

File No.: 04-1000-20-2024-474

November 5, 2024

s.22(1)

Dear s.22(1)

Re: **Request for Access to Records under the Freedom of Information and Protection of Privacy Act (the "Act")**

I am responding to your request of July 26, 2024 under the ***Freedom of Information and Protection of Privacy Act*** for:

Record of appraisal of 188 East Woodstock Avenue formerly 5679 Main Street (189-193 East 41st Avenue and 5679-5695 Main Street). Date range: January 1, 2023 to July 17, 2024.

All responsive records are attached. Some information in the records has been severed (blacked out) under s.17(1), s.21(1), and s.22(3)(d) of the Act. You can read or download these sections here: http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/96165_00.

Under section 52 of the Act, and within 30 business days of receipt of this letter, you may ask the Information & Privacy Commissioner to review any matter related to the City's response to your FOI request by writing to: Office of the Information & Privacy Commissioner, info@oipc.bc.ca or by phoning 250-387-5629.

If you request a review, please provide the Commissioner's office with: 1) the request number (2024-474); 2) a copy of this letter; 3) a copy of your original request; and 4) detailed reasons why you are seeking the review.

Yours truly,

[Signed by Cobi Falconer]

Cobi Falconer, MAS, MLIS, CIPP/C
Director, Access to Information & Privacy

If you have any questions, please email us at foi@vancouver.ca and we will respond to you as soon as possible. You may also contact 3-1-1 (604-873-7000) if you require accommodation or do not have access to email.

Encl. (Response package)

:pm

Appraisal Report

MIXED-USE RETAIL/RESIDENTIAL RENTAL DEVELOPMENT

188 EAST WOODSTOCK AVENUE, VANCOUVER, BRITISH COLUMBIA

Effective Date of Valuation: November 6, 2023

Prepared for:



Prepared by:

Avison Young Valuation & Advisory Services, LP

#2900 - 1055 West Georgia Street,
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November 17, 2023

City of Vancouver

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Attention: Mr. Gordon MacKay

Re: Valuation of 188 East Woodstock Avenue, Vancouver BC

At your request, we have provided an appraisal of the referenced property with the objective of estimating the current market value of the leased fee interest, assuming 100% rented as described herein, as of November 6, 2023. It is our understanding this report is being prepared for decision making/internal purposes and first mortgage financing. The report has been prepared to meet the Canadian Uniform Standards of Professional Appraisal Practice (Standards).

The subject development, known as "M41N" is comprised of a 7-storey wood-frame building containing a total of 47 residential rental suites, situated above a ±6,939 sf commercial podium.

Based upon our investigation of the real estate market and after considering all of the pertinent facts as set forth in the body of this appraisal report, it is our opinion that as of November 6, 2023, the subject property has a market value of:

PROPERTY IDENTIFICATION & FINAL ESTIMATE OF VALUE	
Address	188 East Woodstock Avenue, Vancouver, British Columbia
Legal Description	Lot 1 Block L District Lots 639 and 640 Group 1 New Westminster District Plan EPP86476
Effective Date of Valuation	October 6, 2023
Parcel Identifiers (PIDs)	030-675-707
Final Estimate of Value As-If Complete	\$38,800,000

As of the effective date of valuation, the subject property is approximately 95% complete and is expected to receive the occupancy permit in December 2023. The values concluded herein assume 100% completion and rented as described herein, based on our extraordinary assumptions & limiting conditions and assuming an exposure time of 12-to 18-months. The values presume, as of the date of the report, the subject has attained that optimum occupancy level which an income producing real estate investment is expected to achieve under competent management and exposure to the market for a reasonable period of time and at terms considered comparable to competitive properties in the marketplace.

Given that the fully improved subject development has yet to be completed as of the date of appraisal this appraisal is considered hypothetical. It should be noted that any significant deviation from the building plans and information provided by our Client would invalidate the value conclusions reached in this report. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

Respectfully submitted,
Avison Young Valuation & Advisory Services, LP



Steven Caldecott, B.Comm, AACI, P.App.

Senior Vice President, British Columbia,
Valuation and Advisory Services

steven.caldecott@avisonyoung.com

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Executive Summary

Property Type	Mixed-use Retail/Residential Rental Development
Municipal Address	188 East Woodstock Avenue, Vancouver, British Columbia
Owner of Record	188 East Woodstock Holdings Inc.
PID	030-675-707
Purpose	Estimate of the current market value
Intended Use	Decision making/internal purposes and first mortgage financing
Intended User	City of Vancouver
Property Rights Appraised	Leased Fee Interest
Date of Inspection	November 6, 2023
Date of Valuation	November 6, 2023
Gross Site Area	±10,282 sf
Zoning	CD-1 (723)
Vancouver Plan	Village
Highest and Best Use As Vacant	Medium density mixed use redevelopment in accordance with the current architectural plans and municipal planning guidelines
Highest and Best Use As-If Improved	Considering our terms of reference are to assume that the subject development is 100% complete as described herein, the highest and best use as if improved, would be the continuation of its proposed use as a mixed-use retail/residential rental building, in accordance with the municipal and housing agreement rental requirements for the remainder of its economic life.
Estimated Exposure Marketing Time	12 to 18 months

Valuation Conclusions

Stabilized Net Income	\$1,660,445
Income Approach	\$38,800,000
Direct Comparison Approach	\$38,900,000
Cost Approach	not developed
Final Estimate of Value	\$38,800,000

As of the effective date of valuation, the subject property is approximately **95% complete** and is expected to receive the occupancy permit in **December 2023**. The values concluded herein assume **100% completion** and rented as described herein, based on our extraordinary assumptions & limiting conditions and assuming an exposure time of 12-to 18-months. The values presume, as of the date of the report, the subject has attained that optimum occupancy level which an income producing real estate investment is expected to achieve under competent management and exposure to the market for a reasonable period of time and at terms considered comparable to competitive properties in the marketplace.

Executive Summary

Given that the fully improved subject development has yet to be completed as of the date of appraisal this appraisal is considered hypothetical. It should be noted that any significant deviation from the building plans and information provided by our Client would invalidate the value conclusions reached in this report. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

Terms of Reference

Introduction

Avison Young has been retained by *City of Vancouver* (our client) to prepare an appraisal estimating current market value for the leased fee interest in the subject property, assuming the development is 100% complete and stabilized at the prescribed rents, as of the effective date. The property was appraised free and clear of encumbrances except as contained within this report.

As of the effective date of valuation, the subject property is approximately 95% complete and is expected to receive the occupancy permit in December 2023. Given that construction of the development has not yet completed as of the effective date of valuation, our client has requested a "hypothetical" appraisal. Values contained in this appraisal are based on market conditions as at the time of this report. This appraisal does not provide a prediction of future values. In the event of market instability and/or disruption, values may change rapidly, and such potential future events have not been considered in this report. As this appraisal does not and cannot consider any changes to the property appraised or market conditions after the effective date, readers are cautioned in relying on the appraisal after the effective date noted herein.

Client Identification

City of Vancouver

Intended Use & Intended Users

This appraisal has been commissioned by our client for decision making/internal and first mortgage financing purposes only.

Effective Date of the Appraisal

November 6, 2023

Inspection Date

November 6, 2023

Scope of the Valuation

This appraisal encompasses the research and analysis necessary to provide an estimate of current market value for the fee simple interest of the subject property, in accordance with the Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP") adopted January 1st, 2022. In this respect, the following sources have been relied upon:

Terms of Reference

- The gross site area of the subject property is based on information obtained from BC Assessment records and cross-reference with the architectural plans.
- The gross rentable areas of the ground floor commercial units are based on information contained in the lease documents.
- The layout, design and areas for the development are based on the architectural plans prepared by MGBA Architecture dated July 24, 2019. We assume the information provided is accurate and has been relied upon in the preparation of this report.

We have also undertaken the following work when undertaking this report:

- Steven Caldecott completed an inspection of the subject property on November 6, 2023 (Date of Inspection). The photographs reflect the condition of the premises as of the Date of Inspection. Inaccessible areas were not inspected; therefore, we recommend that a professional building inspector be retained if a more detailed and technical inspection of the building is required.
- Reviewed title documentation for the subject property obtained from myLTSA. Since the appraiser of this report does not have the legal training to interpret these documents with certainty, legal counsel should be solicited for a full explanation of these encumbrances. Unless specifically noted within this report, these instruments are assumed to have no significant effect on the marketability or market value of the subject property. Should they have any significant effect on value, such an influence has not been measured within this appraisal. A copy of the subject property title and charge documentation have been inserted in the appendix to this report if further information is required.
- Provincial and municipal information, including tax, assessment, servicing and land use information, were obtained by public records and verified where appropriate and possible.
- Research into a variety of factors (physical, legal, social, political, economic etc.) that could affect the estimates of value was completed for this report.
- Other property data (i.e. land use control, building age, servicing, topography, etc.) have been compiled from public records from the City of Vancouver and via Vancouver's GIS Mapping System (VanMap).
- Considered market data from the following sources:
 - Multiple Listing Service of the Greater Vancouver Real Estate Board (via Paragon).
 - Altus, NHS Live, Commercial Edge, and other third-party data sources.
 - BC Assessment Authority (via Landcor).
 - File data maintained by Avison Young.
 - Realtors, developers, and other persons knowledgeable of the local marketplace.

Terms of Reference

- Determined Highest and Best Use of the subject property from analysis of the existing site data, zoning, building description, land use trends and income generating potential.
- We have undertaken comparable research and verified that information where possible, with inspection of these comparables not undertaken unless otherwise noted. Comparable market information was obtained from Avison Young's internal database and local real estate professionals knowledgeable in the Metro Vancouver industrial real estate market. It was confirmed, when appropriate, with public information or the parties involved when there was reason to doubt its accuracy. The appraisers assume no responsibility for unforeseeable events that alter market conditions after the effective date of this report.
- Where noted, documents relied upon in this report and described in this analysis have been included in the appendix and/or are available upon request.
- The relevant approaches to this assignment include the Income Approach and Direct Comparison Approach. The applicability of other approaches is discussed further in the Valuation Methodology section of this report.
- Information provided by our client is deemed to be correct and assumed to be correct. Information provided that is negligent or subject to fraud invalidates the findings in this report, which are therefore considered to be void. The appraiser does not certify, in any manner whatsoever, the veracity of the documentation supplied by the client. Any party relying upon this report must therefore confirm to their satisfaction the accuracy of the supplied data as discussed herein.
- The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or for arbitration, so we did not fully document or confirm by reference to primary sources of all information herein.
- We did not complete technical investigations such as: detailed inspections; an environmental review of the property; a site survey; investigations into the bearing qualities of the soils; or audits of financial and legal arrangements.
- Further assumptions and limiting conditions that may also limit the scope of this report are provided at the end of this report.

Extraordinary Assumptions Based on a Hypothetical Condition

Hypothetical Conditions are defined by CUSPAP as "a specific type of an Extraordinary Assumption that presumes, as fact, simulated but untrue information about physical, legal or economic characteristics of the subject property or external conditions, and are imposed for purposes of reasonable analysis." As part of this analysis we have invoked the following Hypothetical Conditions:

- That construction of the proposed development is 100% complete and achieving stabilized rents as discussed within the Income Approach section of this report.

