

Court File No. H137731  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF THE RECEIVERSHIP OF  
THE ASSETS, UNDERTAKINGS AND PROPERTIES OF  
104 INVESTMENTS LTD.**

**PURSUANT TO SECTION 243(1) OF THE  
*BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED  
AND  
SECTION 39 OF THE  
*LAW AND EQUITY ACT*, R.S.B.C. 1996 c. 253 AS AMENDED**

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**RECEIVER'S FIRST REPORT TO COURT**

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**November 28, 2023**

**IN THE MATTER OF THE RECEIVERSHIP OF  
104 INVESTMENTS LTD.**

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**Appendix H** Colliers Report dated October 18, 2023

## I. BACKGROUND

1. On October 3, 2023 TCC Mortgage Holdings Inc. and Trez Captial Limited Partnership pursuant to Section 231(1) of the Bankruptcy and Insolvency Act applied to the Supreme Court of British Columbia to appoint MNP Ltd. as Receiver and Manager without security (the “**Receiver**”), of all the assets, undertakings and property of 104 Investments Ltd. (the “**Company**”). A copy of the Court Order is attached as **Appendix A**.
2. The assets of the Company consist of land and building located at 555 Adams Road, Kelowna BC. The building is approximately 50 years old and a 91,000 sq ft. metal clad warehouse situated on 7.14 acres. The subject property enjoys good access and exposure right off Highway 97 and features an “I-2” City of Kelowna bylaws zoning designation. This designation allows for the outdoor storage of industrial equipment and/or inventory which is uncommon in this area.
3. The metal-clad warehouse is presently divided into seven distinct units of different sizes. There is ongoing work being done to stratify these units, aiming to enhance the building's attractiveness to potential tenants and boost the lease space value, as discussed later in this report. Work done to date includes the installation of a concrete mezzanine spanning approximately 17,000 square feet. Furthermore, interior painting, the installation of new sewer drainage, the integration of LED lighting, and the addition of a new roof have been completed.
4. Currently, the B.C. assessed value is \$17.3 million.

## **II. PURPOSE**

5. The purpose of this report is to provide our assessment on whether to:
  - i. Sell the building “as is, where is”;
  - ii. Complete the stratification and sell the building including consideration to any leasing options; and
  - iii. Complete the subdivision.
  
6. The Receiver has performed the following activities in their assessment:
  - i. Met with the stakeholders to discuss the situation;
  - ii. Reviewed various financial information including costs to complete, stratification plans and subdivision plans;
  - iii. Reviewed appraisals from Ryan ULC and NAI Commercial;
  - iv. Obtained opinions of value from Colliers and Royal LePage Commercial (Steve Laursen & Rob Archibald);
  - v. Met and held numerous discussions with realtors and various parties;
  - vi. Met with Mierau Contractors to assess the costs to complete; and
  - vii. Attended the site and toured the building.

## **III. STRATIFICATION**

7. The building is in the process of being stratified into 7 separate units. The City of Kelowna has approved the stratification with the exception of minor work which includes:
  - i. Plumbing and gas inspection;
  - ii. Building inspection;
  - iii. Various other reporting requirements to the city; and
  - iv. Splash pads are required under the downspout extensions.

8. A copy of the letter from the City of Kelowna dated September 26, 2023 is attached as **Appendix B**.
9. The unit sizes for the stratification range from approximately 7,000 square feet to 32,000 square feet. A summary of the proposed stratified units is in Table 1 below:

<b>Strata Lot</b>	<b>Sq. Ft.</b>
1	28,967
2	10,328
3	9,708
4	8,091
5	6,880
6	12,915
7	32,063
<b>Total</b>	<b>108,952</b>

10. Estimated costs to complete the stratification total approximately \$910,000. The breakdown of the estimated costs to complete prepared by management are attached as **Appendix B**. The Receiver had Mierau Contractors tour the building and review the costs to complete. They believe the costs are reasonable.
11. We believe the timeframe to complete the stratification is approximately 2 to 3 months.

#### IV. SUBDIVISION

12. The Company has applied to the City of Kelowna to subdivide the property into 3 separate legal lots. The subdivision is partially complete, and the Company estimates that there is \$1.1 million in costs to complete the subdivision of the 3 lots. A copy of the proposed subdivision plan and costs to complete are attached as **Appendix C**.

#### V. APPRAISALS AND FAIRNESS OPINIONS

- a. NAI Commercial

13. The fairness opinion prepared by NAI is attached as Appendix D.
14. Estimated appraisal value: **\$29,950,000 - \$115,000,000**.
15. Analysis:
  - i. **\$29,950,000** is the current recommended asking price if sold “as is”. The basis for this estimate is that a comparable land site located south of the subject property was sold for \$70 per square foot in 2021. This would translate to the Subject Property land only value of \$21,771,288. In addition, BC Assessment valued existing building improvements last year at \$9,500,000. The combination of these values is the basis for the asking price.
  - ii. **\$115,000,000** is the estimated value if the subject property was to be subdivided into three stratified buildings over a 5-year multi-phased development. The additional parking and yard space on both the north and south side of the property would need to be used to create the subdivisions. NAI estimates an industrial level build sells for an average of \$450 per square foot while the respective cost would be \$250 per square foot.

16. We are concerned with the assumptions made in this report. The only comparable property in the appraisal was sold in 2021. Since that time, the valuations of real estate in the Kelowna commercial market have decreased. This would result in a 5-10% downward adjustment in value based on discussions with various commercial realtors.
17. In addition, the valuation has assumed that full land value would be achieved plus the building improvements. We believe that this is incorrect. To obtain full land value at \$70 / sq ft. would require the lot to be vacant. Given the existing building, any investor would assess the value based on the potential revenue and current capitalization rate. A developer would assess land value only and likely reduce the value for the costs of demolishing the building.
18. The \$115,000,000 valuation assumes a subdivision and build out with 1.5 floor area ratio (the "**FAR**"). This would require underground parking and it is unlikely there would be any ability to create a loading space for the buildings. Significant costs would have to be incurred to complete this process and based on discussions with various local commercial realtors, we do not believe there is a market for this type of product within Kelowna.
19. The FAR of 1.5 infers that a 4 to 6 storey industrial building of over 466,000 square feet would be constructed. The development could not support a 5 to 6 storey building as neither the zoning nor the airport regulations would allow it. In addition, discussions with commercial realtors indicate there is little to no market for this type of product in Kelowna. Accordingly, we believe the \$450 per sq. ft. as a valuation is unsupportable.

b. Ryan ULC

20. The appraisal prepared by Ryan is attached as **Appendix E**.
21. Estimated appraisal value: \$43,200,000.

22. Analysis:
- i. The subject property has been appraised with an estimated current market value of \$43,200,000. This assessment assumes that the property is stratified and divided into seven industrial strata units and has 2.89 acres of available land to do so. The excess land valuation of \$10 million also assumed that new roads will be built but have no effect on the density on the remainder of the site. A capitalization rate of 5.5% was used.
23. We do not agree with the valuation. Ryan has assumed excess land of 2.89 acres through a subdivision, however this subdivision would significantly impact the parking and/or loading abilities of the existing building. Industrial users require parking and loading, or the building may be considered unusable. If 2.89 acres was subdivided off, it would leave a parcel of 107,618 Sq. Ft. – with a building of over 108,000 Sq. Ft. (including mezzanine). This is almost 100% site coverage; most industrial properties have a 40-45% site coverage. Parking and loading would likely be extremely challenging. This would reduce the value the 7 strata lots.
- c. Royal LePage Commercial – Rob Archibald
24. The details of Royal LePage’s assessment is attached as **Appendix F**.
25. Estimated appraisal value: \$18,000,000 - \$18,500,000.
26. Analysis:
- i. \$18,000,000 to \$18,500,000 is the current recommended asking price if sold “as is”. The basis for this estimate derives from comparing a similar property that was sold in 2021. The subject property has superior zoning and a substantially better location than the property sold in 2021. As a result, a 12% premium was factored into the calculation. The land size valuation of the subject property was calculated to be approximately \$2.4 million per acre. The total valuation accounts for 7.14 acres of land multiplied by the land size valuation.



- ii. The option to lease the space was also considered in their assessment. If leased as is, without factoring in demolition and other costs, the value was estimated to be **\$17,689,000**. Additional improvements to the lease space could be done, however due to the age of the building, the cost would not increase the value of the lease space enough to justify the investment.
  - iii. Incurring additional costs to stratify and improve the building is not recommended.
- 27. We believe this valuation is on the low side and may not fully consider the comparable properties and income.
- d. Royal LePage Commercial – Steve Laursen
- 28. The details of Royal LePage’s assessment is attached as **Appendix G**.
- 29. Estimated appraisal value: \$20,000,000 - \$22,000,000.
- 30. Analysis:
  - i. This assessment is based on selling the property “as is”. The valuation approach compares the subject properties to other properties currently on the market or have been recently sold with similar characteristics to the subject property. The main property compared is 9640 McCarthy Road with sales in the \$240 - \$360 per square foot range.
  - ii. Additional work to the building will not realize any additional return.
  - iii. Should consider providing demising options to potential purchasers. This would involve having an engineer review the space.

e. Colliers

31. The details of Colliers' assessment is attached as **Appendix H**.
32. Estimated appraisal value: \$20,000,000 - \$22,000,000.
33. Analysis:
  - iv. The assessment is based on selling the property "as is". Considerations to subdivide the land was also analyzed, however, this is not realistic as there would be no parking and minimal loading space. In addition, subdividing the lots may in fact decrease the value of the property as new potential buyers may want to demolish the existing improvements to make the building more useable for themselves.
  - v. Additional investments into the property are not recommended.

**VI. PUROLATOR**

34. The Company has indicated there is interest by Purolator in leasing out 4 units. The Company has provided Purolator with a proposal for approximately 30,000 square feet of space which includes strata units 2, 3, 4, 5 and part of 1.
35. There are no commitments from Purolator and we understand they are still reviewing the proposal.
36. We believe obtaining Purolator as a tenant would be beneficial to the value of the building. However, given that Purolator would be taking multiple strata lots this would support not completing the stratification and incurring the costs given that Purolator may want it demised and/or finished differently than proposed.

## VII. CONCLUSION AND RECOMMENDATIONS

### a. Conclusion

37. The Company is attempting to finalize a stratification of 555 Adams Road into 7 separate units and an application to the City of Kelowna to subdivide the land into 3 separate legal lots.
38. The estimated costs to complete the stratification and subdivision are \$910,000 and \$1.1 million, respectively.
39. The Company obtained an appraisal from NAI that estimated the value between \$30 million and \$115 million. In addition, Ryan ULC performed an appraisal for Mark Consiglio and they estimate the value at \$43 million. We believe that both of these appraisals are high given their assumptions and are not achievable in the current Kelowna real estate market.
40. Rob Archibald from Royal LePage provided a fairness opinion estimating the value between \$18 million to \$18.5 million. We believe this appraised value is on the low side and may not reflect the income or comparable properties accurately.
41. The remaining assessments from Colliers and Steve Laursen estimated the value at \$20 million to \$22 million. Both believe that no further investment should be made in the property and Colliers believes that further investment could be detrimental to the value of the building given the awkward layouts of the proposed strata units.
42. Purolator has expressed potential interest in leasing space and the Company has proposed a plan of 30,000 sq. ft. through units 2 through 5. However, this is still very early on in negotiations and Purolator has not confirmed any further information.
43. Having Purolator as a tenant would likely increase the value of the building and would be beneficial for a sale. However, Purolator would likely want the building demised to their preferences so completing the stratification would not be a good use of funds.

b. Recommendations

44. We recommend the following:

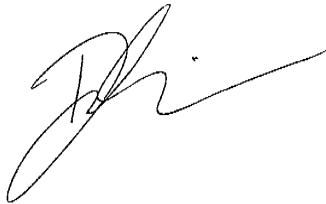
- i. Sell the land and building “as is, where is”;
- ii. Continue to market the space to Purolator in an attempt to secure them as a tenant;
- iii. Consider providing purchasers with potential demising options; and,
- iv. Do not incur the costs to complete the stratification or the subdivision.

All of which is respectfully submitted to this Honourable Court this 28<sup>th</sup> day of November, 2023.

**MNP Ltd.**

in its capacity as Receiver and Manager of 104 Investments Ltd.  
and not in its personal or corporate capacity.

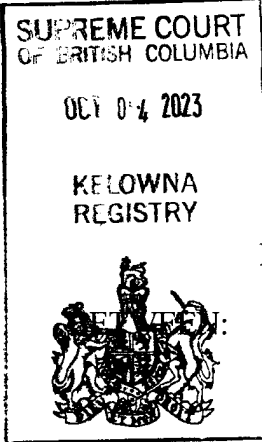
Per:

A handwritten signature in black ink, appearing to be 'D. Chivers', written over a horizontal line.

Douglas Chivers, CA, CPA, CIRP, LIT  
Senior Vice President

**APPENDIX A**

**Receivership Order dated October 3, 2023**



No. H137731  
Kelowna Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**TCC MORTGAGE HOLDINGS INC. and TREZ CAPITAL  
LIMITED PARTNERSHIP**

Petitioners

AND:

104 INVESTMENTS LTD.  
DENNIS ALLAN DRUMMOND  
DAVID WILLIAM BECKINGHAM  
CAPITAL PROPERTIES LTD.  
SUNBELT RENTALS OF CANADA INC.  
JOANNE SUSAN TAYLOR THOMAS  
POSNIKOFF MORTGAGE MANAGEMENT LTD.  
JOHN DOE  
ALL TENANTS OR OCCUPIERS OF THE SUBJECT LANDS AND PREMISES

Respondents

**ORDER MADE AFTER APPLICATION**

BEFORE THE HONOURABLE  
JUSTICE *WILSON*

)  
) 03/OCT/2023  
)  
)

ON THE APPLICATION of TCC Mortgage Holdings Inc. and Trez Capital Limited Partnership for an order pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "LEA") appointing MNP Ltd. as Receiver and Manager (in such capacity, the "Receiver") without security, of all of the assets, undertakings and property of 104 Investments Ltd. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, coming on for hearing this day at Kelowna, British Columbia.

AND ON READING the affidavits #1 of A. Previte, C. Carmichael and C. Skogen and affidavit #2 of C. Carmichael and C. Skogen, the consent of MNP Ltd. to act as the Receiver, and the

*Watt*  
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other materials filed herein; AND ON HEARING Scott H. Stephens, counsel for the Petitioners, John Drayton, counsel for the Respondents, 104 Investments Ltd. and Dennis Allan Drummond, ~~Brian Markus on behalf of David Beckingham and Capital Properties Ltd.~~, and no one else appearing, although duly served.

THIS COURT ORDERS AND DECLARES that:

### APPOINTMENT

1. Pursuant to Section 243(1) of the BIA and Section 39 of the LEA MNP Ltd. is appointed Receiver, without security, of all of the assets, undertakings and property of the Debtor, including all proceeds (the "**Property**").

### RECEIVER'S POWERS

2. The Receiver is empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
  - (a) to take possession of and exercise control over the Property and any and all receipts and disbursements arising out of or from the Property;
  - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, changing locks and security codes, relocation of Property, engaging independent security personnel, taking physical inventories and placing insurance coverage;
  - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
  - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;
  - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
  - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting these amounts, including, without limitation, enforcement of any security held by the Debtor;
  - (g) to settle, extend or compromise any indebtedness owing to the Debtor;

- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
  - (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
  - (j) to initiate, manage and direct all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the Debtor, the Property or the Receiver, including initiating, prosecuting, continuing, defending, settling or compromising the proceedings;
  - (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver considers appropriate;
  - (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
    - (i) without the approval of this Court in respect of a single transaction for consideration up to \$50,000 provided that the aggregate consideration for all such transactions does not exceed \$150,000 and
    - (ii) with the approval of this Court in respect of any transaction in which the individual or aggregate purchase price exceeds the limits set out in subparagraph (i) above,
- and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers, free and clear of any liens or encumbrances;
  - (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver considers appropriate on all matters relating to the Property and the receivership, and to share information, subject to confidentiality terms as the Receiver considers appropriate;
  - (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
  - (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtor;



- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (s) to file an assignment into bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) on behalf of the Debtor at any time, and to act as trustee-in-bankruptcy in respect of such bankruptcy; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

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

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

3. Each of (i) the Debtor; (ii) all of the Debtor's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf; and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (collectively, "**Persons**" and each a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
4. All Persons, other than governmental authorities, shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (collectively, the "**Records**") in that Person's possession or control. Upon request, governmental authorities shall advise the Receiver of the existence of any Records in that Person's possession or control.
5. Upon request, all Persons shall provide to the Receiver or permit the Receiver to make, retain and take away copies of the Records and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities, provided however that nothing in paragraphs 4, 5 or 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to solicitor client privilege or statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all

Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

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

7. No proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

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

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of the Proceeding except for service of the initiating documentation on the Debtor and the Receiver.

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

9. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. This stay and suspension shall not apply in respect of any “eligible financial contract” as defined in the BIA.

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

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour

of or held by the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing out and terminating such contract in accordance with its terms.

### **CONTINUATION OF SERVICES**

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

### **RECEIVER TO HOLD FUNDS**

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable, in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post-Receivership Accounts**") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court. From the Post-Receivership Accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, in reduction of the amount owing under the Petitioners' security.

### **EMPLOYEES**

13. Subject to the employees' right to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtor, including any successor employer liabilities as referred to in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay or in respect of obligations imposed specifically on receivers by applicable legislation, including sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any

employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.

#### **PERSONAL INFORMATION**

14. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “**Sale**”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

15. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination (collectively “**Environmental Legislation**”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation.
16. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.
17. Notwithstanding anything in federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arises or environmental damage that occurred:
  - (a) before the Receiver’s appointment; or,
  - (b) after the Receiver’s appointment, unless it is established that the condition arose or the damage occurred as a result of the Receiver’s gross negligence or wilful misconduct.

18. Notwithstanding anything in federal or provincial law, but subject to paragraph 19 of this Order, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, if the Receiver complies with the BIA section 14.06(4), the Receiver is not personally liable for the failure to comply with the order and is not personally liable for any costs that are or would be incurred by any Person in carrying out the terms of the order.

#### LIMITATION ON THE RECEIVER'S LIABILITY

19. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except:
- (a) any gross negligence or wilful misconduct on its part; or
  - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

#### RECEIVER'S ACCOUNTS

20. The Receiver and its legal counsel, if any, are granted a charge (the "**Receiver's Charge**") on the Property as security for the payment of their fees and disbursements, in each case at their standard rates, in respect of these proceedings, whether incurred before or after the making of this Order. The Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
21. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
22. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### FUNDING OF THE RECEIVERSHIP

23. The Receiver is authorized and empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed ~~\$100,000~~ <sup>\$1,000,000</sup> (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon

the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is charged by way of a fixed and specific charge (the “**Receiver’s Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver’s Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

24. Neither the Receiver’s Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
25. The Receiver is authorized to issue certificates substantially in the form annexed as Schedule “A” hereto (the “**Receiver’s Certificates**”) for any amount borrowed by it pursuant to this Order.
26. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver’s Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver’s Certificates.

#### **ALLOCATION**

27. Any interested party may apply to this Court on notice to any other party likely to be affected for an order allocating the Receiver’s Charge and Receiver’s Borrowings Charge amongst the Property.

#### **SERVICE AND NOTICE OF MATERIALS**

28. The Receiver shall establish and maintain a website in respect of these proceedings at: <https://mnpdebt.ca/en/corporate/corporate-engagements> (the “**Website**”) and shall post there as soon as practicable:
  - (a) all materials prescribed by statute or regulation to be made publicly available, including pursuant to Rule 10-2 of the *Supreme Court Civil Rules*; and,
  - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
29. Any Person who is served with a copy of this Order and that wishes to be served with any future application or other materials in these proceedings must provide to counsel for each of the Receiver and the Petitioners a demand for notice in the form attached as Schedule B (the “**Demand for Notice**”). The Receiver and the Petitioners need only provide further notice in respect of these proceedings to Persons that have delivered a properly completed Demand for Notice. The failure of any Person to provide a properly completed Demand for Notice releases the Receiver and the Petitioners from any

requirement to provide further notice in respect of these proceedings until such Person delivers a properly completed Demand for Notice.

30. The Receiver shall maintain a service list identifying all parties that have delivered a properly completed Demand for Notice (the “**Service List**”). The Receiver shall post and maintain an up-to-date form of the Service List on the Website.
31. Any interested party, including the Receiver, may serve any court materials in these proceedings by facsimile or by emailing a PDF or other electronic copy of such materials to the numbers or addresses, as applicable, set out on the Service List. Any interested party, including the Receiver, may serve any court materials in these proceedings by mail to any party on the Service List that has not provided a facsimile number or email address, and materials delivered by mail shall be deemed received five (5) days after mailing.
32. Notwithstanding paragraph 33 of this Order, service of the Notice of Application and any affidavits filed in support shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c.C-50 and its regulations for the Federal Crown and the *Crown Proceedings Act*, R.S.B.C. 1996 c.89 in respect of the British Columbia Crown.
33. The Receiver and its counsel are authorised to serve or distribute this Order, any other orders and any other materials as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding copies by facsimile or by email to the Debtor’s creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of any legal or juridical obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*.

## GENERAL

34. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days’ notice to the Service List and to any other party who may be affected by the variation or amendment, or upon such other notice, if any, as this Court may order.
35. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
36. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
37. This Court requests the aid, recognition and assistance of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this

Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

38. The Receiver is authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
39. The Petitioners' shall have their costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the Petitioners' security or, if not so provided by the Petitioners' security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.
40. Endorsement of this Order by counsel appearing on this application other than the Petitioners is dispensed with.

THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

APPROVED BY:



Signature of Scott H. Stephens,  
lawyer for the Petitioners

BY THE COURT

DISTRICT REGISTRAR





**SCHEDULE "A"**

**RECEIVER CERTIFICATE**

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

AMOUNT

\$ \_\_\_\_\_

1. THIS IS TO CERTIFY that MNP Ltd, the Receiver and Manager (the "**Receiver**") of all of the assets, undertakings and properties of 104 Investments Ltd. acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia (the "**Court**") dated the \_\_\_\_\_ day of \_\_\_\_\_, 2023 (the "**Order**") made in SCBC Action No. \_\_\_\_\_ has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly] not in advance on the \_\_\_\_\_ day of each month after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of \_\_\_\_\_ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at \_\_\_\_\_.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

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

DATED the [REDACTED] day of [REDACTED], 2023.

MNP Ltd., solely in its capacity as Receiver of  
the Property, and not in its personal capacity

Per:  
Name:  
Title:

**Schedule "B"**

**Demand for Notice**

**TO: TCC Mortgage Holdings Inc. and Trez Capital Limited Partnership**  
c/o Owen Bird Law Corporation  
Attention: Scott H. Stephens  
Email: sstephens@owenbird.com

**AND TO: MNP Ltd.**

Attention: Scott Andersen  
Email: scott.andersen@lawsonlundell.com

**Re: In the matter of the Receivership of 104 Investments Ltd.**

I hereby request that notice of all further proceedings in the above Receivership be sent to me in the following manner:

1. By email, at the following address (or addresses):

\_\_\_\_\_

OR

2. By facsimile, at the following facsimile number (or numbers):

\_\_\_\_\_

OR

3. By mail, at the following address:

\_\_\_\_\_

Name of Creditor: \_\_\_\_\_

Name of Counsel (if any): \_\_\_\_\_

Creditor's Contact Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Creditor's Contact Phone Number: \_\_\_\_\_

Action No. H137731

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IN THE SUPREME COURT OF BRITISH  
COLUMBIA

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BETWEEN:

TCC MORTGAGE HOLDINGS INC. et al Plaintiff

- and -

104 INVESTMENTS  
LTD. et al

Defendants

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**B.C. MODEL RECEIVERSHIP ORDER VERSION**  
**NO. 3, \_\_\_\_\_, 2015**

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**APPENDIX B**

**Letter from City of Kelowna dated September 26, 2023**

September 26, 2023

File No.: ST23-0002

104 Investments Ltd.  
16446-77 Ave  
Surrey, BC  
V4N 0L5

Dear Dennis Drummond:

**Re: Stratification of an industrial building into 7 strata units at 555 Adams Road, Kelowna, BC (Lot 20, Section 2, Township 23, ODYD, Plan 30107)**

All technical input for the above noted application to stratify the previously occupied building has now been received by the City of Kelowna, Development Planning Department.

Please note the following items that must be completed before your application for stratification can be considered for approval:

**Plumbing & Gas Inspection – Permit Required**

- Plumbing Permit required to finish rough-in of washrooms done by previous contractor.
- Open sprinkler permit to be completed

**Building Inspection – Permit Required**

- The Building Department has issued 4 permits to this building, all of which remain active (BP66204, BP69210, BP69546, PP7063640). All permits to be resolved prior to approvals for stratification.

You are requested to call for a re-inspection upon completion of the above work which has been identified.

Should you have questions regarding the permit requirements please contact Doug Levoir, Interim Inspection Supervisor (250-469-8498 or [dlevoir@kelowna.ca](mailto:dlevoir@kelowna.ca)).

**Other Items:**

- An Electrical Contractor Authorization deeming that all work has been completed in accordance with the provisions of the Electrical Safety Regulations and the electrical system in the building is safe and functioning properly. ***Electrical Contractor reports are to include verification in the form of a general comment that the scope of the inspection included an electrical survey for***

***stratification of the building and that the overall electrical systems is operating in a safe and proper manner.***

- Submit roofing report confirming condition and age of roof; repairs or replacement may be required subject to report.
- Splash pads are required under down spouts or 3 foot extension to downspouts facing away from exterior of building. Submit photos of installed splash pads or downspout extensions, or other information on method of conveying stormwater away from the foundation of the building.
- The assigned civic addresses are to be prominently displayed on the front of the building. Submit photos of civic addresses.
- If the units are currently occupied by tenants, submit the Tenant Consultation Form (Attachment A) and supporting documents confirming that you have completed the requirements outlined in Council Policy No. 148.

**\*\*Please Note\*\*** Stratification of the building may affect the active subdivision application for the subject property (S21-0017). Applicant is advised seek guidance from a solicitor with regards to how each of the two approvals may impact the other application.

For submission for stratification approval, to expedite the process, and avoid delays, the documents and requirements listed above should be submitted as one complete package. Reference must be made to your application number. Only complete submissions will be accepted.

Should you have questions regarding the stratification requirements please contact your file manager:

Mark Tanner  
Planner II  
250-469-8589 or mtanner@kelowna.ca

Please note that this letter will expire one year from the date of its issuance and the file will be closed unless arrangements for extension are made with the Development Planning Department prior to expiry.

Yours truly,



Mark Tanner  
Approving Officer

Attachment A: Tenant Consultation Form

cc: Doug Levoir, Interim Inspection Supervisor

Community Planning Department  
1435 Water Street  
Kelowna, BC V1Y 1J4  
TEL 250 469-8626  
FAX 250 862-3314  
kelowna.ca

**ATTACHMENT A**  
 This forms part of application  
 # ST23-0002

Planner Initials MT

City of Kelowna  
 COMMUNITY PLANNING



# Tenant Notification Form (Council Policy No.148)

*This form must be filled out and submitted with your stratification approval package.*

I, \_\_\_\_\_, the applicant for Application No. ST \_\_\_\_\_

at \_\_\_\_\_ have conducted the required tenant notification  
 (address)

in accordance with Council Policy No. 148.

- I have advised all tenants, in writing, that an application for a strata conversion has been made to the City of Kelowna under the provisions of Section 242 of the *Strata Property Act*. **Include a copy of the letter provided to the tenants.**

Proposals for relocating tenants (if applicable):

**Applicant Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

*On the back of this form, list all the units that were notified.*

City of Kelowna  
 1435 Water Street  
 Kelowna, BC V1Y 1J4  
 TEL 250 469-8600  
 FAX 250 862-3330  
 kelowna.ca







**APPENDIX C**

**Subdivision costs dated June 14, 2023**

## CONSTRUCTION COST ESTIMATE SUMMARY

Project Address: 555 Adams Road

Municipal Project Number: S21-0017

Core Concept Project Number: 21017

Date: 2023-06-14

Developer: 104 investments Ltd.

Roadworks.....	<u>\$290,000</u>
Storm Sewers (Onsite Storm Detention Not Included)....	<u>\$543,000</u>
Sanitary Sewers.....	<u>\$30,000</u>
Erosion & Sediment Control.....	<u>\$50,000</u>
Ornamental Street Lighting.....	<u>\$20,000</u>
Street Trees.....	<u>\$40,000</u>
Works by BMID (Water Service Connection).....	<u>\$30,000</u>

Sub Total: \$1,003,000

Contingency: 10% \$101,000

Total Estimated Construction = **\$1,104,000**

**APPENDIX D**

**NAI Commercial Report dated September 27, 2023**

9/27/2023



Suite 200-1740 Gordon Dr.  
Kelowna, BC V1Y 3H2  
+1 250 868 1879  
[www.naiokanagan.ca](http://www.naiokanagan.ca)

**Attn:**

Mr. Dennis Drummond  
President  
Eco Edge Developments Ltd.  
105-1751 Savage Road,  
Richmond, BC V6V 1R1

**RE: Opinion of Value, 555 Adams Rd. Kelowna, BC**

Please find herein and evidence attached as an “opinion of value” of the land, building plus potential future stratafication and subdivision value of the land and building located at 555 Adams Rd., Kelowna BC. (*Subject Property*). Without an AACi Designation (Appraisal Institute of Canada) or claim to such, the following information should not be interpreted or applied as an “*Appraisal*” per se, but merely as an “*Opinion of Value*” without prejudice. This opinion is however based on the most recent current comparable market sales and leasing data, 25+ years experience in Kelowna Commercial Real Estate brokerage and a further background of civil construction, industrial and residential real estate development in Kelowna. All speculative development numbers are high overview estimates and for discussion purposes only.

Further credentials, firm information and background credentials can be found at:  
[www.naicommercialokanagan.ca](http://www.naicommercialokanagan.ca) - NAI Commercial Okanagan Ltd. is a licensed subsidiary of NAI Commercial (Vancouver) and NAI Global, NY NY (NAI = “*North American Investment*”).

It should also be noted that neither NAI Commercial Okanagan Ltd. nor Mike Geddes PREC have any prior history of sales, leasing, agency of any kind or other history associated with the Subject Property. For full disclosure it should be noted however that the primary comparable sale properties noted herein (at 123 Penno Rd. & 3953 Hwy 97N) were once owned and occupied then leased to multiple Tenancy’s by Geddes Construction Ltd. of which Mike Geddes held the position of Real Estate Manager. The sales of these properties noted herein were subsequent resales of the property(s) evidenced herein and did not involve Geddes Construction Ltd. as Vendor.

Please review the enclosed at your convenience, share as required per request and feel free to contact me should you have questions or for further discussion.

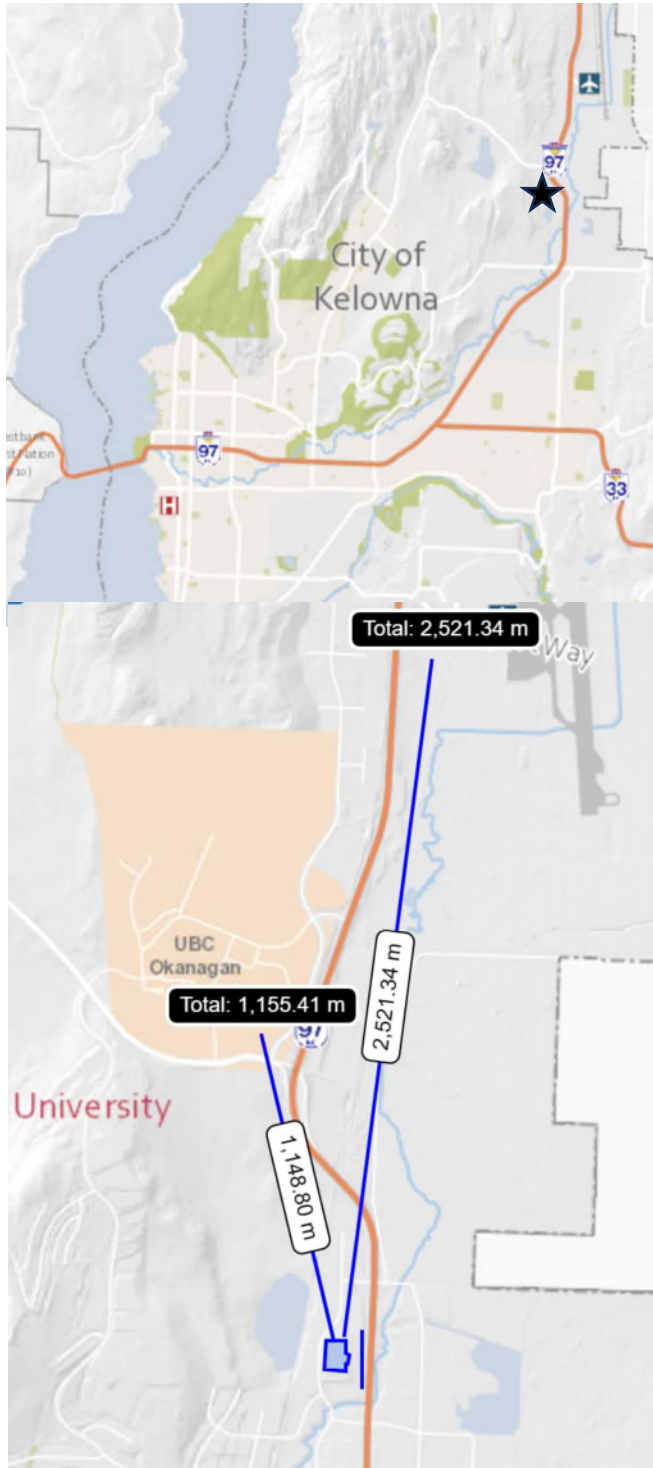
Thank you and best regards,

A handwritten signature in black ink, appearing to read 'Mike Geddes', written over a light blue horizontal line.

**Mike Geddes, B.Comm. PREC.**  
Personal Real Estate Corporation  
Principal  
NAI Commercial Okanagan Ltd.  
[www.NAIokanagan.ca](http://www.NAIokanagan.ca)  
CELL 250-878-6687  
[mike.geddes@naiokanagan.ca](mailto:mike.geddes@naiokanagan.ca)  
1740 Gordon Dr., Suite 200  
Kelowna, BC V1Y 3H2

## Subject Property

The Subject Property, originally built, owned and occupied by the “Reidco” steel fabrication and machine shop at 555 Adams Rd, in the “Reid’s Corner” industrial area of Kelowna, features an existing ~90,000+ square foot steel framed and metal clad industrial warehouse structure, located upon a 7.14 acre site adjacent Highway 97 N.

