fully finished office component at the front of the building, with a net leaseable area of 21,730 square feet. The rear of the building, which is leased to a single tenant, is one storey and contains a net leaseable area of 59,590 square feet, including a finished office component of approximately 1,000 square feet. In 560 Parkside, the finished office component represents approximately 26% of the total net leaseable area. Within each of units 100 and 200, there is approximately 1,000



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square feet of office space; there is no office component in unit 300; and units 400 and 500 are 100% office.

The quality of office finishes varies considerably, but generally the finishes include a combination of commercial grade tile, commercial grade carpeting and ceramic tile flooring. The ceilings are generally finished with a combination of painted drywall and suspended acoustic tile, with lighting provided by a combination of recessed pot-lights and recessed and suspended fluorescent light fixtures.

### Shipping and Receiving

Within 550 Parkside, Buildings A, B and D all have a shipping and receiving area. Loading areas are equipped with overhead sectional doors ranging in size from 8' x 8' to 10' x 12', with dock level doors in some units. At 554 Parkside, the shipping and receiving amenities consist of 4 dock level doors and two drive-in loading doors. At 560 Parkside, they consist of 4 dock level doors and one drive-in loading door.



### Mechanical Systems

Generally the plant/warehouse areas are heated by suspended gas fired heaters with lighting being primarily suspended fluorescent light fixtures. In 550 Parkside, several of the units in Buildings A and B and all of the units in Building C are fully air-conditioned.



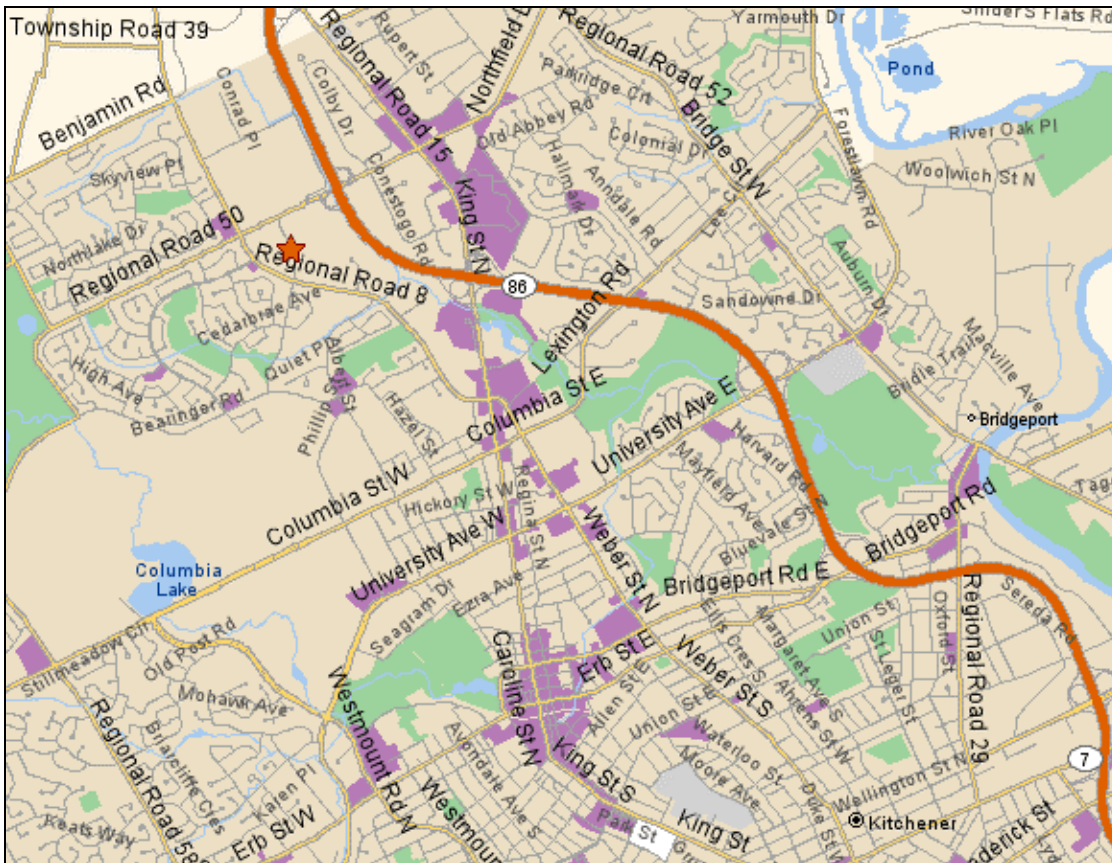
Approximately 60% of the area of the buildings is sprinklered, as follows: Units A1-A12 in 550 Parkside (25,409 square feet), Units B1-B11 in 550 Parkside (27,215 square feet), Unit 300 in 554 Parkside (59,590 square feet), and Unit 100 in 560 Parkside (50,604 square feet).