Terms of Reference

Extraordinary Assumptions

- While investors are generally aware of replacement cost, they place little reliance on the fully developed Cost Approach when determining a value for acquisition purposes. Therefore the Cost Approach was not developed in this report.
- It is an extraordinary assumption that the subject development is achieving stabilized rents as of the effective date of valuation and as described herein.
- A legal opinion regarding title and charge information was not provided or commissioned in conjunction with this assignment and therefore if there is any concern on the part of the reader with respect to the status of title, we recommend a legal opinion be obtained.
- The layout and areas for the residential component are based on the architectural plans prepared by MGBA Architecture dated July 24, 2019. We assume this information is accurate and it has been relied upon herein. **It should be specifically noted that any significant deviation from the building plans and information provided by our Client would invalidate the value conclusions reached in this report.**
- It is assumed the subject improvements will be constructed in a timely and professional manner and in accordance with the plans provided. Should this not prove the case, or the plans be amended, our estimate of value will be subject to change.
- Estimated values upon completion are approximate only and final value estimates may change. The value estimates reported herein can only be accurately confirmed when construction is complete.
- The appraisal does not address unforeseeable events that could alter the proposed development, and/or the market conditions reflected in the analysis.

Property Rights Appraised

The property rights appraised in this report are those of the Leased Fee Interest, except for normal public limitations. The leased fee interest is defined in The Appraisal of Real Estate, Third Canadian Edition as:

"An ownership interest held by a landlord with the rights of use and occupancy conveyed by the 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."

Terms of Reference

Definition of Market Value

According to the January 1, 2022 version of the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP), market value is defined as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

Exposure Time

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. It is a retrospective function of asking price, property type, and past market conditions and encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

In appraisal theory and practice, there is a distinction relating to the perspective between exposure time and marketing time. Exposure time is presumed to precede the effective date of appraisal whereas marketing time is presumed to succeed the effective date. Marketing time is a prospective function of asking price, property type, and anticipated market conditions. The exposure period assumes the following:

- The property was extensively marketed. Potential purchasers could inspect the property at will.
- The owner provided interested agents with any and all relevant property information.
- Negotiations of any offers to purchase were performed in a timely manner.
- The property was maintained at a physical status equivalent to its present condition.
- Market level financing was readily available.
- The seller was not under duress.

Exposure Time Conclusion

Based on the analysis and conclusions in this report, we consider an exposure time of 12 to 18 months reasonable, defensible and appropriate.

Terms of Reference

Value Upon Completion of Construction

This value presumes that the subject's ongoing or proposed construction, conversion or rehabilitation will be completed to the standard described within this report and also within the time frame indicated. Completion of construction is assumed to be when all construction and development costs have been expended and the building made ready for occupancy, either for lease or sale. Implicit in this definition is that the value reported is one based on present market conditions pertaining and perceived by market participants as of the date of the report and is not based on hypothetical and/or insubstantial future movements in the market.

The valuations herein assume that the proposed development has been 100% completed and rented as described herein, as of November 6, 2023.

Statement of Competency

Steven Caldecott, B.Comm, AACI, P.App, the appraiser responsible for this valuation, has considerable experience in the valuation of similar properties in the subject area and region generally. In this regard, we have the knowledge and experience to complete this appraisal assignment.

Property Data

Site Description

Municipal Address	188 East Woodstock Avenue, Vancouver, British Columbia
Location	On the southwestern corner of East Woodstock Avenue and Main Street
Land Area	±10,282 sf
Lot Dimensions	±97 ft (29.508 m) fronting East Woodstock Avenue (northern lot line) ±106 ft (32.248 m) fronting Main Street (eastern lot line) ±97 ft (29.53 m) fronting East 41 Avenue (southern lot line) ±106 ft (32.299 m) along the western lot line

Shape

Generally rectangular *(refer to VanMap Viewer image below)*

The image is a street map from VanMap Viewer showing the site location. The site is a rectangular lot outlined in red, located at the intersection of East Woodstock Avenue and Main Street. The lot dimensions are labeled: 29.508m on the north side, 32.248m on the east side, 29.53m on the south side, and 32.299m on the west side. The lot number 188 is visible in the center. Surrounding streets are labeled: 100 E Woodstock Av, 100 E 41st Av, and 5600 Main St. Other lot numbers visible include 33, 46, 112.55, 112.7, 175, 51.64, and 13.

Topography	The topography of the site is generally level and at grade with East Woodstock Avenue, Main Street, East 41 Avenue and the surrounding area without any major changes in elevation from one point to the next.
Services	All municipal services are available to the subject site
Soil Conditions	We have not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are not contaminants affecting the site. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capacity to support the development.

Property Data

Street Improvements & Access

East Woodstock Avenue is an asphalt paved local road that extends east/west past the northern property line with one lane of traffic in either direction. The road is improved with concrete curbs, sidewalks, street parking, overhead wiring and street lighting.

Main Street is an asphalt paved arterial road that extends north/south past the eastern property line with two lanes of traffic in either direction and left turning lanes at the intersection with East 41 Avenue. The road is improved with concrete curbs, sidewalks, street parking and street lighting.

East 41 Avenue is an asphalt paved arterial road that extends east/west past the southern property line with three lanes of traffic in either direction, including a bus lane and left turning lanes at the intersection with Main Street. The road is improved with concrete curbs, sidewalks, street lighting, and soft landscaping.

Access to the underground parking is provided via a rear asphalt paved lane that extends from East 41 Avenue to East Woodstock Avenue.

STREET PHOTOGRAPHS

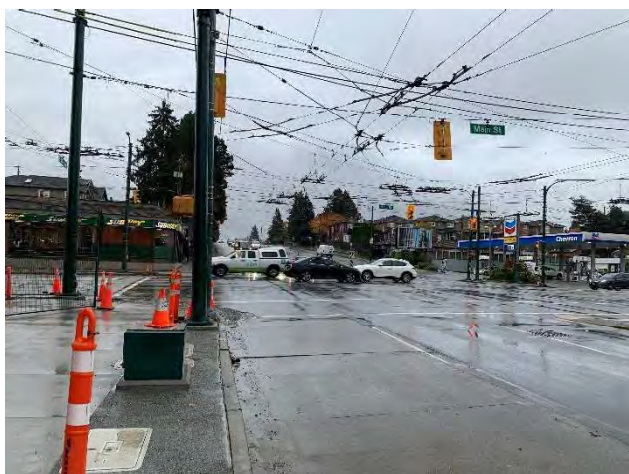


Views looking east and west on Woodstock Avenue

Property Data



Views looking north and south on Main Street



Views looking east and west on East 41 Avenue



Views looking north and south down the rear lane

Property Data

Property Assessments & Title Information

Assessment & Taxes	2023 Property Assessments
	Land: \$6,949,000
	Improvements: <u>\$5,323,000</u>
	Total: \$12,272,000
	2023 Property Taxes
	\$50,343.90
Legal Description	Lot 1 Block L District Lots 639 and 640 Group 1 New Westminster District Plan EPP 86476
PID	030-675-707
Title Information	Perusal of the Title Certification of the subject indicates the following legal notations and charges registered on title:
Legal Notations	<ul style="list-style-type: none">• Housing Agreement, Vancouver Charter, S. 565.2, See CA7258323.• Personal Property Security Act Notice see CA9719597 expires 2027/02/01.• Notice of Interest, Builders Lien Act (S.3(2)), see CB720372 filed 2023-06-29.
Notable Charges, Liens and Interests	<ul style="list-style-type: none">• Easement and Indemnity Agreement (305021M) registered in favour of the City of Vancouver in January 1960.• Covenants (CA7258320, CA7258327 and CA7258330) and Statutory Right of Way (CA7258324) registered in favour of the City of Vancouver in December 2018.• Covenant (CA7630391) registered in favour of British Columbia Housing Management Commission in July 2019.• Statutory Right of Way (CA8506315) registered in favour of Telus Communications Inc. in October 2020.• Mortgage (CA9236391) and Assignment of Rents (CA9236392) registered in favour of Prospera Credit Union in July 2021.• Mortgage (CA9142211) and Assignment of Rents (CA9242212) registered in favor of Bancorp Growth Mortgage Fund II Ltd., Bancorp Financial Services Inc. and Bancorp Balanced Mortgage Fund II Ltd. In July 2021.• Claim of Builders Lien (CB978722) registered in favour of Mallen Gowing Berzins Architecture Incorporated in October 2023. <p>Covenant (CA7630391). The Owner, for itself and its successors and assigns, covenants and agrees with BCHMC, as a covenant running with the Lands, that the Owner will not:</p> <p>a) Sell or otherwise dispose of any Dwelling Unit in the Development to be constructed on the Lands for a period of 10 years from the date that the first Dwelling Unit in the Development constructed on the Lands is</p>

first occupied, except together with all Dwelling Units in the Development constructed on the Lands;

- b) During the 10-year period set out in paragraph 2(a), use the Dwelling Units and Common Property in the Development constructed on the Lands, or allow them to be used, except for Rental Purposes.

Further details on the Housing Covenant are provided within the appendix.

Comments

An opinion on the state of the titles or any of the encumbrances was not obtained and we have no qualifications in this legal area. If there is any concern on the part of the reader with respect to the existing notations and charges, we recommend the reader of this report obtain legal counsel.

Under the scope of this appraisal, it is assumed that the registered notation and charges do not adversely affect the current use of the subject property unless as otherwise described herein. A copy of the Certificate of Title is included in the appendix.

Sales History

According to BC Assessment records the subject property has been under long term ownership and has not transacted within the 5 year period preceding the effective date of valuation.

According to the draft Purchase Contract provided by our client, the subject property is in the process of being acquired for a Purchase Price of \$38,500,000. A copy of the draft Purchase Contract is included in the addenda.

Land Use and Planning

Zoning

Under the City of Vancouver's Zoning and Development Bylaw No. 12363, the subject property is currently zoned CD-1 (723). The zoning map taken from the City of Vancouver mapping system is illustrated below.



Subject to Council approval of the form of development, to all conditions, guidelines and policies adopted by Council, and to the conditions set out in this By-law or in a development permit, the only uses permitted within CD-1 (723), and the only uses for which the Director of Planning or Development Permit Board will issue development permits are:

Land Use and Planning

- (a) Cultural and Recreational Uses, limited to Arcade, Artist Studio, Arts and Culture Indoor Event, Billiard Hall, Bowling Alley, Club, Community Centre or Neighbourhood House, Fitness Centre, Hall, Library, Museum or Archives, Park or Playground, and Theatre;
- (b) Dwelling Uses, limited to Dwelling Units in conjunction with any of the uses listed in this By-law, and Multiple Dwelling;
- (c) Institutional uses, limited to Child Day Care Facility and Church;
- (d) Manufacturing Uses, limited to Jewellery Manufacturing, and Printing and Publishing;
- (e) Office Uses;
- (f) Retail Uses, limited to Farmers' Market, Furniture or Appliance Store, Grocery or Drug Store, Liquor Store, Public Bike Share, Retail Store, Secondhand Store, and Small-scale Pharmacy;
- (g) Service Uses, limited to Animal Clinic, Auction Hall, Barber Shop or Beauty Salon, Beauty and Wellness Centre, Catering Establishment, Laundromat or Dry Cleaning Establishment, Neighbourhood Public House, Photofinishing or Photography Laboratory, Photofinishing or Photography Studio, Print Shop, Repair Shop, Restaurant – Class 1, Restaurant – Class 2, School – Arts or Self Improvement, School – Business, and School -Vocational or Trade;
- (h) Utility and Communications Uses, limited to Public Utility and Radiocommunication Station; and
- (i) Accessory uses customarily ancillary to the uses permitted in this section.

Conditions of Use

All commercial uses permitted in this By-law shall be carried on wholly within a completely enclosed building except for the following:

- (a) Farmers' Market;
- (b) Neighbourhood Public House;
- (c) Public Bike Share;
- (d) Restaurant; and
- (e) display of flowers, plants, fruits and vegetables in conjunction with a permitted use.