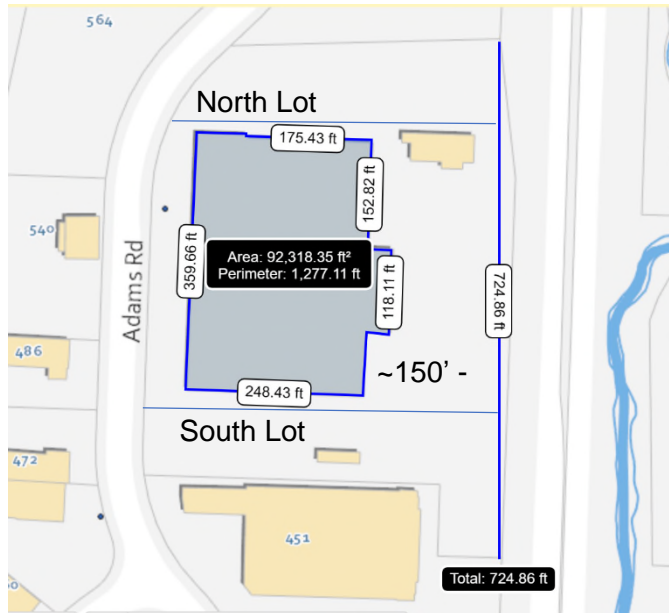


The uniqueness of this property in the current Central Okanagan industrial real estate market cannot be overstated. In an ever increasingly populated valley already 95% consumed with the waters of Okanagan Lake, the remaining ~5% of flat aerable land is competed for by agricultural (ALR), residential and commercial uses. The Subject Property features an “I-2” City of Kelowna bylaws zoning designation which allows for outdoor storage of industrial equipment and / or inventory. This is uncommon amongst all contemporary Kelowna industrial properties or developments on or near Highway 97. Current City planning primarily require no outdoor storage of equipment or inventory for aesthetic requirements along the Hwy 97 corridor through Kelowna (ie Airport Business Park). Although the Subject Property features an address of 555 Adams Rd, the Subject Property actually features ~725 linear feet frontage onto Highway 97 N / Harvey Avenue; traffic count of 25,000+ unique vehicles daily (MOTH). Opposite side of Hwy 97 features Mill Creek linear park and no visual commercial frontage competition to 555 Adams Rd.

UBC Okanagan main campus is located just slightly over 1km directly to the north of the Subject Property and Kelowna International Airport only 2.5km to the north on the opposite side Hwy 97. Adjacent to the south sits “The Space Centre” self storage facility with Dopplemeyer Ski Lifts of Austria owning and occupying the adjacent properties to the north and opposite side of 555 Adams Rd from the Subject Property.

**BC Assessment** currently values the Subject Property at **\$17,321,000** (attached).

The most recently transacted and most directly applicable sales transactions in the Central Okanagan market sit just south of the Subject Property and on opposite side of Hwy 97. 123 Penno Rd and 3953 Hwy 97N are located just north of Old Vernon Rd. at Reid's Corner nearly mirroring the Subject Property. Last Sold in 2021 at a value of \$70psf, this would translate to a Subject Property *land only* value of \$21,771,288. BC Assessment valued existing building and improvements last year at \$9.5M, hence if this property were to go to market for sale "as-is" currently I would recommend an asking price of **\$29,950,000.00**



Multiple phased value-add scenarios exist for the development of the Subject Property, including the subdivision of the ample yard and parking lands on both the North and South sides of the existing building: The North side lot would be approximately 1.35 acres, which at \$80psf over 58,800sf yields \$4,700,000 in land value. With an I-2 zoning permissible Floor Area Ratio of 1.5 times the land area yields 88,200sf of potential future building area. A ~\$250psf current industrial level build cost and \$450psf sale figure, the sale of a stratified North Lot building alone could potentially yield **\$17-18 Million** in industrial strata product.

The South Lot, potentially slightly larger at ~1.54 acres (67,000sf), yielding ~\$5,360,000 of current Land value. Applying the 1.5 FAR, a potential ~100,000sf building could be achieved yielding **~\$20,000,000** in industrial strata product.

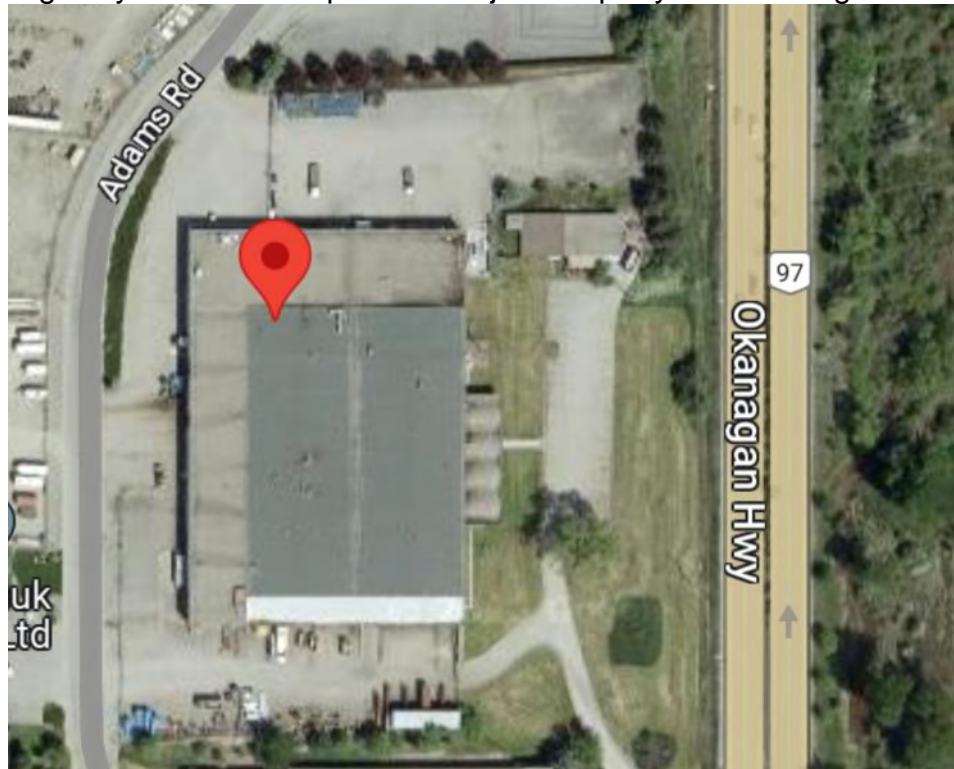
The remaining centre lot at 4.26 acres (185,565sf) has a total allowable FAR of 278,350sf buildable and features surplus land along the Highway corridor between the existing building and the Highway corridor (~150'). With the existing 90,000sf building incorporated, an additional ~190,000sf could be built out along the premium exposure highway frontage area. Again applying \$450psf finished product value and \$250psf build cost yields an estimated value of **\$38,000,000** and **\$40,500,000** for the existing 90,000sf building on site. Adjusting for economies of scale and existing leases, I would recommend an asking price today of **\$450psf** for stratified product at 555 Adams Rd; equating to a **\$40,500,000.00** valuation of the Subject Property as-is (less further stratification cost estimates). Should the Subject Property be Leased as-is at current market rates over the entire ~90,000sf building (incl. bonus outdoor fenced compound areas) using the **\$17psf** Net Rent payable (per market comparables attached pg.4) would generate **\$1,530,000 Net rent per annum** which when applying a **5% CAP** rate to this revenue generates a present value of **\$30,600,000.00**.



In summary, base land value can be estimated at roughly \$25,000,000. However built out in fully allowable I-2 FAR and stratified averaging a \$450psf sale price (with \$250psf build cost) the Subject Property could achieve well over **\$115,000,000.00** in industrial strata product. Given the premium Highway frontage location and proximity to Kelowna International Airport and UBC Okanagan, an absorption of a multi-phased development of five years could be possible.



Highway 97 With unimproved Subject Property in the background



Aerial View of Subject Property



555 Adams Rd west facing (shown here without new exterior cladding)

## **Market Data**

The attached market sales data featuring recent transactions of industrial strata product provides us an average price per square foot sold of \$518psf, over the 90,000sf of 555 Adams Rd yields \$46,620,000. Adjusting for time, inflation and economies of scale a figure of \$450psf is deemed more prudent (building area only).

Attached on following pages 7 & 8 is an example of a newly introduced to market strata warehouse product *For Sale* on Spedding Court in Kelowna. This property sits well off (3 blocks) from Hwy 97 in a dead end cul-de-sac featuring little to no public exposure. This product is currently being marketed by Colliers Kelowna at \$470psf.

### **Following attached supporting documentation:**

MLS reported Comparable Sales and Leases 2021 – 2023  
City of Kelowna Property Report  
BC Assessment Detail  
Spedding Court Strata Warehouse currently on market for Sale

**Page 4**

**Page 5**

**Page 6**

**Page 7**



### Industrial Zone Strata & Land Sales 2021 - 2023

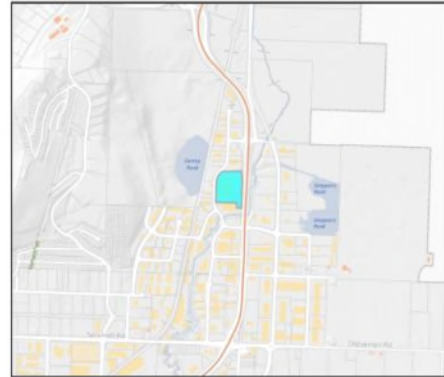
<u>Strata Units</u>	<u>Sale Price</u>	<u>SF</u>	<u>\$/SF</u>	<u>Date</u>	
Grigg Rd, 202-8920	\$ 425,000.00	1,063	\$ 400.00	10/2021	
Hiram Walker Ct, 109-302	\$ 485,000.00	1,287	\$ 377.00	12/2021	
Grigg Rd, 203-8920	\$ 525,000.00	1,063	\$ 494.00	11/2021	
Grigg Rd, 115-8920	\$ 573,000.00	1,214	\$ 472.00	3/2023	
Hiram Walker Ct, 110-302	\$ 620,000.00	1,560	\$ 398.00	1/2022	
Jim Bailey rd, 107-8750	\$ 660,000.00	1,800	\$ 367.00	12/2021	
Acland Rd, 104-2955	\$ 856,800.00	1,440	\$ 595.00	6/2022	*
Jim Bailey Cr, 106-8750	\$ 881,600.00	3,040	\$ 290.00	10/2022	
Hiram Walker Ct, 103-310	\$ 790,000.00	1,950	\$ 405.00	3/2022	
Hiram Walker Ct, 101-102	\$ 2,000,000.00	4,755	\$ 420.00	4/2022	
Westgate Rd, 14-1515	\$ 510,000.00	1,573	\$ 325.00	2/2023	
Apaloosa Rd, 4-3306	\$ 659,000.00	1,600	\$ 412.00	5/2022	*
Neave RD, 105-470	\$ 880,000.00	1,891	\$ 465.00	10/2021	*
Lougheed Rd, 103-210	\$ 1,150,000.00	2,400	\$ 480.00	11/2022	*
Acland Rd, 7-2550	\$ 520,000.00	1,191	\$ 437.00	1/2023	*
Stremel Rd, 12-737	\$ 1,030,000.00	1,910	\$ 540.00	8/2023	*
Adams Ct. 105-716	\$ 1,434,000.00	2,526	\$ 568.00	8/2022	*
Matrix Cr, 105-2030	\$ 1,510,000.00	2,325	\$ 650.00	7/2022	*
<b>* Avg \$/SF STRATA SOLD</b>			<b>\$ 518.38</b>		

### Hwy exp Industrial Land

Byland Rd 1524	\$ 2,000,000.00	25,265	\$ 79.16	11/2021
Industrial Rd 1305	\$ 5,500,000.00	80,717	\$ 68.14	
Hwy 97 3953	\$ 6,170,000.00	87,120	\$ 70.82	2019
Penno 123	\$ 7,500,000.00	126,324	\$ 59.37	2021

### Industrial Strata Lease Rates 2022-2023

109-1645 Dilworth Dr.	3,143	\$ 18.77	4/2023
110-1641 Commerce Ave.	2,878	\$ 22.50	7/2023
101-2631 Entrprise Way	1,606	\$ 23.00	7/2022
108-2955 Acland Rd	1,200	\$ 18.20	9/2022
103-2955 Acland Rd	1,200	\$ 16.97	3/2022
106-2030 Matrix Cr.	3,299	\$ 17.00	12/2021
5-3190 Sexsmith Rd.	2,668	\$ 16.20	11/2021
2-3190 Sexsmith Rd.	2,620	\$ 16.25	1/2022
105-210 Lougheed Rd.	4,625	\$ 18.50	5/2023
3-801 Dalton Rd.	8,494	\$ 17.00	12/2022
102-854 McCurdy Rd.	2,605	\$ 18.00	2/2023
4-1990 Landsdowne (Hwy 97 frontage)	900	\$ 21.00	12/2021
4-1945 Pier Mac Way	5,716	\$ 17.00	11/2021
131-2105 Matrix Cr.	3,353	\$ 19.00	7/2023
130-2105 Matrix Cr.	7,567	\$ 19.00	7/2023
<b>Avg \$/SF Lease Base Rent</b>		<b>\$ 18.56</b>	



Property highlighted in blue

**Property Information**

**Property Address:** 555 Adams Rd **Property Type:** P - Typical Property

**KID:** 167205 **Plan #:** KAP30107 **Lot#:** 20 **Block:**

**Extra Legal Information:**  
PLAN KAP30107 LOT 20 SECTION 2 TOWNSHIP 23

**BC Assessment Information**

**Roll Number:** 3161208 **Jurisdiction:** 217  
**Net Land Value:** \$7,803,000 **PID:** 004-063-031  
**Net Impr. Value:** \$9,518,000 **Lot Size:** 7.14  
**Net Total Value:** \$17,321,000 **Lot Size Unit:** Acres  
**Actual Use:** 273 Storage & Warehousing (Closed)

**Land Use Related Information**

**Zoning Code:** I2 **Inside ALR:** No  
**OCP2040 FutureLandUse:** IND **Water Provider:** BMID  
**Land Use Contract:** No

This information is derived from a variety of sources with varying levels of accuracy. The City of Kelowna does NOT warrant the accuracy, completeness, correctness or currency of this information and no representations are being made by providing this data. Any reliance on this information will be solely at YOUR OWN RISK and not that of the City

# PROPERTY TAX AND ASSESSMENT INFO

## General Property Information

**Civic Address:**

555 ADAMS RD

**Folio:**

03161.208

**LTO Number:**

CA9514385

**PID:**

004-063-031

**MHR Number:**

Active

**Status:**

113220

**Legal:**

PLAN KAP30107 LOT 20 SECTION 2 TOWNSHIP 23

## 2023 Taxable Assessment Details

Value Set	Assessment Class		Gross	Exempt	Net
GENERAL	MULTIPLE	Land	7,803,000	0	7,803,000
GENERAL	MULTIPLE	Improvement	9,528,000	10,000	9,518,000
<b>GENERAL</b>	<b>MULTIPLE</b>	<b>Total</b>	<b>17,331,000</b>	<b>10,000</b>	<b>17,321,000</b>

## 2022 Taxable Assessment Details

Value Set	Assessment Class		Gross	Exempt	Net
GENERAL	MULTIPLE	Land	6,414,000	0	6,414,000
GENERAL	MULTIPLE	Improvement	5,921,000	10,000	5,911,000
<b>GENERAL</b>	<b>MULTIPLE</b>	<b>Total</b>	<b>12,335,000</b>	<b>10,000</b>	<b>12,325,000</b>

## 2022 Property Tax Levy Details





For Sale

**Commercial Strata Units | 17,200 SF**

1, 3 & 5 - 360 Spedding Court, Kelowna, BC



**For Sale**

Units 1, 3 & 5 - 360 Spedding Court, Kelowna, BC

Asking Price; \$8,100,000

**Investment Opportunity**

Three fully tenanted commercial strata units for sale in a prominent location just off Hwy 97 with excellent parking. Large two-story frontage with 14' overhead doors and new rooftop HVAC units in each strata unit. 18 parking stalls and pylon signage available. Service commercial zoning allows for many uses.

Additional information available after executing a Confidentiality Agreement.

Three fully tenanted commercial strata units for sale in a prominent location just off Hwy 97 with excellent parking. Large two-story frontage with 14' overhead doors and new rooftop HVAC units in each strata unit. 18 parking stalls and pylon signage available. Service commercial zoning allows for many uses.

Additional information available after executing a Confidentiality Agreement.

All measurements are approximate and to be verified by the Buyer.



**Unit 1**

5,700 SF

Two new rooftop HVAC units, one for gym area and one for office area. Grade loading. Current lease expiring April 20 2025 with one 5 year renewal option.



**Unit 3**

5,800 SF

New rooftop HVAC unit. Grade loading. Current lease expiring January 31 2028 with one 5 year renewal option.



**Unit 5**

5,700 SF

New rooftop HVAC unit. Grade loading. Current lease expiring August 30 2024 with one 5 year renewal option.

## **APPENDIX E**

**Ryan ULC Report published October 19, 2023**





Formerly BCS Real Estate – Burgess, Cawley Sullivan

## APPRAISAL REPORT

### Current Market Valuation of Adams Road Kelowna Industrial Building

555 Adams Road, Kelowna, BC

## PREPARED FOR

Mark Consiglio

1771 Savage Road  
Richmond, BC  
V6V 1R1

Valuation Date: October 12, 2023

Publication Date: October 19, 2023





October 19, 2023

Our Reference: A2310-7627AA

**Mark Consiglio**  
1771 Savage Road  
Richmond, BC  
V6V 1R1

Attention: Mark Consiglio

**Re: Current Market Valuation As If Stratified with Excess Land**  
555 Adams Road, Kelowna, BC

---

In response to your instructions, we have undertaken a valuation analysis on the above property in order to provide an estimate of current market value of the fee simple interest as at October 12, 2023.

On the basis as set out in the Narrative Report, it is our opinion that the current market value, subject to the assumptions and contingent and limiting conditions contained in the report, is:

**FORTY THREE MILLION TWO HUNDRED THOUSAND DOLLARS**  
**\$43,200,000**

**This appraisal report has been prepared exclusively and solely for Mark Consiglio for asset valuation purposes. Third parties are not able to rely on the report; liability in this respect or for any other use is expressly denied.**

- The subject property is valued under the assumption that it is stratified and demised into seven industrial strata units. The details of the sizes of the units will be detailed within this report. The building will undergo an interior and exterior facelift.
- We have also assumed the subject property has an excess land area of 2.89 acres. This is based on the subdivision plan that has been submitted to the City of Kelowna that will subdivide the subject property into three parcels. The excess land valuation is reached under the assumption that new road dedications (interior access points) will be built and have no effect on the density on the remainder of the site.

The data, conclusions, assumptions and limiting conditions upon which this value is based are contained within the accompanying report which should be read in conjunction with this letter. Our value estimate is free and clear of mortgage financing and other encumbrances unless otherwise indicated.

If you have any questions or comments, please do not hesitate to contact the under-signed.

Respectfully submitted,

Mitch Ellis  
AIC Candidate Member  
Valuation Consultant

**Direct Line: (604) 464-4549**  
**Email: [mitch.ellis@ryan.com](mailto:mitch.ellis@ryan.com)**

Ryan H. Wong  
B.Comm, AACI, P.App  
Director, Valuation

**Direct Line: (604) 331-7316**  
**Email: [ryan.wong@ryan.com](mailto:ryan.wong@ryan.com)**

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### ADDENDUM A: APPRAISAL DEFINITIONS

### ADDENDUM B: TITLE SEARCH

### ADDENDUM C: ZONING BYLAW

# EXECUTIVE SUMMARY

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This summary forms part of a full appraisal report and should be read in conjunction with it.

**CIVIC ADDRESS:** 555 Adams Road, Kelowna, BC.

**TYPE OF PROPERTY:** The subject property is currently improved with a 96,320 sq.ft. industrial building but this appraisal report will be valuing the subject property under the assumption that it is demised into seven units with a total gross leasable area of 108,952 sq.ft. It is also assumed that the subject property has been subdivided into three lots as per the subdivision plan submitted to the City of Kelowna. The two excess subdivided lots will be valued under the Direct Comparison Approach.

**SITE AREA:** 7.14 acres (311,023 sq.ft.).

**ZONING CLASSIFICATION:** General Industrial (I-2).

**REGISTERED OWNER:** 104 Investments Ltd., Inc. No. BC1330964.

**VALUE SUMMARY:**

Direct Comparison Approach Value			
Strata Lot	Size (sq. ft.)	Value Per Sq. Ft.	Total Value
SL1	28,967	\$275	\$7,965,925
SL2	10,328	\$360	\$3,718,080
SL3	9,708	\$360	\$3,494,880
SL4	8,091	\$360	\$2,912,760
SL5	6,880	\$360	\$2,476,800
SL6	12,915	\$360	\$4,649,400
SL7	32,063	\$275	\$8,817,325
<b>Total</b>	<b>108,952</b>	<b>\$312</b>	<b>\$34,035,170</b>
		<b>Excess Land Value</b>	<b>\$10,143,900</b>
		<b>Total Value</b>	<b>\$44,179,070</b>
		<b>Rounded</b>	<b>\$44,200,000</b>
Income Approach Value			
<b>Net Operating Income</b>			<b>\$1,678,220</b>
<b>Capitalization Rate</b>			<b>5.50%</b>
<b>Income Approach Value</b>			<b>\$30,513,096</b>
<b>Total Excess Land Value</b>			<b>\$10,143,900</b>
<b>Total Value</b>			<b>\$40,656,996</b>
		<b>Rounded</b>	<b>\$40,700,000</b>
Value Summary			
<b>Direct Comparison Approach</b>			<b>\$44,200,000</b>
<b>Income Approach</b>			<b>\$40,700,000</b>
<b>Final Reconciliation of Value</b>			<b>\$43,200,000</b>

**FINAL VALUE CONCLUSION:** \$43,200,000.

**EFFECTIVE DATE OF VALUE:** October 12, 2023.

**DATE OF REPORT:** October 19, 2023.

**DATE OF VIEWING:** October 12, 2023.

## CRITICAL ASSUMPTIONS & LIMITING CONDITIONS

---

- We have relied upon the information provided by Mark Consiglio (the commissioner of this report) which includes a demised building plan and a land subdivision plan that has been submitted to the City of Kelowna.
- The subject property is valued under the assumption that it is stratified and demised into seven industrial strata units. The details of the sizes of the units will be detailed within this report. The building will undergo an interior and exterior facelift.
- We have also assumed the subject property has an excess land area of 2.89 acres. This is based on the subdivision plan that has been submitted to the City of Kelowna that will subdivide the subject property into three parcels. The excess land valuation is reached under the assumption that new road dedications (interior access points) will be built and have no effect on the density on the remainder of the site.
- We have assumed in our valuation that the subject property is fully leased, with no deductions applied for lease up costs, tenant inducements or wall demising.
- It is assumed that there are no other existing leases or financial encumbrances affecting the subject property as of the effective date of appraisal unless expressly noted within this report.
- The subject photos were taken on the date of viewing, unless otherwise noted, and are assumed to reflect the condition of the subject property as of the effective date of appraisal.
- The author is not a qualified surveyor and no legal survey concerning the subject property has been provided. Site dimensions, areas, diagrams and photographs, etc., are presented in this report for the limited purpose of illustration and are not to be relied upon in themselves.
- No investigation has been undertaken with the local zoning office, the fire department, the building inspector, the health department or any other government regulatory agency unless such investigations are expressly represented to have been made in this report. The subject property must comply with such government regulations and, if it does not comply, its non-compliance may affect market value. To be certain of compliance, further investigation may be necessary.
- The analysis set out in this report relied upon written and verbal information of market transactions, data and statistics obtained from a variety of sources we considered reliable. A concerted effort was made to verify the accuracy of the information herein contained. Since this appraisal is not intended to be used for court purposes or arbitration, some of the information set out in this report may not have been fully documented or confirmed by reference to primary sources.



**SUBJECT PHOTOS**



**Subject Property**



**Subject Property**

**SUBJECT PHOTOS**



**Subject Property**



**Subject Property**



**SUBJECT PHOTOS**



**View from Highway 97**



**Looking South on Adams Road**

**SUBJECT PHOTOS**



**Proposed Subdivided Lot 1**



**Proposed Subdivided Lot 3**



## **SECTION 1**

# **Property Analysis**

# APPRAISAL ASSIGNMENT

---

## PROPERTY APPRAISED

<b>DESCRIPTION OF SUBJECT PROPERTY</b>	The subject property is currently improved with a 96,320 sq.ft. metal clad warehouse building situated on a large parcel of 7.14 acres (311,023 sq.ft.). The subject enjoys good access and exposure right off Highway 97 and is zoned General Industrial (I-2).
<b>CIVIC ADDRESS</b>	555 Adams Road, Kelowna, BC.
<b>LEGAL DESCRIPTION</b>	Lot 20, Section 2, Township 23, Osoyoos Division, Yale District, Plan 30107. PID: #004-063-031.

## RELEVANT DATES

DATE OF VALUATION: October 12, 2023.

DATE OF REPORT: October 19, 2023.

DATE OF VIEWING: October 12, 2023.

The value estimate within this report assumes an exposure period of 6 to 12 months.

## PURPOSE & INTENDED USE OF REPORT

The purpose of the report is to determine the current market value of the fee simple interest in the subject property as of the valuation date.

The property rights being appraised in this report are those which accrue to the owner of the property described herein. This encompasses the rights normally attached to the freehold (or fee simple) interest in the property, subject to the lease agreements outlined in this report (if applicable). The property has been appraised on a debt-free basis.

The report is intended to be used for asset valuation purposes.

## Intended User of Report

The report has been prepared on the condition that the only intended user of the appraisal is Mark Consiglio. Reliance on this report is limited to Mark Consiglio using the report for a single time, only for purpose of the report, and any other use is strictly unauthorized.

## NATURE OF INTEREST

<b>CURRENT OWNER OF RECORD</b>	104 Investments Ltd. (Incorporation #BC1330964).
--------------------------------	--

## Title Information

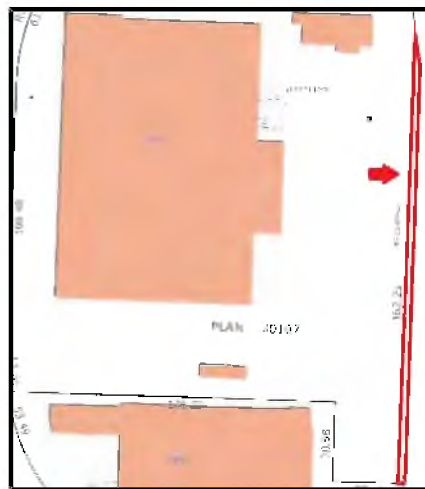
The current title document is registered as CA6769427. A copy of the title document is included in Addendum B.

Nothing in this report is intended as a legal opinion as to the state of the title. This report is prepared on the premise that the property is free and clear of all liens or encumbrances, except as shown on the title search and interpreted herein, and on the assumption that the improvements do not encroach onto adjacent lands.

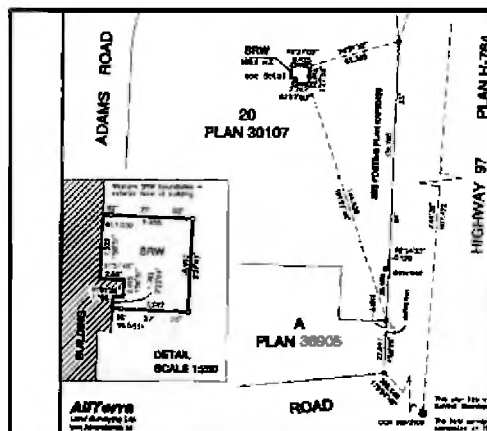


There are several legal notations on title. The charges registered on title that have been searched and reviewed include:

- The subject property is subject to the zoning regulation under the Aeronautics Act of Canada filed December 13, 1977 under No. M74009 & S23537 due to the subject property's proximity to the Kelowna International Airport. This regulation limits the height of buildings in close proximity to the airport. Given the subject property is industrial in nature and the existing I-2 zoning already restricts height to 14.0 metres there is no market evidence to suggest that the legal notation will impact market value.
- Statutory Right-of-Way (KF34094) in favour of the City of Kelowna for the construction and maintenance of a municipal sewer system. This right-of-way does not impact the developable area of the property due to the required 4.5 metre setback from the Provincial Highway and as such would not be anticipated to impact market value.

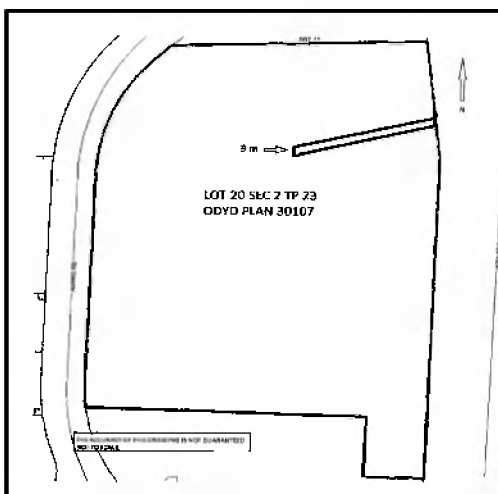


- Statutory Right-of-Way (LB518779) in favour of Fortis BC for the construction and maintenance of an electrical distribution system and all related equipment including communication facilities together with the right to dig up the soil. While the right-of-way area may be paved, grassed or fenced no building or other permanent structure can be constructed without approval. There is no evidence to suggest the right-of-way would impact the market value of the property.



- Statutory Right-of-Way (LB518652) in favour of Fortis BC for the purpose of constructing, operating and maintaining an electrical distribution system and communication lines. As the right-of-way does

not impact the existing building footprint being valued in this report, we have no market evidence to suggest the value of the property would be impacted by this right-of-way.



- Statutory Right-of-Way (LB518780) in favour of Fortis BC for the purpose of constructing and maintain an electrical distribution system. As the right-of-way does not impact the existing building footprint being valued in this report, we have no market evidence to suggest the value of the property would be impacted by this right-of-way. This right-of-way is in the same area as LB518779 shown above.

All other charges, including any pertaining to leases and mortgages, have not been reviewed. For the purposes of this appraisal report, we have assumed that the subject property is free and clear of any encumbrances that would have a material effect upon value, other than the leases in place and the excluded areas noted above. If the reader has questions regarding the impact of these charges against the subject's title, legal advice should be obtained.

### **Sales History**

Based upon our review of available sources and our discussions with the property owner's representative, it is our understanding that the subject property sold in 2018 for a declared value of \$10,000,000. It is our understanding that the transaction was part of a complicated transaction involving another property in Richmond, BC.

### **SCOPE OF THE ASSIGNMENT**

The scope of the appraisal encompasses the necessary research and analysis to prepare an appraisal report in accordance with the intended use, the Ethics and Standard of Professional Practice, and the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) of the Appraisal Institute of Canada (AIC). CUSPAP was adopted on January 1, 2001 (amended effective January 1, 2022) by the AIC and is required to be followed by all members of the AIC for all appraisals.

In regard to the subject property, this involved the following steps:

1. The property was viewed by the appraiser externally on October 12, 2023 and all photographs of the subject property were taken on that date. Together with any pertinent information supplied by the client, the site and property description forms the basis for the property description contained herein.
2. The subject property legal description and ownership profile was confirmed by way of an on-line title search at BC Land Titles Registry.

3. Regional, City, District and Neighbourhood site data, zoning details, property tax, building and development data were based on information supplied by the subject Municipality, Statistics Canada and other relevant sources. Additionally, the Neighbourhood and Location Description section of this report is based upon a physical viewing of the area by the appraiser.
4. Statistical data has also been reviewed from the Land Registry, Canada Mortgage and Housing, the Multiple Listing Service (Paragon) and information available from the British Columbia Assessment Authority.
5. In estimating the highest and best use of the subject property, an analysis was made of the data contained in all the steps noted in the Scope Section of this report.
6. The Income Approach (Direct Capitalization method) as well as the Direct Comparison Approach were used to estimate the value of the subject property.
7. The Cost Approach was not used and reasons for this are discussed in the Methods of Valuation section of the report.
8. In developing the Income Approach and the Direct Comparison Approach, market data was obtained from discussions with owners, managers and agents, municipal officials and others knowledgeable with properties similar to the subject or this sector of the market.
9. The following information has been provided:
  - Demised Building Plan;
  - Subdivision Plans for Subject Lands.
10. Subsequent to the assembly and analysis of the data collected and defined in the Scope of the Appraisal, a final estimate of market value was made, subject to the Assumptions and Limiting Conditions of the Appraisal.
11. This appraisal did NOT include the completion of technical surveys or investigations, such as:
  - detailed viewing of the structure, roof or mechanical systems;
  - viewing of fire safety equipment;
  - a survey of the site;
  - investigations into the load-bearing qualities of the soils;
  - an environmental review of the property;
  - environmental assessment of the land.
12. This appraisal excludes all sub-surface (mineral, oil, etc.) rights, as well as timber rights, if any exist.

## LOCATIONAL DATA

### BRITISH COLUMBIA ECONOMIC OVERVIEW

The data provided below describes the general condition of the BC economy at this time. The statistics used are the latest data available on each segment of the economy as of October 6, 2023.

The second quarter of 2023 indicated a 7.3% increase in non-residential construction investment from one year earlier, driven by increases in commercial and institutional investment. Residential construction investment decreased by 15.8% from the previous year. The second quarter of 2023 also saw year-over-year manufacturing shipments decrease by 8.2%, wholesale sales increase by 36.2% and retail sales decrease by 0.6%. The provincial economy increased by 3.6% in 2022, driven by continuing post-pandemic recovery in the service sector and growth in the construction sector. Economic growth between 0.5% and 1.2% is anticipated for 2023, with current forecasts anticipating economic growth of -0.2% to 0.9% in 2024. Current estimates anticipate a provincial budget deficit of \$6.7 billion in the 2023/2024 fiscal year.

CONSUMER PRICE INDEX	Aug-22 to Aug-23	5-year Avg.
British Columbia	3.8%	3.4%
Canada	4.0%	3.4%
LABOUR FORCE	Sep-23	10-year Avg.
Unemployment Rate (British Columbia)	5.4%	5.8%
Unemployment Rate (Canada)	5.5%	6.7%
OTHER	Oct-06-2023	10-year Avg.
Bank of Canada	5.00%	1.28%
Prime Rate (Royal Bank)	7.20%	3.45%
5-Year Closed (Top 5 Banks)	6.49%	3.64%*
5-Yr Gov't Benchmark Bond Yield (Prev. Day Close)	4.29%	1.57%
US \$ per Cdn. \$	<b>\$0.714</b>	<b>\$0.765</b>

\*Five-Year Average

### PROVINCIAL ECONOMIC TRENDS

#### Population

British Columbia is the westernmost province in Canada, strategically situated on the Pacific Rim, comprising 14% of Canada's total population and 10% of Canada's total land area. It is the third most populous province, with 5,519,013 residents as of July 1, 2023, up 3.0% from July, 2022.

#### Employment

As of October 1, 2023, 2,814,300 persons were employed in British Columbia, 61.9% of the working-age population. 82.8% of employed British Columbians work in the service-producing sector, including trade (15.5%), health care and social assistance (13.2%), professional and technical services (10.4%) and education (8.1%). 17.2% are employed in the goods-producing sector, including construction (7.9%), manufacturing (5.9%), natural resources (2.0%) and agriculture (0.8%). Approximately 21% of jobs in BC were part-time.

#### Migration

In the second quarter of 2023, BC saw net immigration of 53,013 persons, up 14.5% from one year earlier due to significantly increased international immigration outweighing minor net interprovincial emigration. The largest net interprovincial inflow was from Ontario (2,573 persons), while the largest net interprovincial outflow was to Alberta (3,518 persons).