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## NEIGHBOURHOOD

The complex is located in the “Conestoga North” industrial park in the northern part of the city of Waterloo, Ontario. This is one of the largest industrial parks within the city of Waterloo, with a total industrial area of approximately 1.7 million square feet, comprised of both single and multiple tenant buildings.

This industrial park enjoys excellent road access, thanks to the Conestoga Parkway (Highway 86), a controlled access highway, which bisects the park, and connects to Highway 401 some 9.5 kilometers to the south. The parkway has an on/off ramp immediately north of the subject property, at Northfield Drive.

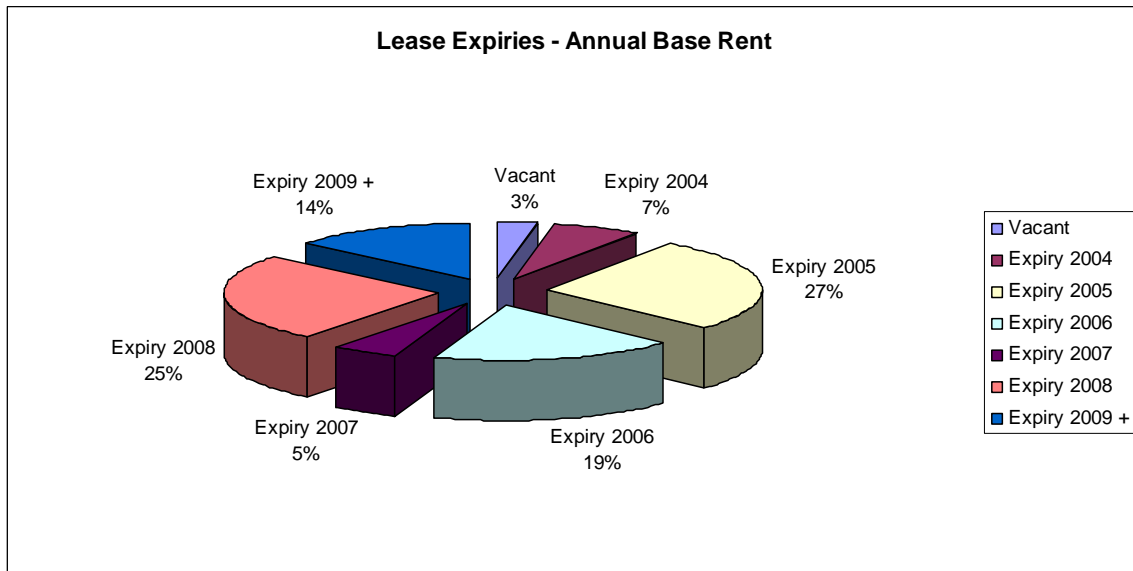


# Multi-Unit Flex-Space Industrial Complex 550,554 and 560 Parkside Drive, Waterloo, Ontario

## TENANCIES

As of June 1, the project will be 97% leased and occupied by 38 tenants, with three vacancies. (Two of these vacancies will not be created until May 31, when their existing tenants move out.) The ten largest tenants occupy 66% (191,035 square feet) of the project. The average unit size for the remaining 28 tenants is 3,200 square feet.