The design and layout of at least 35% of the dwelling units must:

- (a) be suitable for family housing;
- (b) include two or more bedrooms; and
- (c) comply with Council's "High-Density Housing for Families with Children Guidelines".

Floor area and density

- Computation of floor space ratio must assume that the site area is 1,083.4 m², being the site area at the time of the application for the rezoning evidenced by this By-law, and before any dedications.
- The floor space ratio for all uses must not exceed 3.50, except that the floor space ratio for non-residential uses must be at least 0.65.
- Computation of floor area must include all floors, including earthen floor, above and below ground level, having a minimum ceiling height of 1.2 m, measured to the extreme outer limits of the building.
- Computation of floor area must exclude:

Land Use and Planning

- (a) open residential balconies or sun decks and any other appurtenances which, in the opinion of the Director of Planning, are similar to the foregoing, except that:
 - (i) the total area of all such exclusions must not exceed 12% of the residential floor area, and
 - (ii) the balconies must not be enclosed for the life of the building;
 - (b) patios and roof gardens, if the Director of Planning first approves the design of sunroofs and walls;
 - (c) where floors are used for off-street parking and loading, the taking on or discharging of passengers, bicycle storage, heating and mechanical equipment or uses, which in the opinion of the Director of Planning are similar to the foregoing, those floors or portions thereof so used that are at or below base surface, except that the maximum exclusion for a parking space must not exceed 7.3 m in length;
 - (d) all residential storage area above or below base surface, except that if the residential storage area above base surface exceeds 3.7 m² per dwelling unit, there will be no exclusion for any of the residential storage area above base surface for that unit.
- Computation of floor area may exclude amenity areas, except that the total exclusion for amenity areas must not exceed 10% of permitted floor area.
 - The use of floor area excluded under sections 4.4 and 4.5 must not include any use other than that which justified the exclusion.

Building height

Building height, measured from base surface, must not exceed 23.0 m.

A copy of the CD-1 (723) zoning bylaw is included in the appendix and fully delineates the permitted uses and regulations in effect.

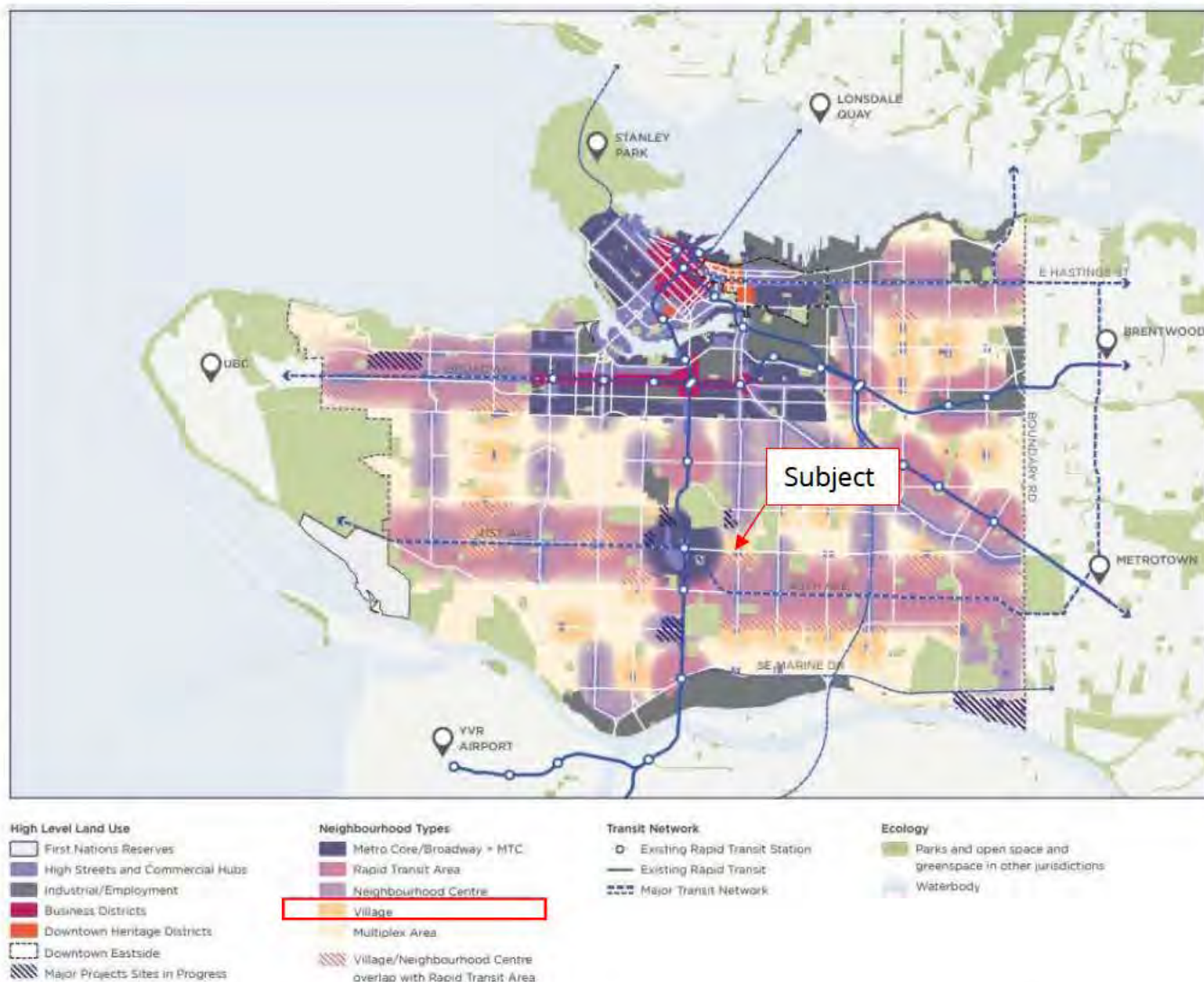
The Vancouver Plan

The Vancouver Plan 2050 ('Vancouver Plan' or 'The Plan') is a visionary plan to guide and shape the growth trajectory of the City to the year 2050 and beyond. It will serve as an overarching strategy complementing individual community-based plans as well as other municipal priorities as they relate to land use by directing the location, type, and intensity of different uses to achieve certain broad objectives, which the Plan summarizes into "Three Big Ideas":

1. Equitable housing and complete neighbourhoods
2. An economy that works for all
3. Climate protection and restored ecosystems

Land Use and Planning

The Vancouver Plan process began in the Fall of 2019 and was approved by City Council on July 22, 2022. As evident in the map below, the subject property is designated as **Village**. Below is a land use map, with the subject property's location marked.



Villages “are oriented around a smaller collection of commercial and community uses that provide local jobs, daily needs, and community place-making and social connection. Adjacent residential areas are primarily low-rise and predominately groundoriented housing. New housing choice, in the form of multiplexes, townhouses, and low-rise apartments, will bring more people of different ages, incomes, and backgrounds into the community and will help to support local shops and services. Existing conditions unique to each area, like amenity provision, variety of shops and services, existing built form, and ecological conditions, will help shape the overall character of these neighbourhoods.”

According to neighbourhood design guidelines outlined in the Plan, Villages are expected to present the following characteristics:

Land Use and Planning

DIMENSION		RAPID TRANSIT AREA CHARACTERISTICS
Housing		<ul style="list-style-type: none">• Create new housing opportunities for low and moderate income households with an emphasis on purpose-built rental and social housing located off busy main streets yet near transit, green spaces, schools, and other amenities and services.• Enable ground-oriented Missing Middle housing options such as multiplexes and townhouses.
Jobs		<ul style="list-style-type: none">• Neighbourhood-serving employment: retail-commercial• Cafe, convenience food and retail• Small grocery
Built Form		<ul style="list-style-type: none">• Allow a variety of mixed-use low-rise buildings and detached and lowrise housing, particularly multiplexes and townhouses, between 3-6 storeys
Amenities		<ul style="list-style-type: none">• Childcare• Public park and playground within 400m• Zero-waste community hub• Food infrastructure
Transportation		<ul style="list-style-type: none">• Frequent transit• Major, city or neighbourhood greenways• Enhanced walking and biking routes

Metro Vancouver Regional Growth Strategy

The Regional Growth Strategy (RGS) is a region wide land use plan prepared by Metro Vancouver and adopted by 21 municipalities in the region. The subject property is designated 'General Urban' and is located in the Urban Containment Boundary. According to the RGS, General Urban areas are intended for *"...residential neighbourhoods and centres, and are supported by shopping, services, institutions, recreational facilities and parks."*

Summary & Conclusion

The proposed use of the subject development is assumed to be in compliance with its zoning bylaws, land use guidelines, housing agreement and building use covenant.

Description of the Development

The layout, design and areas for the development are based on the architectural plans prepared by MGBA Architecture dated July 24, 2019. We assume the information provided is accurate and has been relied upon in the preparation of this report. A copy of the architectural plans has been retained in our working file and can be made available upon request.

As of the effective date of valuation, the subject property is approximately 95% complete and is expected to receive the occupancy permit in December 2023. As per our terms of reference, we were instructed to assume the development is 100% complete and ready for occupancy as of the Effective Date of Valuation.

General Overall Description

The subject development, known as “M41N” is comprised of a 7-storey wood-frame building containing a total of 47 residential rental suites, situated above a ±6,939 sf commercial podium and serviced by two levels of parking. The ground level also includes a commercial loading bay, a services room, a commercial garbage room, and a residential garbage room. The parking levels also include storage and bicycle storage rooms. A summary is provided below:

Subject Development Details			
Gross Site Area:	10,282 sf	# of Storeys:	6
Gross Building Area:	42,194 sf	# of Residential Units:	47
Residential Rentable Area:	28,282 sf	# of Parking Stalls:	48
Commercial Rentable Area:	<u>6,939 sf</u>	# of Bicycle Racks:	49
Total Rentable Area:	35,221 sf	# of Storage Units:	47
Efficiency Rate:	83.47%		
Density:	3.50 FSR		

EXTERIOR PHOTOGRAPHS



Exterior views of the subject

Description of the Proposed Development

Residential Component

The main pedestrian access to the building is located on the northern side of the building from East Woodstock Avenue, featuring an entrance lobby, parcel delivery area and an elevator. Two internal stairwells also provide access between floors. A unit summary is provided below followed by a detailed individual unit breakdown. We note the following:

- Unit 101 is the only residential unit on the ground floor, and is also unique in that it is a 2-bedroom 2-bathroom loft unit.
- Each unit is provided with a patio/balcony.
- With the exception of the 7th floor, units on the western side of the building have generally larger patio/balconies compared to the units on the eastern side of the building.
- Levels 3 & 4 feature the same layout and Levels 5 & 6 feature the same layout.
- Each of the studio and 1-bedroom units have 1 bathroom
- There are 13 2-bedroom units that have 1 bathroom (Unit Types E1, E5, W7, & W8)
- Unit 702 was originally dedicated as an amenity room; however, it has all the furnishings and appliances of a Studio unit.
- The layout of the 7th floor is unique to the rest of the building and each unit, with the exception of Unit 705, has a large patio/balcony.