	BC Components of Population Change		
	Inter-Provincial Immigrants	International Immigrants	Total Net Migration
2022 Total	6,515 (4%)	142,231 (96%)	148,746
5-yr Avg.	16,771 (19%)	69,303 (81%)	86,073
YTD 2023	-1,262 (0%)	91,143 (100%)	89,881
5-yr Avg.	10,546 (20%)	42,749 (80%)	53,295



## **Tourism**

In July, 2023, the RevPAR (revenue per available room) of BC hotels was \$235.93, up 8.8% from the same period one year earlier, while the RevPAR of Vancouver hotels was \$307.41, up 16.2% from the same period one year earlier. BC hotel occupancy was 82.2% in July, 2023, up 0.6 percentage points from the same period one year earlier, while Vancouver hotel occupancy was 87.7%, up 1.1 percentage points from the same period one year earlier. Overall in 2022, BC hotels achieved a RevPAR of \$143.89 (up 79.6% from 2021) and an occupancy of 67.6% (up 17.8 percentage points from 2021), while Vancouver hotels achieved a RevPAR of \$174.61 (up 118.0% from 2021) and an occupancy of 73.6% (up 25.6 percentage points from 2021). In 2023, per recent forecasts, BC hotels are expected to achieve a RevPAR of \$156 and an occupancy of 70%, while Vancouver hotels are expected to achieve a RevPAR of \$193 and an occupancy of 78%.<sup>1</sup> During the 2022 cruise season, Vancouver received 307 calls carrying over 810,000 passengers, down 24.4% from 2019. Recent forecasts call for an estimated 331 calls carrying 1,300,000 passengers in 2023.

## **Trade**

The total value of provincial exports to all countries during August, 2023 was approximately \$4.8 billion, down 16.3% from one year earlier. 2022 exports totalled \$64.9 billion, up 20.4% from 2021; the annual average over the past five years has been \$50.1 billion. British Columbia is more diversified than the nation as an exporter, given its West Coast proximity to major importing countries. While Canada sent some 77.0% of its exports to the US in 2022, only 56.7% of BC's exports went to the US. 13.1% of BC's exports in 2022 went to China, BC's second-largest export market. As of mid-2023, Port Metro Vancouver saw total cargos increase by 10.7% from one year earlier, driven by greatly increased grain exports after harvests recovered from a poor year in 2021, along with increased exports in the automotive sector and petroleum sectors.

## **Retail**

Retail sales in BC in July, 2023 totalled approximately \$9.1 billion, up 7.9% from one year earlier. Retail sales totalled \$103.5 billion in 2022, up 5.0% from 2021. Total retail sales have averaged \$92.6 billion over the last five years.

## **Interest Rates**

In July, 2023, the Bank of Canada raised its overnight interest rate by 25 basis points, to 5.00%, in an attempt to slow the continued rise in inflation, after eight consecutive increases between March, 2022 and January, 2023 and another increase in June, 2023. The current prime interest rate is 7.20%. The most competitive posted rate for a five-year fixed mortgage from the top five banks is currently 6.49%.

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<sup>1</sup> Source: CBRE Hotels' Trends in the Hotel Industry National Market/Operations Report with reproduction and use of information subject to CBRE Limited Disclaimer / Terms of Use as detailed at: <https://www.cbre.ca/services/invest-finance-and-value/valuation-and-advisory/hotels#disclaimer>.

Bank of Canada 2022-2023 Interest Rate Announcements		
Announcement Date	Target Overnight Rate	Change
October 26, 2022	3.75%	+0.50%
December 7, 2022	4.25%	+0.50%
January 25, 2023	4.50%	+0.25%
March 8, 2023	4.50%	-
April 12, 2023	4.50%	-
June 7, 2023	4.75%	+0.25%
July 12, 2023	5.00%	+0.25%
September 6, 2023	5.00%	-

Source: Bank of Canada

## Housing Starts

In the second quarter of 2023, Vancouver CMA housing starts were above the same quarter one year earlier and above the five-year average, while provincial housing starts were above the same quarter one year earlier and above the five-year average. Overall in 2022, Vancouver CMA housing starts decreased by 0.1%

from the previous year, while provincial housing starts decreased by 0.6% from the previous year. Recent forecasts call for an estimated 37,000 housing starts in BC in 2023.

	Housing Starts		
	2022 Total	2023 Q2	2023 YTD Total
Vancouver CMA	25,983	10,340	17,458
5-yr Avg.	25,183	8,210	13,990
British Columbia	43,106	13,685	24,216
5-yr Avg.	40,601	12,047	21,128

## Major Projects

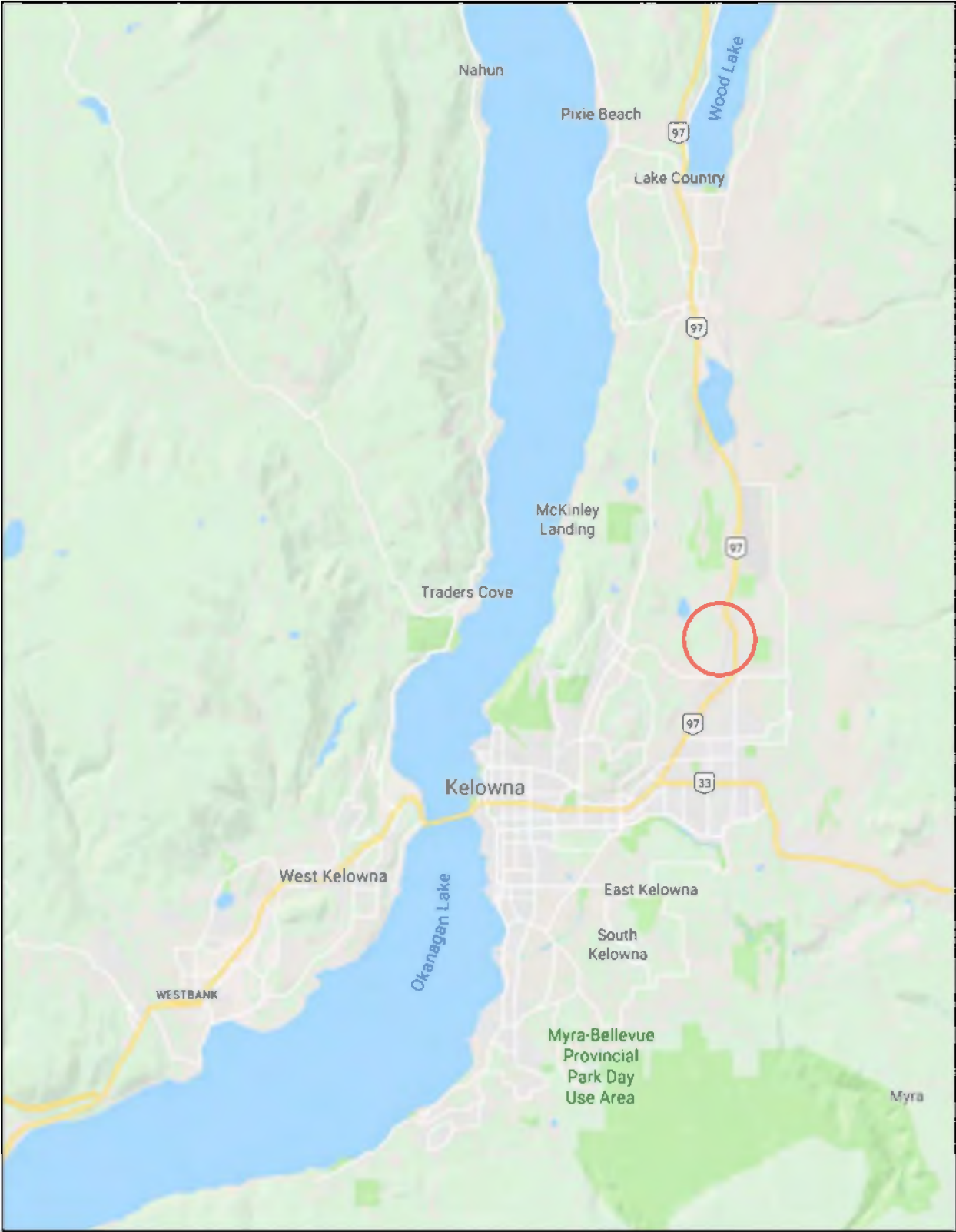
As of the first quarter of 2023, the estimated capital cost of all major projects valued at over \$15 million currently under construction in BC is \$156.9 billion; the larger projects (those with an estimated capital cost over \$2 billion) are listed below.

Municipality	Projects Currently Under Construction (>\$2 billion)	Est. Cost (\$ mill)
Kitimat	LNG Canada Facility	\$36,000
Valemount to Burnaby	Trans Mountain Pipeline Expansion	\$21,400
Fort St. John	Site C Project	\$16,000
Burnaby	Lougheed Town Centre Redevelopment	\$7,000
Dawson Creek	Coastal GasLink Pipeline Project	\$6,200
Vancouver	River District (formerly East Fraserlands) Development	\$4,000
Vancouver	Senakw Housing Project	\$3,000
Vancouver	Broadway Subway Project	\$2,827
Vancouver	St. Paul's Hospital Replacement	\$2,174
Kelowna	Wilden Development	\$2,100
All Other	366 projects	\$56,182
<b>Total</b>	<b>All 376 projects currently under construction</b>	<b>\$156,883</b>

Included in this figure are the 21 major projects that commenced construction during the first quarter at an estimated value of \$2.3 billion. The total capital cost of proposed projects that have not yet been approved for construction is estimated at \$173.8 billion. There are approximately \$32.8 billion worth of projects judged to be "on hold" for the time being. The capital cost of 27 new projects proposed in the first quarter of 2023 was approximately \$1.4 billion. The larger projects are listed below.

Municipality	New Proposed Projects Jan-Mar 2023 (>\$60 million)	Est. Cost (\$ mill)
Colwood	Royal BC Museum Collections and Research Facility	\$270
Colwood	Westshore Long-Term Care Facility	\$224
Coquitlam	Gardena Highrise Condominium	\$80
Kamloops	Pineview Valley Elementary School	\$65
North Vancouver	Cloverley Elementary School	\$64
All Other	22 projects	\$653
<b>Total</b>	<b>All 27 new proposed projects in BC Jan-Mar 2023</b>	<b>\$1,356</b>

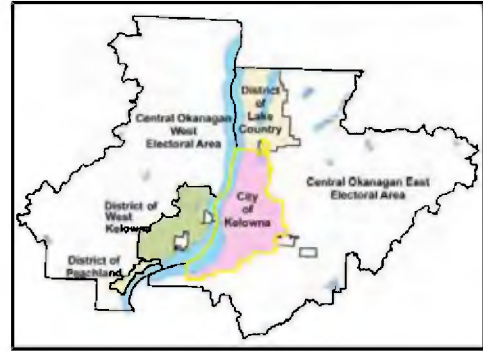
Sources: Statistics Canada, BC Stats, Bank of Canada, Royal Bank of Canada, CMHC, Industry Canada.



## REGIONAL/CITY PROFILE

### Regional District of Central Okanagan

The Regional District of Central Okanagan (RDCO) is in the interior of British Columbia, on either shore of Okanagan Lake. It is bordered to the north and east by the Regional District of North Okanagan, to the south by the Kootenay Boundary and Okanagan-Similkameen Regional Districts and to the west by the Thompson-Nicola Regional District. The RDCO encompasses 2,902 square kilometres and has a population of 229,401 persons (BC Stats, 2021).



The major highways in the regional district are Highway 97, which runs along the west shore of Okanagan Lake through Peachland and West Kelowna before crossing the lake at the William R. Bennett Bridge and continuing through downtown Kelowna; the highway then turns north towards Vernon. Highway 97C branches from Highway 97 north of Peachland and runs west, connecting the district to Merritt via Highway 5A. To the east, Highway 33 branches from Highway 97 and runs south, eventually connecting to Highway 3. Kelowna International Airport offers air service to a variety of destinations, including Vancouver, Victoria, Calgary, Edmonton and Seattle.

### City of Kelowna

The City of Kelowna is located on the east coast of Okanagan Lake, approximately 400 kilometres from Vancouver and approximately 600 kilometres from Calgary. The city has an area of 21 square kilometres and is home to 149,687 persons (BC Stats, 2021). The area is a popular retirement and resort destination; however, recent years have seen increasing immigration from Vancouver, driven by the relative affordability of residential real estate.

The main transportation routes through the city are Highway 97, which enters the city across the William R. Bennett Bridge and runs through the town centre before turning north towards Vernon. Highway 33 branches from Highway 97 and runs east and south out of the city. The city is serviced by Kelowna International Airport, located off Highway 97 in the northeastern part of the city.

Historically, most residential development has comprised single-family detached housing. However, recent years have seen a trend of increased multi-family development. Multi-family development in Kelowna is largely concentrated on the outskirts of the main commercial neighbourhoods in the city and largely comprises low-rise apartments or townhouses/rowhouses. In the Official Community Plan, 73% of new housing units over the next 20 years are anticipated to be built in the city's five urban centres (Downtown, Padosy, Capri-Landmark, Midtown and Rutland), comprising high-density mixed use and residential, with the highest densities in Downtown and Capri-Landmark (south of Highway 97 and west of Spall Road/Glenmore Road), including a new 'vertical' UBC Okanagan campus development proposed in Downtown Kelowna, which will comprise a 43-storey academic and student housing tower and two market residential towers, and the Water Street by the Park development, comprising three towers of up to 42 storeys and 650 residential units, that is currently under construction. Lower density residential and mixed use development is slated for the core area around the urban centres. Additional medium density residential and commercial development will be encouraged on the UBC Okanagan campus and in the nearby University South Village Centre.

Kelowna's largest shopping centre is Orchard Park Shopping Centre, located on Highway 97 and anchored by Hudson's Bay, Best Buy and SportChek. Across the street to the west is Orchard Plaza Shopping Centre, an open-



air shopping centre anchored by Cineplex and Save-On-Foods. Capri Centre Mall, at Highway 97 and Gordon Drive, is currently proposed to be redeveloped in phases as a mixed use neighbourhood comprising retail, office and residential space (high-rise, mid-rise and townhouses) with an expected build-out period of 20 to 25 years. Automotive-oriented and big box retail uses line Highway 97, with car dealerships and automotive repair shops located on Enterprise Way and around McCurdy Place. Office uses are concentrated in the Downtown and Landmark neighbourhoods west of Spall Road. There are several hotels and marinas on Okanagan Lake.

Heavy industrial uses are concentrated north of Downtown, particularly the SunRype head office. Light industrial and automotive service uses are located along Enterprise Way north of Orchard Park Shopping Centre, around Spall Road to the west of Orchard Park Shopping Centre, in the Reid's Corner neighbourhood around Sexsmith/Old Vernon Road, and along Highway 97 near the airport. The Official Community Plan calls for development of employment lands, including protection of existing industrial lands, in the Core Area along Highway 97 and in the Gateway around the airport and the UBC Okanagan campus.

Kelowna, the main marketing and distribution centre of the Okanagan Valley, has a well-diversified economy. Major drivers include the agricultural sector, with the most important crops being tree fruits, forage and grapes; manufacturing, particularly boats and fibreglass products; forestry; and tourism, driven by proximity to a wide variety of leisure activities, including farm/wine tours, skiing at the Big Mountain resort, fishing and boating on the lake, and golf at one of the eight courses in or close to the city. UBC Okanagan is a major economic engine, as is Kelowna General Hospital, the main medical centre in the Interior. The city is also home to a growing high-technology industry, including aerospace development, video game development and information technology services.

Population Stats					Industry & Income Stats				
<b>Population by Neighbourhood</b>									
		Ann. Growth			Kelowna	% of City	RDCO	% of RDCO	
Neighbourhood	Population	(10 Years)	Area (ha)	Pop./ha					
City of Kelowna (2021 Census)	144,576	2.3%	21,185	6.8	Agriculture, Resource & Utilities	2,505	3.1%	4,310	3.6%
RDCO (2021 Census)	222,162	2.4%	290,245	0.8	Construction	8,430	10.5%	13,695	11.5%
% of RDCO	65.1%		7.3%		Manufacturing	3,675	4.6%	5,895	4.9%
<b>Population by Age Group</b>									
Age Group	Kelowna	% of City Pop.	RDCO	% of RDCO	Wholesale Trade	2,105	2.6%	3,345	2.8%
0 to 9	12,430	8.6%	19,505	8.8%	Retail Trade	10,050	12.6%	15,125	12.7%
10 to 19	14,520	10.0%	22,190	10.0%	Transportation & Warehousing	3,015	3.8%	4,710	3.9%
20 to 29	20,945	14.5%	28,040	12.6%	Information & Cultural Industries	1,595	2.0%	2,205	1.8%
30 to 39	20,030	13.9%	29,480	13.3%	Finance & Real Estate	4,530	5.7%	6,630	5.5%
40 to 49	17,195	11.9%	26,045	11.7%	Professional & Scientific Services	6,635	8.3%	9,570	8.0%
50 to 59	18,540	12.8%	29,745	13.4%	Business Management	140	0.2%	205	0.2%
60 and over	40,930	28.3%	67,160	30.2%	Admin Services & Remediation	3,650	4.6%	5,495	4.6%
(2021 Census)	144,590		222,165		Health Care & Education	17,820	22.3%	25,020	20.9%
					Tourism & Food	8,395	10.5%	11,700	9.8%
					Other Services	3,525	4.4%	5,425	4.5%
					Public Administration	2,515	3.1%	4,175	3.5%
					Not Applicable	1,365	1.7%	2,005	1.7%
					<b>Total Labour</b> (2021 Census)	<b>79,950</b>		<b>119,510</b>	
					<b>2020 Median Household Income</b> (2021 Census)	<b>\$82,000</b>		<b>\$85,000</b>	
<b>Real Estate &amp; Development Stats</b>					<b>Major Project Inventory Q2 2022 (\$ millions)</b>				
<b>Census and CMHC Stats</b>									
	Kelowna	%	RDCO			Kelowna	%	BC	
Population Estimate (2021)	149,687	65.3%	229,401		Proposed	\$534	0.2%	\$219,856	
Household Units (2021 Census)	62,210	65.9%	94,335		On Hold	\$105	0.3%	\$30,970	
CMHC Housing Starts (2021)	2,602	79.7%	3,266*		Construction Started	\$5,046	3.7%	\$136,049	
CMHC Rental Inventory (2021)	5,941	90.0%	7,715*		Completed	\$0	0.0%	\$1,086	
CMHC Rental Vacancy (2021)	0.5%		0.6%*		<b>Broker Stats</b>				
<b>2021 Building Permit Stats (\$000s)</b>						Kelowna	%	RDCO	
	Residential	Commercial	Industrial		Office Space (sq.ft.)—Q4 2019	4,012,792	100.0%	4,012,792**	
Kelowna	\$923,471	\$185,839	\$33,174		Industrial Space (sq.ft.)—Q4 2020	10,004,246	72.9%	13,732,299	
RDCO	\$1,245,935	\$219,798	\$44,386		Retail Inventory (sq.ft.)—Q4 2018 (Colliers International)	6,208,067	100.0%	6,208,067**	
% of RDCO	74.1%	84.5%	74.7%						

Sources: Stats Canada, BC Stats, City of Kelowna, Colliers International, CMHC

\*Rental units & housing starts comprise Kelowna CMA

\*\*RDCO figure reflects Kelowna figure

## AREA MAP



### NEIGHBOURHOOD PROFILE

The subject property is situated just north of the Rutland neighbourhood of Kelowna in a predominantly industrial area of Kelowna, on Adams Road just north of the intersection of Edwards Road and Highway 97. This established industrial neighbourhood has good access and exposure to Highway 97 (Okanagan Highway) and is conveniently located between Downtown Kelowna to the southwest and the Kelowna International Airport to the northeast. The University of UBC Okanagan is located approximately 1.5 km north of the subject property.

#### Property Uses in the Surrounding Area:

NORTH	Industrial;
SOUTH	Industrial;
EAST	Highway 97, Industrial;
WEST	Industrial.

#### Recent Development Activity:

The subject property is located in an established industrial neighbourhood of Kelowna, as such there has not been any significant new development in the immediate area.

### Transportation and Access:

<b>ROAD NETWORK</b>	The subject has good road access with Highway 97 (Okanagan Highway) running along the east side of the property and accessible via Edwards Road to the south and Carney Road to the north. Highway 97 provides access to the rest of the region and Highway 1 via Highway 91A to the north or Highway 91C to the west.
<b>PUBLIC TRANSIT</b>	The subject property is located in an industrial neighbourhood and as such there are limited public transit options. However, there are three bus routes that serve the general area. The No. 6 Glenmore/UBCO, the No. 10 North Rutland/Downtown and the No. 97 Okanagan all have stops within walking distance of the subject property.

### Summary:

Overall, the subject property is well situated in an established industrial neighbourhood with good access to major transportation networks.

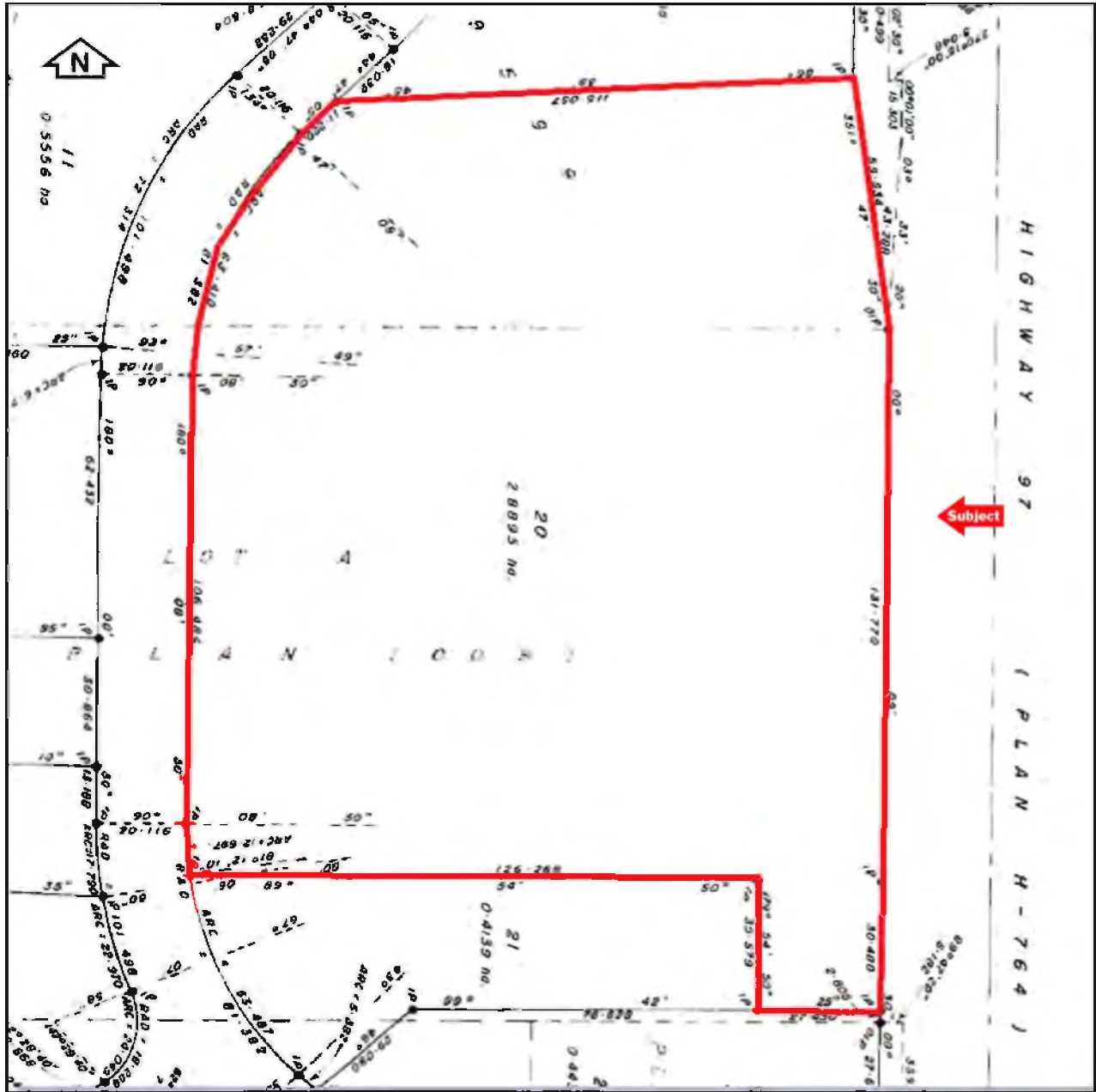
# PROPERTY DATA

## SITE

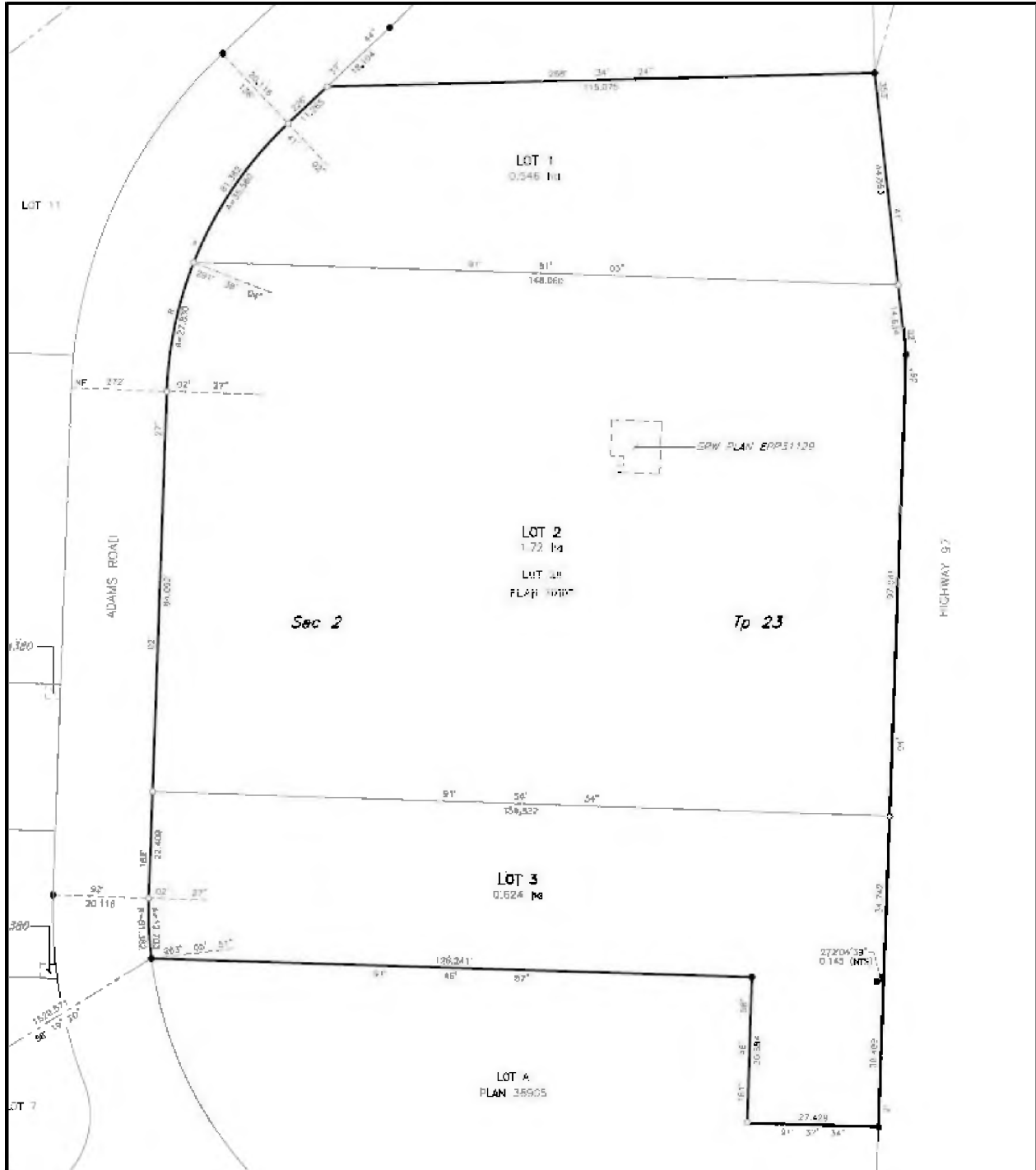
<b>SITE AREA</b>	7.14 acres (311,023 sq.ft.).	
<b>SITE DIMENSIONS</b>	North Boundary:	377 feet.
	East Boundary:	728 feet.
	South Boundary:	504 feet.
	West Boundary:	636 feet.
<b>CONFIGURATION</b>	Irregular.	
<b>UTILITIES</b>	All usual municipal services, including potable water, storm and sanitary sewer, hydro, natural gas, telephone, cablevision, and ambulance, police and fire protection are available on the subject site.	
<b>TOPOGRAPHY</b>	Slopes gently from to the highway to the east and to Adams Road to the west as per image below.	
<b>SOIL CONDITIONS</b>	We are not environmental consultants or geotechnical engineers and have not been provided with any soil surveys or other environmental studies on the subject property. As such, we do not know if the subject property is free of soil contamination and environmental problems. For the purpose of this report, it is assumed that the property does not suffer from any environmental or geotechnical problems. The reader is cautioned that if such a problem were to exist, it could have an impact on value.	
<b>PAVING</b>	Paved.	
<b>SURFACE PARKING</b>	Ample surface parking available.	



CURRENT SITE PLAN



**SUBDIVIDED SITE PLAN (ASSUMED TO BE SUBDIVIDED)**



Under the proposed subdivision plan, Lot 2 would comprise of the existing building which will be demised and renovated whereas Lot 1 (1.35 acres) and Lot 3 (1.54 acres) would be considered excess land for a total of 2.89 acres that will be valued separately under the Direct Comparison Approach.

## AERIAL PHOTO OF SUBJECT SITE AND IMPROVEMENTS



### IMPROVEMENTS

The subject property is improved with a 96,230 sq.ft. metal clad industrial warehouse building originally constructed in 1967. This appraisal report will value the subject property under the assumption that the subject building is stratified and demised into seven industrial strata units with a total gross leasable area of 108,952 sq.ft. The subject property will also undergo an interior and exterior facelift. The unit sizes are shown below.

Strata Lot	Size (sq. ft.)
SL1	28,967
SL2	10,328
SL3	9,708
SL4	8,091
SL5	6,880
SL6	12,915
SL7	32,063
<b>Total</b>	<b>108,952</b>

### ASSESSMENTS & TAXES

The 2023 assessed value is the Assessor's opinion of value for assessment purposes and is not necessarily reflective of market value. The assessment is based upon the value as at July 1, 2022. The value is based upon the physical condition of the subject property as of October 31, 2022.

Roll # 19-217-03161.208.

Land:	\$	7,803,000
Improvements:		9,528,000
Total:	\$	<u>17,331,000</u>

The gross taxes for 2023 are unavailable.

## ZONING AND LAND USE CONSIDERATIONS

<b>INTRODUCTION</b>	The subject property is zoned General Industrial (I-2). The intent of this zoning is to provide general industrial uses. Further details of this zoning including the permitted uses are available in the City of Kelowna Official Bylaws and attached as Addendum C.
<b>ZONING CLASSIFICATION</b>	General Industrial (I-2).
<b>MAXIMUM DENSITY</b>	1.5 FSR.
<b>ACTUAL BUILT DENSITY</b>	0.29 FSR (estimated).
<b>MAXIMUM HEIGHT:</b>	14 m (46 ft.).
<b>PERMITTED USES:</b>	The following uses are permitted under this zoning: analytical testing, animal clinics, auctioneering establishments, automotive and equipment repair shops, automotive and minor recreation vehicle sales and rentals, breweries and distilleries, bulk fuel depots, cannabis production facilities, commercial storage, contractor services, convenience vehicle rentals, custom indoor manufacturing, emergency and protective services, equipment rentals, fleet services, food primary establishment, gas bars, general industrial uses, household repair services, liquor primary establishment, outdoor storage, participant recreation services – indoor, private clubs, rapid drive-through vehicle services, recycling depots, recycled materials drop-off centres, service stations, temporary shelter services, truck and mobile home sales/rentals, utility services, vehicle and equipment services and warehouse sales. Secondary uses include urban agriculture, childcare centre, residential security/operator unit and retail cannabis sales establishment.
<b>OCP OR FUTURE REZONING</b>	The City of Kelowna’s Official Community Plan designates the subject property and the surrounding area as Industrial, which is consistent with the existing zoning.
<b>SUMMARY</b>	In summary, the proposed uses within the subject building are allowable under the existing land use regulations. It is noted that the subject density and site coverage are well below the allowable maximum density and site coverage under the existing zoning. While differences in site coverage will be qualitatively discussed in the analysis of comparable sales, we note that all industrial and retail comparables utilized are underdeveloped based on the allowable density.

# HIGHEST & BEST USE

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## **DEFINITION**

Real Estate is valued in terms of its optimum or “highest and best use”. Highest and best use is defined as:

“The reasonably probable use of a property that is physically possible, legally permissible, financially feasible and maximally productive, and that results in the highest value”.

## **CRITERIA**

The four criteria the Highest and Best Use must meet are:

### **Legal Permissibility**

- This considers public restrictions, including zoning guidelines, utility right-of-way, etc., and private restrictions such as easements.
- The subject property is zoned for industrial uses and the City of Kelowna’s OCP is consistent with the existing zoning. The existing building structure and use is a legal and conforming use. The proposed use for industrial strata is also permitted under the current zoning bylaw. The Statutory Right-of-Ways (SRWs) on the property do not seem to impact the proposed use and the assumed subdivision plans for the subject site.

### **Physically Possible**

- This considers site area, configuration, topography, availability of utilities, street improvements and accessibility.
- The subject property currently comprises one legal parcel measuring 7.14 acres and is currently improved with a 96,230 sq.ft. industrial building. The property offers good exposure on Highway 97 with a mostly level topography (slightly sloped towards Highway 97) and has an efficient, mostly rectangular shape.
- The subject property is well located in a desirable industrial area with good access to Highway 97. There is a mix of single and multi-tenant industrial buildings in the subject’s area. The current and proposed subject improvements conform to the surrounding neighbourhood. The overall area is fully serviced including all municipal services.
- The subject lot is proposed to be subdivided according to the subdivision plan that has been submitted to the City of Kelowna and this report assumes that this subdivision is approved by the City of Kelowna.

### **Financially Feasible**

- This considers marketability in terms of supply/demand characteristics, profitability as it relates to return on cost, market rent levels, etc., and the availability and cost of capital.
- The general industrial market, of which the subject property is part, has experienced significant growth in the Kelowna area in recent years. However, Q1 2022 saw the Bank of Canada begin to raise its overnight rate to help combat inflation. This led to a flurry of increases over the next 1.5 years where the overnight rate increased by 450 basis points. This has had a drastic impact on the real estate market



as transactions have decreased significantly due to a less favourable lending environment. According to Colliers Q2 2023 Industrial Market Report, industrial building sales were down 78% year-over-year which is similar to most municipalities across Canada. That being said, 2022 was a particularly strong calendar year for industrial market activity (shown below). Industrial land sales, however, were only down 4% year-over-year. The leasing market remained strong and stable over the first half of 2022 with average asking rents at the \$16.91 per sq.ft. Vacancy rates have increased from ~1% in 2022 to the current level of ~3%. There is approximately 310,000 sq.ft. on the open market with 17% of this space available for sublease. There is approximately 690,000 sq.ft. of industrial product currently under construction with the vast majority being industrial strata product. The Kelowna industrial market outlook remains to be strong but is just experiencing a market slowdown similar to other major municipalities across Canada amidst a challenging market.