The lease expiries may be graphically depicted as follows:



As can be seen from the above, the lease maturities in the project are well spaced out. Only 7% of the project's income stream is expiring in 2004, with a further 27% expiring in 2005. Thirty-nine per cent of the project is leased until 2008 or longer.

A brief description of the largest ten tenants is as follows:



**AGCO** occupies 59,590 square feet in 554 Parkside and its lease expires in November 2008. AGCO Corporation is a world leader in designing, manufacturing, marketing, and distributing of agricultural equipment. Their products are sold in more than 140 countries by over 8,000 dealers. AGCO produces and markets 22 brands.



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**ROW Investment Ltd**, occupies 50,604 square feet in 560 Parkside and its lease expires in July 2006. ROW is in the business of third party warehousing, and has been a tenant in the project since 1996.

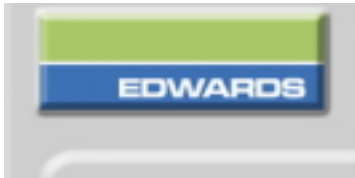


**ANSYS Inc.** occupies 17,089 square feet in 554 Parkside and its lease expires in June 2005. ANSYS was founded in 1970 and currently employs 550 people. This company designs, develops, markets and globally supports engineering simulation solutions used to predict how product designs will behave in manufacturing and real-world environments.



**Turbosonic** occupies 11,508 square feet in 550 Parkside and its lease expires in July 2008. TurboSonic provides industry with state-of-the-art air pollution control equipment and products for enhancing the performance of industrial process equipment.

**Higgins Restoration Inc.** occupies 10,720 square feet in 560 Parkside and its lease expires in August 2006. This company provide Insurance restoration work, including fire and flood damage. Services include building cleaning exterior, carpet & rug cleaning, fire damage restoration and water damage restoration.



**Edwards** occupies 9,538 square feet in 560 Parkside and its lease expires in June 2008. Edwards is a life fire safety equipment manufacturer, employing 1,350 people in Canada, with 23 sales and service offices, and an additional 33 remote service locations across the country.

The parent company, with world headquarters in Charlotte, North Carolina, has annual sales of over 228 million dollars. They have manufacturing and distribution locations in Owen Sound, Ontario, Pittsfield, Maine, and Burbank, California, as well as sales and service locations around the world.



**Davis + Henderson** occupies 8,654 square feet in 550 Parkside and its lease expires December 2006.

Davis + Henderson manages the cheque supply programs for substantially all of the financial institutions in Canada, including the six largest Canadian banks. The Company and its predecessors have been serving financial institutions and their account holders since 1875. Davis + Henderson employs over 880 people at six locations across the country, with a head office located in Toronto.

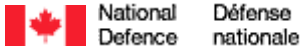
## Multi-Unit Flex-Space Industrial Complex 550,554 and 560 Parkside Drive, Waterloo, Ontario

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Whitney and Company occupies 8,200 square feet in 560 Parkside and its lease expires in July 2008. Whitney and Company formed an alliance with the J.J. Barnicke ten years ago and is now known as **J.J. Barnicke Whitney Limited**. It is a full service industrial, commercial and investment realtor serving the Region of Waterloo, Guelph and surrounding area.

907216 Ontario Inc., operating as **MacKinnon & Associates Planning Solutions**, occupies a total of 7,833 square feet in 550 Parkside and its lease expires in August 2005. MacKinnon & Associates is a consulting firm of planners, site engineers, environmental consultants and landscape architects.



**The Department of National Defence** has leased a total of 7,299 square feet in 550 Parkside, for a 5 year term expiring May 24, 2009. Unit B09 is an office unit, which will be used for recruitment purposes and Units B10 and 11 will be used for warehousing.