Unit Mix Summary by Type					
	Unit Count	%	Size (sf)		
			Min	Max	Average
Studio	9	19%	460	565	522
1 Bed 1 Bath	18	38%	461	564	513
2 Bed 1 Bath	13	28%	585	729	661
2 Bed 2 Bath	6	13%	824	839	829
2 Bed 2 Bath Loft	1	2%	0	787	787
	47				602

Description of the Proposed Development

Detailed Unit Mix							
Level	Unit #	Unit Type	# of Bedrooms	Orientation	Corner Unit	Patio/ Balcony Area (sf)	Unit Area (sf)
1	101	1	2 Bed 2 Bath Loft	North - Woodstock Ave	No	0	787
3	301	W3	Studio	West - Rear Alley	No	169	506
3	302	W2	Studio	West - Rear Alley	No	166	509
3	303	W1	2 Bed 2 Bath	Northwest - Rear Alley & Woodstock Ave	Yes	164	839
3	304	E1	2 Bed 1 Bath	Northeast - Main St & Woodstock Ave	Yes	64	585
3	305	E2	1 Bed 1 Bath	East - Main St	No	55	519
3	306	E3	1 Bed 1 Bath	East - Main St	No	55	519
3	307	E4	1 Bed 1 Bath	East - Main St	No	64	506
3	308	E5	2 Bed 1 Bath	Southeast - Main St & 41 Ave	Yes	187	678
3	309	W6	2 Bed 2 Bath	Southwest - 41 Ave and Rear Alley	Yes	187	825
3	310	W5	Studio	West - Rear Alley	No	195	565
3	311	W4	Studio	West - Rear Alley	No	166	538
4	401	W3	Studio	West - Rear Alley	No	169	506
4	402	W2	Studio	West - Rear Alley	No	166	509
4	403	W1	2 Bed 2 Bath	Northwest - Rear Alley & Woodstock Ave	Yes	164	839
4	404	E1	2 Bed 1 Bath	Northeast - Main St & Woodstock Ave	Yes	64	585
4	405	E2	1 Bed 1 Bath	East - Main St	No	55	519
4	406	E3	1 Bed 1 Bath	East - Main St	No	55	519
4	407	E4	1 Bed 1 Bath	East - Main St	No	64	506
4	408	E5	2 Bed 1 Bath	Southeast - Main St & 41 Ave	Yes	187	678
4	409	W6	2 Bed 2 Bath	Southwest - 41 Ave and Rear Alley	Yes	187	825
4	410	W5	Studio	West - Rear Alley	No	195	565
4	411	W4	Studio	West - Rear Alley	No	166	538
5	501	W7	2 Bed 1 Bath	Northwest - Rear Alley & Woodstock Ave	Yes	209	729
5	502	E1	2 Bed 1 Bath	Northeast - Main St & Woodstock Ave	Yes	64	585
5	503	E2	1 Bed 1 Bath	East - Main St	No	55	519
5	504	E3	1 Bed 1 Bath	East - Main St	No	55	519
5	505	E4	1 Bed 1 Bath	East - Main St	No	64	506
5	506	E5	2 Bed 1 Bath	Southeast - Main St & 41 Ave	Yes	187	678
5	507	W9	2 Bed 2 Bath	Southwest - 41 Ave and Rear Alley	Yes	201	824
5	508	W8	2 Bed 1 Bath	West - Rear Alley	No	275	705
6	601	W7	2 Bed 1 Bath	Northwest - Rear Alley & Woodstock Ave	Yes	209	729
6	602	E1	2 Bed 1 Bath	Northeast - Main St & Woodstock Ave	Yes	64	585
6	603	E2	1 Bed 1 Bath	East - Main St	No	55	519
6	604	E3	1 Bed 1 Bath	East - Main St	No	55	519
6	605	E4	1 Bed 1 Bath	East - Main St	No	64	506
6	606	E5	2 Bed 1 Bath	Southeast - Main St & 41 Ave	Yes	187	678
6	607	W9	2 Bed 2 Bath	Southwest - 41 Ave and Rear Alley	Yes	201	824
6	608	W8	2 Bed 1 Bath	West - Rear Alley	No	275	705
7	701	W10	1 Bed 1 Bath	West - Rear Alley	No	122	468
7	702	Amenity	Studio	Northwest - Rear Alley & Woodstock Ave	Yes	255	460
7	703	E6	1 Bed 1 Bath	Northeast - Main St & Woodstock Ave	Yes	257	525
7	704	E7	1 Bed 1 Bath	East - Main St	No	257	525
7	705	E4	1 Bed 1 Bath	East - Main St	No	64	506
7	706	E5	2 Bed 1 Bath	Southeast - Main St & 41 Ave	Yes	187	678
7	707	W12	1 Bed 1 Bath	Southwest - 41 Ave and Rear Alley	Yes	154	564
7	708	W11	1 Bed 1 Bath	West - Rear Alley	No	109	461
Totals						6,569	28,282

Description of the Proposed Development

Interior Finishing

Interior specifications for the residential units are considered to be fairly similar to other new purpose-built rental projects in the area. They include laminate flooring, fully equipped kitchen including refrigerator, dishwasher, stove, oven, and hood fan (Haier stainless steel appliances), fitted cabinetry, four-piece bathroom(s) including a toilet, sink, bathtub and showerhead and in-suite washer and dryer (Samsung). Overall, the finishing within the subject development is comprised of good quality materials and provides average quality of finish when compared to a majority of competing rental products located in Vancouver.

Amenities

The subject property features a rooftop patio that extends the length of the building and features a children's play area, tables, benches and lounge chairs. There are also planter boxes for vegetable gardens.

Commercial Component

The subject development includes a ground floor commercial component containing a total ±6,939 sf of commercial space. The ground floor space was originally to be demised into four units; however, as of the effective date of valuation, the space is 100% leased to two tenants. We note that Unit 101 extends the length of the building fronting Main Street and also has exposure to East 41 Avenue, while Units 103 & 104 have exposure to East 41 Avenue only. We also note that each of the commercial components includes a mezzanine area. A summary is provided below.

Commercial Summary		
CRU	Unit	Rental Area (sf)
101	West Coast Liquor Company	4,471
103 & 104	Physiolab Clinic	2,468
Total Area		6,939

Upon completion of the development, the units are assumed to be completed to shell condition allowing tenants to finish the units as per their requirements, consistent with similar offerings within newly constructed buildings. As described later in this report, the leases include tenant inducements comparable to similar developments in the market.

Parking, Storage & Bicycle Component

The development will include two levels of underground parking accessible from the rear lane, containing a total of 48 parking stalls of which 23 are residential stalls, 22 are commercial stalls, and 3 are visitor stalls. The parkade will also include 49 bicycle storage racks and 47 storage lockers.

Description of the Proposed Development

Quality & Condition

The development is to a similar standard to other new rental projects in the area and Vancouver. The quality of materials is assumed provide an average quality of finish when compared to a majority of competing rental products located in the area and Vancouver. The design and style of the units appear to be attractive and functional, and the subject units offer average utility for residential rental accommodation and have generally strong market appeal. Economic life is projected to be approximately 60 years assuming the project is completed and finished as described herein.