Colliers Q2 2023 Industrial Market Report.

### Maximum Profitability

- This considers use that produces the highest residual land value consistent with the rate of return warranted by the market for that use.
- The subject property is zoned and constructed for its current use as an industrial building. The proposed renovation of the subject improvements to be stratified is permitted and this market segment has been traditionally strong and demanded within the Kelowna market. The subject unit sizes are larger than more typical small bay industrial strata projects within the area but with low vacancy, it is expected that the subject property will be in demand but a longer absorption period (exposure period within this report) of 6-12 months is expected.
- The economic value of the existing use and proposed use is greater than the land value.

## **CONCLUSION**

Having regard to the discussion above, the current use of the subject land as developed with the existing use is a legal and conforming use, according to the applicable I-2 zoning guidelines. Given the subject's location and surrounding developments, we are of the opinion that the current use as a stratified industrial building will deliver the greatest net return to the property. No alternative, legal use could economically justify the removal of the existing improvements at this time.

## **HIGHEST AND BEST USE AS IF VACANT**

If the subject property was vacant and unimproved, and was able to be developed in today's market, it is our opinion that its highest and best use would be an industrial development built to its maximum permissible FSR under the current zoning guidelines. The proposed renovation/demising and subdivision plan within this appraisal report is assumed to have been approved by the City of Kelowna.



**SECTION 2**  
**Valuation**



# VALUATION PROCESS

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## METHODS OF VALUATION

Generally, appraisers rely upon three basic approaches to estimate value: the Direct Comparison Approach, the Cost Approach, and the Income Approach. The decision to apply any one or all of these approaches is determined by the type of property being appraised.

### Direct Comparison Approach:

- This approach is based upon comparison of the subject property with other properties of similar characteristics that have recently sold, and best applies in the valuation of property types that frequently trade in the open marketplace. The Direct Comparison Approach is used to estimate the value of both vacant land and improved properties. Comparable sales are gathered and analysed, to which logical adjustments are made for dissimilar characteristics.

### Cost Approach:

- This approach is based on the cost of constructing improvements identical to the subject property, allowing deduction for accrued depreciation. To this residual, the estimated land value is added, and the resulting sum indicates the value of the whole property. This approach to value best applies when buildings are new or proposed, and where accrued depreciation is not a significant factor.

### Income Approach:

#### Direct Capitalization Method:

- This approach is based on the assumption that there is a definitive relationship between the income producing ability of a property and its value. The anticipated annual net income before debt service is analysed and quantified, and a capitalization rate is then selected and applied to arrive at an estimate of the market value of the property. The process of converting net income into value is known as Capitalization, which in its basic form is the process of dividing the net income by a capitalization rate. The appropriateness of this rate is critical, and there are a number of techniques by which it may be developed. The appraiser closely observes the actions of buyers and sellers to determine market trends.

The final step in the appraisal process is to reconcile the one or more value indications. In this reconciliation to provide one final estimate of market value, the purpose of the appraisal, the type of property, and the adequacy and reliability of the data studies, all influence the weight attributed to each of the approaches.

## APPROACH TO ESTIMATING VALUE

The subject property is assumed to be stratified and demised into seven industrial strata units. The industrial strata market is generally dominated by owner users who are looking to purchase and build equity in real estate instead of paying increasing rental rates. This type of purchaser will generally not be concerned with the income-producing ability of a real estate asset and instead only rely on the value per sq.ft. or total value of the property.

## **Direct Comparison Approach**

Although these typical purchasers are not motivated by the income-producing abilities of the real estate asset, it is still an important approach in determining the overall value of a commercial real estate asset. The subject property is currently vacant and it is assumed to be demised into seven industrial strata units. For this reason, we will assume the subject property to be fully leased at market rents and this rental income will be capitalized with a market capitalization rate. This methodology in determining value is the **Income Approach** which will be included within this report.

The **Cost Approach** requires a number of subjective judgements regarding cost, calculation of depreciation and functional obsolescence to determine replacement cost value of improvements which is added to land cost on the basis of comparative analysis. Conversations with purchasers and vendors do not provide substantial evidence that purchase decisions for properties such as the subject are being based upon this method. A value estimate by the **Cost Approach** has not been requested by our client.

We have also assumed that the subject property is subdivided into three lots wherein Lot 2 will comprise the current but renovated premises whereas Lot 1 and Lot 3 will be vacant industrial land. These lands will be valued under the **Direct Comparison Approach** where comparable industrial land transactions will be analysed.

# DIRECT COMPARISON APPROACH – STRATA VALUES

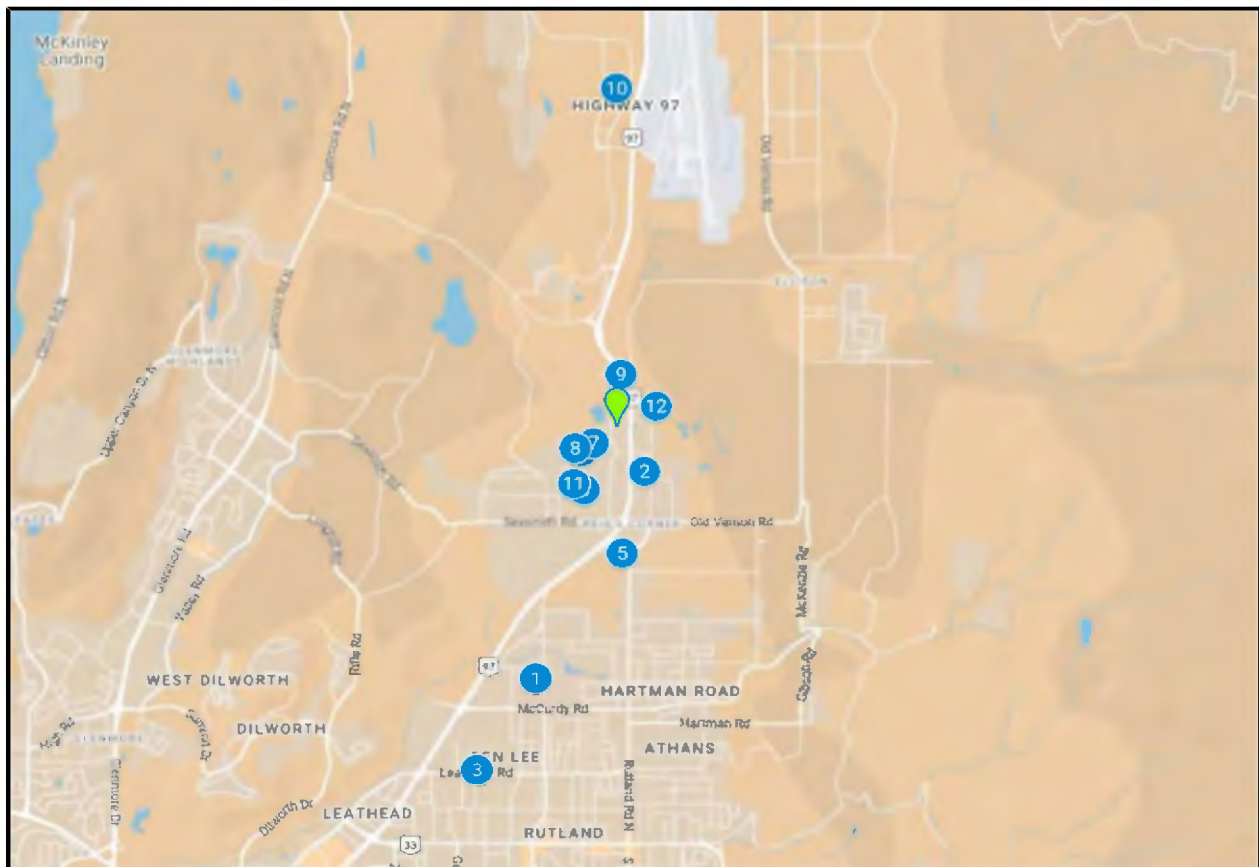
## INTRODUCTION

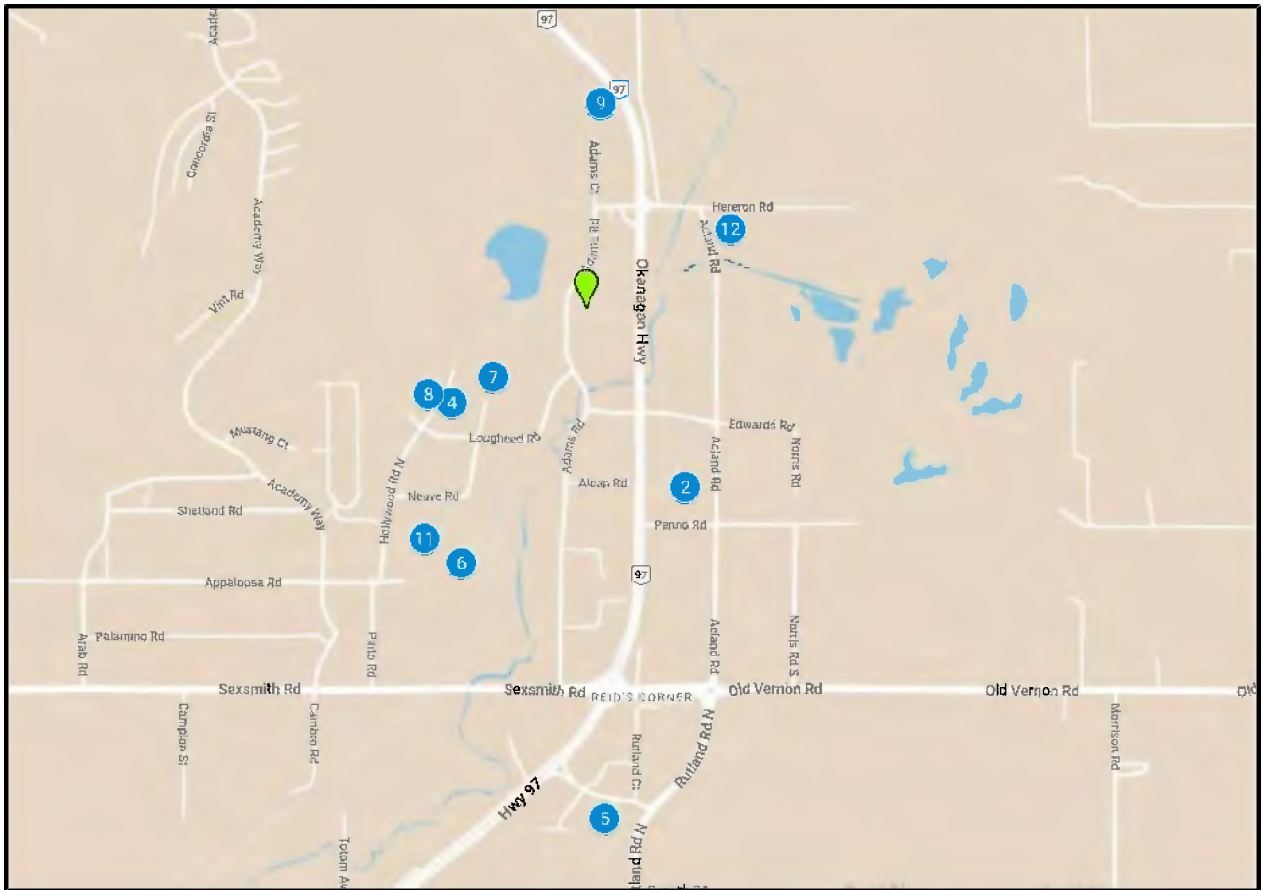
As discussed in the Valuation section of this report, the subject property is assumed to be stratified and demised into seven industrial strata units. Typical purchasers for this type of product are not concerned with the income-producing abilities of the asset but will generally rely on the total value of the strata units (or value per sq.ft.) which will be determined under the Direct Comparison Approach. We will analyse sales of industrial strata units to determine applicable values for all units under this approach.

The commissioner of this report is in verbal negotiations to sell some of the proposed strata units to a single user. There is preliminary interest at the following values shown in the chart below. We would note that we have not placed any reliance on these negotiations in determining the overall market value of the subject.

Strata Lot	Size	Price	Price/sq.ft.
SL1 - portion of main	3,636	\$1,399,860	\$385
SL1 - portion of 2nd	3,636	\$1,068,984	\$294
SL2	10,328	\$3,976,280	\$385
SL3	9,708	\$3,737,580	\$385
SL4	8,091	\$3,115,035	\$385
Total	35,399	\$13,297,739	\$376

## Map of Comparable Sales





Based on the map of the comparable sales, Comparable Nos. 2, 4, 5, 6, 7, 8, 9, 11 and 12 are considered to be the most similar in terms of location. This will be considered in the following sales analysis.

## Chart of Comparable Sales

No.	Address/ Building Name	Sale Date	Sale Price	Area (sq.ft.)	Price/ sq.ft.	Age
1	Unit 12-727 Stremel Road	Jun-23	\$1,030,000	Total: 1,910	\$539	2006
2	Unit 7-2550 Acland Road	Jan-23	\$520,000	Total: 1,191	\$437	1994
	Unit 16-2550 Acland Road	Aug-23	\$525,000	Total: 1,506	\$349	
	Unit 22-2550 Acland Road	Jan-23	\$795,000	Total: 1,879	\$423	
3	Unit 1-1050 Leathead Road	Jul-23	\$675,000	Total: 2,400	\$281	1991
	Unit 2-1050 Leathead Road	Jul-23	\$675,000	Total: 2,333	\$289	
4	Unit 1-240 Loughed Road	Mar-23	\$2,500,000	Total: 5,575	\$448	2007
5	Unit 105-151 Commercial Drive	Jan-23	\$1,250,000	Total: 3,688	\$339	1998
6	Unit 2-3316 Appaloosa Road	Aug-23	\$1,533,840	Total: 4,427	\$346	2006
	Unit 1-3316 Appaloosa Road	Nov-22	\$1,400,000	Total: 4,318	\$324	
7	Unit 103-480 Neave Court	Nov-22	\$2,460,000	Total: 4,532	\$543	2005
	Unit 104-470 Neave Court	Apr-22	\$1,060,000	Total: 1,861	\$570	
8	Unit 103-210 Loughed Road	Nov-22	\$1,150,000	Total: 2,400	\$479	2018
9	Unit 105-716 Adams Court	Aug-22	\$1,434,240	Total: 2,526	\$568	2021
10	Unit 5-2030 Matrix Crescent	Aug-22	\$1,510,000	Total: 4,312	\$350	2021
11	Unit 4-3306 Apaloosa Road	May-22	\$659,000	Total: 1,600	\$412	2005
12	Unit 104-2955 Acland Road	Jun-22	\$856,800	Total: 1,440	\$595	2008

## Comparable Sales Analysis

The above comparable sales of industrial strata units indicate a range of values between \$281 and \$595 per sq.ft. with an average value of \$429 per sq.ft. As discussed previously, Comparable Nos. 1, 3 and 10 are located the furthest from the subject property therefore when these units are excluded, the range is narrowed to between \$324 and \$595 per sq.ft. with an average value of \$449 per sq.ft. When considering the most recent sales evidence (2023 sales), the range is further narrowed between \$339 and \$448 per sq.ft. with an average value of \$390 per sq.ft. The decrease in values is expected due to rising interest rates and market activity slowing down. The comparable sales analysed have unit sizes in the region of 1,200 sq.ft. to 5,575 sq.ft. which is smaller than the subject units and typically smaller units will achieve a greater value per sq.ft. due to their lower price point. The oldest (age) comparables within the refined range of comparables indicate values of \$437, \$349, \$423 and \$339 per sq.ft. The subject property comprises an older building (which will be refurbished) and as such, we would expect values nearer the lower end of the range due to its older age and larger unit sizes.

We have held detailed discussions with PC Urban who is an active developer in the area with two completed projects, IntraUrban Enterprise (completed in 2020) and Powerhouse (completed in 2021), and one active project, IntraUrban McCarthy (to be completed in Q3 2024). The current project IntraUrban McCarthy offers 37 industrial strata units across two buildings ranging in size from 2,068 sq.ft. to 5,445 sq.ft. Presales have launched and the development is 50% sold out. Our discussions with the developer indicated that presale activity has averaged between \$365 to \$380 per sq.ft. Building 2 was sold in its entirety to one user which is 46,741 sq.ft. sold for a rate of \$365 per sq.ft. which is \$15.00 per sq.ft. less than the smaller unit sales.

Beedie Development Group also has a project under construction, Stratosphere, which will comprise of 13 industrial strata units across two buildings. This is one of the few larger bay strata developments with units ranging in size from 7,645 sq.ft. to 17,325 sq.ft. with most units in the 10,000 sq.ft. to 11,000 sq.ft. Current pricing is \$465 per sq.ft. and two units have sold.

In terms of values for the subject property, it is our opinion that the subject units – SL2, SL3, SL4, SL5 and SL6 which range in size from 6,880 sq.ft. to 12,915 sq.ft. - can be determined by these comparables. The refined range of comparables (after selecting the best comparables due to location and age) indicates values in the region of \$349 to \$437 per sq.ft. The presale of Building 2 at IntraUrban McCarthy indicated a value of \$365 per sq.ft. for brand new product but in an inferior northern location. We would expect a value less than \$365 per sq.ft. considering the superior product. A value of \$360 per sq.ft. for SL2, SL3, SL4, SL5 and SL6 is near the lower end of the refined range and is considered reasonable.

It is our opinion that SL1 and SL7 are too large at 28,967 sq.ft. and 32,063 sq.ft. to compare to the comparable industrial strata sales. For this reason, we will be looking at freehold sales of a more similar size segment and price point to determine an applicable value per sq.ft. for these units.

These comparable sales will be detailed later in this report but are shown in the chart below.

No.	Address/ Building Name	Sale Date	Sale Price	Area (sq.ft.)	Year 1 NOI* (Avg. NOI/sq.ft.)	Cap. Rate	Price/ sq.ft.
1	386 Loughheed Road Kelowna	Aug-23	\$2,660,000	Total: 6,480	\$142,560 (\$22.00) For Lease Rate	5.36%	\$410
2	692 Adams Court Kelowna	Nov-22	\$3,750,000	Total: 9,496	\$189,920 (\$20.00) For Lease Rate	5.06%	\$395
		Listing	\$4,795,000	Total: 9,496		3.96%	\$505
3	375 Potterton Road 8826 Jim Bailey Crescent Kelowna	Mar-22	\$58,000,000	Total: 266,602	\$2,509,430 (\$9.41)	4.33%	\$218
4	675-683 Dease Road Kelowna	Aug-22	\$14,150,000	Total: 43,494	\$603,900 (\$13.88)	4.27%	\$325
5	9505 Haldane Road Kelowna	Mar-22	\$21,500,000	Warehouse: 72,960 Office: 6,000 Total: 78,960	\$938,045 (\$12.86) *Stabilized Income	4.36%	\$272
6	9580 McCarthy Road Kelowna	Jul-22	\$15,900,000	Total: 45,373	-	-	\$350
	555 Adams Road Kelowna			Total: 108,952	\$1,678,220 (\$15.40)		

The above comparable sales indicate a range of values between \$218 and \$410 per sq.ft. The two comparables closest in size to the subject property are Comparable Nos. 4 and 6 which indicate a range of values between \$325 and \$350 per sq.ft. These sales transacted in 2022 which was considered to be a superior market as interest rates were much lower and the lending environment was much more favourable. We would expect a downward adjustment to these values to reflect the current market. Overall, these sales are considered superior to the subject units primarily due to their freehold nature and single-tenant occupancy. We would expect a lesser value for the subject property. As such, a value less than the downward adjusted value of \$325 per sq.ft.



is suggested for the subject property. It is our opinion that a value of **\$275 per sq.ft.** is considered reasonable for SL1 and SL7.

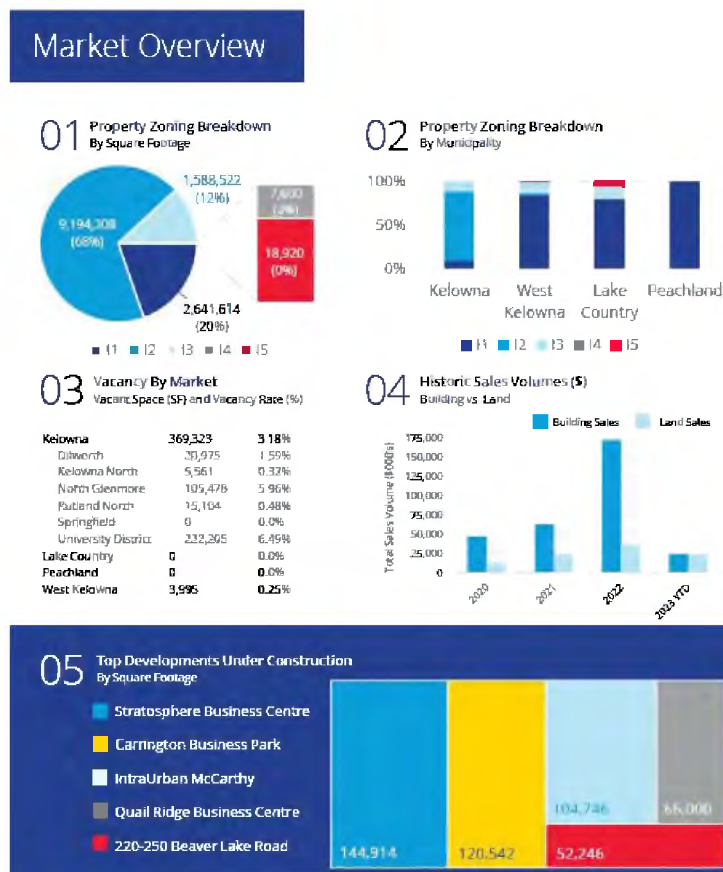
Below is the concluded value under the Direct Comparison Approach.

Direct Comparison Approach Value			
Strata Lot	Size (sq. ft.)	Value Per Sq. Ft.	Total Value
SL1	28,967	\$275	\$7,965,925
SL2	10,328	\$360	\$3,718,080
SL3	9,708	\$360	\$3,494,880
SL4	8,091	\$360	\$2,912,760
SL5	6,880	\$360	\$2,476,800
SL6	12,915	\$360	\$4,649,400
SL7	32,063	\$275	\$8,817,325
<b>Total</b>	<b>108,952</b>	<b>\$312</b>	<b>\$34,035,170</b>

# RENTAL ANALYSIS

## MARKET OVERVIEW

The general industrial market, of which the subject property is part, has experienced significant growth in the Kelowna area in recent years. However, Q1 2022 saw the Bank of Canada begin to raise its overnight rate to help combat inflation. This led to a flurry of increases over the next 1.5 years where the overnight rate increased by 450 basis points. This has had a drastic impact on the real estate market as transactions have decreased significantly due to a less favourable lending environment. According to Colliers Q2 2023 Industrial Market Report, industrial building sales were down 78% year-over-year which is similar to most municipalities across Canada. That being said, 2022 was a particularly strong calendar year for industrial market activity (shown below). Industrial land sales, however, were only down 4% year-over-year. The leasing market remained strong and stable over the first half of 2022 with average asking rents at the \$16.91 per sq.ft. Vacancy rates have increased from ~1% in 2022 to the current level of ~3%. There is approximately 310,000 sq.ft. on the open market with 17% of this space available for sublease. There is approximately 690,000 sq.ft. of industrial product currently under construction with the vast majority being industrial strata product. The Kelowna industrial market outlook remains to be strong but is just experiencing a market slowdown similar to other major municipalities across Canada amidst a challenging market. The following excerpts are shown from the Q2 2023 Industrial Market Report.





## INCOME ANALYSIS

As discussed within the Valuation section of this report, the subject property is currently vacant and it is assumed that it will be renovated and demised into seven industrial strata units. Under the Income Approach, we will consider the subject property to be fully leased at market rents and this market income will be capitalized with a market capitalization rate to determine an overall value for the subject property.

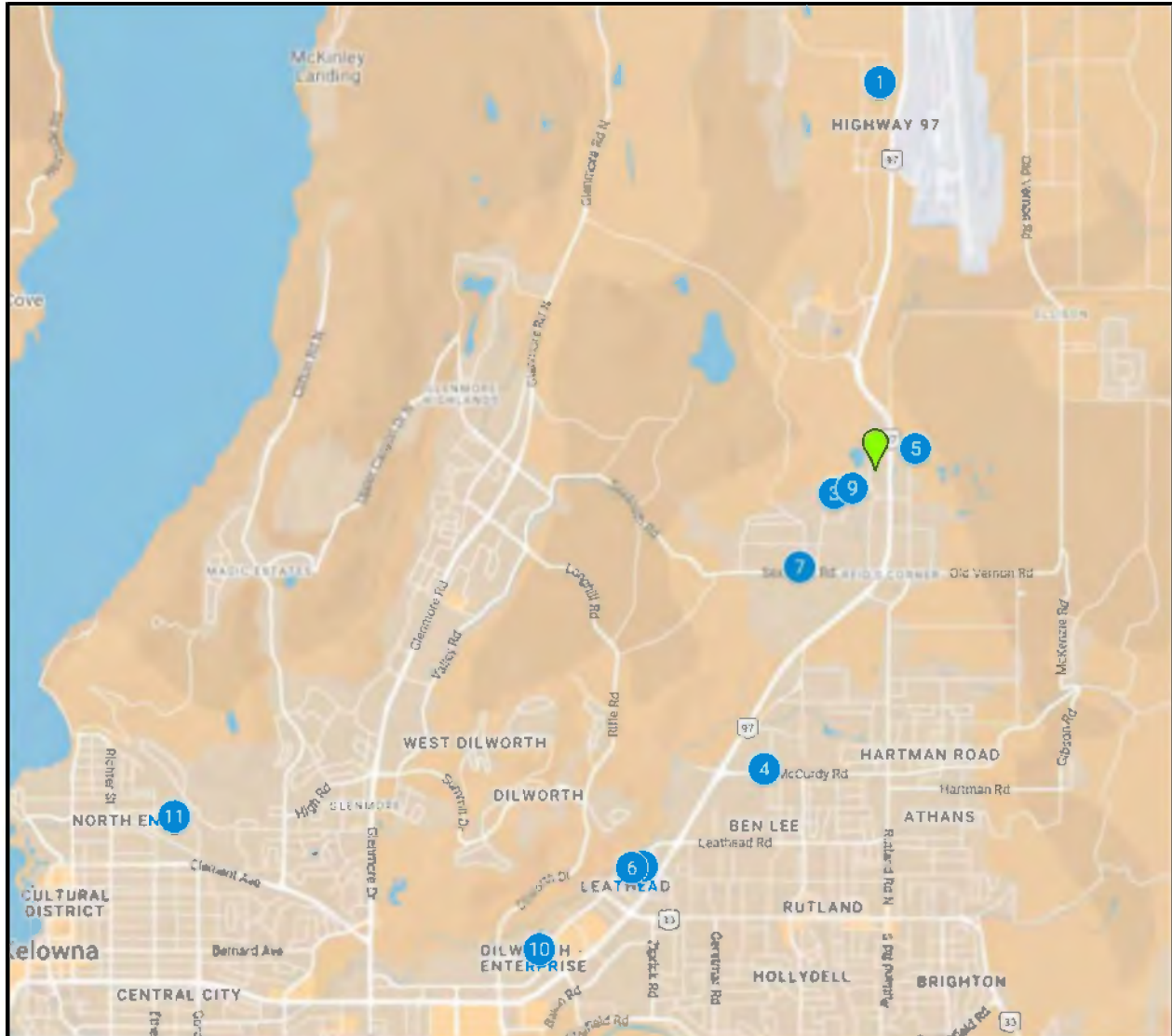
We will review comparable lease activity within the Kelowna market to determine an applicable market rental rate for the subject units.

### Comparable Lease Activity

The following chart highlights the most recent lease negotiations in buildings which would compete with the subject.

No.	Address	Unit	Completed Date	Area (sq.ft.)	Net Rent / sq.ft.
1	2105 Matrix Crescent	130	Jul-23	7,567	\$19.00
		131	Jul-23	3,353	\$19.00
2	1641 Commerce Avenue	110	Jul-23	2,878	\$22.50
3	1645 Dilworth Drive	109	Apr-23	3,143	\$18.77
4	210 Lougheed Road	105	May-23	4,625	\$18.50
5	854 McCurdy Road	102	Feb-23	2,605	\$18.00
6	2955 Acland Road	108	Sep-22	1,200	\$18.20
		103	Mar-22	1,200	\$16.97
7	2631 Enterprise Way	101	Jul-22	1,606	\$23.00
8	3190 Sexsmith Road	2	Jan-22	2,620	\$16.25
		5	Nov-21	2,668	\$16.20
9	8860 Jim Bailey Crescent	6	Apr-23	3,396	\$11.50
		7&8	May-23	3,516	\$11.50
10	470 Neave Court	103	Aug-23	2,850	\$17.00
11	2496 Enterprise Way		Aug-23	2,369	\$20.80
12	975 Crowley Avenue		Feb-22	10,201	\$17.00

## Map of Comparable Lease Activity



### Summary of Market Rental Rates

The comparable lease activity indicates a range of Year 1 rental rates between \$11.50 and \$23.00 per sq.ft. Full details of these lease transactions were not available but it is likely that some of these deals have step-ups included which reflect higher average rental rates. If you exclude Comparable Nos. 2, 7 and 9 then the range is narrowed to between \$16.20 and \$20.80 per sq.ft. The issue with the comparable lease activity is that all of the comparables (with the exception of Comparable No. 11) are smaller than the subject units and generally, smaller units will achieve a greater rental rate per sq.ft. We would expect that the smaller units within the subject property would achieve a rental rate near the lower end of the refined range which is supported by Comparable No. 11 at \$17.00 per sq.ft. as it is a similar size. Overall, a market rental rate of **\$17.00 per sq.ft.** is adopted for SL2, SL3, SL4, SL5 and SL6.

In terms of the larger units within the subject development, SL1 and SL7 which are ~30,000 sq.ft. in size, we would expect a lower rental rate due to the economies of scale principle wherein larger units will generally achieve a lower rental rate per sq.ft. We would note that we are aware of lease renewals within a larger industrial development near the \$14.00 or \$15.00 per sq.ft. mark. One drawback to the subject's larger units is

that larger users will typically require dock loading of which the subject property does not possess. Overall, we would consider a market rental rate of **\$15.00 per sq.ft.** reasonable for SL1 and SL7.

Below is an excerpt from the Q2 2023 Colliers Industrial Market Report which highlights average asking net rents for the Kelowna industrial market.

Asking Net Rent	
Old Product	\$11-\$13 PSF
Average Product	\$16-\$18 PSF
New Product	\$20-\$24 PSF
This Quarter Average	\$16.91 PSF

The subject property comprises older industrial product but it is assumed within this report that the subject property would undergo a facelift, renovations and demising to stratify the existing building. The average asking net rent for older product is in the region of \$11.00 to \$13.00 per sq.ft. and for average product is in the region of \$16.00 to \$18.00 per sq.ft. It is our opinion that the concluded market rental rates of \$15.00 and \$17.00 per sq.ft. is further supported by market intel.

**EXPENSE ANALYSIS**

**Recoverable Operating Expenses**

Industrial and commercial tenancies are typically leased on a triple net (NNN) basis wherein the tenant is responsible for all operating expenses including property taxes, utilities, etc. This is consistent with the market and comparables analysed within this report.

**Vacancy & Miscellaneous Allowances**

Our discussions with institutional investors, potential purchasers and our investor survey suggest long term vacancy projections for industrial space to be between 1% and 3% for quality industrial product similar to the subject. With limited new space to be added to the industrial inventory, these rates are anticipated to remain low. For the subject, we have adopted a 3% vacancy allowance on all the tenants.

## DETERMINATION OF NET OPERATING INCOME

Based upon the income discussion in the previous section, the Year 1 fully leased net operating income for the subject property is shown below:

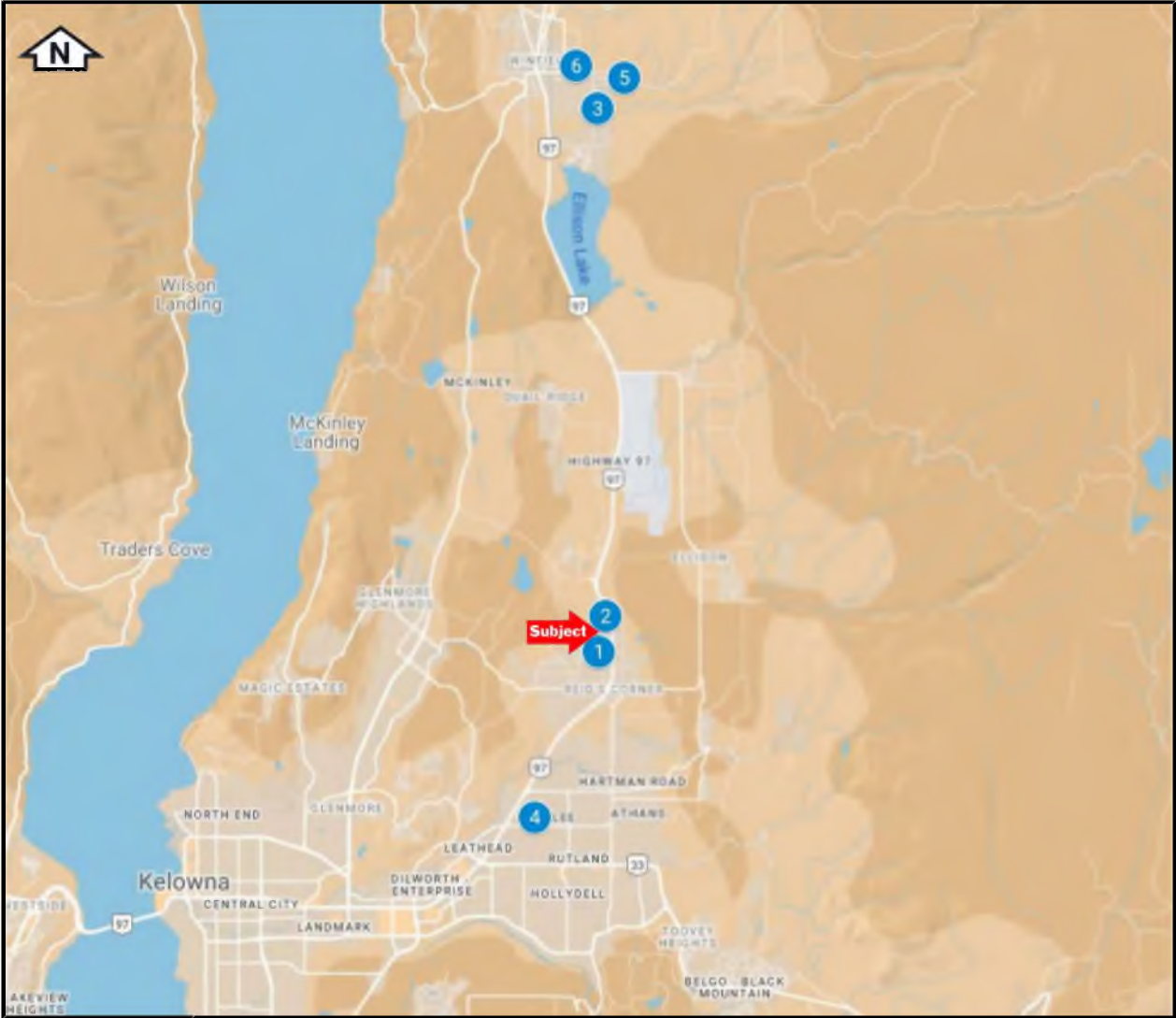
555 Adams Road Net Operating Income "As If Stratified"			
Unit	Size (sq.ft.)	Net Rent/sq.ft.	Annual Rent
SL1	28,967	\$15.00	\$434,505
SL2	10,328	\$17.00	\$175,576
SL3	9,708	\$17.00	\$165,036
SL4	8,091	\$17.00	\$137,547
SL5	6,880	\$17.00	\$116,960
SL6	12,915	\$17.00	\$219,555
SL7	32,063	\$15.00	\$480,945
<b>Total</b>	<b>108,952</b>	<b>\$15.88</b>	<b>\$1,730,124</b>
Gross Income			\$1,730,124
Vacancy @ 3%			-\$51,904
<b>Net Operating Income</b>			<b>\$1,678,220</b>

# INCOME APPROACH

## INTRODUCTION

We have examined a number of sales of investment properties over the past 1.5 years and have undertaken discussions with agents with respect to investor yield expectations for properties such as the subject in the current market. The following sales have been selected as they represent the most relevant transactions.