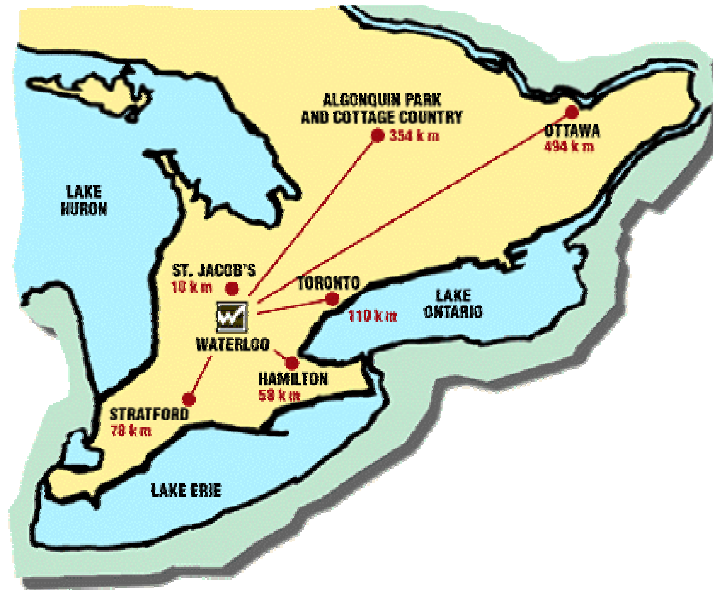
# Multi-Unit Flex-Space Industrial Complex 550,554 and 560 Parkside Drive, Waterloo, Ontario