SUBJECT PROPERTY PHOTOGRAPHS



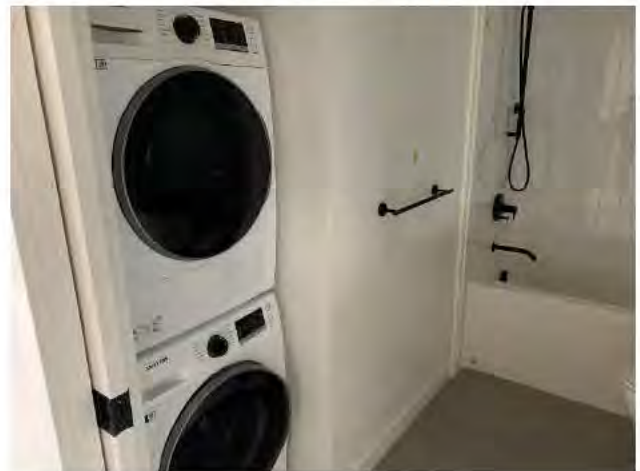
Typical kitchen



Typical washroom



Corner unit living areas

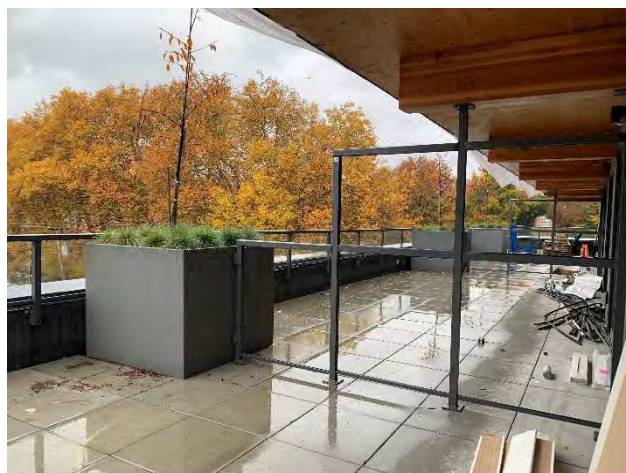


Typical stacked laundry

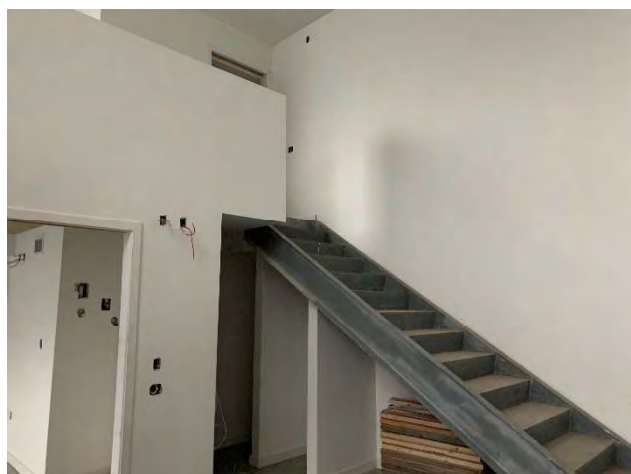
Description of the Proposed Development



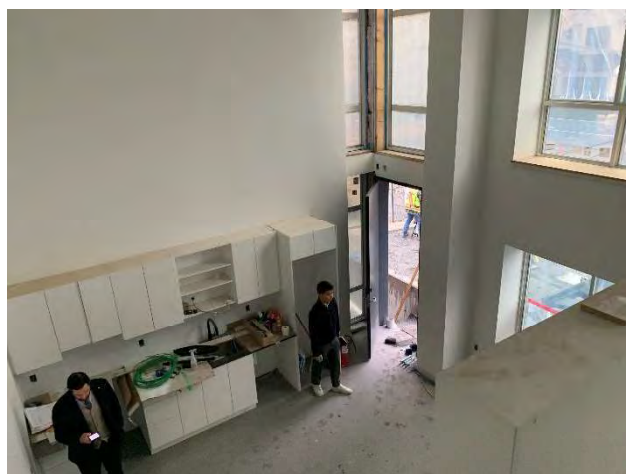
Large southwest facing balcony



Large west facing balcony



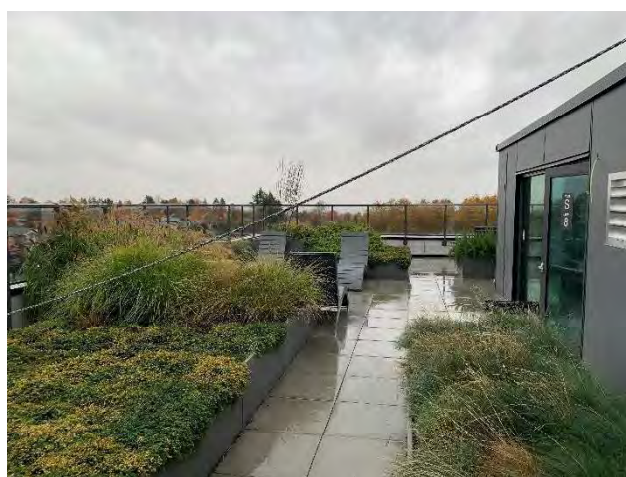
Ground floor Loft Unit



Ground floor Loft Unit

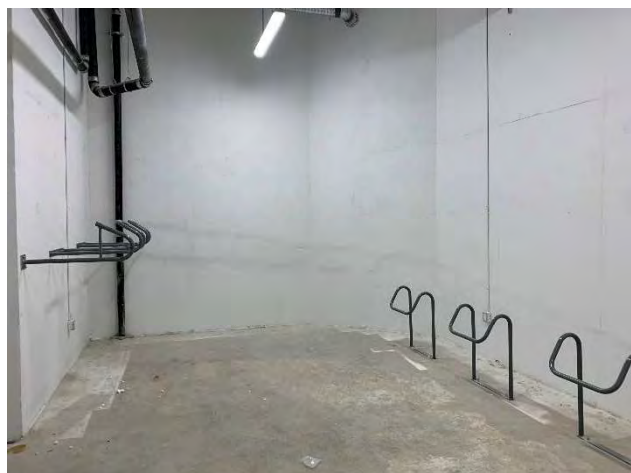


Rooftop patio

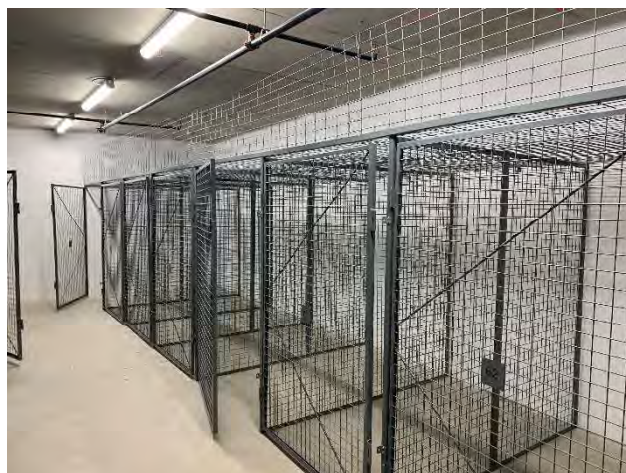


Rooftop patio

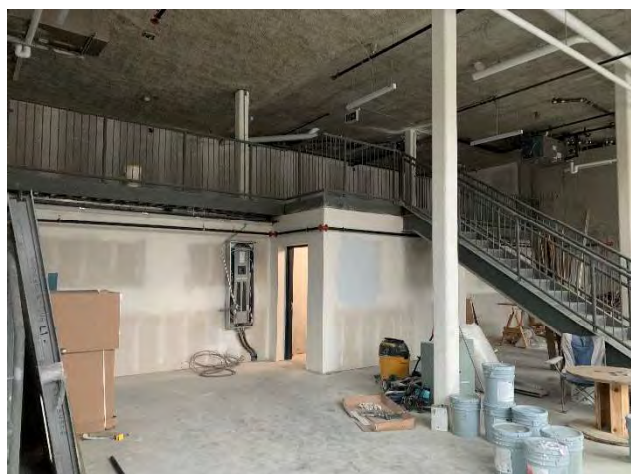
Description of the Proposed Development



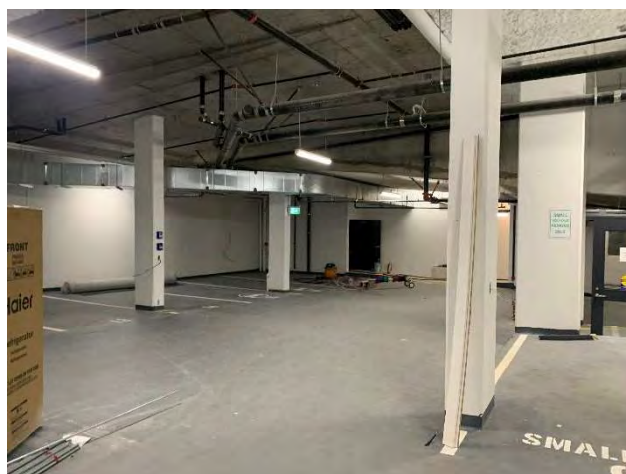
Typical bike racks



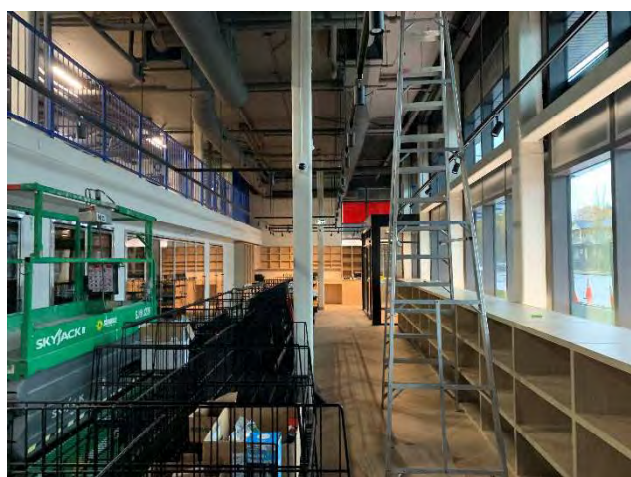
Typical storage lockers



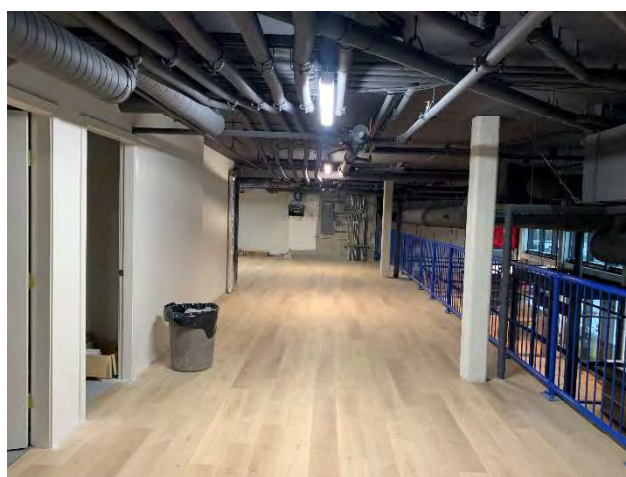
CRU 3 & 4



Underground parking



CRU 1



CRU 1 mezzanine

Market Overview

Regional Overview

The subject site is located in the City of Vancouver. Vancouver is located in the southwest corner of the Province of British Columbia in a region known as Metro Vancouver which comprises 22 separate municipalities, one treaty First Nation and one electoral area. According to the 2021 Census, the population of Metro Vancouver was 2.6 million and the population of the City of Vancouver was 662,248.

REGIONAL MAP



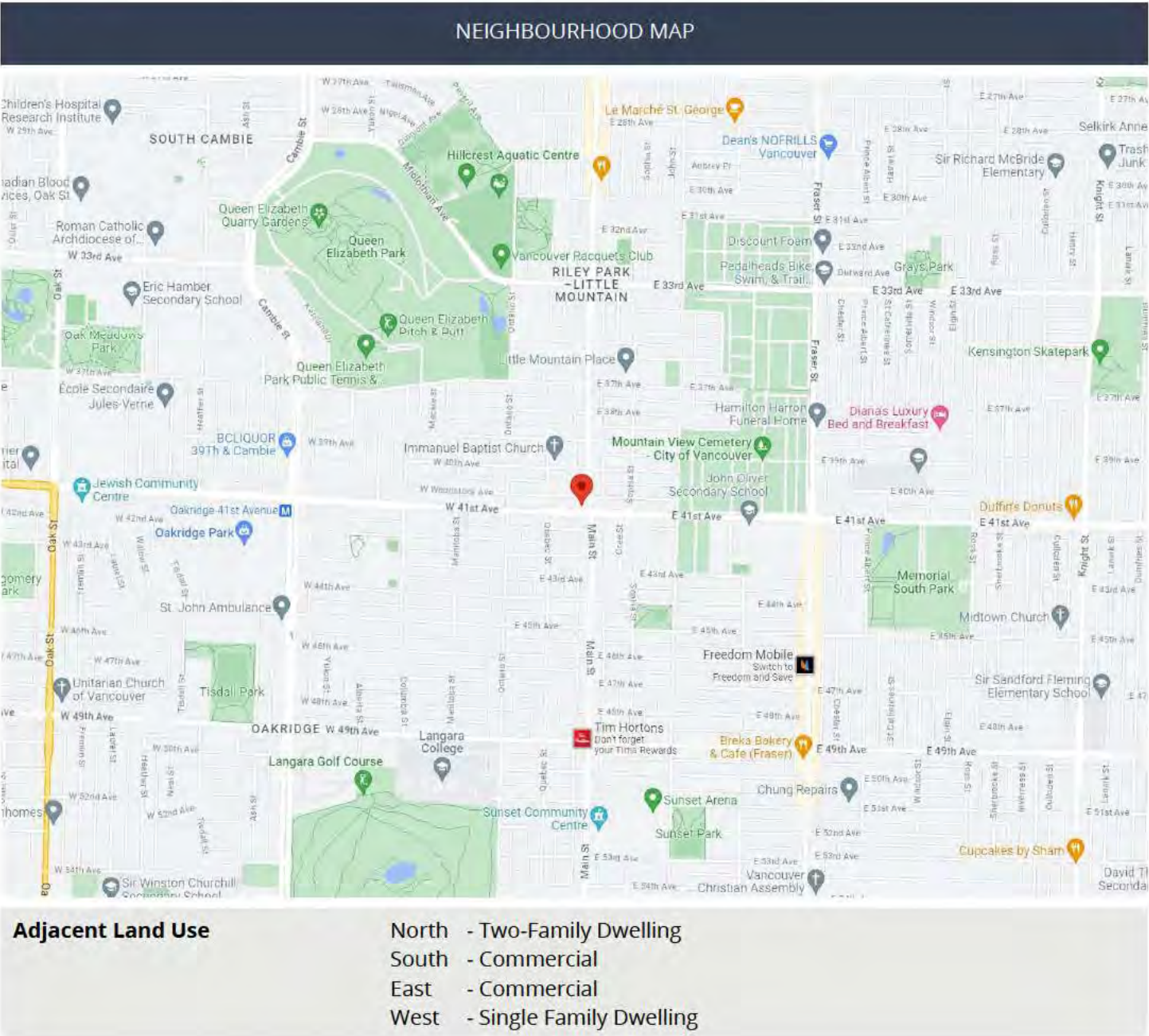
The City of Vancouver is bound by the Burrard Inlet to the north, Georgia Strait to the west, Fraser River (North Arm) to the south and Boundary Road to the east. Situated directly east of Vancouver is the City of Burnaby and further east is the City of New Westminster. The City of Richmond is located south of the subject area just beyond the North Arm of the Fraser River.

As the major commercial and financial center of British Columbia, Vancouver is comprised of a good network of major transportation arterials. In the north-south direction, Highway 99 connects North Vancouver, West Vancouver and Trans-Canada Highway 1 in the north, and the Vancouver International Airport, Richmond, and the US Border in the south. Running in an east-west direction, Broadway connects to Highway 7 in the east providing access to Burnaby and the Tri-cities on the north arm of the Fraser River. Kingsway, passing through Burnaby and New Westminster, connects to Surrey and other cities on the south arm of the Fraser River.