### Map of Comparable Sales

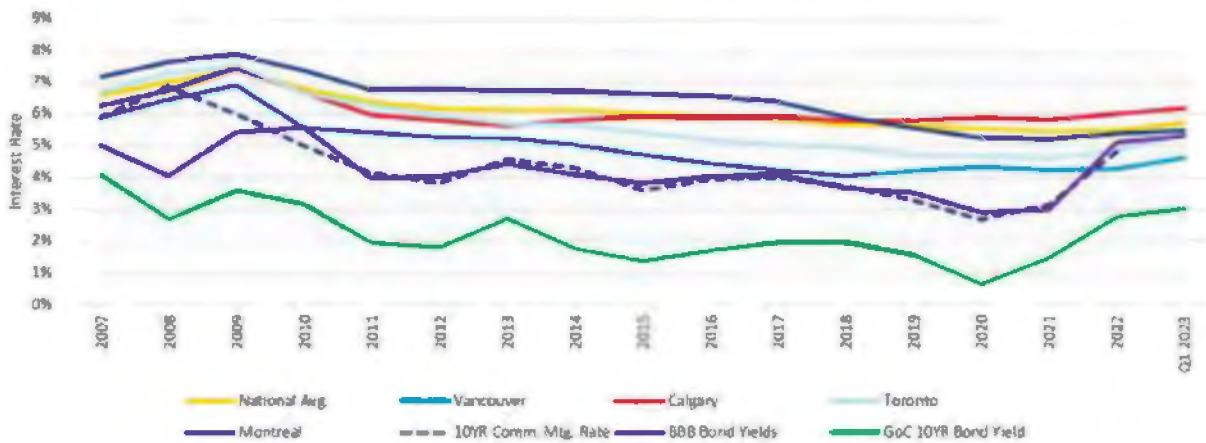


## ANALYSIS OF COMPARABLE SALES

The Income Approach requires the determination of an appropriate capitalization rate which is the representation of a purchaser’s estimate of the risk involved in the purchase of an asset and the rate of return that he feels this risk merits from the viewpoint of liquidity, security of income, security of capital and the possibility of capital appreciation. This capitalization rate would also serve as a benchmark for an investor in comparing alternative investment opportunities of similar risk profiles.

The Year 1 or going-in yield is the return achieved by the investor in the first year that they hold the property. This reflects the upside potential in a particular asset and often varies, depending on the level of potential revenue increase in each sale.

### Interest Rates vs Cap Rates by Market



Source: Colliers Cap Rate Report, Q1 2023, Bank of Canada and Big 6 Banks, April 2023

The Direct Comparison Approach considers each of the comparables on a price per sq.ft. basis. The price per sq.ft. is affected by the rent levels in each of the buildings, future tenant turnover, likely capital expenditure, upgrades, location and desirability of the project in general market circumstances.



The following chart provides a summary of the particulars of each comparable sale.

No.	Address/ Building Name	Sale Date	Sale Price	Area (sq.ft.)	Year 1 NOI* (Avg. NOI/sq.ft.)	Cap. Rate	Price/ sq.ft.
1	386 Loughheed Road Kelowna	Aug-23	\$2,660,000	Total: 6,480	\$142,560 (\$22.00) For Lease Rate	5.36%	\$410
2	692 Adams Court Kelowna	Nov-22	\$3,750,000	Total: 9,496	\$189,920 (\$20.00) For Lease Rate	5.06%	\$395
		Listing	\$4,795,000	Total: 9,496		3.96%	\$505
3	375 Potterton Road 8826 Jim Bailey Crescent Kelowna	Mar-22	\$58,000,000	Total: 266,602	\$2,509,430 (\$9.41)	4.33%	\$218
4	675-683 Dease Road Kelowna	Aug-22	\$14,150,000	Total: 43,494	\$603,900 (\$13.88)	4.27%	\$325
5	9505 Haldane Road Kelowna	Mar-22	\$21,500,000	Warehouse: 72,960 Office: 6,000 Total: 78,960	\$938,045 (\$12.86) *Stabilized Income	4.36%	\$272
6	9580 McCarthy Road Kelowna	Jul-22	\$15,900,000	Total: 45,373	-	-	\$350
	555 Adams Road Kelowna			Total: 108,952	\$1,678,220 (\$15.40)		

The above comparable sales indicate a range of capitalization rates between 4.27% and 5.36%. As discussed earlier, there has only been \$24,000,000 in industrial building sales year-to-date in 2023 and for this reason, we have relied on some more dated comparable sales from 2022. Due to a lack of available capitalization rate sales, we have used both asking rents (active listings) and stabilized income to determine capitalization rates for Comparable Nos. 1, 2 and 5.

The Kelowna real estate market has been slow primarily due to rising interest rates as 2022/2023 saw the Bank of Canada raise its overnight rate by 450 basis points. This has led to a slowdown in the real estate market as purchasers have had to adapt their capitalization rate expectations based on the less favourable lending environment with significantly higher financing costs. Our discussions with market participants have indicated that most markets have seen upward pressure on capitalization rates in the region of 50 to 100 basis points. The early 2022 sales, which transacted before interest rates drastically increased, saw industrial capitalization rates in the low 4% region in the Kelowna market. Our discussions with active brokers in the Kelowna market have indicated that capitalization rates for industrial product (at or near market rents) is in the 5.25% to 6.0% region.

Comparable Nos. 1 and 2 are the most recent sales which sold in August 2023 and November 2022 and after the date of sale, were listed for lease at rental rates of \$22.00 and \$20.00 per sq.ft. Using the asking lease rates, these sales indicated capitalization rates in the region of 5.36% and 5.06%. These comparables are significantly smaller than the subject property and as such, we would expect an upward adjustment to the capitalization rates.

Comparable No. 3 relates to a larger industrial development that sold in early 2022. The income in place indicated a 4.33% capitalization rate with upside potential in the short to medium term. Our knowledge of this asset is that the most recent renewal after the date of sale was in the region of \$14.00 to \$15.00 per sq.ft. The

sale comprises two large industrial buildings on separate land parcels. The property at 375 Potterton Road was marketed for sale this year with pricing guidance that equates to a 5.25% to 5.75% capitalization rate. This shows the impact that rising interest rates has undertaken on the real estate market.

Comparable Nos. 4 and 5 indicated capitalization rates of 4.27% and 4.36% and we would expect higher capitalization rates for the subject property due to the current market and less favourable lending environment.

Overall, the little market data available indicates that capitalization rates for industrial product are in excess of 5% due to rising interest rates. Our discussions with active participants in the market have indicated that industrial capitalization rates have experienced upward pressure over the course of 2022 and 2023. The subject property is valued under the assumption that the existing building is stratified and demised into seven industrial strata units. As discussed, this type of product is generally dominated by owner users who typically place the most weight on the total value of the units and not their income-producing capabilities. This will generally lead to downward pressure on capitalization rates as some users will pay a premium for the right space. For this reason, we have adopted a **capitalization rate of 5.5%** which is at the lower end of market expectations.

The Income Approach value determined is shown below.

Income Approach Value	
Net Operating Income	\$1,678,220
Capitalization Rate	5.50%
Income Approach Value	\$30,513,096
Rounded	\$30,500,000
Value Per Sq.Ft.	\$280

The Income Approach value is less than the Direct Comparison Approach value and this is typical for strata developments of which the subject property is assumed to be.

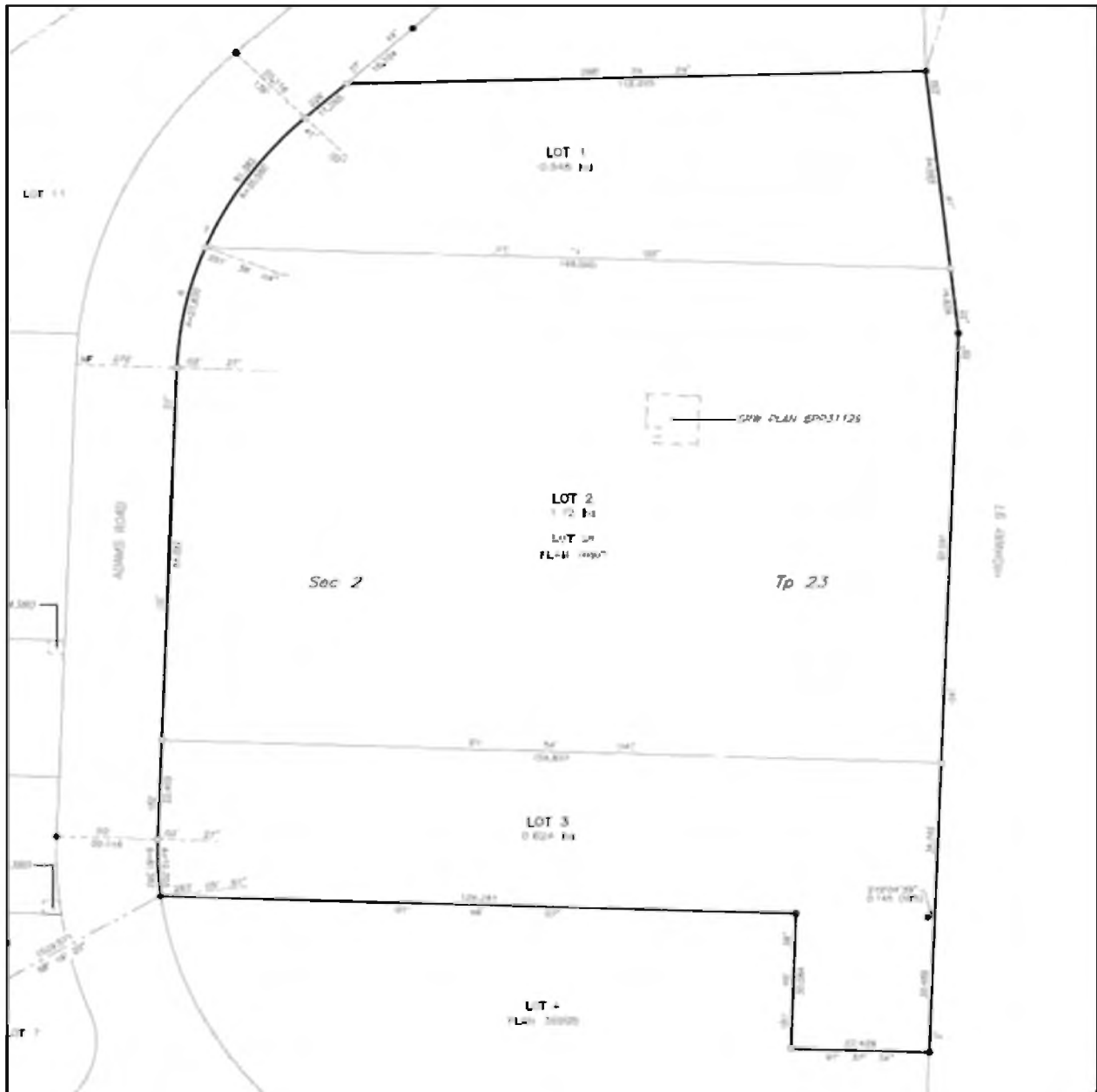
Based on a review of these sales and consideration of the local investment market for properties similar to the subject, we would expect that the subject would need to be exposed to the market for a period of 6 to 12 months prior to a sale being completed.



# DIRECT COMPARISON APPROACH – LAND VALUE

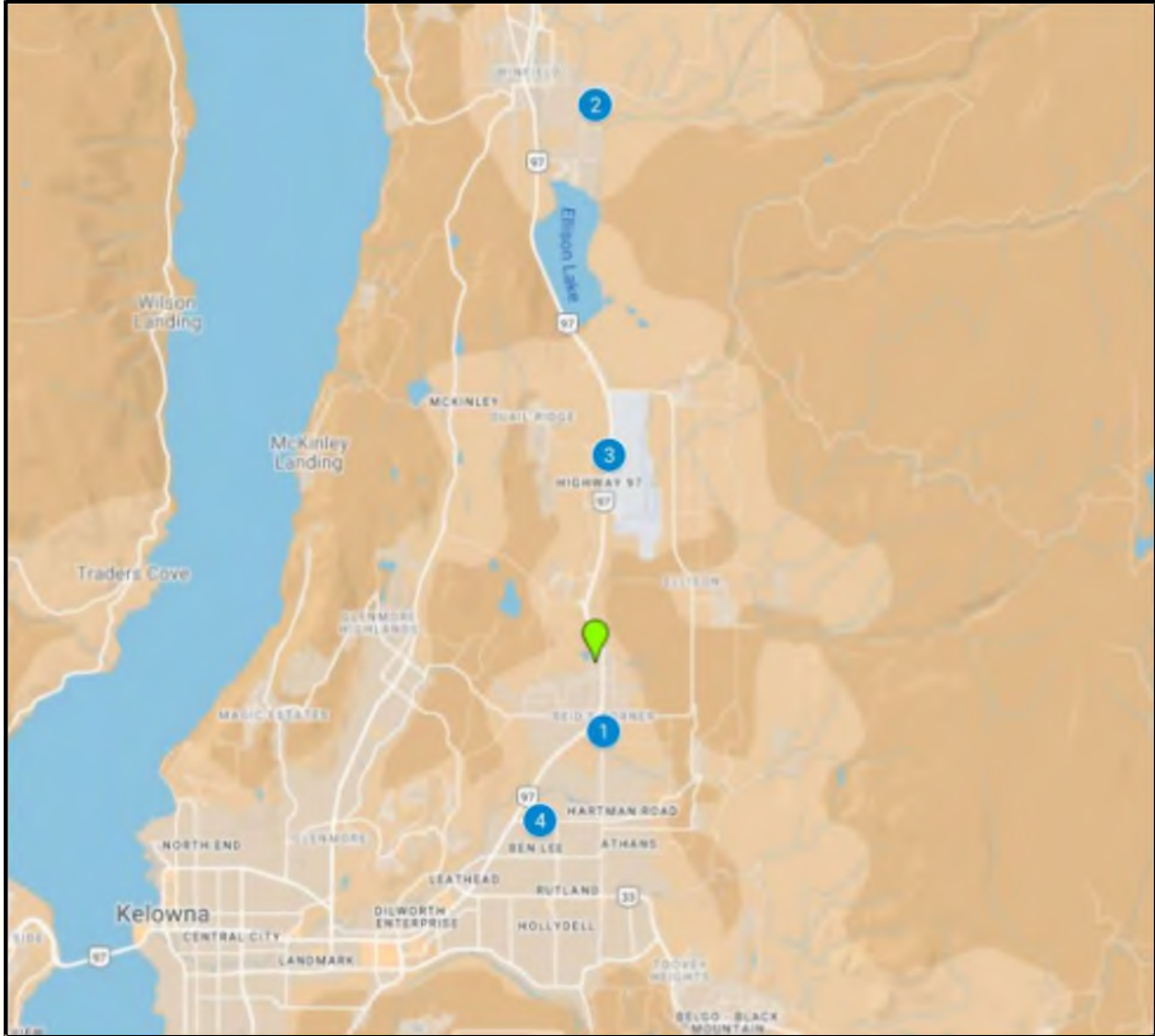
## INTRODUCTION

As discussed, the subject property is assumed to be subdivided in accordance with the subdivision plans that have been submitted to the City of Kelowna. For reference, the subdivision plan is shown below.



Under the proposed subdivision plan, Lot 2 would comprise of the existing building which will be demised and renovated whereas Lot 1 (1.35 acres) and Lot 3 (1.54 acres) would be considered excess land for a total of 2.89 acres that will be valued separately under the Direct Comparison Approach.

## Map of Comparable Land Sales



## Chart of Comparable Land Sales

No.	Address	Sale Date	Sale Price	Site Size (acres)	Price/Acre	Zoning
1	2080 & 2190 Rutland Road North Kelowna	Feb-23	\$13,750,000	4.480	\$3,069,196	I-2
2	9340-9360 Balsar Court Kelowna	Feb-23	\$7,300,000	3.329	\$2,192,851	I-2
3	2155 Optic Court Kelowna	May-23	\$2,559,000	1.080	\$2,369,444	I-2
4	1000 Mayfair Road Kelowna	Jun-23	\$4,350,000	1.611	\$2,700,186	I-2

## Analysis of Comparable Land Sales

The comparable land sales indicate a range of values between \$2,192,851 and \$3,069,196 per acre. All the sites are zoned General Industrial (I-2) which is the same zoning designation as the subject lots. Comparable Nos. 1 and 4 are considered to be in a slightly superior location whereas Comparable No. 2 is located in an inferior location and Comparable No. 3 a slightly inferior area to the subject property. The subject property boasts strong exposure on Highway 97 which is considered a significant positive and an adjustment will be provided later in this report.

Comparable No. 4 is considered the best evidence for a market land value for the subject property considering it is the most recent transaction in June, 2023. A similar value would be considered for the subject property and as such, a value of **\$2,700,000 per acre** is considered reasonable and well supported as a base land value.

However, we do note that the subject property boasts significant frontage and exposure along Highway 97 which is considered a significant positive. Comparable No. 3 does have some exposure along Highway 97 and indicated a value of \$2,369,444 per acre but is located north of the subject across the street from the airport. We have researched more dated industrial land sales within the Kelowna market to determine if an adjustment for the subject's highway exposure is required. We have analysed industrial land sales near the end of 2020 and 2021 to determine an adjustment. The market was considered to be strong and consistent during this time period.

No.	Address	Sale Date	Sale Price	Site Size (acres)	Price/Acre	Highway Exposure
1	3953 Highway 97 Kelowna	Mar-21	\$12,000,000	4.003	\$2,997,752	Yes
2	1433 Velocity Street Kelowna	Apr-21	\$1,506,000	1.010	\$1,491,089	Yes
3	2045 Pier Mac Way Kelowna	Mar-21	\$1,065,000	1.080	\$986,111	Yes
4	3580 Edwards Road Kelowna	Jun-20	\$1,600,000	0.970	\$1,649,485	Yes
5	123 Penno Road Kelowna	Nov-20	\$7,500,000	2.904	\$2,582,645	Yes
Average Highway Exposure Value					\$1,941,416	

No.	Address	Sale Date	Sale Price	Site Size (acres)	Price/Acre	Highway Exposure
1	9375 Balsler Court Kelowna	Mar-21	\$3,800,000	4.420	\$859,729	No
2	833 McCurdy Place Kelowna	Mar-21	\$1,700,000	0.990	\$1,717,172	No
3	2015 Matrix Crescent Kelowna	May-21	\$1,484,000	1.060	\$1,400,000	No
4	2130 Matrix Crescent Kelowna	Aug-21	\$1,769,350	1.400	\$1,263,821	No
5	2045 Matrix Crescent Kelowna	Dec-21	\$1,800,000	1.030	\$1,747,573	No
6	9640 McCarthy Road Kelowna	Dec-21	\$6,305,000	3.880	\$1,625,000	No
7	2180 Optic Crt Kelowna	Jul-21	\$1,559,250	0.988	\$1,578,188	No
8	2075 Matrix Crescent Kelowna	Oct-21	\$1,647,000	1.080	\$1,525,000	No
9	2010 Matrix Crescent Kelowna	Aug-21	\$1,662,250	1.090	\$1,525,000	No
Average Non Highway Value					\$1,471,276	

Adjustment for Highway Exposure (2020/2021 Sales)	
Avg. Highway Value	\$1,941,416
Avg. Non-Highway Value	\$1,471,276
<b>Percentage Adjustment</b>	<b>32%</b>

The paired sales adjustment indicated that there is an approximately 32% premium for an industrial land site that has frontage and exposure on Highway 97. We will adjust the base land value of \$2,700,000 upwards 30% to account for this premium. The concluded land values are shown below.

Excess Land Valuation					
Lot	Site Size (acres)	Price Per Acre	Total Value	30% Adjustment for Exposure	Total Value
Lot 1	1.35	\$2,700,000	\$3,645,000	\$4,738,500	\$4,738,500
Lot 3	1.54	\$2,700,000	\$4,158,000	\$5,405,400	\$5,405,400
<b>Total</b>	<b>2.89</b>	<b>\$3,510,000</b>			<b>\$10,143,900</b>

The excess land value will be added to the Direct Comparison Approach and Income Approach to indicate the total value of the subject property.

## VALUATION SUMMARY

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### DIRECT COMPARISON APPROACH

Direct Comparison Approach Value			
Strata Lot	Size (sq.ft.)	Value Per Sq.Ft.	Total Value
SL1	28,967	\$275	\$7,965,925
SL2	10,328	\$360	\$3,718,080
SL3	9,708	\$360	\$3,494,880
SL4	8,091	\$360	\$2,912,760
SL5	6,880	\$360	\$2,476,800
SL6	12,915	\$360	\$4,649,400
SL7	32,063	\$275	\$8,817,325
<b>Total</b>	<b>108,952</b>	<b>\$312</b>	<b>\$34,035,170</b>
		Excess Land Value	\$10,143,900
		Total Value	\$44,179,070
		Rounded	\$44,200,000

### INCOME APPROACH

Income Approach Value	
<b>Net Operating Income</b>	<b>\$1,678,220</b>
Capitalization Rate	5.50%
Income Approach Value	\$30,513,096
Total Excess Land Value	\$10,143,900
Total Value	\$40,656,996
	Rounded \$40,700,000

# FINAL RECONCILIATION

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Value Summary	
Direct Comparison Approach	\$44,200,000
Income Approach	\$40,700,000
<b>Final Reconciliation of Value</b>	<b>\$43,200,000</b>

As discussed throughout this report, the subject property is assumed to be renovated, stratified and demised into seven industrial strata units. The typical purchasers for this type of product are owner users who place the most weight on the total value of units (or the value per sq.ft. or Direct Comparison Approach) rather than the income-producing capabilities of the property (Income Approach). For this reason, we have considered both approaches but the Direct Comparison Approach has been weighed more heavily in the final reconciliation of value.

Based on a viewing of the property and the investigation and analyses undertaken herein, we have formed the opinion that, as of October 12, 2023, the market value of the subject property, in Fee Simple Estate, assuming an exposure period of 6 to 12 months is estimated to be:

**FORTY THREE MILLION TWO HUNDRED THOUSAND DOLLARS**  
**\$43,200,000**

## CERTIFICATION

---

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my impartial and unbiased professional analyses, opinions and conclusions.
3. I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in and compensation is not contingent upon developing or reporting predetermined results, the amount of value estimate, a conclusion favouring the client, or the occurrence of a subsequent event.
6. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the CUSPAP.
7. I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP.
8. Except as herein disclosed, no one has provided significant professional assistance to the person(s) signing this report.
9. As of the date of this report the undersigned has fulfilled the requirements of the AIC's Continuing Professional Development Program.
10. The undersigned is (are all) members in good standing of the Appraisal Institute of Canada.

**CO-SIGNING AIC APPRAISER'S CERTIFICATION:** If an AIC appraiser has co-signed this appraisal report, he or she certifies and agrees that "I directly supervised the appraiser who prepared this appraisal report and, having reviewed the report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certification and am taking full responsibility for the appraisal and the appraisal report."

### PROPERTY IDENTIFICATION

<b>CIVIC ADDRESS</b>	555 Adams Road, Kelowna, BC.
<b>LEGAL DESCRIPTION</b>	Lot 20, Section 2, Township 23, Osoyoos Division, Yale District, Plan 30107. PID: #004-063-031.

Based upon the data, analyses and conclusions contained herein, the market value of the interest in the property described.

**As at October 12, 2023, is estimated at \$43,200,000**

As set out elsewhere in this report, this report is subject to certain assumptions and limiting conditions, the verification of which is outside the scope of this report.

**APPRAISER:**



Mitch Ellis  
AIC Candidate Member  
Consultant, Valuation  
AIC Membership # 912010

**SUPERVISORY APPRAISER:**



Ryan H. Wong  
B.Comm, AACI, P.App  
Director, Valuation  
AIC Membership # 901127

Viewed Property: Yes  
Date of Viewing: October 12, 2023.  
Date Signed: October 19, 2023.

Viewed Property: No

NOTE: For this appraisal to be valid, an original or a password protected digital signature is required.



## EXTRAORDINARY & LIMITING CONDITIONS

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1. Any third party intending to rely upon the conclusions of this report should not do so without prior reference to **Ryan ULC**. This report must be presented in its full context. No responsibility is accepted for any partial presentation of a portion of the report.
2. Information contained within this report is from sources considered reliable and believed to be correct. No responsibility is accepted for the accuracy of information supplied by others.
3. It is assumed that the title to the subject property is good and marketable and capable of providing security for typical market financing. Unless otherwise stipulated in this report, the title documents for the subject property have not been inspected and are assumed to be free and clear of any financial encumbrances which would have a material effect on value.
4. No legal survey has been made on the subject property as a part of this report and it is assumed that all legally described boundaries and registered plans are correct. The sketches (if any) contained within this report are intended to assist the reader to visualize the subject property and are not necessarily based on legal survey.
5. We have not conducted a site survey of the subject property and have assumed that the measurements indicated on the plan attached are correct. For proper verification of the site area, it is recommended that the property be surveyed by a qualified professional.
6. No responsibility is assumed for the legal locations of any improvements as described within this report but it would appear that all improvements, if any, are located within the legal boundaries of the subject site except as may otherwise be specified herein.
7. The buildings (if any) were viewed to provide a building description and to ascertain their general condition and a detailed structural survey was not undertaken. We have not inspected woodwork or other parts of the structure which are covered, unexposed or inaccessible and we are unable, therefore, to report that such parts of the property are free of rot, beetle or other defects. Unless otherwise stipulated herein, the buildings are assumed to be in sound structural condition.
8. This appraisal does not carry with it the rights to Court testimony. If this service is required, specific arrangements must be agreed upon in advance.
9. As per our letter of instructions, it is assumed that there are no structural or soil problems which materially affect value.

## ASSUMPTIONS, LIMITING CONDITIONS, DISCLAIMERS AND LIMITATIONS OF LIABILITY

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The certification that appears in this report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice (“CUSPAP”) and the following conditions:

1. This report is prepared only for the client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the authors. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the appraisal fee has no effect on liability. Reliance on this report without authorization or for an unauthorized use is unreasonable.
2. Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author(s).
3. The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. No registry office search has been performed and the author assumes that the title is good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property’s owner or identifying the property owned by the listed client and/or applicant provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
4. Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the appraiser. Any information provided by the appraiser is for informational purposes only and any reliance is unreasonable. Any information provided by the appraiser does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
5. No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
6. This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to: adequate time to review the report and related data, and the provision of appropriate compensation.

7. Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighbouring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.

8. The author is not qualified to comment on detrimental environmental, chemical or biological conditions that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air which may include but are not limited to moulds and mildews or the conditions that may give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. It is an assumption of this report that the property complies with all regulatory requirements concerning environmental, chemical and biological matters, and it is assumed that the property is free of any detrimental environmental, chemical, legal and biological conditions that may affect the market value of the property appraised. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical or biological conditions that may impact the value conclusion herein, that party is advised to retain an expert qualified in such matters. The author expressly denies any legal liability related to the effect of detrimental environmental, chemical or biological matters on the market value of the property.

9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.

10. The term "inspection" refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.

11. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.

12. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The author acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in

the provisions of the CUSPAP and in accordance with the author's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author's privacy policy and in accordance with the PIPEDA.

13. The author has agreed to enter into the assignment as requested by the client named in this report for the use specified by the client, which is stated in this report. The client has agreed that the performance of this report and the format are appropriate for the intended use.

14. This report, its content and all attachments/addendums and their content are the property of the author. The client, authorized users and any appraisal facilitator are prohibited, strictly forbidden, and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, addendum, all attachments and the data contained within for any commercial, or other, use.

15. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the author can be reasonably relied upon.

16. This report form is the property of the Appraisal Institute of Canada (AIC) and for use only by AIC members in good standing. Use by any other person is a violation of AIC copyright.

17. Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending, underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, and to conduct loan underwriting or insuring due diligence similar to the standards set out by the Office of the Superintendent of Financial Institutions (OSFI), even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.



**ADDENDUM A**

**Appraisal Definitions**

Definitions form an integral part of The Canadian Uniform Standards of Professional Appraisal Practice.<sup>2</sup> These and other definitions can be found in the Standards and the Appraisal of Real Estate Second Canadian Edition.<sup>3</sup> For the purpose of this report, only the relevant definitions are replicated here.

**AACI:** Accredited Appraiser Canadian Institute designation.

**AIC:** Appraisal Institute of Canada

**ACCEPTED APPRAISAL STANDARDS:** This is a level of professional practice qualifications that affect current appraisal teachings, experience and work performance that reasonable appraisers would believe to be justified.

**APPRAISAL:** A formal opinion of value: prepared as a result of a retainer; intended for reliance by identified parties, and for which the appraiser assumes responsibility.

**APPRAISAL REPORT:**

Types include:

- Narrative - Comprehensive and detailed;
- Short Narrative - Concise and briefly descriptive;
- Form - A standardized format combining check-off boxes and narrative comments.

**ASSIGNMENT:** A professional service provided as a result of a retainer or agreement between an appraiser and client.

**ASSUMPTION:** That which is taken to be true.

**BIAS:** A preference or inclination used in the development or communication of an appraisal, review, consulting, or reserve fund planning assignment that precludes an appraiser's impartiality.

**CLIENT:** The party or parties who engages an appraiser in a specific assignment.

**COMPETENCE:** Having the required or adequate knowledge and experience to perform the specific assignment.

**CONFIDENTIAL INFORMATION:** Information, not otherwise publicly available, provided in the trust that the recipient will not disclose it to another.

**CO-SIGNATURE:** Personalized evidence indicating authentication of the work performed by the members as joint authors, where each is responsible for content, analyses, and the conclusions in the report; a member cannot co-sign a report with a student or non-member.

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<sup>2</sup> Canadian Uniform Standards of Professional Appraisal Practice Effective April 1, 2014, Section 2, Pages 2 – 8.

<sup>3</sup> The Appraisal of Real Estate Second Canadian Edition, The Appraisal Institute of Canada (UBC Commerce Real Estate Division, Vancouver, 2002) - Glossary.14.

**EFFECTIVE DATE:** The date at which the analyses, opinions and advice in an assignment apply.

**EXPOSURE TIME:** Is the estimated length of time the subject property (property interest being appraised) would have been offered on the market before the hypothetical consummation of a sale at market value on the effective date of the appraisal. This is a retrospective estimate based upon an analysis of past events, assuming a competitive and open market. The overall concept of reasonable exposure time encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable marketing effort.

**EXTRAORDINARY ASSUMPTION:** An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

**EXTRAORDINARY LIMITING CONDITION:** A necessary modification or exclusion of a Standard Rule. May diminish the reliability of the report.

**FEE SIMPLE INTEREST:** The absolute ownership unencumbered by any other interest or estate.

**HAZARDOUS SUBSTANCE:** Any material within, around or near the property in question that has sufficient form or quantity and exhibits any hazardous characteristics as defined by, or identified on, a list of hazardous substances issued by or pursuant to the Canadian Environmental Protection Act, 1999, c.33, the United States of America Environmental Protection Agency or any federal, provincial, territorial, state, county, municipal or local counterpart thereof, that can create a negative impact on value. Such substances shall include, but are not limited to, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapour, soot, fumes, acids, alkalis, chemicals or waste materials.

**HIGHEST AND BEST USE:** The reasonably probable use of a property that is physically possible, legally permissible, financially feasible and maximally productive, and that results in the highest value.

**HYPOTHETICAL CONDITION:** That which is contrary to what exists but is supposed for the purpose of analysis.

**INTENDED USE:** The use or uses of an appraiser's reported appraisal, review, consulting or reserve fund planning assignment opinions and conclusions, as identified by the appraiser, based on communication with the client at the time of the assignment.

**INTENDED USER:** The client and any other party as identified by name or type, as users of the appraisal, consulting, review report, or reserve fund study by the appraiser based on communication with the client at the time of the assignment.

**LEASE:** A legal agreement which grants the right to use, occupy or control all or part of a property to another party for a stated period of time at a stated rental.

**LEASED FEE INTEREST:** Is an ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease. In the appraisal of income producing property, the leased fee is the most frequently valued property interest.

**LIMITING CONDITION:** A statement in the appraisal identifying conditions that impact the value conclusion.



**MARKET ANALYSIS:** A study of real estate market conditions for a specific type of property.

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

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

**P.APP:** Professional Appraiser designation. This designation can only be used by AACI designated members.

**PERSONAL PROPERTY:** Identifiable portable, tangible or intangible objects which are considered by the general public as being "personal," e.g. furnishings, artwork, antiques, gems and jewellery, collectibles, machinery and equipment; all property, tangible and intangible, that are not classified as real property.

**PROFESSIONAL ASSISTANCE:** Professional assistance involves support to the member that has a direct and significant bearing on the outcome of his or her assignment. A member may rely on significant professional, appraisal, review, consulting or reserve fund planning assistance of an employee. Such assistance would generally be provided by insured members of the Institute or other professionals. Viewing of a property is professional assistance as it forms part of the analysis leading to an opinion.

**PROFESSIONAL PRACTICE PEER GROUP:** Committees authorized under the Bylaws of the Institute to administer Canadian Uniform Standards.

**REAL ESTATE:** Land, buildings and other affixed improvements as a tangible entity.

**REAL PROPERTY:** The interests, benefits and rights inherent in the ownership of real estate. Comment: In some jurisdictions, the terms real estate and real property have the same legal meaning. The separate definitions recognize the traditional distinction between the two concepts in appraisal theory.

**REASONABLE APPRAISER:** Means an appraiser that provides appraisal, review, consulting and reserve fund planning services within an acceptable standard of skill and expertise, and based on rational assumptions.

**RECERTIFICATION OF VALUE:** A viewing performed to confirm whether or not the hypothetical conditions in the appraisal have been met.

**REPORT:** Any communication, written or oral, of an appraisal, review, consulting or reserve fund planning service that is transmitted to the client as a result of an assignment.