## RENT ROLL

Unit #	Tenant	Start	Expiry	Area (s.f.)	Current Rent psf	Current Base Rent	Rent Escalations
<b>550 Parkside</b>							
A01-02	Kalaya Health Products	May-1-04	Apr-30-09	4,233	\$7.00	\$29,631	May/06 \$30,689; May/08 \$31,748
A03	2043270 Ontario Limited	Apr-1-04	May-31-09	2,433	\$5.25	\$12,773	Jun/06 \$13,138; Jun/08 \$13,382
A04	Doctor Jennifer Heick	Oct-1-02	Nov-30-12	2,433	\$6.75	\$16,423	Dec/05 \$17,031; Dec/08 \$17,639
A05	Dr. Stephen Morrison	Oct-1-02	Dec-31-12	2,433	\$6.75	\$16,423	Oct/06 \$17,031; Oct/10 \$17,639
A06F	Prestige Business interior	Jan-15-00	Feb-28-05	1,420	\$8.00	\$11,360	-
A06R	Gragal	Nov-1-03	Oct-31-06	925	\$4.75	\$4,394	Nov/05 \$4,625
A07-08	Slipstream Data Inc.	Nov-1-03	Oct-31-05	4,233	\$10.00	\$42,330	-
A09	J & F Custom	Oct-1-01	Feb-28-05	2,433	\$4.50	\$10,949	-
A10-11	J & F Custom	Mar-1-03	Feb-28-05	4,866	\$4.50	\$21,897	-
A12	Biomedical Photometrics Inc.	Mar-1-02	Feb-28-05	2,433	\$8.00	\$19,464	-
A13-17	Turbosonic	Jul-1-03	Jul-31-08	11,508	\$4.50	\$51,786	Aug/05 \$54,663
A18	*vacant*			2,433	\$5.50	\$13,382	-
A19/22	907216 ONTARIO INC.	Mar-1-02	Aug-31-05	4,233	\$4.50	\$19,049	-
A20-21	907216 ONTARIO INC.	Jun-1-02	Aug-31-05	3,600	\$9.00	\$32,400	-
A23	Indoor Quality Air Inc.	Aug-1-03	Jul-31-05	1,800	\$7.50	\$14,400	-
B01	Grand & Toy	Apr-1-04	Mar-31-07	3,125	\$12.00	\$37,500	-
B02-04	PPI Financial	Jul-1-04	Jun-30-05	5,817	\$9.00	\$52,353	-
B05	Chamicar Hldngs /Kwik Kopy	Aug-1-02	Jul-31-07	3,033	\$5.40	\$16,378	Aug/06 \$17,895
B06	North American Compendiums	Jul-1-03	Jun-30-08	3,308	\$10.00	\$33,080	-
B07	Wayne Drew Professional	Jun-1-03	May-31-08	2,200	\$10.00	\$22,000	-
B08	Dep't of Nat'l Defense <i>Note 1</i>	Jun-1-04	May-31-09	2,433	\$6.83	\$16,617	-
B09	Pattern Discovery Software	Apr-1-02	Sep-30-04	2,433	\$10.50	\$25,547	-
B10-11	Dep't of Nat'l Defense <i>Note 1</i>	Jun-1-04	May-31-09	4,866	\$6.83	\$33,235	-
B12-13	Bo-De Foods Inc.	Jul-1-03	Jun-30-08	4,866	\$4.50	\$21,897	July/05 \$23,114
B14-15	DoAll Inc.	Apr-15-03	Apr-30-08	4,866	\$4.75	\$23,114	May/05 \$23,600; May/06 \$24,330
B16	AAA Sports Nutrition Depot	Nov-1-02	Nov-30-05	1,875	\$4.75	\$8,906	Dec/04 \$9,375
B17	CHB Foods Incorporated	Sep-1-03	Aug-31-06	1,875	\$5.00	\$9,375	Sep/04 \$9,844
C01-05	Central Ont. Financial Inc.	Oct-1-02	Nov-30-05	4,448	\$8.25	\$36,696	-
C06	Central Ont. Financial Inc.	Dec-1-01	Nov-30-05	910	\$8.25	\$7,508	-
C07-10	Waterloo Management Inc.	Nov-1-99	Oct-31-04	3,640	\$9.75	\$35,490	-
D01	Competitive Edge Information	Jan-1-03	Dec-31-05	1,172	\$6.25	\$7,325	-
D02	Shaun Tilly/Aquascapees	Nov-1-02	Oct-31-04	1,832	\$5.25	\$9,618	-
D03	Iron Concepts	Nov-1-02	Oct-31-05	1,887	\$4.65	\$8,775	Nov/04 \$9,058
D04	Acadian Upholstery	Sep-1-03	Aug-31-06	1,887	\$5.00	\$9,435	Sep/05 \$9,907
D05	Active Labels	Mar-1-03	Feb-28-07	2,524	\$4.00	\$10,096	-
D06-07R	Active Labels	Mar-1-03	Feb-28-07	3,786	\$4.00	\$15,144	-
D07F-10	Mavis+Henderson	Jan-1-04	Dec-31-06	8,654	\$5.20	\$45,000	Jan/05 \$47,164; Jan/06 \$49,328
Comm Rm	Metro Communications	Jan-1-99	Dec-31-04	-	-	\$500	-
	<b>Totals</b>			<b>122,853</b>		<b>\$802,247</b>	
<b>554 Parkside</b>							
0100	Emerge2 Digital	Jul-1-03	Jun-30-04	4,641	\$7.00	\$32,487	-
0101/210/201	ANSYS Inc.	Jul-1-03	Jun-30-05	17,089	\$7.75	\$132,440	-
0300	AGCO	Nov-12-03	Nov-11-08	59,590	\$3.30	\$196,647	Nov/06 \$202,606
	<b>Totals</b>			<b>81,320</b>		<b>\$361,574</b>	
<b>560 Parkside</b>							
100	ROW Investment Ltd.	Aug-1-02	Jul-31-06	50,604	\$3.50	\$177,114	-
200	Higgins Restoration Inc	Mar-1-01	Apr-30-06	10,720	\$4.25	\$45,560	-
300	*vacant*			4,065	\$4.00	\$16,144	-
400	*vacant*			2,937	\$6.00	\$17,622	-
401	Edwards	May-28-04	Jun-30-09	9,538	\$9.75	\$92,996	July/06 \$95,380
500	Whitney & Company	Oct-1-03	Sep-30-08	8,200	\$6.00	\$49,200	-
	<b>Totals</b>			<b>86,064</b>		<b>\$398,636</b>	
	<b>Grand Totals</b>			<b>290,237</b>		<b>1,562,456</b>	

Note 1: Rental rate is a blend on both office (Unit B08) and warehouse (Units B10-11)

SECTION IV – MARKET ANALYSIS



**WATERLOO**

The City of Waterloo is located within the Region of Waterloo, which has a population close to a half-million people, and 130 million customers are within a day's drive. The Region is home to international companies such as: Toyota, Automation Tooling Systems, Rockwell Automation, Budd Canada, Babcock and Wilcox. Over 400 high tech companies have offices in the Region such as: Research in Motion, Northern Digital, Virtek Vision, Descartes, Open Text, etc. 80% of the Region's labour force lives within a 30 minute drive to work.