Market Overview

Neighbourhood Overview

The subject property is located in the Riley Park – Little Mountain area of Vancouver, which is bounded by East 16 Avenue to the north, East 41 Avenue to the south, Fraser Street to the east, and Cambie Street to the west. More precisely, the subject is situated at the southwest corner of Main Street and East Woodstock Avenue. Surrounding neighbourhoods include South Cambie and Shaughnessy Granville to the west, Renfrew-Collingwood and Kensington-Cedar Cottage to the east, South Main and Mount Pleasant to the north and Oakridge and Sunset to the south. The location of the property is illustrated on the market area map below.



Market Overview

The immediate neighbourhood largely comprises commercial buildings, single-family dwellings and low-density residential developments with commercial uses on the ground floor. The area is well serviced by various neighbourhood commercial uses as well as recreational amenities. The subject site benefits from its proximity to the Hillcrest Community Centre, Queen Elizabeth Park, and Oakridge Centre.

Queen Elizabeth (QE) Park located northwest from the subject, features a 130-acre municipal park situated at the top of Little Mountain, which is one of the most prominent parks in the Greater Vancouver Area. The park extends from West 29th Avenue to the north to West 37th Avenue to the south and Cambie Street to the west to Midlothian Avenue / Ontario Street to the east. Attractions inside the park include the Bloedel Conservatory, Quarry Gardens, Queen Elizabeth Pitch & Putt Golf Course, Rose Garden, Quarry Gardens, etc. Immediately to the east of QE Park is the Hillcrest Community Centre, which features an ice hockey and curling rink and an aquatics facility. The Centre hosted the 2009 World Junior Curling Championships and the 2010 Wheelchair Curling Event during the 2010 Olympics and was also named the Vancouver Olympic / Paralympic Centre during the 2010 Winter Olympics.

Oakridge Centre is located west from the subject at West 41 Avenue and Cambie Street. The shopping complex is currently under construction and is proposed to have ±900,000 sf. of retail space in addition to office space, residential towers, a public park, civic centre, library, daycare, seniors' centre, dance school, arts academy, music venue, performance space, and a community centre. The construction of the property is taking place in two phases, with the first phase being retail, housing, and public amenities, which is scheduled to be completed by 2024. The entire project is slated to be completed by 2027.

The main north/south commercial corridors in the area are Main Street and Fraser Street, which host a variety of small businesses such as JJ Bean Coffee Roasters and Earnest Ice Cream as well as national tenants such as Shoppers Drug Mart, Dean's No Frills, and Esso.

Situated north of the subject between East 28 and East 29 Avenues on Main Street are a mix of regional and national tenants, including CIBC, Nesters Market, McDonald's, and BC Liquor Stores. Located further north of the subject at the intersection of Main Street and East King Edward Avenue are Sleep Country Canada and RBC Royal Bank.

Further northwest of the subject, starting at Cambie Street and West King Edward Avenue are more commercial amenities, such as Scotiabank, Tim Hortons, and AMC Insurance Services. South of the subject are primarily residential uses, particularly single-family dwellings.

Trout Lake Park is located further northeast of the subject. General Brock Elementary School, David Livingstone Elementary School, and Sir Charles Tupper Secondary School are within the neighbourhood. To the east is the John Oliver Secondary School and to the west the Sir William Van Horne Elementary School. BC Children's Hospital is situated northwest of the subject along Oak Street in the South Cambie neighbourhood and Mount Saint Joseph Hospital is to the north along Prince Edward Street in the Mount Pleasant neighbourhood.

Market Overview

Transportation in the area is deemed good given the subject's proximity to a number of bus stops. The subject is in proximity to the Oakridge-41st Avenue SkyTrain Station to the west, which is an underground stations on the Canada Line. Located along Main Street are bus stops, which operates north and southbound along Main Street as well as offers access to Downtown Vancouver. Overall, the area is well supported by commercial uses, transit, and various recreational and institutional uses.

Other residential projects in the immediate area include but are not limited to:

- **3970-3998 Main Street** – Locarno Legacy Corp. has applied to the City of Vancouver for permission to develop the site. The development consists of a 6-storey, mixed-use building comprising 58 secured market rental dwelling units with commercial uses at grade above two levels of underground parking accessed from the lane. The rezoning application was approved by City Council on July 5, 2022 and the development permit application was approved on February 2, 2023, subject to conditions.
- **357 W 41st Avenue**– Cambie 41st West Limited Properties has applied to the City of Vancouver for permission to develop the site with a mixed-use building containing 439 secure rental residential units with 18% allocated to Moderate Income Rental Housing Program. The development proposes a total floor area of 310,473 sf above two levels of underground parking with a density of ± 6.32 FSR under the site's existing IC-3 zoning. The Director of Planning approved the development application on February 2, 2023, subject to conditions.
- **137 E 37th Ave** – Holborn Properties Ltd. has applied to the City of Vancouver for permission to develop the site with a 6-storey multiple dwelling building containing 49 social housing units above one level of underground parking with vehicular access from East 36th Avenue. The development proposes a height of 57 ft with a density of ± 2.41 FSR. This development application follows rezoning of the site CD-1 (704). The Director of Planning approved the development application on January 13, 2023, subject to conditions.
- **197 W 26th Ave** – Fastmark Development Corp. has applied to the City of Vancouver for permission to develop the site with a 3-storey ground-oriented townhouse multiple dwelling building. The development will also have a total of six strata market dwelling units, an approximate density of ± 1.20 FSR, a maximum height of 11.5 m above one level of underground parking providing a total of seven parking spaces having vehicular access from the lane. The Director of Planning approved the development application on April 25, 2022, subject to conditions.

Summary

In summary, the subject is located within a well-established residential area conducive to higher density residential use. The area is presently in transition with higher density uses and some commercial uses at-grade. Overall, market appeal for residential development properties in the subject market area is considered strong given the subject's desirable location in proximity to Vancouver's downtown core and major transportation routes as well as commercial and recreational amenities.

Market Conditions

Rental Market Conditions Overview

The residential rental market is currently experiencing increasing rental rates given the region's affordability issues, which is primarily driven by limited supply and increasing mortgage rates, keeping potential homebuyers as renters. CMHC issued their annual Rental Market Report for 2022, which reported that the overall rental vacancy rate for Vancouver CMA (which includes Burnaby) decreased from 1.2% in 2021 to 0.9% in 2022, with the following notable points indicated:

- *"Higher homeownership costs and migration to the region led rental demand to increase faster than supply.*
- *Asking rents for vacant units are now, on average, 43% higher than those paid for occupied units. This represents a strong disincentive to moving for existing tenants, resulting in lower turnover.*
- *The tightening conditions caused rent growth to accelerate to 6.3% overall. New renters paid, on average, 24% more than the previous tenant for 2-bedroom units rented in 2022.*
- *Important imbalances exist in the Vancouver rental market. Our data show that lower-income households face significant challenges finding units that they can afford.*
- *The purpose-built rental universe increased by a record 3,805 units (+3.3%) following elevated construction of new units in recent years.*
- *The number of condominium apartments offered as long-term rentals increased by 7,850 units (+9.8%). The increase in supply contributed to the rental condominium segment having a higher vacancy rate (2.2%) than the purpose-built rental segment (0.9%)."*

A few notable items that were reported by CMHC include the increase in migration and homeownership costs which in turn are driving rental demand. Migration to the Vancouver CMA from both international and domestic origins contributed to growth in rental demand. Arrivals of international immigrants to British Columbia doubled in the first half of 2022 within most of these immigrants settled in Metro Vancouver. The reopening of international borders also contributed to an increase in arrivals of non-permanent residents which includes international students, many of whom rent.

Increases in mortgage interest rates limited the ability of existing renter households to move to homeownership. The borrowing capacity of a worker aged 25 to 54 earning the average wage in the Vancouver CMA fell by nearly a quarter, or about \$100,000, in 2022. Entry-level home prices haven't declined as fast as buying power, meaning many prospective homebuyers continue to rent.

Market Conditions



The average asking rent for vacant units was 43% higher than the overall average rent for occupied units in the Vancouver CMA. This was significantly higher than the 10% gap observed in 2021, as the average asking rent for vacant units soared in 2022 as illustrated above. While some new units with high rents are currently vacant, an influx of such units was not the main contributor to higher asking rents.

Despite the observed decline in the vacancy rate, the universe of purpose-built rental apartments increased by 3,805 units (+3.3%). This represents the highest annual increase among available records since 1990. Four municipalities combined to account for 87% of the increase:

- City of Vancouver: 1,359 units (+2.3% universe growth rate)
- Coquitlam: 843 units (+17.9%)
- City of North Vancouver: 666 units (+10.8%)
- District of North Vancouver: 446 units (+26.2%)

The increase results from the elevated number of new rental units started over the past few years now coming to market. Rental starts surged 43% year-over-year over the first 3 quarters of 2022, meaning completions of new rental supply will be significant in the years ahead. However, increases in financing costs will likely slow additional rental starts throughout 2023.

Affordable housing was also a challenge for many low-income households. CMHC reports that less than one third of purpose-built rental units are affordable to households which are earning less than \$55,000/annum. Every 1/200 units was deemed affordable to renter households with the lowest 20% of incomes with the lowest priced units deemed unsuitable for families.

Market Conditions

Components of change in supply of rental condominium apartments,
Vancouver CMA



There was a 9.8% increase in 2022 in the growth of condominium apartments that are used for rental purposes. The growth can be attributed to new construction entering the rental market and a net increase in the number of existing units on the rental market. With the increased supply of rental units, the vacancy rate for condominium units rose to 2.2%. This contrasts with the purpose-built rental sector, where the apartment vacancy rate fell to 0.9%. Condominium rents are similar to those for new purpose-built rental units, which also have higher vacancies (2.7%) than the overall market. Renters seem to be willing to pay about the same for these 2 types of units, contributing to their similar market outcomes.

We have also reviewed the latest market statistics from Zonda, with the Q2 2023 National Rental Report new purpose-built rental product in the region. Zonda reports:

"The Metro Vancouver purpose-built rental market had a strong second quarter with overall vacancy reaching an all-time low of 2.9 percent, a 1.3 percent decrease from the previous quarter. Per-square foot rental rates decreased by 2.4 percent from the previous quarter, a result of less availability during the quarter with only 703 available units. Three projects were launched this quarter adding 215 new units to the market. The next two quarters will continue to experience launches as 27 projects (2,212 units) are at or past the interior finishing stage of construction. Downtown Vancouver remains an extremely tight market for tenants, with overall vacancy at 0.8 percent and average net rents at \$4.82 per square foot."