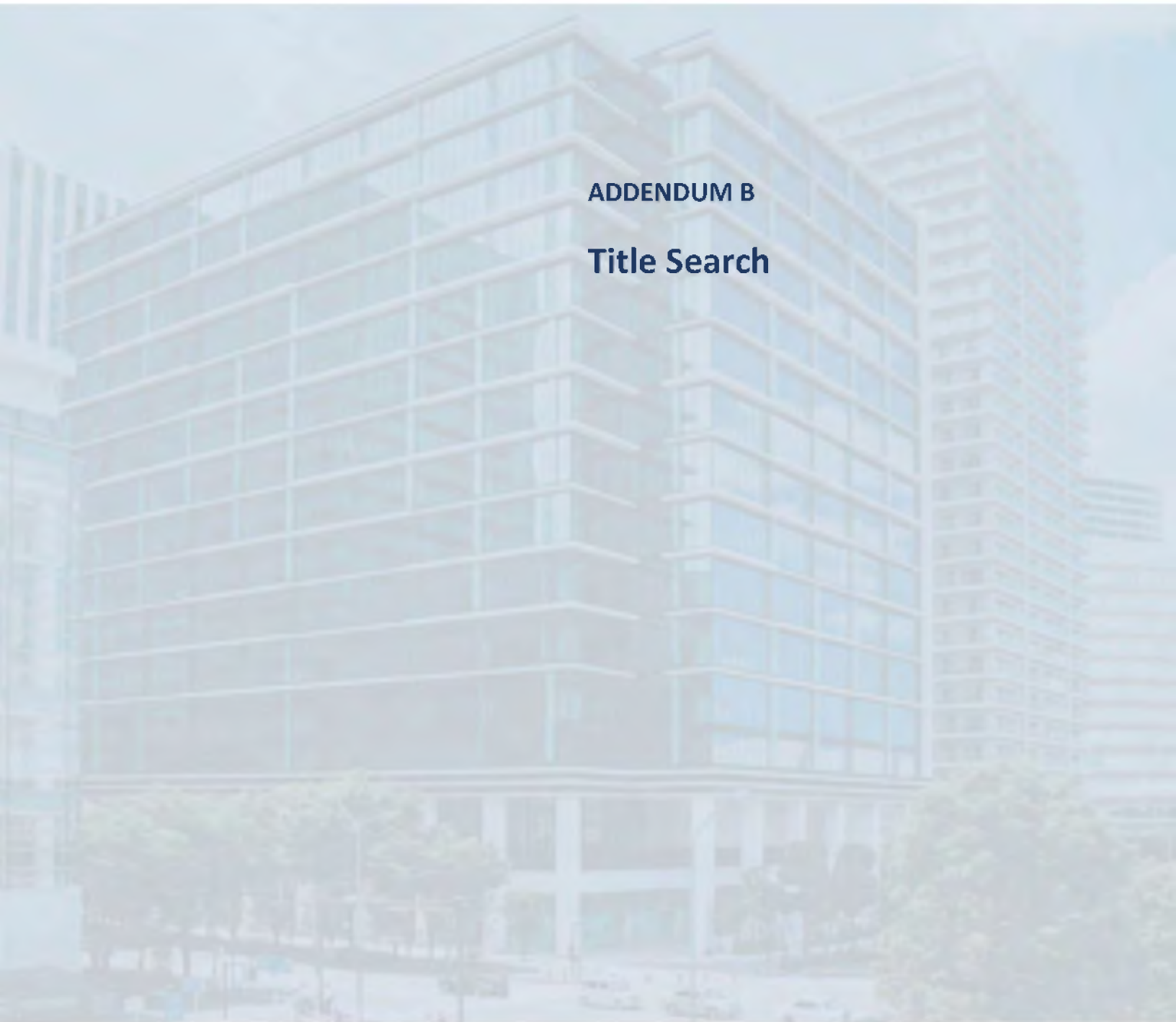
**SCOPE OF WORK:** The type and extent of research and analysis in an assignment. Scope of work includes, but is not limited to, the following:

- the degree to which the property is viewed or identified;
- the extent of research into physical or economic factors that could affect the property;
- the extent of data research; and
- the type and extent of analysis applied to arrive at opinions or conclusions.

**TECHNICAL ASSISTANCE:** Technical assistance involves support to the member in the preparation of a report, such as collecting property data and other factual information but does not, in itself, include interpretation or analysis. A member may rely on technical assistance from student members of the Institute or others, keeping in mind that the responsibility for the finished product rests with the member signing the report.

**VALUE:** The monetary relationship between properties and those who buy, sell or use those properties.

**Comment:** Value expresses an economic concept. As such, it is never a fact but always an opinion of the worth of a property at a given time in accordance with a specific definition of value. In appraisal practice, value must always be qualified, e.g. market value, liquidation value, investment value, rental value, or other.



## **ADDENDUM B**

# **Title Search**

**TITLE SEARCH PRINT**

File Reference: A2310-7627AA

2023-10-10, 21:59:31

Requestor: Mitch Ellis

**\*\*CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN\*\***

**Land Title District**

Land Title Office

KAMLOOPS

KAMLOOPS

**Title Number**

From Title Number

CA9514385

CA6769427

**Application Received**

2021-11-17

**Application Entered**

2021-11-30

**Registered Owner in Fee Simple**

Registered Owner/Mailing Address:

104 INVESTMENTS LTD., INC.NO. BC1330964  
16446 - 77TH AVENUE  
SURREY, BC  
V4N 0L5

**Taxation Authority**

Kelowna, City of  
Black Mountain Irrigation District

**Description of Land**

Parcel Identifier:

004-063-031

Legal Description:

LOT 20 SECTION 2 TOWNSHIP 23 OSOYOOS DIVISION YALE DISTRICT PLAN 30107

**Legal Notations**

ZONING REGULATION AND PLAN UNDER THE AERONAUTICS ACT  
CANADA FILED DECEMBER 13, 1977 UNDER NO M74009 & S23537  
SEE PLAN M13304

**Charges, Liens and Interests**

Nature:

UNDERSURFACE RIGHTS

Registration Number:

57903E

Registered Owner:

MARY CATHERINE NEAVE

Remarks:

INTER ALIA  
DD 169668F  
OTHER THAN THOSE EXCEPTED BY THE CROWN  
PART FORMER LOT A PLAN 10091

**TITLE SEARCH PRINT**

2023-10-10, 21:59:31

File Reference: A2310-7627AA

Requestor: Mitch Ellis

Nature: UNDERSURFACE RIGHTS  
Registration Number: 96751E  
Registered Owner: MARY CATHERINE NEAVE  
Remarks: INTER ALIA  
DD 235367F  
OTHER THAN THOSE EXCEPTED BY THE CROWN  
PART FORMER LOT A PLAN 10091

Nature: STATUTORY RIGHT OF WAY  
Registration Number: KF34094  
Registration Date and Time: 1992-04-16 12:20  
Registered Owner: CITY OF KELOWNA

Nature: STATUTORY RIGHT OF WAY  
Registration Number: LB518652  
Registration Date and Time: 2013-06-07 12:01  
Registered Owner: FORTISBC INC.  
INCORPORATION NO. PA000087

Nature: STATUTORY RIGHT OF WAY  
Registration Number: LB518779  
Registration Date and Time: 2013-06-12 12:10  
Registered Owner: FORTISBC INC.  
Remarks: PART ON PLAN EPP31129

Nature: STATUTORY RIGHT OF WAY  
Registration Number: LB518780  
Registration Date and Time: 2013-06-12 12:10  
Registered Owner: FORTISBC INC.

Nature: MORTGAGE  
Registration Number: CA9148661  
Registration Date and Time: 2021-06-30 09:53  
Registered Owner: TCC MORTGAGE HOLDINGS INC.  
INCORPORATION NO. BC0605229  
Transfer Number: CB731261

Nature: ASSIGNMENT OF RENTS  
Registration Number: CA9148662  
Registration Date and Time: 2021-06-30 09:53  
Registered Owner: TCC MORTGAGE HOLDINGS INC.  
INCORPORATION NO. BC0605229  
Transfer Number: CB731262

**TITLE SEARCH PRINT**

2023-10-10, 21:59:31

File Reference: A2310-7627AA

Requestor: Mitch Ellis

Nature: MORTGAGE  
Registration Number: CA9153214  
Registration Date and Time: 2021-06-30 15:10  
Registered Owner: DAVID WILLIAM BECKINGHAM  
AS TO AN UNDIVIDED 7818253/8400876 INTEREST  
Registered Owner: CAPITAL PROPERTIES LTD.  
INCORPORATION NO. BC0059533  
AS TO AN UNDIVIDED 582623/8400876 INTEREST

Nature: ASSIGNMENT OF RENTS  
Registration Number: CA9153215  
Registration Date and Time: 2021-06-30 15:10  
Registered Owner: DAVID WILLIAM BECKINGHAM  
AS TO AN UNDIVIDED 7818253/8400876 INTEREST  
Registered Owner: CAPITAL PROPERTIES LTD.  
INCORPORATION NO. BC0059533  
AS TO AN UNDIVIDED 582623/8400876 INTEREST

Nature: PRIORITY AGREEMENT  
Registration Number: CA9153694  
Registration Date and Time: 2021-06-30 15:36  
Remarks: GRANTING CA9148661 PRIORITY OVER CA9153214 AND  
CA9153215

Nature: PRIORITY AGREEMENT  
Registration Number: CA9153695  
Registration Date and Time: 2021-06-30 15:36  
Remarks: GRANTING CA9148662 PRIORITY OVER CA9153214 AND  
CA9153215

Nature: CLAIM OF BUILDERS LIEN  
Registration Number: CB638388  
Registration Date and Time: 2023-05-23 09:55  
Registered Owner: SUNBELT RENTALS OF CANADA INC.

Nature: CERTIFICATE OF PENDING LITIGATION  
Registration Number: CB743537  
Registration Date and Time: 2023-07-10 10:50  
Registered Owner: TCC MORTGAGE HOLDINGS INC.

Nature: CLAIM OF BUILDERS LIEN  
Registration Number: WX2187976  
Registration Date and Time: 2023-09-19 14:47  
Registered Owner: CORE CONCEPT CONSULTING LTD.

**Duplicate Infeasible Title**

NONE OUTSTANDING

**TITLE SEARCH PRINT**

File Reference: A2310-7627AA

2023-10-10, 21:59:31

Requestor: Mitch Ellis

**Transfers**

NONE

**Pending Applications**

NONE





## **ADDENDUM C**

# **Zoning Bylaw**

## **15.2 I2 – General Industrial** **I2rcs – General Industrial (Retail Cannabis Sales)**

### **15.2.1 Purpose**

The purpose is to provide for **general industrial uses**.

### **15.2.2 Principal Uses**

The **principal uses** in this zone are:

- (a) **analytical testing**
- (b) **animal clinics, major**
- (c) **auctioneering establishments**
- (d) **automotive and equipment repair shops**
- (e) **automotive and minor recreation vehicle sales/rentals**
- (f) **breweries and distilleries, major**
- (g) **breweries and distilleries, minor**
- (h) **bulk fuel depots**
- (i) **cannabis production facilities**
- (j) **commercial storage**
- (k) **contractor services, general**
- (l) **contractor services, limited**
- (m) **convenience vehicle rentals**
- (n) **custom indoor manufacturing**
- (o) **emergency and protective services**
- (p) **equipment rentals**
- (q) **fleet services**
- (r) **food primary establishment**
- (s) **gas bars**
- (t) **general industrial uses**
- (u) **household repair services**
- (v) **liquor primary establishment, minor**
- (w) **outdoor storage**
- (x) **participant recreation services, indoor**
- (y) **private clubs**
- (z) **rapid drive-through vehicle services**
- (aa) **recycling depots**
- (bb) **recycled materials drop-off centres**
- (cc) **service stations, minor**
- (dd) **service stations, major**
- (ee) **temporary shelter services**
- (ff) **truck and mobile home sales/rentals**
- (gg) **utility services, minor impact**
- (hh) **vehicle and equipment services, industrial**
- (ii) **warehouse sales**

### **15.2.3 Secondary Uses**

The **secondary uses** in this zone are:

- (a) **agriculture, urban**
- (b) **child care centre, major**
- (c) **residential security/operator unit**
- (d) **retail cannabis sales establishment (I2rcs only)**

#### 15.2.4 Subdivision Regulations

- (a) The minimum **lot width** is 40.0 m.
- (b) The minimum **lot depth** is 35.0 m.
- (c) The minimum **lot area** is 1.0 Ha unless a connection to the community sanitary sewer system, in accordance with the requirements of the City of Kelowna's Subdivision, Development & Servicing Bylaw, has been installed. If a connection to a community sanitary sewer system in accordance with the requirements of the City of Kelowna's Subdivision, Development & Servicing Bylaw has been installed, the minimum **lot area** is 4,000 m<sup>2</sup>.

#### 15.2.5 Development Regulations

- (a) The maximum **floor area ratio** is 1.5.
- (b) The maximum **site coverage** is 60%.
- (c) The maximum **height** is 14.0 m.
- (d) The minimum **front yard** is 7.5 m.
- (e) The minimum **side yard** is 4.5 m, except it is not required **abutting a lot** in the C or I zones, and it is 6.0 m on a **flanking street**.
- (f) The minimum **rear yard** is 0.0 m where **adjacent** to commercial or industrial zones, except that it is 6.0m **abutting** other zones.

#### 15.2.6 Other Regulations

- (a) No **use** shall produce dust, or other emissions that exceed standards set by provincial legislation, without written authorization from the appropriate provincial agency.
- (b) No **use** shall produce odour, glare, or noise that creates a **nuisance**.
- (c) There shall be no **outdoor storage** of toxic, noxious, explosive, odorous, or radioactive materials.
- (d) Only one **residential security/operator unit** is permitted on a **site**.
- (e) In addition to the regulations listed above, other regulations may apply. These include the general **development** regulations of Section 6 (accessory **development, yards**, projections into **yards**, accessory **development**, lighting, stream protection, etc.), the **landscaping** and fencing provisions of Section 7, the parking and loading regulations of Section 8, and the specific **use** regulations of Section 9.
- (f) Drive-in food services are not a permitted form of development in this zone.

**APPENDIX F**

**Royal LePage Commercial – Rob Archibald Report dated October 16, 2023**

**From:** Rob Archibald <robarchibald@shaw.ca>  
**Sent:** Monday, October 16, 2023 4:33:50 PM  
**To:** Douglas Chivers <Douglas.Chivers@mnp.ca>  
**Subject:** 555 Adams Road,

**CAUTION:** This email originated from outside of the MNP network. Be cautious of any embedded links and/or attachments.  
**MISE EN GARDE:** Ce courriel ne provient pas du réseau de MNP. Méfiez-vous des liens ou pièces jointes qu'il pourrait contenir.

Good afternoon , Doug,

I assume you would prefer an opinion of value as soon as possible, so I will provide mine in a quick email as opposed to lengthy CMA and assessment.

This is an exercise in highest and best use.

I met Dave Colley on site Thursday afternoon and walked through the building. He was and continues to be very helpful.

Your question was to consider whether to renovate the building or sell as is.

Although the building is in decent condition, it is approaching an age when investing into power separation, washrooms, proper lighting, and general improvements for each unit would result in substantial costs.

The building does have some plumbing and electrical panels to certain units, but not all.

My personal feeling is that those costs would not increase the value of the lease spaces enough to warrant the investment.

Typical large older buildings that offer multiple lease units are leasing for anywhere from \$12.00- \$15.00 per sq. ft. in strong market conditions, providing they are properly finished. We are not in such a market at the moment.

On an as is where is bases, with minor improvements I feel a lease rate f \$11.00- \$12.50 is achievable on both the finished units and the smaller ones, the larger spaces, units 1 and 7 that total 59, 240 sf would be quite difficult to lease and would have reduced lease rates.

Individual standalone buildings offering excess land, security and unit sizes ranging from 10,000 – 18,000 sf are being offered from \$14.00 - \$16.00 sf, however, the majority of those have been on offer for several months and remain vacant.

I am attaching one property that compares reasonably well to Adams Road. This property is zoned I3 Heavy Industrial, which provides less business allowances than Adams Road, being I2 General industrial. The property is located on Haldane Road, an industrial park approx.. 15 minutes north of Adams Road.

- 72,960 sf total comprising of 3000 sf office and balance warehouse.
- 9.98 acres flat and useable
- Sale price \$21,500,000. Year 2021, which was a substantially stronger market.

On a land size valuation this property sold for \$2,154,308.62 per acre.

Considering the superior zoning and substantially better location offered on Adams Road, I would apply a 12% premium for the subject property. This would place a land / building value of approximately \$2,412,825.65 per acre.

My information suggests that the subject building offers just under 95,000 sf leasable space. This indicates a 33% site coverage, so I don't see much excess developable land.

Assuming an average attainable lease value of \$11.00 sf, the breakdown would be as follows.

$(\$11.00 \text{ sf} \times 95,000) \times .98\% \text{ (2\% vacancy)} \times .95\% \text{ (5\% expenses)} / 5.5\% \text{ capitalization rate} = \$17,689,000$ . A developer would need to factor in demolition costs.

Using a per acre valuation we end up with the following:

$7.14 \text{ acres} \times \$2, 412,825.65 = \$17,227,575.17$

Obviously, we could adjust numbers to increase the value, however, as we know it will depend on what a developer / investor is willing to risk on a property such as this.

So, based on this I would suggest a fair market list price of between \$18,000,000 - \$18,500,000.

Please let me know if I can be of further assistance.

Thank you,  
Rob

**ROB A. ARCHIBALD**  
**Kelowna Commercial Real Estate**

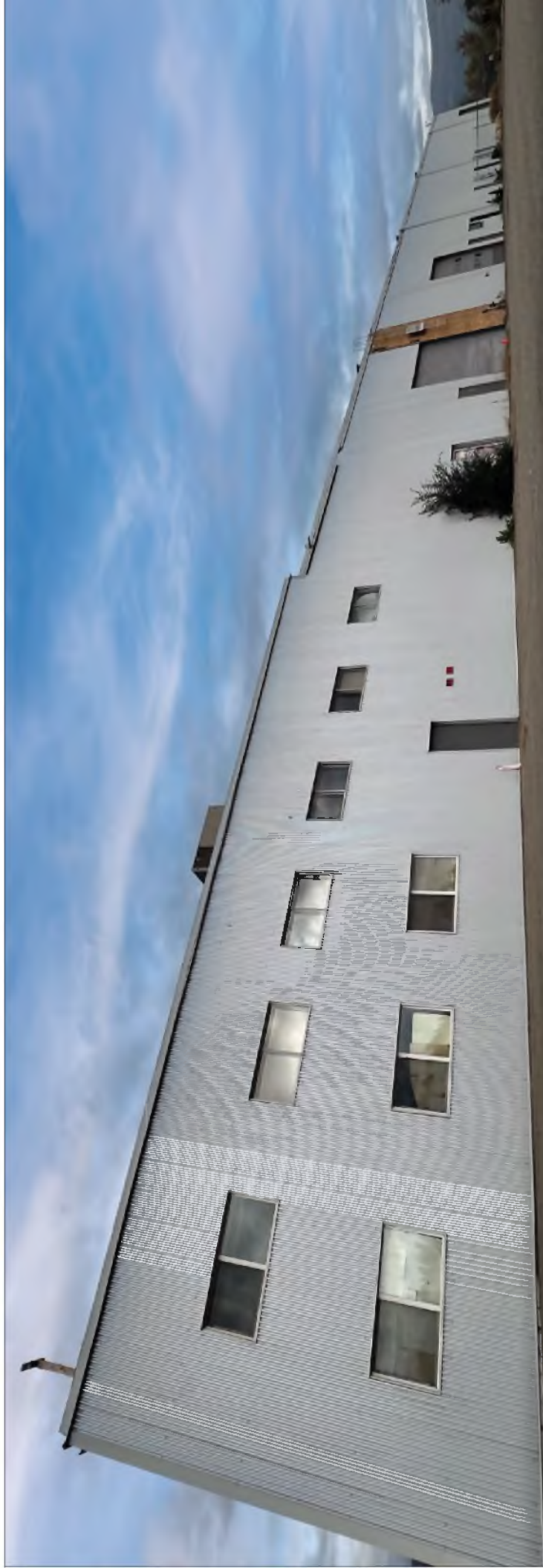
**Direct 250-717-6688**  
[RobArchibald@shaw.ca](mailto:RobArchibald@shaw.ca)  
<http://www.kelownacommercial.com>



**INDUSTRIAL | COMMERCIAL | INVESTMENT | REAL ESTATE**

## **APPENDIX G**

### **Royal LePage Commercial – Steve Laursen Report**



# 555 ADAMS ROAD PROPOSAL

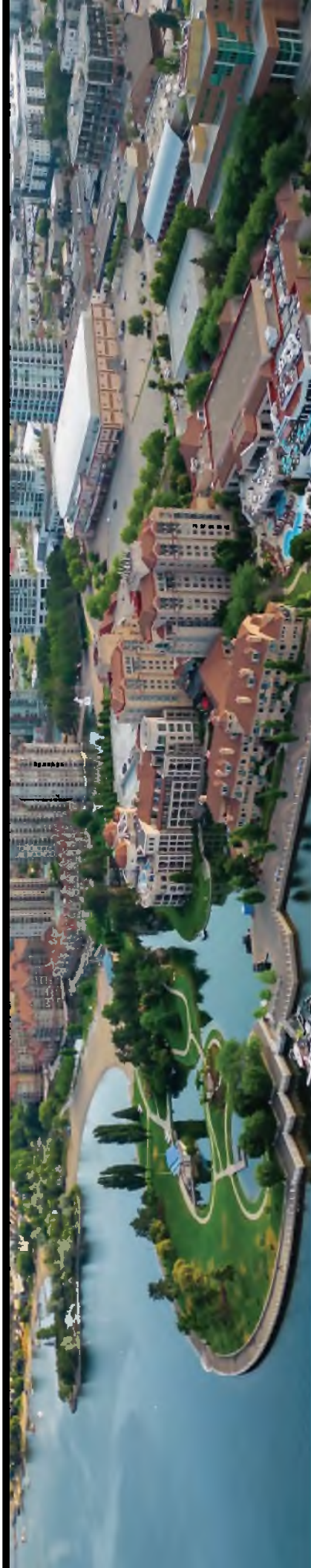
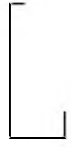
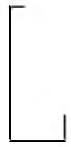
STEVE LAURSEN

PERSONAL REAL ESTATE CORPORATION

ROYAL LEPAGE KELOWNA  
COMMERCIAL

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ROYAL LEPAGE KELOWNA  
**COMMERCIAL**

ROYAL LEPAGE KELOWNA

# COMMERCIAL

Royal LePage Kelowna Commercial is built on relationships, trust, and performance. With a black and white, direct approach to your commercial real estate success, we are passionate about creating strategic growth opportunities for our clients in some of Canada's most attractive markets. Steve and the group at RLK Commercial have extensive knowledge of the Okanagan market and a database of industrial occupants, and investors who are active in the local market currently looking for new ownership opportunities. With over \$1 billion in sales and over 2.5 million square feet in tenant/landlord representation, RLK Commercial has established itself as a leader in the Okanagan market.



[www.rlkcommercial.com](http://www.rlkcommercial.com)



RLK Commercial



@rlkcommercial



RLK Commercial

## STEVE LAURSEN | PERSONAL REAL ESTATE CORPORATION



Over the course of 20 years, Steve Laursen has established himself as a leading real estate professional in the Okanagan region of British Columbia. Specializing in the commercial market, Steve possesses a broad scope of real estate capabilities, including industrial, office, and retail leasing and land, building, and investment sales. By focusing on the Okanagan, he has developed comprehensive knowledge and a keen understanding of the market as it continues to grow and evolve. As a result, he provides creative, value-add solutions for his clients' needs.

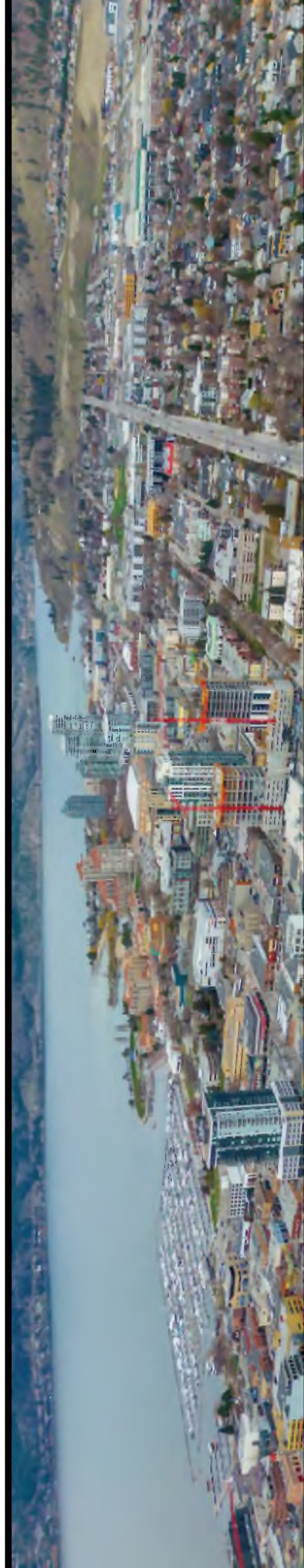
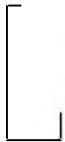
Steve nurtures lasting relationships with a range of real estate professionals in Kelowna and across North America, including brokers, developers, investors, and multi-national, industrial, and office occupants. Paired with Steve's perseverance, passion, and confidence, this far-reaching network is an integral part of his and his clients' successes.

As a top-producing agent with Royal LePage Kelowna Commercial, Steve has worked closely with various national commercial real estate firms to complete leasing mandates, project marketing partnerships, land acquisition, and disposition, building, and investment assignments. He has worked in partnership with CBRE, Avison Young, Cushman Wakefield and JLL on multiple assignments during his career. To date, over \$1 billion in sales and over 2 million square feet in tenant/landlord representation have been orchestrated by Steve since 2015.

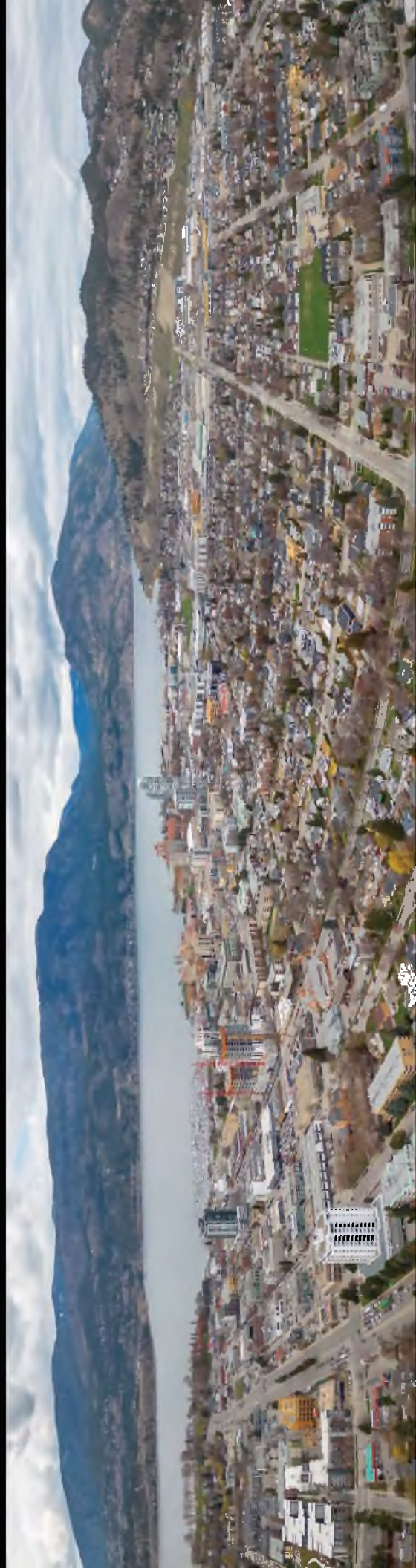
**WE HAVE THE CAPABILITIES, EXPERTISE, AND EXPERIENCE TO SUCCESSFULLY EXECUTE THIS IMPORTANT ASSIGNMENT. WE ARE EXCITED AND READY TO GO!**

ROYAL LEPAGE KELOWNA  
COMMERCIAL





ROYAL LEPAGE KELOWNA  
**COMMERCIAL**



ROYAL LEPAGE KELOWNA  
**COMMERCIAL**



# LAUNCH STRATEGY

## MARKETING PLAN

Pre-Market Launch - 14 days from Listing Contract execution

### 1) Work closely with the Client on customized marketing materials including but not limited to the following:

- Detailed brochure incorporating current professional photography
- Site and premises plan for marketing use
- Pricing and inducement strategy
- Email campaign template
- MLS draft listings
- Social media templates
- List of targeted concepts that are aligned with the Client's vision for the premises

### 2) Marketing Task Timeline

- Timeline to be determined by the Client and the Team collaboratively
- The timeline will cover all tasks to be completed and projected dates

### Marketing Launch Timeline Suggestions

#### DAY 1 - 2

- Marketing Launch: MLS, email campaigns, social media, direct email and calls.
- This will attract a direct response from occupants or investors. We will direct call our extensive database following the email campaigns and social media launch. Our database has been built on our experience with similar properties in the Kelowna market, so we know these contacts are interested in industrial and investment product.

#### Day 6 / Ongoing

- Penticton, Kelowna, and Vancouver Broker meetings
- In-person presentation directly to notable potential occupants
- In-person presentations to the retail and leasing brokers at JLL, Avison Young, Cushman & Wakefield, Colliers, and CBRE to educate brokers on the product and the Penticton / Okanagan market for their occupier or investor clients.

### 3) Existing Databases - Ongoing efforts

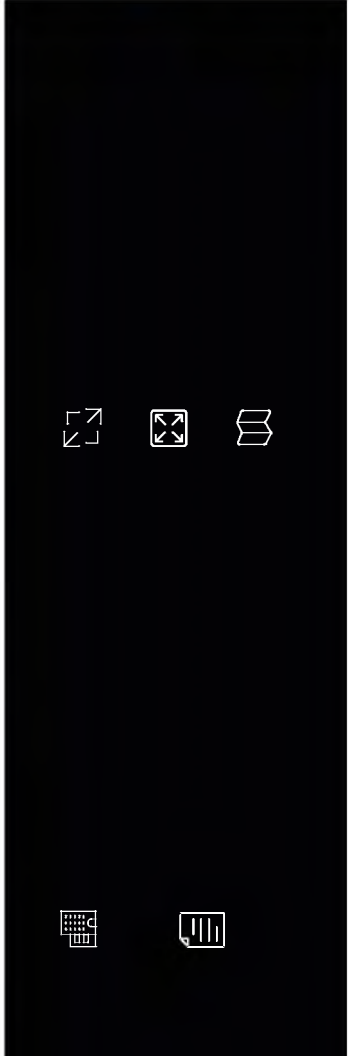
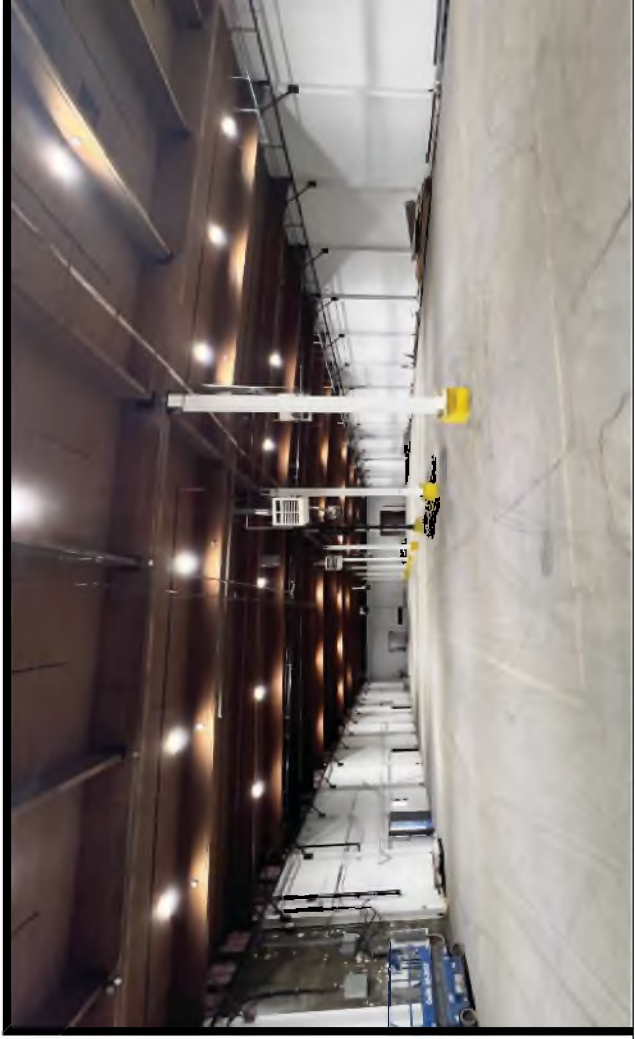
- Cold calls and direct mail to Okanagan users
- Cold calls and direct mail to interior BC developers and users
- Cold calls to investor database
- Cold calls to Vancouver and Vancouver Island database

### 4) Brokerage Relationships / Network

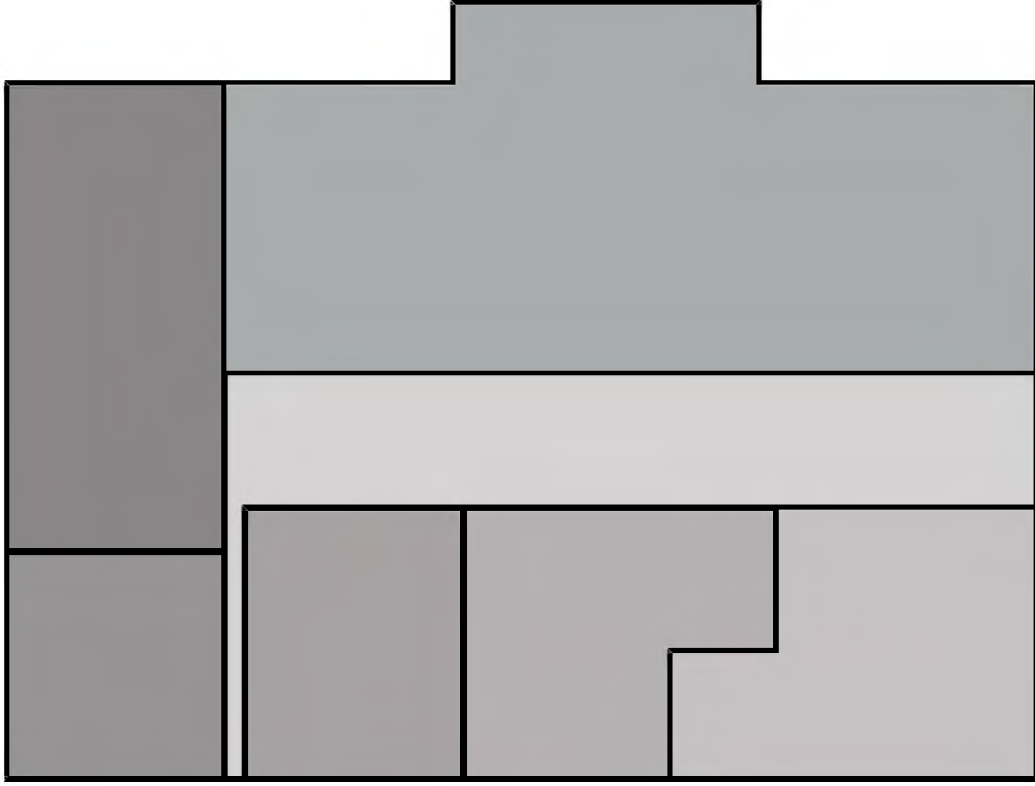
- Continue meetings and presentations with all relevant brokerages in Vancouver and the Okanagan



Area	Value
Area 1	10,000
Area 2	10,000
Area 3	10,000
Area 4	10,000
Area 5	10,000
Area 6	10,000
Area 7	10,000
Area 8	10,000
Area 9	10,000
Area 10	10,000
Area 11	10,000
Area 12	10,000
Area 13	10,000
Area 14	10,000
Area 15	10,000
Area 16	10,000
Area 17	10,000
Area 18	10,000
Area 19	10,000
Area 20	10,000



[



# PRICE GUIDANCE | SALE

This approach compares the Subject Property to other properties that are currently on the market for sale or have recently sold in the area with similar characteristics to the Subject Property.