The City of Waterloo is part of Canada's Technology Triangle, the points of the triangle being Kitchener/Waterloo, Cambridge and Guelph. The companies in the "triangle" are active exporters; in 1999 the area exported \$8.2 billion to 98 countries and all American states. Half of the companies in Waterloo are involved in this globally competitive environment.

Being part of Canada's Technology Triangle, the City of Waterloo has the best of both worlds. Surrounded by green farmland and fresh air, the City, at the same time, is a modern, vigorous business and industrial community. The *Financial Post's Business Magazine* (August 2001) identified Waterloo as one of the top places in Canada to help companies grow. The City of Waterloo has for the past two years, been named as one of Canada's 100 Best Employers by Mediacorp Canada Inc.

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Waterloo is a city with many companies in the development or growth phase, currently employing anywhere from one to 300 employees. Two industries of strategic importance that have seen a major growth in Waterloo are the **Computer Technology** sector and the **Environmental Management** sector.

The percentage change in employment, classified by industry shows total employment in Waterloo expanding by 14.8% between 1991 and 1999. The total average income in Waterloo is 22% above the national average.

The top employers in Waterloo are:

The University of Waterloo .....	3,500
Clarica Life Insurance Company .....	3,500
Manulife Financial Canadian Operations .....	3,100
RIM - Research In Motion Ltd .....	1,500
Open Text Corp .....	1,100
Wilfrid Laurier University .....	1,047
The Economical Insurance Group .....	700
NCR Canada Ltd .....	700
Northfield Metal Products (1994) Ltd .....	650
Conestoga College Waterloo Campus .....	578
La-Z-Boy Canada Ltd .....	500

### **INDUSTRIAL MARKET**

Within Waterloo, the overall average quoted asking net rental rates for the first quarter of 2004 are in the range of \$4.80 to \$4.90 psf, slightly lower than the last quarter of 2003. This decrease in asking rental rates has been partly attributed to the recent cut in interest rates, creating a fairly strong buyers' market. Tenants would appear to be taking advantage of current market conditions and are purchasing rather than leasing. It is expected that as interest rates begin to stabilize, so will the asking rental rates in the Waterloo Region.

Across Canada, many companies wish to expand, and developers are seeking to build to meet this demand. The Waterloo Region, as a whole, has ample land for development, with most of the land lying in Cambridge and Woolwich. Kitchener and Waterloo, however are both currently facing a shortage of development land. The University of Waterloo Research and Technology Park, located on the University's North Campus and just south of Parkside Drive, is one of the newest research parks in Canada. It is designed to accommodate 1.2 million square feet of office space on 120-acres.

## **Multi-Unit Flex-Space Industrial Complex 550,554 and 560 Parkside Drive, Waterloo, Ontario**

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Both availability and vacancy continued to show a downward trend in the Waterloo Region. The third quarter of 2003 was a four-year high for the Region as availability peaked at 5.9%, since then dropping to 4.5%. Third quarter 2003 was a three-year high in average asking rental rates, approaching \$5.10 psf.

Total net absorption for the first quarter of 2004 totalled some 1.1 million SF, slightly higher than reported in the last quarter of 2003. As more tenants move toward ownership and, as companies adjust to the rising Canadian Dollar, it is anticipated that demand will increase and absorption levels will continue to rise over the next few quarters.

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550,554 and 560 Parkside Drive, Waterloo, Ontario**

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**SECTION V – FINANCIAL ANALYSIS**

**SUMMARY OF REVENUE**

All of the leases at 550, 554 and 560 Parkside Drive are written on a completely net basis, save and except for capital items. Office tenants are charged for the extra costs of their operation, such as HVAC and garbage.