Market Conditions

Projects



Concrete
Wood Frame
Townhome



Stabilized (228 projects)
Actively Leasing (11 projects)

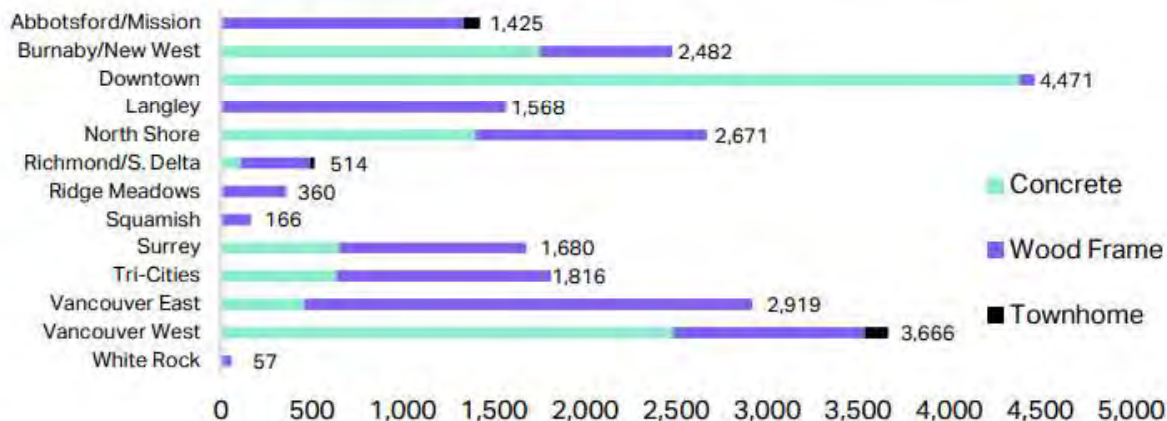
Notable Launches

Loma
ML Emporio
Properties

Coma
Adera

Comma Fraser
Rize

Units By Sub-market

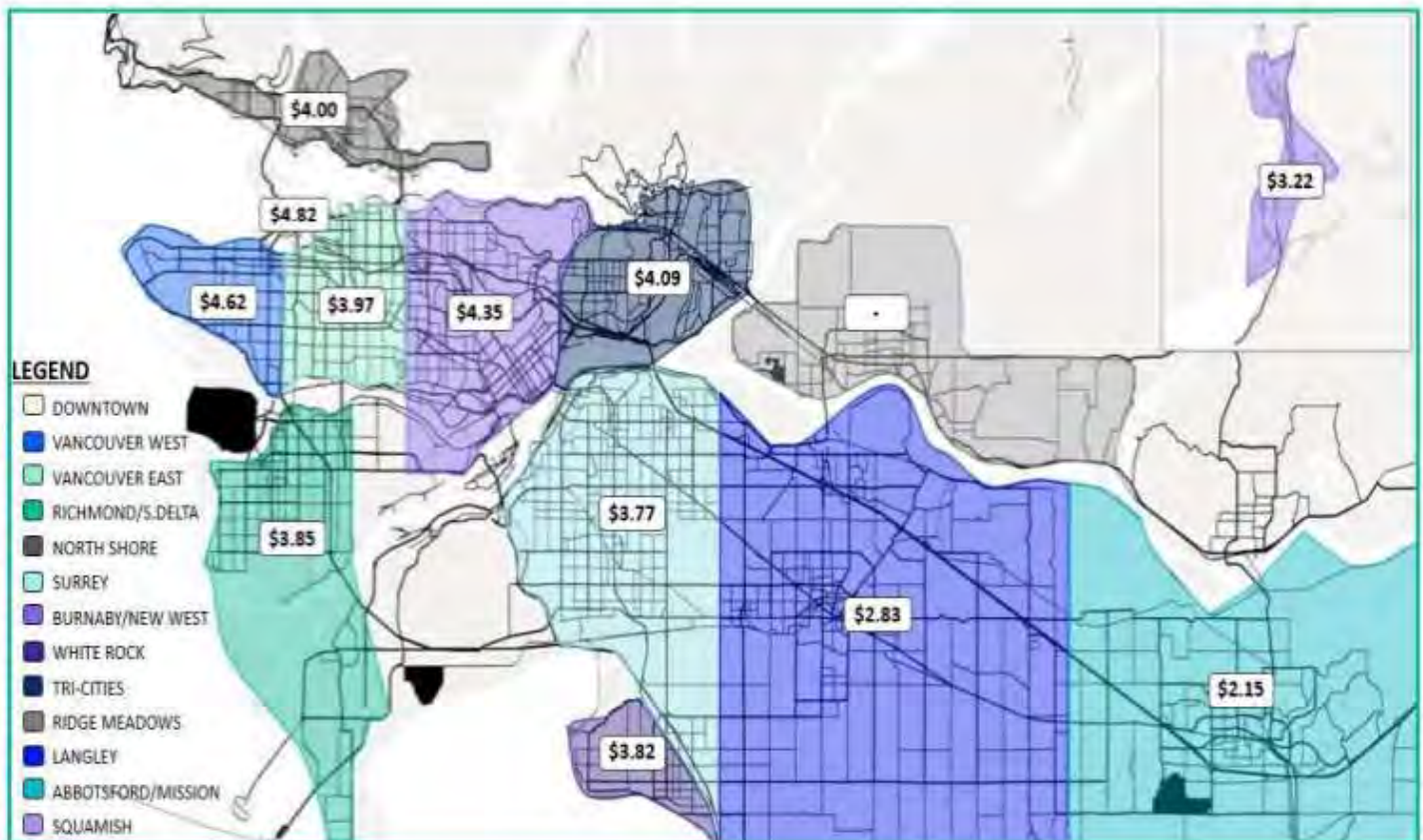


Market Conditions

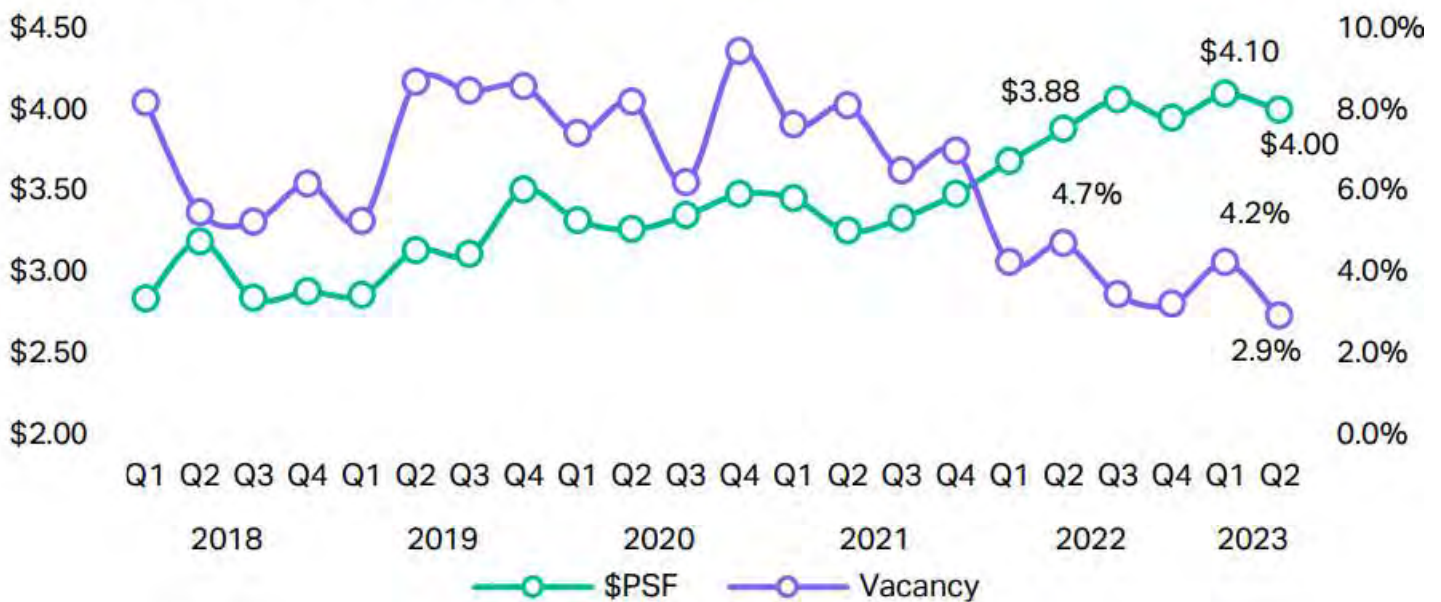
Average Rents by Unit Type

Unit Type	Active Concrete	Active Wood Frame	Stabilized Concrete	Stabilized Wood Frame	%
Studio	\$1,951	\$1,979	\$2,398	\$2,077	
1 Bed	\$2,616	\$2,387	\$2,656	\$2,273	%
1 Bed + Den	\$2,695	\$2,641	-	\$1,991	
2 Bed	\$3,895	\$3,024	\$3,477	\$2,729	%
2 Bed + Den	\$3,485	\$3,731	-	\$2,438	
3 Bed	\$3,912	\$3,813	\$5,798	-	

Downtown Vancouver remained the most expensive sub-market per square foot, followed by Vancouver West.
 Average net rents were up \$0.12 per square foot year over year (3.1 percent).
 Rental rates in Surrey increased 30 percent (\$0.86 per square foot), the largest year over year increase.