Currently the market has two competitive options listed for sale, the former BC Tree Fruits building located at 3335 Sexsmith Road, this property is approximately 148,000 square feet on approximately 14 acres of industrial land listed at \$39,000,000. This property has received a lot of attention but no offers or serious interest currently according to their listing agent. 375 Potterton Road is also listed for sale at an asking price of \$31,000,000, this property is approximately 133,000 square feet and fully tenanted representing a 4.85% cap rate with half the building at under-market rents. As one of the listing agents I can report we received tremendous interest and soft offers from 4 groups around \$25,000,000 which were of no interest to the current owners at this time.

In 2023 there have been a few transactions over 10,000 square feet, most notably 9640 McCarthy Road, a pre-sale at IntraUrban McCarthy of 43,000 square feet. 2646 Kyle Road, 41,214 square feet of new construction industrial in West Kelowna and 1704 Government Street in Penticton which is 95,000 square feet on 10 acres of land which was purchased for a mixed-use redevelopment. These property sales represented values from \$240 - \$360 per square foot.

Therefore, based on an approximate 100,000 square feet, which needs to be verified as the plans show 90,658 square feet on the main floor and 15,116 square feet of mezzanine area which I do not believe is fully completed, the resulting value of the Subject Property in **as-is condition** would be as follows:

**555 Adams Road:**

**100,000 x \$200 = \$20,000,000**

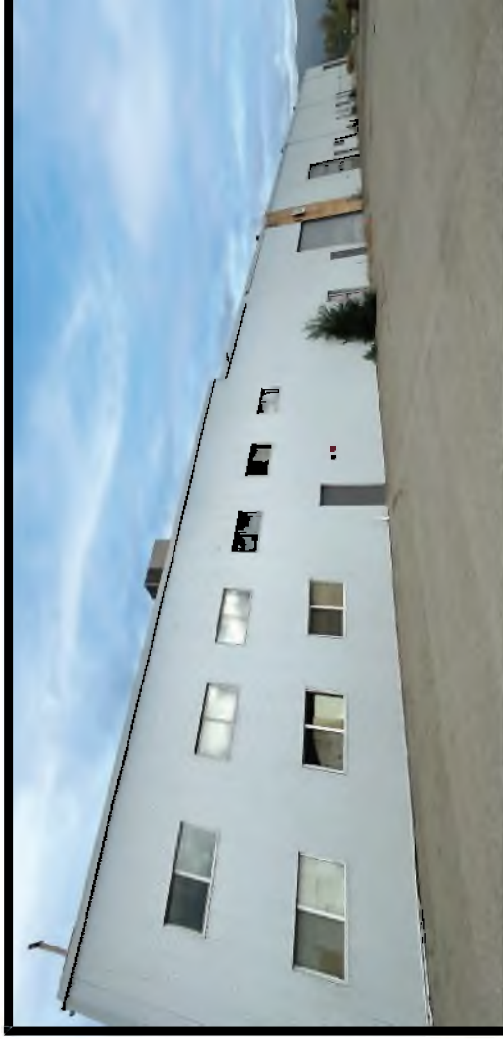
**100,000 x \$220 = \$22,000,000**

**PRICE GUIDANCE - \$20,000,000 to \$22,000,000**

\*Building area to be verified

## COMPARABLE SALE TRANSACTIONS

Sale Date	Address	Price	Building Size (SF)	Size (Acres)	Price Per SF
May 2023	2646 Kyle Road, West Kelowna	\$13,400,000	41,214 SF	N/A	\$325
May 2023	1705 Government Street, Penticton	\$23,000,000	95,404 SF	10.83 Acres	\$241
January 2023	692 Adams Court	\$3,750,000	7,700 SF	0.46 Acres	\$487
July 2022	675 & 683 Dease Road	\$14,150,000	48,000 SF	3.06 Acres	\$295
December 2021	375 Potterton Rd & 8826 Jim Bailey Cres	\$58,000,000	266,000 SF	14 Acres	\$218





## PRICE GUIDANCE | LEASE

This approach compares the Subject Property to other properties that are currently on the market for lease or have recently leased in the area with similar characteristics to the Subject Property.

Currently the industrial leasing market is still active with deals of 10,000 - 80,000 sf completing at rates ranging from \$12.50 to \$18.00 per square foot. The challenging market competition in the lower rate range is Callahan Property Group and Argus Properties with current vacancy on Beaver Lake Road, although further away from the city centre, the Landlord has been successful in attracting 500,000 square feet of tenants since 2020 due to new generation industrial buildings with 28' clear height and a mixture of dock and grade loading. Tenants who want to be closer to the city centre are willing to pay higher rates for new generation industrial space although inventory is limited at this time, but 2024 is expected to bring on further vacancy with new projects completing which may drive rates down slightly.

The Subject Property would be attractive to tenants given the location, access, and exposure to Highway 97, given the lower ceiling height of 18-20' clear and grade loading I would suggest a list price in the mid-range of market. Currently 200 Campion Street would be the main competitor to the Subject Property offering 59,250 square feet at an asking of \$13.50, Campion has been actively marketed for sale and lease since 2021, this property is older generation with an A-frame sloped roof and is in fairly poor condition. I feel that 555 Adams is a good offering and would be more attractive than Campion but could require the following Landlord work per demisable bay.

- Individual loading bays
- Entrance with glazing
- Signage opportunity
- Separate power at a minimum of 200 amps 120/208V
- Washroom
- Upgraded lighting if not already installed
- Small office (this is not a must, but tenants do ask for this to be completed by the landlord often)

### THEREFORE, THE SUGGESTED LIST PRICE FOR LEASE:

IMPROVED SMALL BAY 10,000SF++ | AS-IS  
**\$15.00 - \$16.00 PER SF PLUS NNN** | **\$13.50 PER SF PLUS NNN**

### COMPARABLE LEASE TRANSACTIONS

\*SUBJECT PROPERTY AREA

SALE DATE	ADDRESS	LEASE RATE	BUILDING SIZE (SF)
January 2023	3077 Sexsmith Rd	\$16.50	12,840 SF
November 2022	3376 Sexsmith Rd	\$14.50	10,000 SF
October 2022	#1 200 Campion St	\$11.25	60,060 SF



# TRACK RECORD



2015 SALE

## 375 POTTERTON RD & 8826 JIM BAILEY CRES.

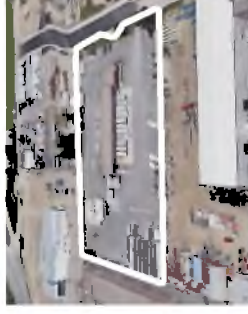
KELOWNA | 14 ACRES | 265,173 SF  
Kelowna Industrial Portfolio  
SOLD Q3 2015 | \$22,000,000



2022 SALE

## 375 POTTERTON RD & 8826 JIM BAILEY CRES.

KELOWNA | 14 ACRES | 265,173 SF  
Kelowna Industrial Portfolio  
SOLD Q1 2022 | \$58,000,000



## 1100 MAYFAIR ROAD

KELOWNA | 3.809 ACRES  
Industrial Distribution Facility  
SOLD Q4 2020



## 290-300 RIVERSIDE DRIVE

PENTICTON | 46,000 SF  
Multi-Unit Shopping Centre  
SOLD Q4 2021



## 2100 RUTLAND ROAD N

KELOWNA | 4.5 ACRES  
Re-Development Land  
SOLD Q1 2023



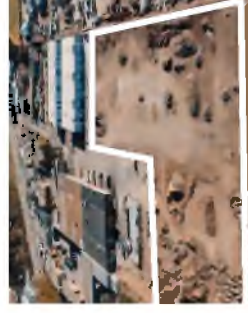
## BUILDING 1 2648 KYLE RD

WEST KELOWNA | 34,575 SF  
Multi-Unit Industrial Building  
SOLD Q4 2021



## 726-816 CLEMENT AVENUE

KELOWNA | 5.22 ACRES  
Development Land  
SOLD Q1 2017



## 2648 KYLE ROAD

WEST KELOWNA | 7.39 ACRES  
Development Land  
SOLD Q1 2021



## 9640 MCCARTHY ROAD

KELOWNA | 3.88 ACRES  
Development Land  
SOLD Q4 2021



## KNOX VILLAGE

KELOWNA | 4 BUILDINGS  
Multi-Family  
SOLD Q1 2022 | \$86,500,000

# TRACK RECORD



**3901 30TH AVENUE**  
 VERNON | 1.19 ACRES  
 Multi-Family Re-Development  
 SOLD Q4 2021



**313 BERNARD AVENUE**  
 KELOWNA | 10,921 SF  
 Multi-Unit Retail & Office  
 SOLD Q1 2021



**2300 LECKIE ROAD**  
 KELOWNA | 78,000 SF  
 Office Building  
 SOLD 2016



**PROXIMA**  
 KELOWNA | 58,588 SF | 59 UNITS  
 Multi-Family  
 SOLD Q1 2022



**3535 CASORSO ROAD**  
 KELOWNA | 24.6 ACRES  
 Multi-Family  
 SOLD Q3 2020



**THE LODGES**  
 KELOWNA | 157 UNITS  
 Multi-Family  
 SOLD Q4 2020



**BERNARD LAND ASSEMBLY**  
 KELOWNA | 1.76 ACRES | 9 LOTS  
 Multi-Family Re-Development  
 SOLD Q1 2023



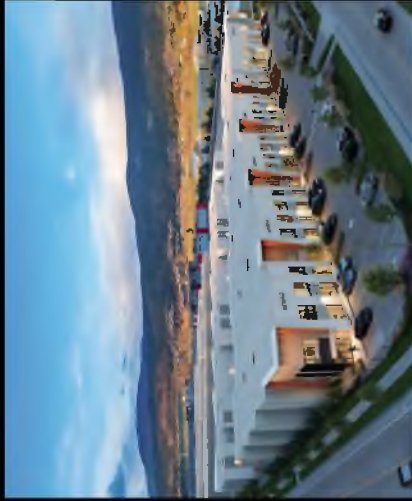
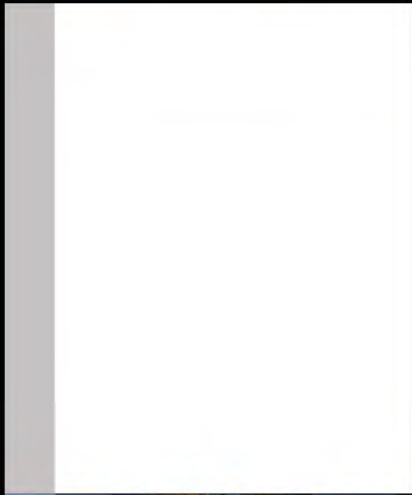
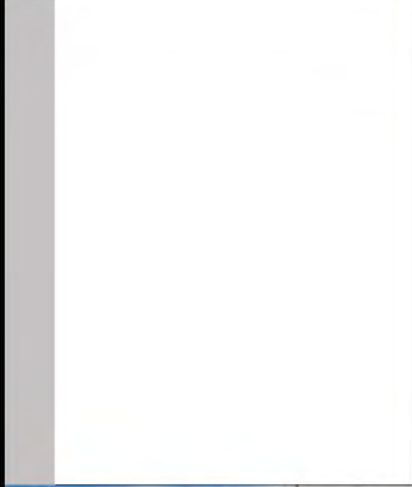
**INTERIOR BC APARTMENT PORTFOLIO**  
 VARIOUS CITIES | 3 PROPERTIES  
 Multi-Family  
 Sold Q4 2021







ROYAL LEPAPE KELOWNA  
**COMMERCIAL**





# TRACK RECORD | PROJECT MARKETING

## CURRENT PROJECTS



THE LODGES	
CITY:	Kelowna, BC
TOTAL PROJECT SIZE:	19,243 SF
UNIT SIZE RANGE:	825 SF - 19,243 SF
PROJECT COMPLETION:	2020
LEASED:	88% Leased (October 2023)
DEVELOPER:	PC Urban & Nicola Wealth Real Estate



SILVER STREAM BUSINESS PARK	
CITY:	Kamloops, BC
TOTAL PROJECT SIZE:	194,968 SF 2 Buildings
UNIT SIZE RANGE:	3,108 SF - 194,968 SF
ESTIMATED COMPLETION:	Q4 2023
PRE-LEASED/SOLD:	46% Leased/Sold (October 2023)
DEVELOPER:	Cedar Coast & Orion Construction



2540 ! 2544 ENTERPRISE	
CITY:	Kelowna, BC
TOTAL PROJECT SIZE:	67,179 SF
UNIT SIZE RANGE:	939 SF - 67,179 SF
PROJECT COMPLETION:	March 2023
LEASED:	99% Leased (October 2023)
DEVELOPER:	Worman Commercial



# LISTING AGREEMENT

**Listing** .....6 Months

**Sale Commission** .....2% of sale price  
(Cooperating Brokers to receive 50% of the commission)

**Lease Commission** .....5% of net rent for years 1-5  
3% of net rent thereafter  
(Cooperating Brokers to receive 50% of the commission)

**Marketing Costs** .....100% of the costs paid for by Listing Agent

**MLS** ..... Listed upon marketing launch

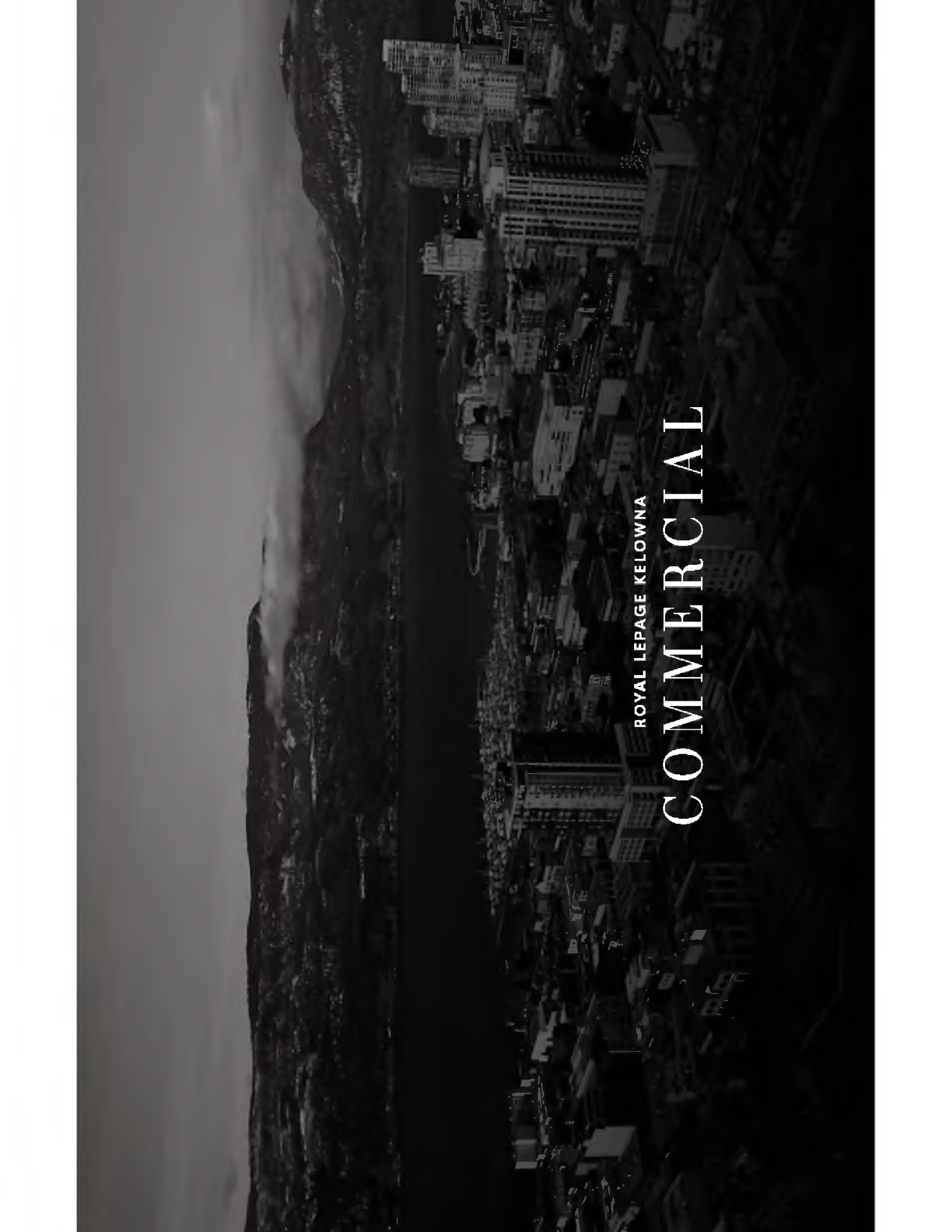
I look forward to speaking with your team further about this exciting opportunity. Please feel free to call me at anytime should you have any questions or comments regarding my proposal or contents therein prior to meeting.

Sincerely,



Steve Laursen  
Royal LePage Kelowna Commercial

ROYAL LEPAGE KELOWNA  
**COMMERCIAL**



ROYAL LEPAGE KELOWNA

# COMMERCIAL

**APPENDIX H**

**Colliers Report dated October 18, 2023**



October 18, 2023

Mr. Doug Chivers  
Senior Vice President  
MNP Ltd.  
Ste. 430, 505 Burrard Street  
Vancouver, BC V7X 1M3

Re: 555 Adams Road, Kelowna, BC

Dear Doug,

Further to our tours of the property, review of material provided, and analysis of the current Kelowna industrial market, we are pleased to provide the attached opinion of value and the below recommendations/ observations.

The building is approximately 90,000 Sq. Ft. (not including the mezzanine) on 7.14 acres. The original building was constructed in 1967 with additions added over the years. The seven bays are not necessarily the best configured for industrial use and the loading bays are not necessarily all in the best location, however, the building still has a useful life and, in whole or in part, is workable for an owner-user or multiple tenants. While not comparable to more modern buildings, this property is well-suited for an owner-user or multi-tenants, looking for an affordable solution with some yard storage and good parking.

Our recommendation would be to take this to market "as is" and not spend any additional money on the property. If a buyer wants to further demise the premises, or do tenant improvements, that is their decision, but it also may be the case that a buyer demolishes some of the existing improvements to make the building more usable for themselves.

The concept of subdividing into three lots or that the property could attract an investor/developer willing to build to a 1.5 FAR is simply nonsensical. With the mezzanine, the property has a site coverage of 32.5%, the property is impacted by the slope on the highway side of the site, effectively making the site coverage 35 to 38%. The typical site coverage of industrial facility of this nature is in the low 40% range. If you subdivided into three lots, you would be left with a building on one lot, no parking and loading so tight, the building would never lease.

The subdivision into three lots will likely not add value and may actually decrease the value of the property. If a land play and potential subdivision was of interest than the existing building should be demolished. For a user or tenant(s) to use this building, they need good loading, parking, and potentially a bit of yard storage.

To consider a build out of 1.5 FAR, you would be looking at a 3 to 6 story industrial building and there is absolutely no demand for that type of product.



Regarding market conditions and timing, the industrial real estate market in Kelowna has come off it's high, but it is still active, and we expect to see continued growth over the next several years as the Okanagan region continues to grow, with Kelowna being the center of the growth. It is hard to time the market, the current interest rate environment, and difficulties with bank financing can make deals more challenging today, however, we feel if priced correctly this property would garner good demand. There are three logical purchaser groups; a user who can make use of the property in its current state, an investor who will lease the property out and possibly re-develop in the future, or a developer who is interested in the land to build on and will demolish the building.

We would recommend taking the property to market immediately.

The property offers tremendous exposure to the highway, is a relatively rare large industrial site and is in a growing market; all of these should contribute to good demand for the property.

Please feel free to call with any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Randall".

Bill Randall  
Executive Vice President

A handwritten signature in black ink, appearing to read "Stephen Webber".

Stephen Webber  
Associate Vice President

A handwritten signature in black ink, appearing to read "Eric Weber".

Eric Weber  
Vice President



▼ Rendering of renovated building



555 Adams Road, Kelowna, BC

# Valuation & Marketing Proposal

Prepared for: **MNP**

Prepared by:

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**Bill Randall**  
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Executive Vice President  
Main +1 604 692 1097  
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bill.randall@colliers.com



# Executive Summary

## Valuation and Listing Proposal

October 19, 2023

**555 Adams Road** (herein referred to as the "Subject Property"), is an older existing building of approximately 90,626 SF (not including the mezzanine area in Unit 1), which has been divided into seven bays ranging from 5,095 SF to 31,783 SF. The property is currently undergoing a renovation that is 80-90% complete and includes a new roof. It's situated on a 7.14 acre site that has some sloped areas adjacent to the highway which limits the developable area of that portion of the site.

The value estimate indicates an overall range of \$19,000,000 to \$22,200,000. The property has the benefit of highway exposure and being an existing facility that is close to move-in ready; however, it faces challenges such as bay dimensions, limited loading access in some parts of the building, is vacant (in the case of an investor purchase), and there are competing properties that are currently on the market. Given these factors, we would expect a sale price in the range of 20,000,000 to \$22,000,000.

Note:

The indicated value(s) are based on the following assumptions:

- the sizes are based on the architecture drawing as provided,
- no additional value is contemplated for any excess land given the current site coverage and that the areas to the south and north of the building are required for access and egress to the loading bays
- the lot remains one legal lot, subdivision into three lots would eliminate much of the parking and loading area for the building which would dramatically impact the usability of the building.



**Eric Weber**  
Vice President



**Stephen Webber**  
Associate Vice President



**Bill Randall**  
Executive Vice President





# Property Overview

Civic Address	555 Adams Road, Kelowna, BC
Neighbourhood	Reid's Corner Industrial Area
PID	004-063-031
Lot Size	7.14 Acres
Current Zoning	I2 General Industrial
Existing Improvements	90,626 SF Industrial Building (not including mezzanine area in Unit 1)
Taxes (2023)	\$183,974.45



BC Assessment  
(2023)

Land  
**\$7,803,000**

Improvement  
**\$9,528,000**

Total  
Assessed Value  
**\$17,331,000**

## Legal Plan

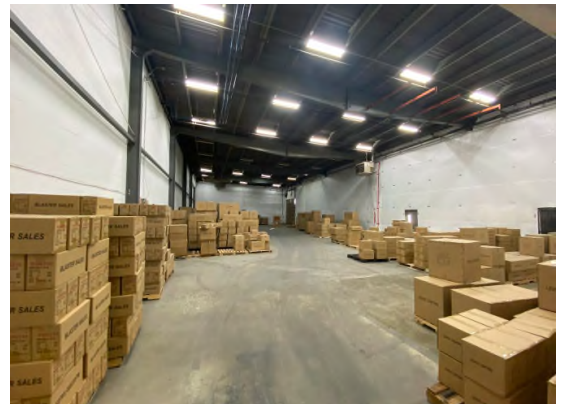
Lot 20 Section 2 Township 23 Osoyoos Division Yale District Plan 30107





# Property Overview

## Interior





# Property Overview

## Renovation Plan

The renovation plan is to convert the 7 zones into 7 units by installing separate electrical, mechanical and plumbing services and closing in the minor openings between the zones.

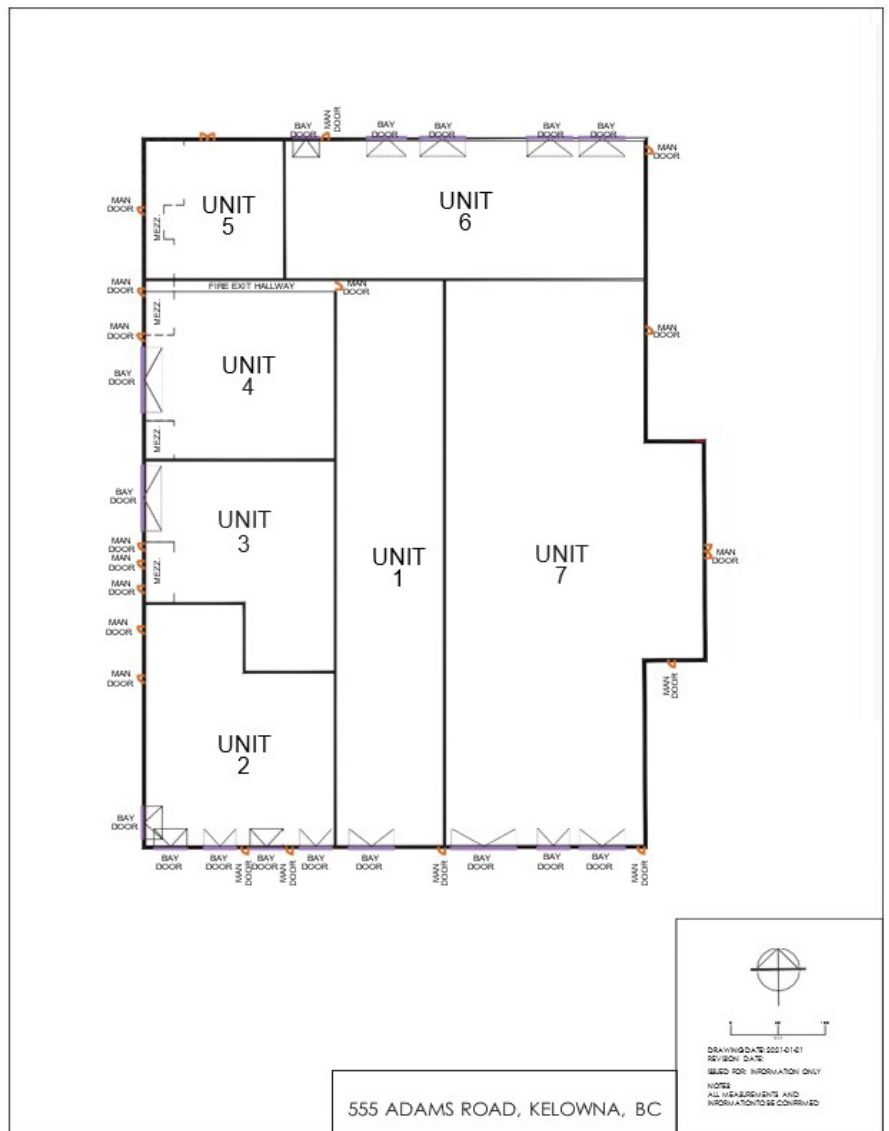
An interior and exterior face-lift is also proposed to be done.

The improvements are reported to be 80-90% complete.

Unit Number	Unit Size (SF)
1	14,502*
2	10,111
3	8,670
4	8,271
5	5,095**
6	12,194
7	31,783
<b>Total</b>	<b>90,626</b>

\*Unit 1 has a mezzanine covering 90% of the ground floor area. A second floor may be beneficial for a few tenants, however it would have extremely limited appeal to the rest of the market. Therefore, for our analysis we have used just the main floor area for Unit 1. The existing mezzanine may actually be a detriment to leasing unit #1 as the ceiling heights in the warehouse will be very low.

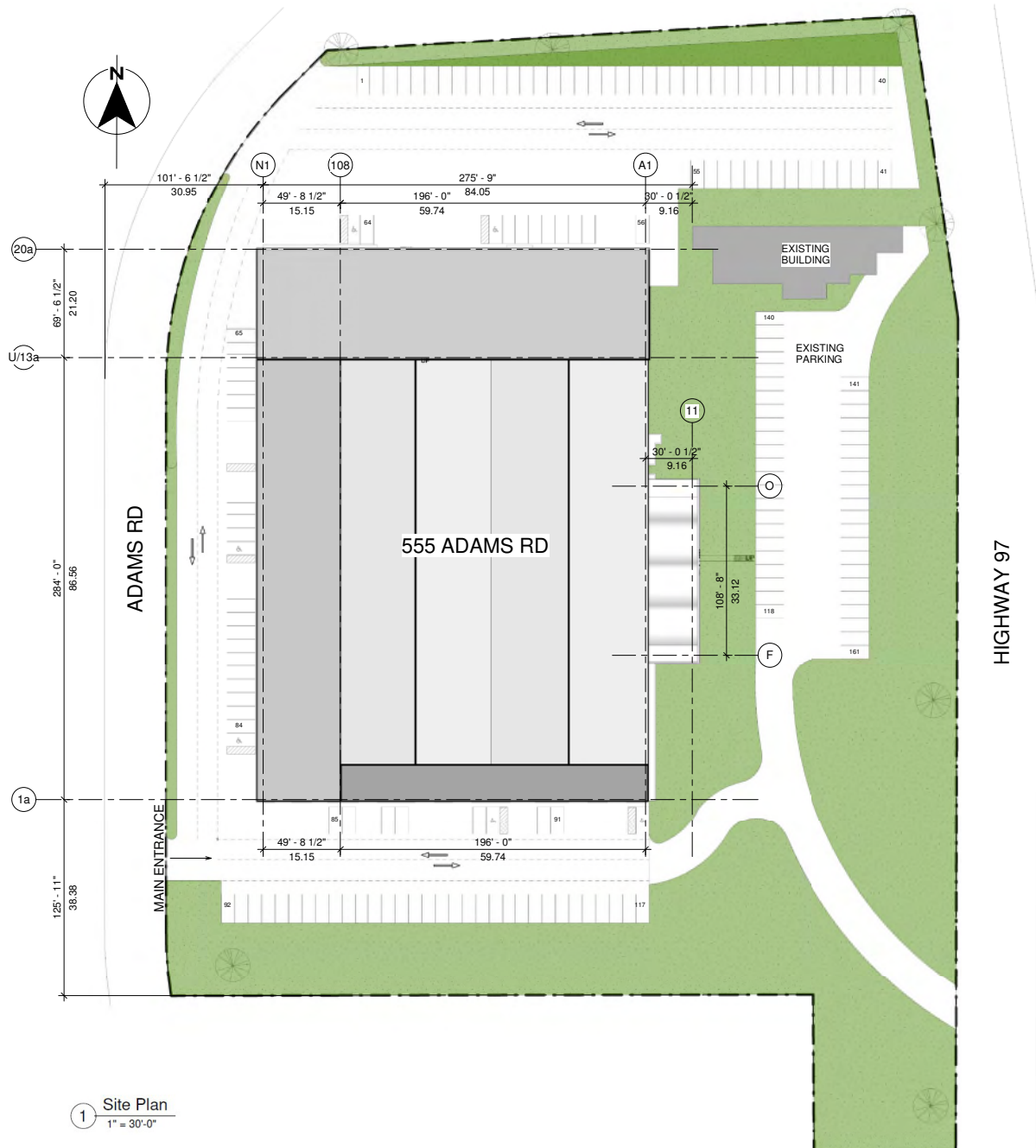
\*\*Unit 5 has no overhead door.