Base rents in the project vary from a low of \$3.30 for the AGCO space to a high of \$12.00 for the newly signed Grand & Toy space, with an average in place of \$5.40 per square foot. Total base rental income in place is \$1,515,309 as of August 2004.

The three vacant units are expected to rent at rates dependent on their location and finish, as follows:

Unit A18, 550 Parkside	2,433 sq.ft.	\$5.50 p.s.f.
Unit 300, 560 Parkside	4,065 sq.ft.	\$4.00 p.s.f.
Unit 300, 560 Parkside	2,937 sq.ft.	\$6.00 p.s.f.

**SUMMARY OF EXPENSES**

	<b>550 Parkside</b>	<b>554 Parkside</b>	<b>560 Parkside</b>
2004 CAM <i>(Note 1)</i>			
Basic	\$1.61	\$1.11	\$0.97
Extras	<u>\$0.70</u>	<u>\$2.24</u>	<u>-</u>
Total	\$2.31	\$3.35	\$0.97
2004 Realty Taxes <i>(Note 2)</i>	\$1.95	\$1.95	\$1.50

Note 1: As per the owner's operating budget for the fiscal year ending March 31/05. Amount shown for "extras" in CAM applies only to certain tenants who receive additional services, and will vary from tenant to tenant. The amount shown is the estimated maximum to be paid by any one tenant.

Note 2: 550 and 554 Parkside are shown on the same tax roll. For recovery purposes, realty taxes are pro-rated between the two buildings based on area. The figures shown above are based on the 2003 final tax bills plus 2%.

**Multi-Unit Flex-Space Industrial Complex  
550,554 and 560 Parkside Drive, Waterloo, Ontario**

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**NET OPERATING INCOME – IN PLACE AND PRO FORMA**

The following table presents the income in place based on existing tenancies as of June 2004, as well as a normalized pro forma net operating income.

In creating the pro forma, we have taken the income in place and added to it the potential base rental and recovery income which may be derived from the vacant space at 100% occupancy. We have then deducted a vacancy allowance of 3% of potential gross income (base rents and recoveries), as well as an allowance for structural repairs of 1% of potential gross income.

	<b>In Place</b>	<b>Pro Forma</b>
<b>Base Rental Income as at Aug/04</b>		
Existing Tenants - 280,802 s.f.	\$1,515,309	\$1,515,309
Vacancy - 9,435 s.f.	<u>0</u>	<u>47,147</u>
Subtotal base rents	<u>1,515,309</u>	<u>1,562,456</u>
<b>Recoveries</b>		
Existing Tenants - 280,802 s.f.	921,334	921,334
Vacancy - 9,435 s.f.	<u>0</u>	<u>25,956</u>
Subtotal recoveries	<u>921,334</u>	<u>947,290</u>
<b>Potential Gross Income</b>	2,436,643	2,509,746
Less: Vacancy Allowance 3%	<u>0</u>	<u>75,292</u>
<b>Effective Gross Income</b>	2,436,643	2,434,454
Less: CAM <sup>Note 1</sup>	419,966	419,966
Less: Realty Taxes <sup>Note 2</sup>	527,324	527,324
Less: Structural Allowance 1%	0	24,345
<b>Net Operating Income</b>	<u><u>\$1,489,353</u></u>	<u><u>\$1,462,819</u></u>