# Property Overview

## Renovation Plan

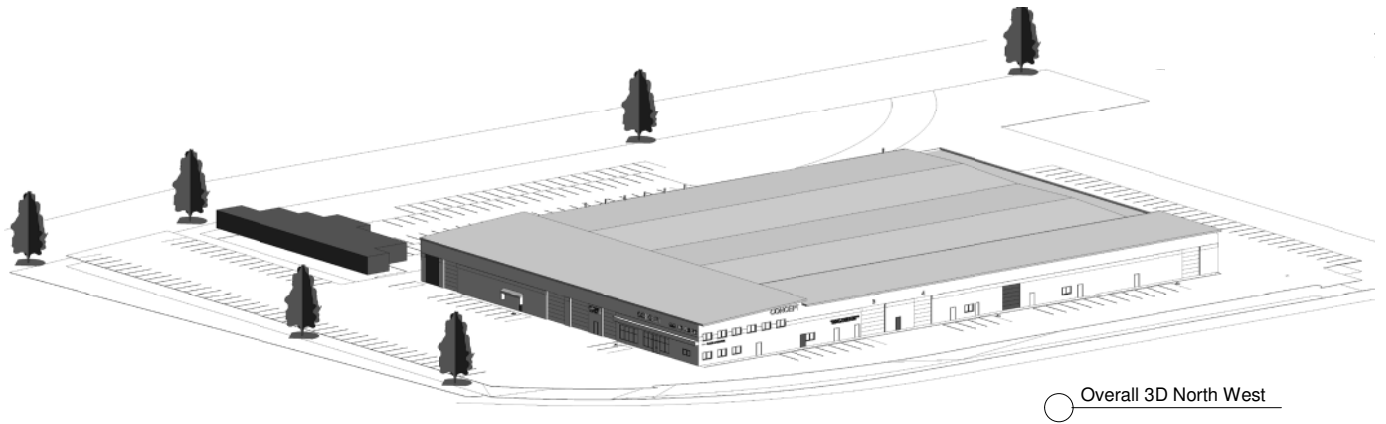
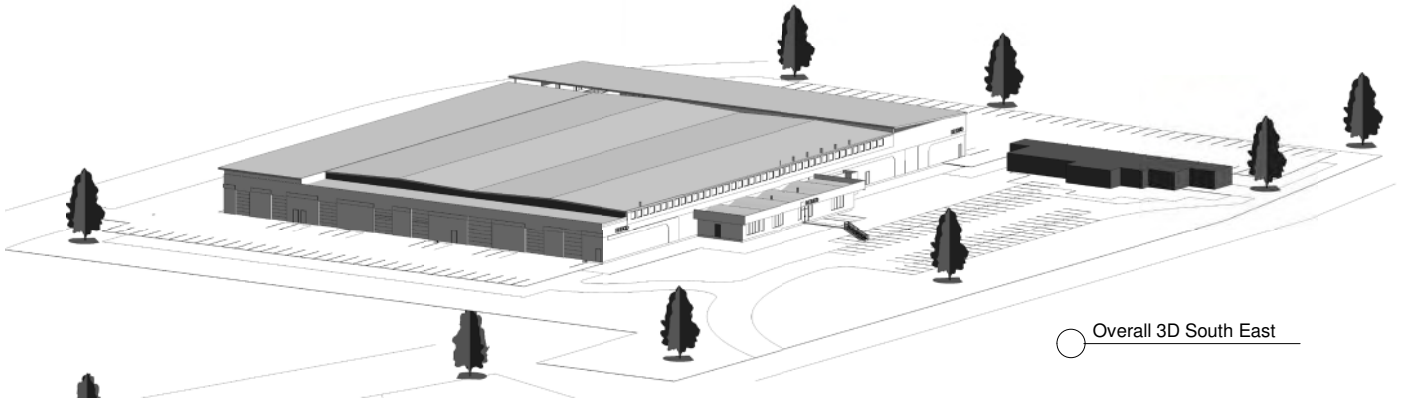






# Property Overview

## Renovation Plan

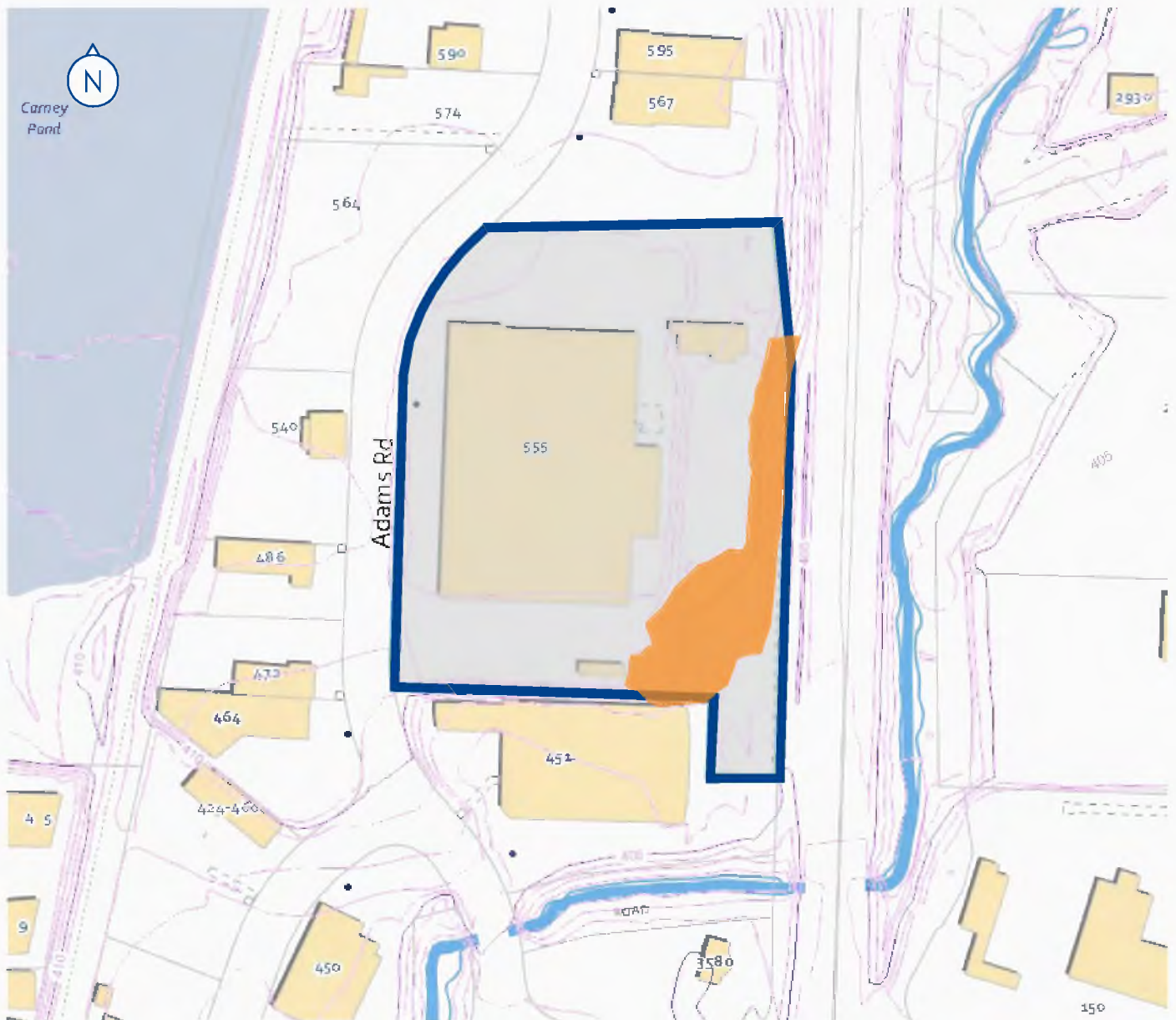




# Property Overview

## Topography

The area highlighted in orange, which does include a driveway, is impacted by slope challenges and is estimated to be up to 1 acre in size.







# Location Overview

The Adams Road-Reid's Corner Industrial Area is located just off Highway 97 N at corner of Sexsmith Road and Old Vernon Road, just 5 minutes from YLW and UBC Okanagan, and 15 minutes from Downtown Kelowna with easy access to major transportation routes.

This is an established industrial area serving a unique role as an innovation and economic growth hub. Its central location adds to its desirability, allowing for easy access to other popular neighbourhoods like Downtown Kelowna and access to many other amenities throughout the city.



**Walk Score**

33



**Transit Score**

42

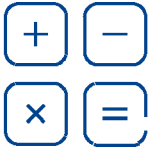


**Bike Score**

36







# Subject Property Valuation

## Direct Comparison Approach

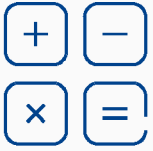
### Methodology 1

#### Direct Comparison Approach

The Direct Comparison Approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject property. Valuation is typically accomplished using a unit of comparison such as price per square foot of building area. Adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive a value for the subject property.

The following is a chart of recent sales and listings that are the most comparable to the Subject Property.

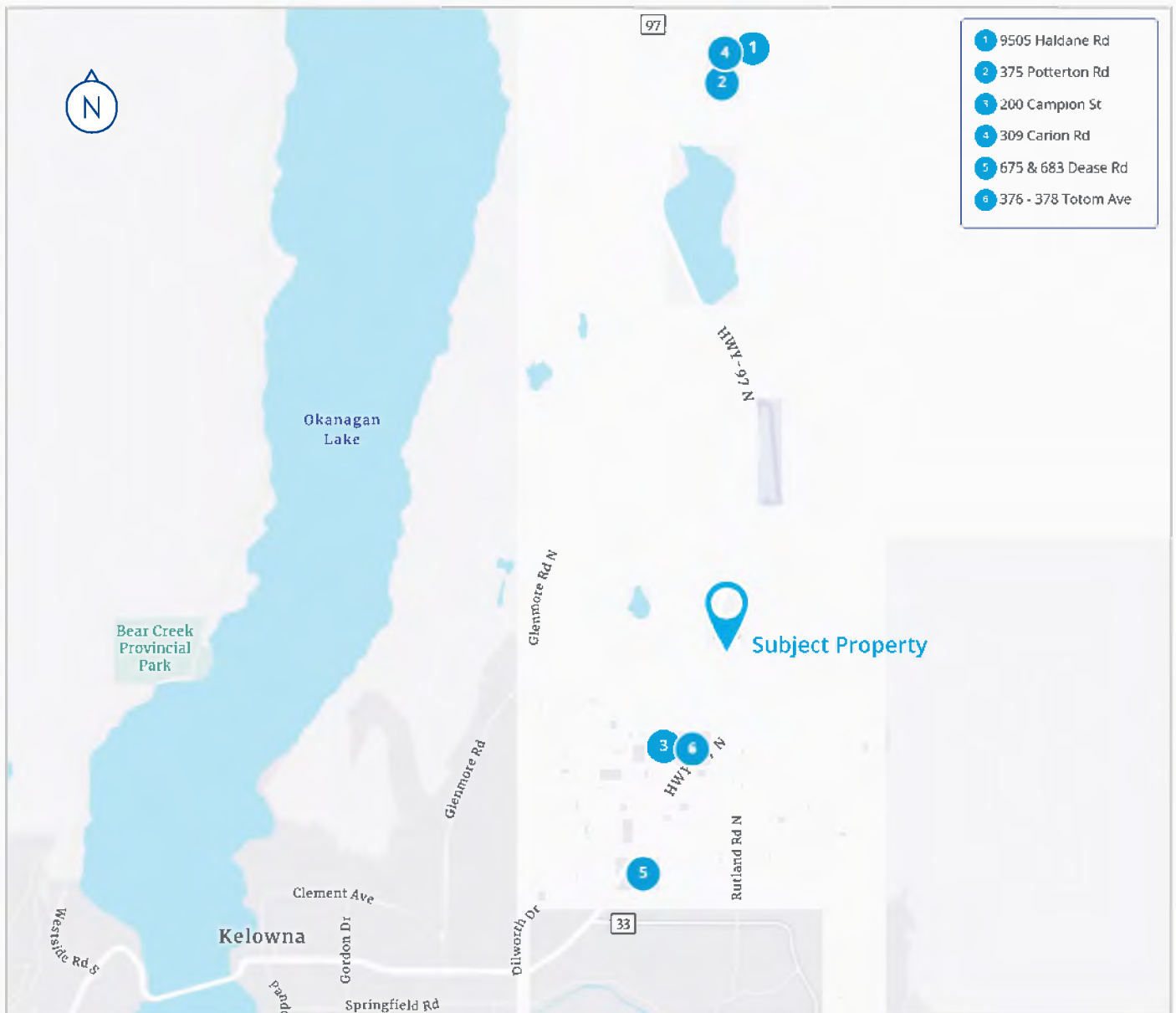
Address Kelowna, BC	Sale Price	Sale Date	Building Size (SF)	Site Size (A)	Site Coverage	Price PSF	Notes
1. 9505 Haldane Rd	\$24,500,000	02/2022	80,760	9.98	19%	\$266	Dock & Grade, 19' Ceiling
2. 375 Potterton Rd	\$31,000,000	Listing	132,195	7.78	39%	\$235	Dock & Grade, 18'-21' Ceiling
3. 200 Campion St	\$14,995,000	Listing	103,000	4.68	50%	\$146	Older building, Grade, Low Ceiling 17'-19'
4. 309 Carion Rd	\$6,300,000	Listing	22,000	1.00	50%	\$286	Newer Steel Building, Grade, 19' Ceiling
5. 675 & 683 Dease Rd	\$14,150,000	05/2022	49,838	3.06	37%	\$286	Older Building, Multi-Bay Grade, 17'-18' Ceiling
6. 376 - 378 Totom Ave	\$6,150,000	03/2022	21,230	1.04	47%	\$269	Average Building, Dock & Grade

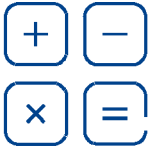


# Subject Property Valuation

## Direct Comparison Approach

The following is a map of recent sales and listings that are the most comparable to the Subject Property.





# Subject Property Valuation

## Direct Comparison Approach

### Methodology 1

#### Direct Comparison Approach

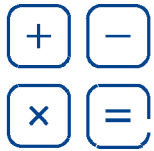
The Direct Comparison Approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject property. Valuation is typically accomplished using a unit of comparison such as price per square foot of building area, effective gross income multiplier or net income multiplier. Adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive a value for the subject property.

The indicated overall price range is from \$146 PSF to \$286 PSF. The low range is for an older building that is not readily demisable, has low ceilings, and some mezzanine area with questionable utility. The upper range is set by Carion Road, which is a newer building, and by Dease Road, which is an older building, but it is demised into small bays and is tenanted.

The resulting range is \$235 PSF to \$269 PSF. The Potterton Road building is at \$235 PSF which is of similar vintage and is a little further out and does not have highway exposure, however, that is offset as it is already demised and leased.

Based on the foregoing, the rate of \$245 PSF is felt to be the best indicator, therefore:

90,626 SF @ \$245 PSF = \$22,200,000



# Subject Property Valuation

## Income Approach

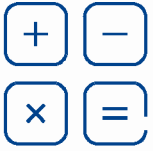
### Methodology 2

#### Income Approach

This approach first determines the income producing capacity of a property by utilizing contract rents on leases in place and by estimating market rent from rental activity at competing properties for the vacant space. Deductions then are made for vacancy and collection loss and operating expenses and then capitalizing the income by the expected current market return.

The following is a list of lease premises of sizes similar to the Subject Property that are currently available for lease.

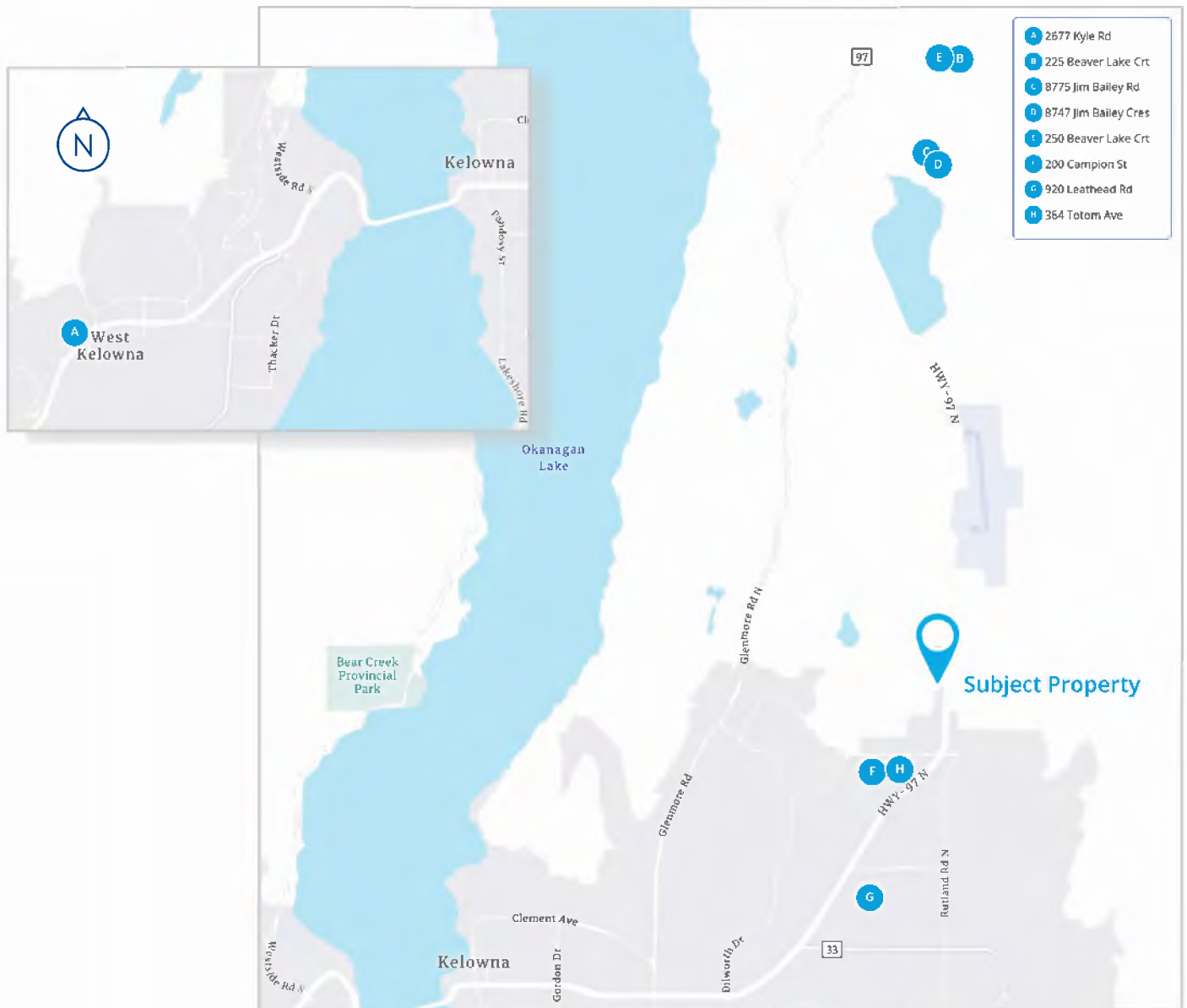
Address Kelowna & West Kelowna	Building Size (SF)	Base Rent PSF	Additional Rent Est. PSF	Loading Bays	Ceiling Height
A. 2677 Kyle Rd	24,174	\$11.00	\$4.30	2 Dock/Grade	16'
B. 225 Beaver Lake Crt	10,000	\$12.00	\$4.50	Dock/Grade	28'
C. 8775 Jim Bailey Rd	13,735	\$12.00	\$3.10	1 Dock/Grade	21'
D. 8747 Jim Bailey Cres	14,079	\$12.00	\$3.10	Grade	24'
E. 250 Beaver Lake Crt	30,000 - 60,000	\$12.50	\$4.50	19 Dock, 5 Grade	28'
F. 200 Champion St	48,000	\$13.00	\$2.50	Grade	16'
G. 920 Leathead Rd	9,873	\$15.00	\$5.00	Grade	15'
H. 364 Totom Ave	9,850	\$16.00	\$4.00	Dock/Grade	17'

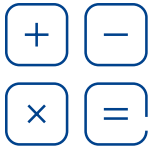


# Subject Property Valuation

## Income Approach

The following is a map of premises currently available for lease.





# Subject Property Valuation

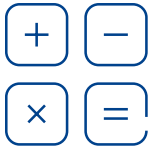
## Net Income

The Net Income is estimated as follows:

Unit Number	Unit Size (SF)	Base Rent PSF	Unit Income
1	14,502	\$10.00	\$145,020
2, 3, 4 & 5	32,147	\$16.00	\$514,352
6	12,194	\$15.00	\$182,910
7	31,783	\$12.00	\$381,396
Total Income			\$1,223,678
Less 5% Vacancy Rate & Structural			-\$61,184
<b>NET INCOME</b>			<b>\$1,162,494</b>







# Subject Property Valuation

## Capitalization Rate

Capitalization Rate comparables as follows:

Address (Kelowna, BC)	Sale Date	Sale Price	Net Income	Capitalization Rate
692 Adams Crt	11/2022	\$3,750,000	\$176,427	4.7%
255 Neave Rd	10/2022	\$3,750,000	\$169,439	4.4%
354 Totom Ave	12/2022	\$2,400,000	\$116,800	4.9%
309 Carion Rd	Listing	\$6,300,000	\$288,120	4.6%
376 - 378 Totom Ave	03/2022	\$6,150,000	\$291,770	4.7%
675 & 683 Dease Rd	05/2022	\$14,150,000	\$605,771	4.3%

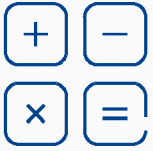
The overall Cap Rate range is from 4.3% to 4.9%, but these sales are from 2022 and capitalization rates have moved 100-150 basis points in the last 12 months.

In the current mortgage rate environment we are seeing a lot of push back from buyers on capitalization rate. Therefore, we would expect the market to view this property at a 5.5% to 6.0% capitalization rate.

Resulting in:

$\$1,162,494 @ 5.5\% = \$21,100,000$  (rounded)

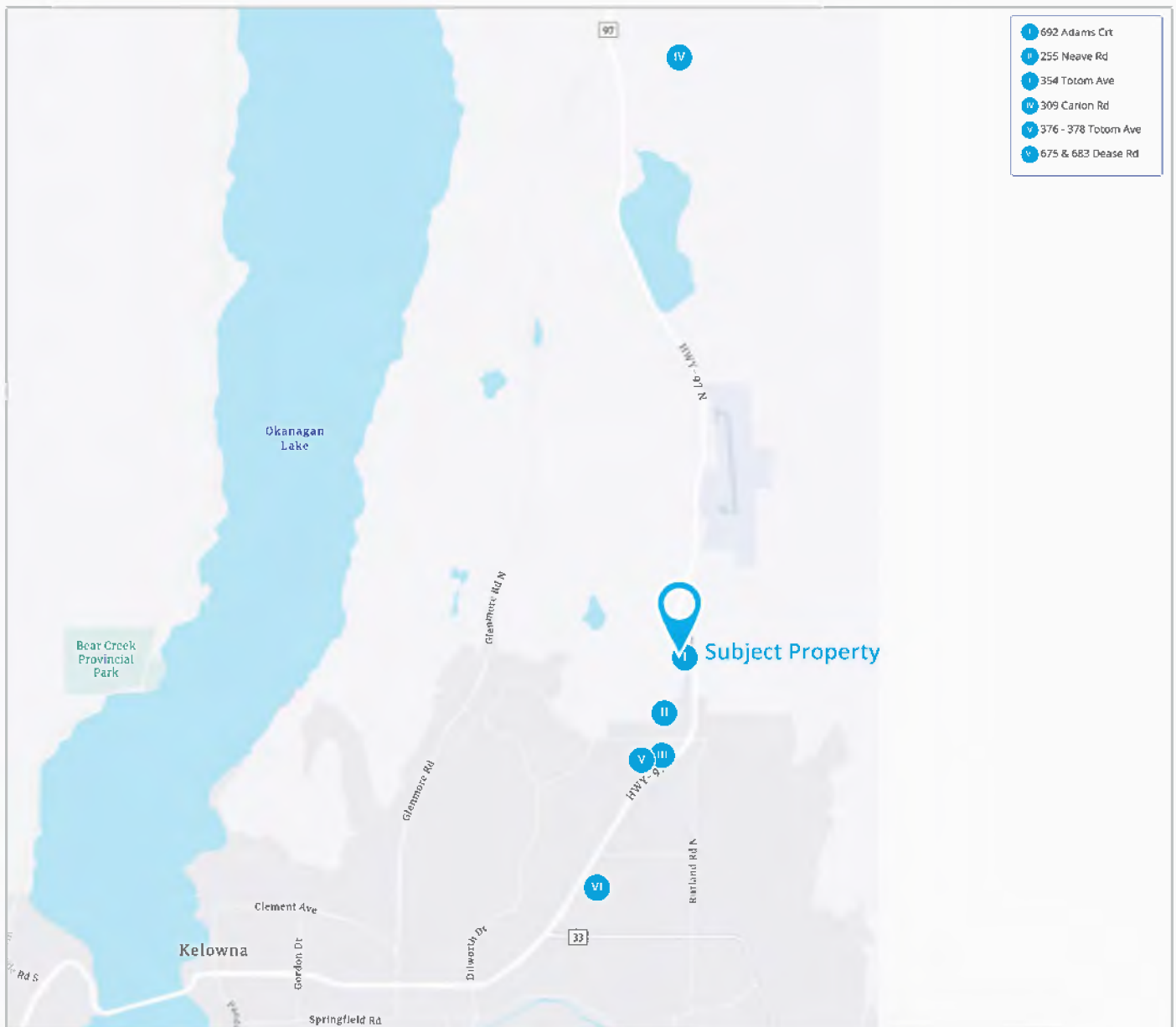
$\$1,162,494 @ 6.0\% = \$19,400,000$  (rounded)

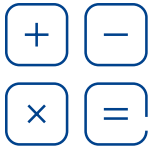


# Subject Property Valuation

## Capitalization Rate

Cap Rate comparables map as follows:





# Subject Property Land Valuation

Land Value Range  
**\$19,000,000 - \$20,400,000**

Adequate sales data exists to generate reliable market estimates for general vacant industrial land. Currently, Kelowna and its surrounding areas are grappling with a severe shortage of available industrially zoned land. Consequently, prices for industrially zoned vacant land have seen a significant surge in recent years, measured on a per-acre basis.

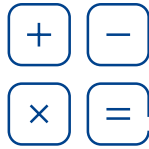
The Subject Property possesses unique attributes that render it highly appealing to potential users and developers. Its ample size allows for the construction of a larger, multi-tenanted or owner-user development. Additionally, the property enjoys high visibility from Highway 97, enhancing its market appeal. Its strategic location between the two newest industrial hubs, namely Pier Mac lands and Sexsmith/Appaloosa, serves as a key advantage. Furthermore, the property's position facilitates easy access in both northern and southern directions from Highway 97.

The recent pricing trend for vacant industrial land has reached \$3,000,000 per acre for prime, highly visible, industrially zoned parcels. Our valuation of 555 Adams Rd suggests it falls within this category, leading us to propose a pricing range of \$2,800,000 to \$3,000,000 per acre for the property. Notably, this price range pertains to vacant land. Considering there is a structure in place, the estimated cost of demolishing the structure and delivering the land vacant to a potential buyer is estimated to be approximately \$1,000,000. However, this demolition cost should be verified by a professional assessment.

Therefore:

7.14 acres @ 2,800,000 per acre = 19,992,000 less 1,000,000 remediation = 19,000,000

7.14 acres @ 3,000,000 per acre = 21,420,000 less 1,000,000 remediation = 20,400,000



# Summary of Valuation

---

The Direct Comparison Approach indicates a value of \$22,200,000. The Income Approach indicates a value of \$19,400,000 to \$21,100,000. However, that presumes the Subject Property is fully leased. The land value indicates a value of \$19,000,000 to \$20,400,000. We recommend entering the market with an asking price of \$24,000,000. It is possible we may be able to attract an owner-user purchaser who can move into the building immediately and would pay a premium for that.

## Expected Sale Price

**\$20,000,000 - \$22,000,000**

## Recommended Asking Price

**\$24,000,000**



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# Marketing Tactics

Our property marketing capability is second to none in our industry.

When you market your property with Colliers, we ensure it gets exposure via every possible medium – from print, to web, to mobile. We take your listing to where your targets are – so they get the information they need and you get the response you want.

## Property Marketing Fundamentals



Collaborative Process



MLS Listing



Listing on ColliersCanada.com



Cold Calling



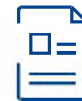
Local Broker Outreach



Direct Presentations



Project Tours



Property Brochure



Eye-catching Signage



Professional Photography



Email Blasts



Brochure



Digital Ads



Property Signage





# Reach More Buyers

## ColliersCanada.com

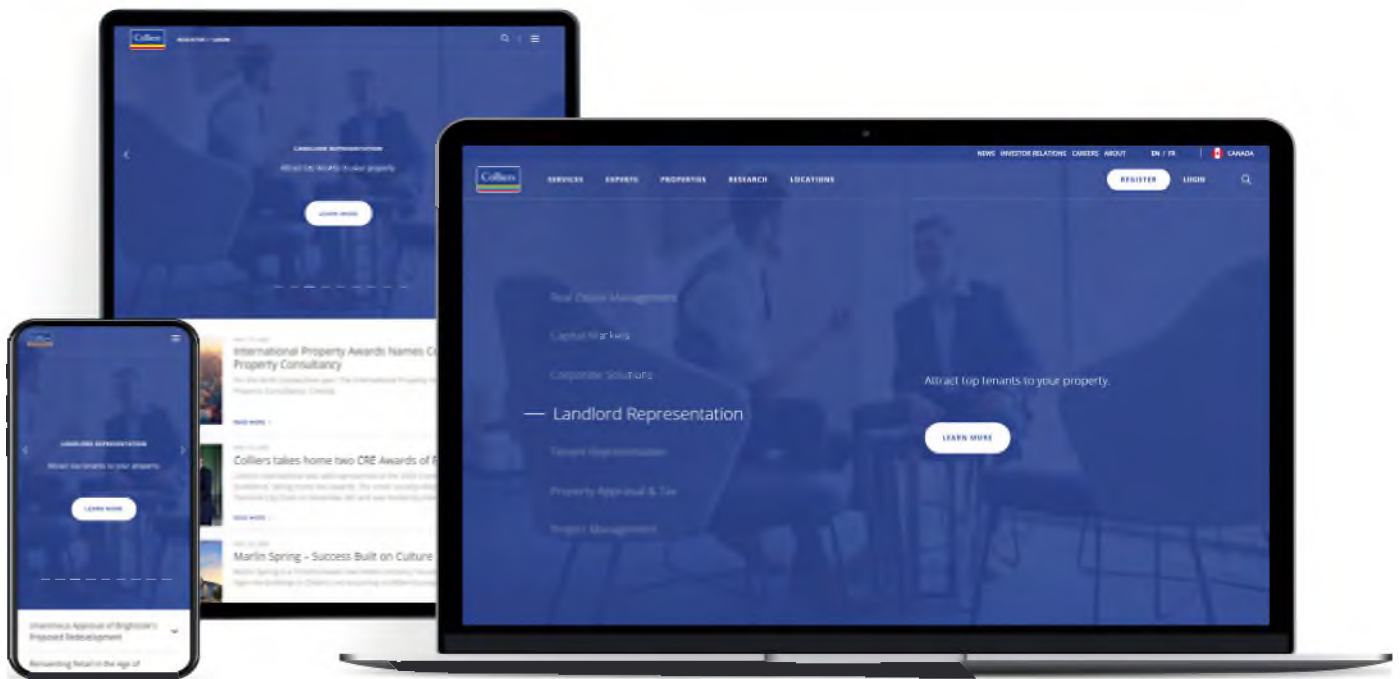
Canada's #1 Commercial Real Estate Website in Canada

Source: [CIRA.ca](http://CIRA.ca)

ColliersCanada.com is an award-winning commercial real estate website platform featuring properties, news and research.

The ColliersCanada.com platform allows you unlimited content on your property listing including video and other embedded content, documents, maps and photos.

We can also cross-promote your listing to other sections of the site including the home page – a capability other firms just don't offer.



# 4 million

Page views in 2022

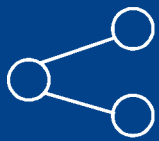
# 100,000+

Qualified leads generated in 2022



# Digital Advertising

We put your property front and centre – for your prospects to see – and act on. The result? Increased exposure online, wider reach of potential buyers faster and the opportunity to generate more qualified leads for your property.



# Social Campaigns

We create unique social campaigns so that your property stands out.

## The Key Benefits of Digital Campaigns



Reach a specific target audience



Drive more qualified traffic



Gain measurable results through real-time analytics



Unprecedented exposure and stand out among your competition

# 89%

of B2B researchers use the Internet during the B2B research process.

*Source: Think with Google*



Creating unique, targeted social campaigns is a part of our digital marketing strategy at Colliers. We use targeted keywords to ensure your property gets in front of your target market first and foremost. Tracking ad performance through analytics and data is how we make sure your property receives maximum digital exposure in a strategic, thoughtful way.



# Why work with us?

## Our integrated platform

Occupier Representation

Landlord Representation

Property Sales

Corporate Solutions

Project Management Services

Real Estate Management Services

Valuation & Advisory Services



## The knowledge of the team

Our team brings unparalleled market knowledge and substantial previous successes in the area.



## Unparalleled access to data

Colliers has a national and centralized Client Relationship Management (CRM+) database consisting of information on thousands of commercial properties across Canada.



## Exceptional execution skills

Our talented marketing, communications and design professionals build custom marketing campaigns from the ground up.



## Commitment to service excellence

At Colliers, "service" is more than just a word. Colliers' comprehensive client service program is designed to drive customer-focused service throughout our business.



## An extension of your team

Our approach is collaborative, nimble and informed by uncommon knowledge. By aligning with your core business needs, we develop and execute customized real estate solutions to support your growth strategy.



## Results and process-driven

From the first handshake to the last, we understand deal structure and manage the transaction process to minimize disruption, mitigate risk and mediate competing perspectives. You can count on us to stay in the deal, from conducting a great tour to delivering the signed agreement.

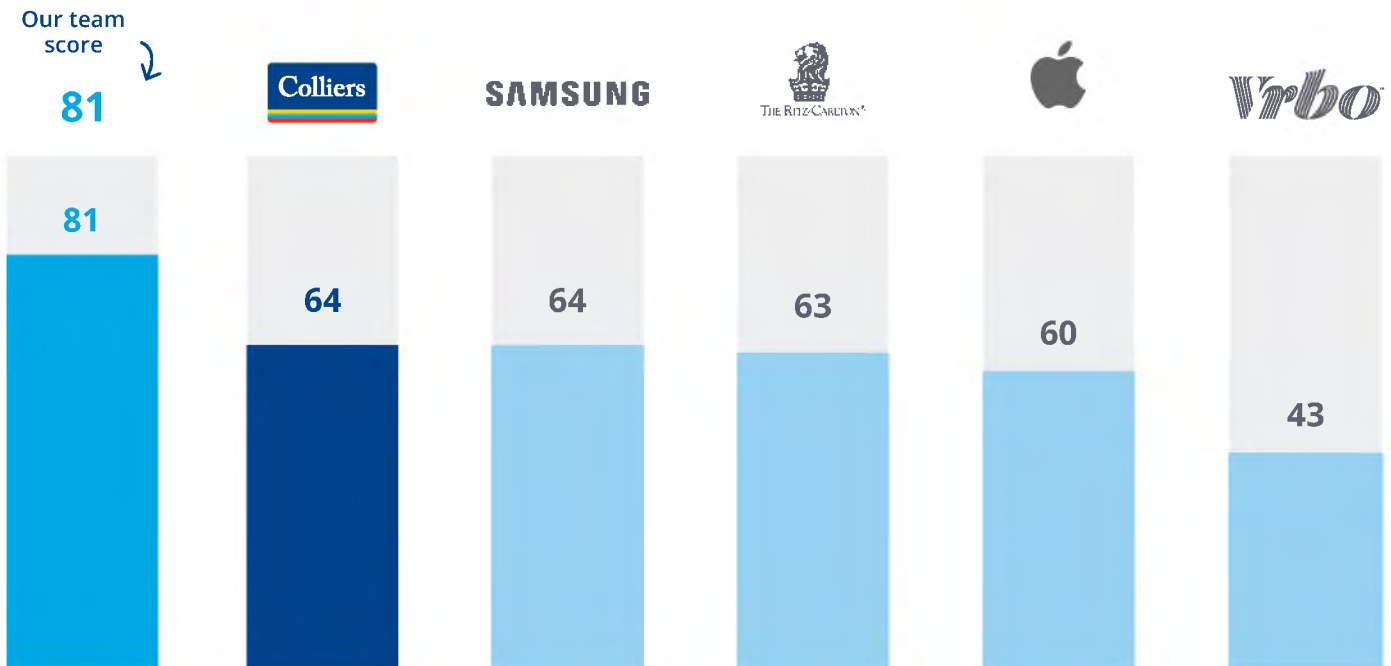


# Ensuring accountability.

At Colliers, we believe delivering the best possible service experience for our clients is our most sustainable competitive advantage. We use the Net Promoter Score System (NPS) to ensure that we are held accountable for every single client engagement we undertake. The feedback we receive helps us fine-tune our service delivery and offers our clients an honest impression of what it's really like to do business with us. Colliers Canada is the only commercial real estate brokerage in Canada that employs the NPS system to ensure our employees deliver the highest quality service for our clients.

## How does it work?

Our clients are asked one question; On a scale from 1-10 how likely are you to recommend Colliers to a friend or colleague? An NPS score is then calculated by taking the percentage of customers who are promoters and subtracting the percentage who are detractors.



\*Partial results available. Updated March 2023

Our team score

# 81

NET PROMOTER<sup>®</sup>  
LOYALTY PARTNER

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NASDAQ: CIGI  
TSX: CIGI

Last updated:  
March 2023

**\$13.7B**  
Transaction Value (USD)

**45**  
Offices

**483**  
Advisors

**2,264**  
Professionals

**67M**  
SF Managed



# Your agenda is **our agenda**

Consider us an extension of your team



**Eric Weber**

*Personal Real Estate Corporation*  
Vice President  
Kelowna, BC



**Stephen Webber**

Associate Vice President  
Kelowna, BC



**Bill Randall**

*Personal Real Estate Corporation*  
Executive Vice President  
Vancouver, BC



**Layla Miller**

Brokerage Project Specialist  
Kelowna, BC



**Tyler Dolan**

Managing Director  
Vancouver Island and Okanagan



The Colliers logo consists of the word "Colliers" in a white serif font, centered within a white rounded rectangular border. Below the border are three horizontal bars in gold, green, and red. A thin white horizontal line is positioned above the logo.

Colliers

## Colliers Canada

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