Note 1 As per budget for the fiscal year ending March 2005

Note 2 2003 Actuals + 2%



**Multi-Unit Flex-Space Industrial Complex  
550,554 and 560 Parkside Drive, Waterloo, Ontario**

**NET OPERATING INCOME – DETAILED, BY BUILDING**

	550	554	560	Total
<b>Base Rental Income as at Aug/04</b>				
Base Rents - Existing Tenants	\$788,865	\$361,574	\$364,871	\$1,515,309
Base Rents - Vacancy	13,382	0	33,765	47,147
<b>Recoveries</b>				
CAM Recoveries	197,970	138,580	83,416	419,966
Tax Recoveries	239,665	158,648	129,011	527,324
<b>Potential Gross Income</b>				
	1,239,882	658,802	611,063	2,509,746
Less: Vacancy 3%	37,196	19,764	18,332	75,292
<b>Effective Gross Income</b>				
	1,202,686	639,038	592,731	2,434,453
CAM for All Tenants:				
Mgmt & Admin	66,715	38,051	32,591	137,357
Insurance	28,497	18,057	18,169	64,723
Salaries	9,759	3,465	3,172	16,396
Cleaning	0	225	140	365
Fire & Safety	2,019	0	0	2,019
Utilities	15,560	0	3,510	19,070
Repairs & Main.	63,605	30,185	25,834	119,624
Additional CAM for Office Tenants:				
Bldg. C Garbage	2,674	n/a	n/a	2,674
HVAC	9,141	n/a	n/a	9,141
Office Costs	n/a	48,597	n/a	48,597
Total CAM	197,970	138,580	83,416	419,966
Realty Taxes	239,665	158,648	129,011	527,324
Structural Allowance 1%	12,027	6,390	5,927	24,345
<b>Net Operating Income</b>				
	<b>\$753,024</b>	<b>\$335,420</b>	<b>\$374,377</b>	<b>\$1,462,819</b>

**Multi-Unit Flex-Space Industrial Complex  
550,554 and 560 Parkside Drive, Waterloo, Ontario**

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**EXISTING FINANCING**

Treat as clear.

**CO-OPERATING BROKER POLICY**

A co-operating broker will have executed a co-operating broker agreement prior to obtaining access to this offering. A co-operating broker having introduced a purchaser on the property will be paid a fee of one percent (1.0%) of the purchase price by P.G. Gagné Commercial Real Estate Corp. when full fee has been paid by the vendor and received by P.G. Gagné Commercial Real Estate Corp.

**Multi-Unit Flex-Space Industrial Complex  
550,554 and 560 Parkside Drive, Waterloo, Ontario**

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**SECTION VI – OFFERING DETAILS**

- Make Offer to:** Beallor & Partners Inc. in its capacity as interim receiver of certain real property owned by Vandor Realty Corporation.
- Legal Description:** Part Lot 11, German Company Tract, City of Waterloo, Regional Municipality of Waterloo, designated as Parts 1 & 2 on Reference Plan P 58R-2428, and Part Lot 11, German Company Tract, City of Waterloo, Regional Municipality of Waterloo, designated as Parts 2, 3, 4 and 5 on Reference Plan P 58R-2338.
- Financing:** Treat as clear.
- Asking Price:** \$15,750,000.00
- Pre Offer Binder:** Those wishing to submit an offer for the property should obtain a pre offer binder complete with a vendor's form of offer and relevant information.
- Contact:** **Pierre Gagné, Broker**  
P.G. Gagné Commercial Real Estate Corp., Broker  
**Phone: 416.955.1885**  
Fax: 416.862.2136  
Email: pierre@pggagnecommercialrealestatecorp.com

Notice: Although every precaution has been taken to ensure the accuracy of the information contained in this investment summary, no representations or warranties are made in connection therewith. These statements are based upon the information furnished by the principals and sources, which we deem reliable - for which we assume no responsibility, but which we believe to be correct. This submission is made subject to prior sale, change in price or terms, or withdrawal without notice. Prospective purchasers should not construe this information as legal or tax advice. Prospective purchasers should consult counsel, accountants or other advisors on matters related to this presentation. It is understood that P.G. Gagné Commercial Real Estate Corp. (The Broker) acts as the listing broker for the vendor and owe a fiduciary duty to the vendor and will be compensated by the vendor. The vendor has agreed to possibility of dual agency. Unless advised otherwise in writing, it shall be conclusively deemed that any co-operating broker involved on behalf of a prospective purchaser will act as agent of the purchaser. Co-operating brokers will be required to register their clients and will receive a commission equal to 1.0% of the sale price plus applicable GST on successful closing of the sale with the said registered client and upon The Broker having been paid in full by the vendor. The Broker and the vendor shall have no obligation whatsoever to any co-operating broker unless provided for in writing.