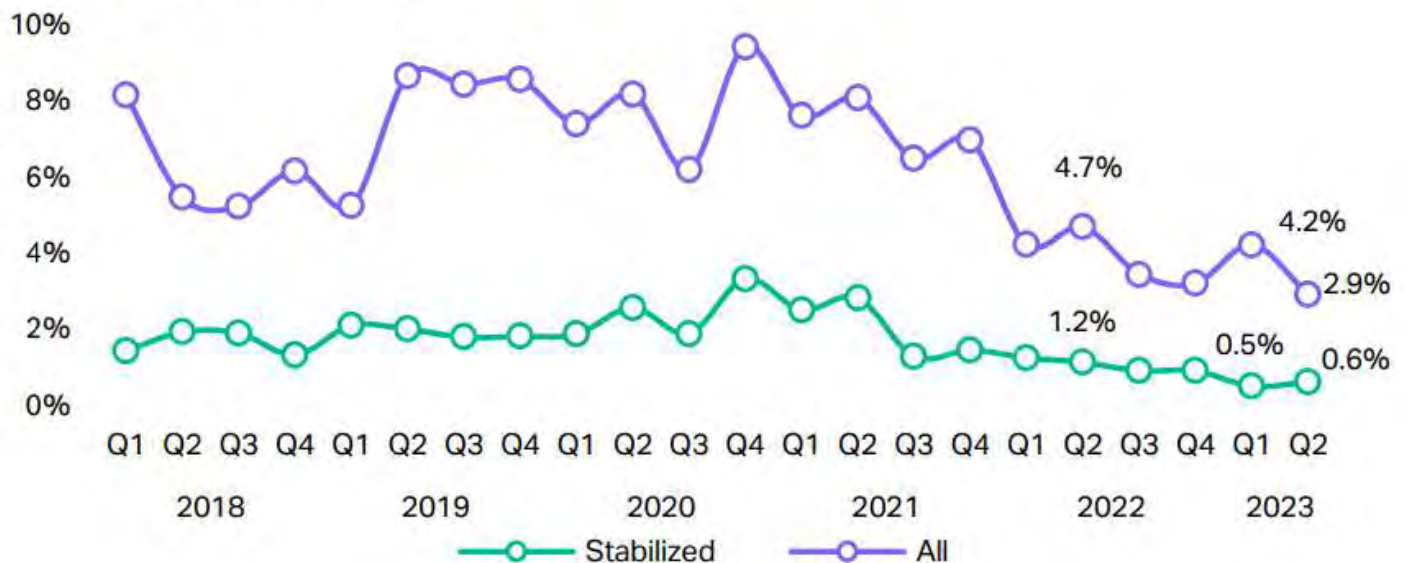


Vacancy Vs Net Rents

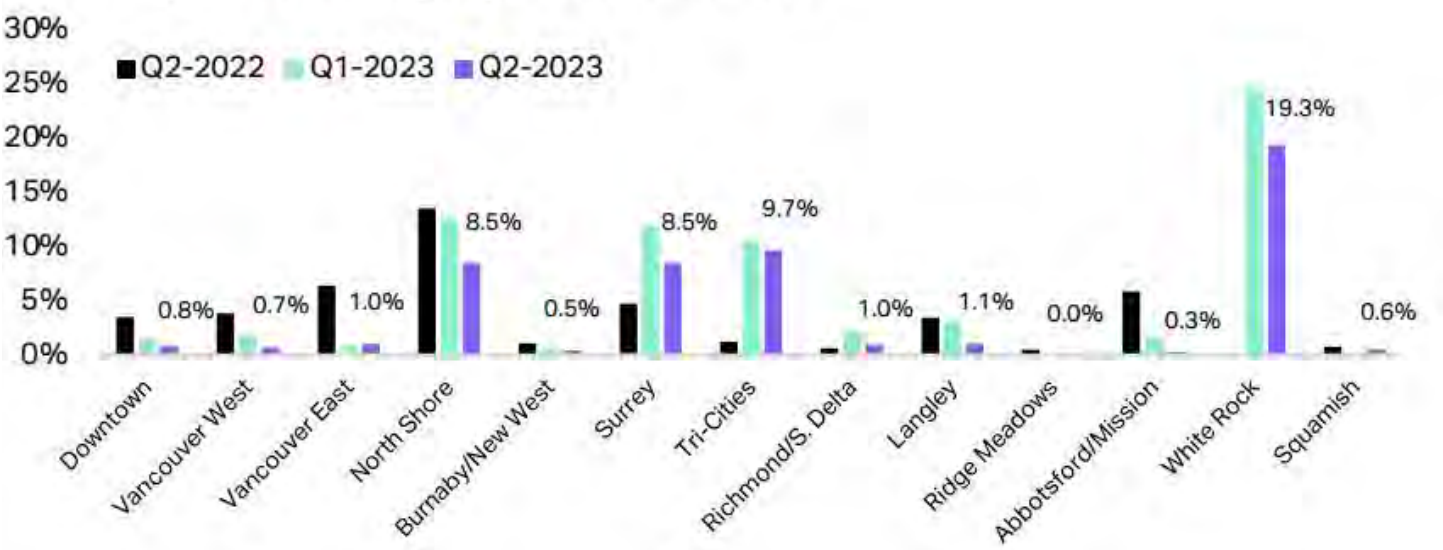


- Overall vacancy decreased from 4.2 percent last quarter to 2.9 percent. Overall vacancy decreased by 1.8 percentage points year over year.
- Vacancy among stabilized projects increased by 0.1 percentage points to a low of 0.6 percent.
- Vacancy among stabilized projected year over year.
- Vacancy was lower in all sub-markets.

Average Vacancy



Average Vacancy by Sub-Market

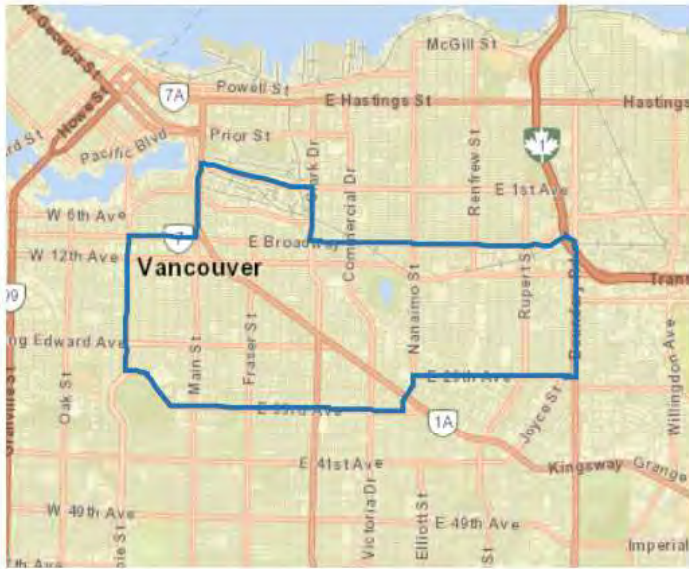


CMHC Rental Market Data

According to the CMHC data for Mount Pleasant/Renfrew Heights, the majority of the housing stock is comprised of low density dwellings, namely apartments in a building with fewer than 5-storeys (17,115 households, 41.3%), duplexes (13,015 households, 31.4%), as well as single-detached houses (6,390 households, 15.4%). The remaining housing stock comprises apartments in a building with five or more storeys (2,745 households, 6.6%), semi-detached or double houses (1,070 households, 2.6%), row houses (1,060 households, 2.6%) and other dwelling types (75 households, 0.2%).

As demonstrated in the chart on the following page, private apartment vacancy rates have materially decreased from an average of 0.9% to 0.5%. Evident in the chart is also the increase in average rental rates for private apartments from \$1,486 to \$1,621/month year-over year from 2021 to 2022. All in all, these statistics support the premise of tightening rental market conditions.

Market Conditions



Number of Private Apartment Units

	OCT-19	OCT-20	OCT-21	OCT-22
Bachelor	985	1,002	1,082	1,079
1 Bedroom	4,347	4,393	4,504	4,546
2 Bedroom	1,061	1,089	1,133	1,283
3 Bedroom +	87	76	89	102
Total	6,480	6,560	6,808	7,010

Private Apartment Vacancy Rates (%)

	OCT-19		OCT-20		OCT-21		OCT-22	
Bachelor	1.2	a	1.3	a	0.8	d	0.1	b
1 Bedroom	1.2	a	1.3	a	0.9	a	0.3	a
2 Bedroom	2.1	c	2.1	c	1.0	a	1.8	c
3 Bedroom +	0.0	d	0.0	d	0.0	d	0.0	c
Total	1.4	a	1.4	a	0.9	a	0.5	a

Private Apartment Average Rents (\$)

	OCT-19		OCT-20		OCT-21		OCT-22	
Bachelor	1,243	a	1,281	a	1,333	a	1,369	a
1 Bedroom	1,298	a	1,351	a	1,388	a	1,493	a
2 Bedroom	1,836	b	1,884	a	1,860	b	2,116	b
3 Bedroom +	**		**		**		3,064	b
Total	1,393	a	1,451	a	1,486	a	1,621	a

Discussions with Market Participants & Emerging Rental Market Conditions

Herein we discuss the latest trends in the Vancouver rental market based on discussions with professionals who are active in the industry, as well as the knowledge and experience of the appraiser and insights from various real estate data sources.

- According to representatives at Rennie, conservative estimates of the expected increase in average rental rates are between 5 and 10% per year over the next two years. Looking at the past year, it was reported by representatives at Rennie that rental rates in Vancouver have increased 18%.
- Proximity to transit is a major driver of rental rates and renters are willing to pay a premium, accordingly. For example, in New Westminster, rental rates rose from \$2.45/sf to \$3.65/sf for sites near the SkyTrain in the past year. Downtown is achieving rental rates between \$5.50 and \$6.00/sf, while the Broadway Corridor is between \$4.84 and \$5.00/sf.

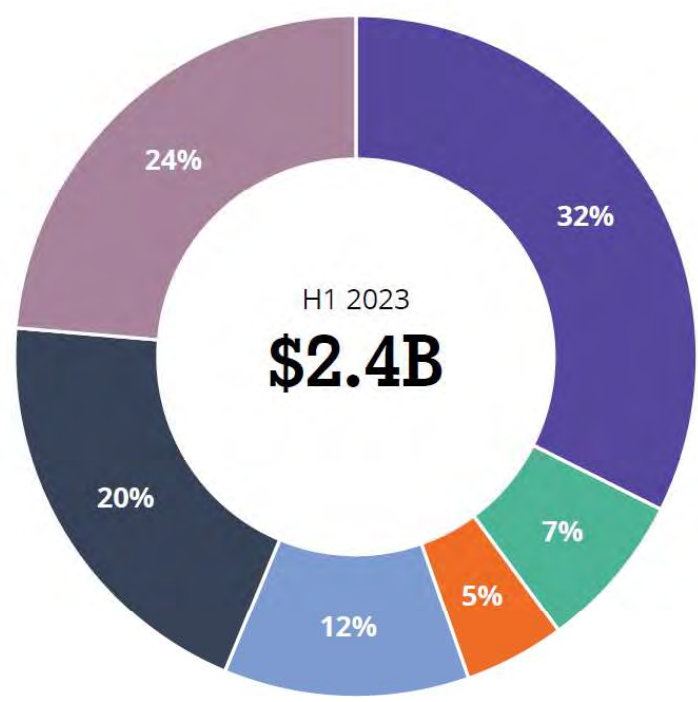
Market Conditions

- Commercial Drive is another area renters are gravitating towards because of proximity to transit while enjoying the lifestyle of residential neighbourhoods. Rental rates in the Commercial Drive area are ranging between \$4.50 and \$4.85/sf. Typically, renters are uncomfortable with homes over 1,000m away from a SkyTrain station, and surveys indicate that within the market segment of 20 to 40-year old renters, 66% of this group prefer to be on transit or in proximity to transit.
- Renters are paying a premium for units which are part of a purpose-built rental development in order to avoid the inconvenience of coordinating with secondary landlords (i.e. condominium strata owners). For example, secondary landlords make it difficult to access amenities as this requires working through the owner and the strata council with no guarantee that access is permitted. There is also a premium for breadth and quality of amenities, namely more intensive game rooms and fitness facilities equipped with frontier technology (i.e., mirror technology).
- Pet-friendly units and building are also earning premiums which range between \$150 and \$250/month. To capture this demand, design plans for developments are creating designated units and floors for pets, which is a compromise to appeal to pet owners and renters seeking pet-free surroundings.
- Storage is an important consideration for renters, especially when integrated into the lobby, as well as having a move-in/move-out room with laneway access.
- Discussions also indicate there is potential for additional service for garbage at a higher management fee, and \$50/month can be passed on to renters for compost and recycling bin exchanges.
- Developers and landlords moving forward can expect operating costs between \$6,500 and \$7,500 per unit per year, with the upper end of the range reflective of units in buildings with less efficiencies and relatively larger, better amenities.
- Other considerations include conforming to the definition of the neighbourhood and its style, rather than trying to change it with their new development. This has reportedly led to the success of numerous buildings in East Vancouver as residents are looking for a 'neighbourhood' aesthetic.
- Despite the market segment of 20 to 40 year-olds historically achieving turnover rates of 80% within the first five years, turnover rates have come down significantly due to the increase in rental rates. For example, the Victoria by Strand had very low turnover, which was a result of high rental rates as well.

BC market fundamentals



BC investment activity



	H1 2023	H2 2022	H1 2022
Office	\$114.8M	\$68.7M	\$544.1M
Retail	\$180.0M	\$414.7M	\$921.9M
Industrial	\$779.3M	\$586.6M	\$1.4B
Multi-family	\$279.7M	\$410.6M	\$1.5B
ICI land	\$482.6M	\$724.8M	\$1.4B
Residential land	\$569.3M	\$1.8B	\$2.9B

Source: Avison Young, Altus Data Studio, Commercial Edge

Investment market trends



Majority of deals from private buyers and sellers

Private capital has been the primary source of investment in the last six months. Across all asset classes*, private buyers accounted for 85% of all purchasers. Similarly, private vendors represented 98% of all sellers across all asset classes.

Our take on this trend...

Institutional investors have largely been preserving cash and rebalancing their portfolios. It is expected that institutional investors and other non-private actors will resume market activity once there is greater certainty surrounding interest-rate movements.



Construction and debt costs slowed rate of development

Stricter financing terms and rises in construction-related costs (such as higher premiums and new building-code laws) have put a damper on development across British Columbia.

Our take on this trend...

Heightened interest rates and cost pressures have reduced development appetite. Many developers have seen their yields fall, with financing costs impacting future cash flows. Coupled with rising development costs, confidence to deploy capital in H1 2023 was low, and is expected to continue until interest-rates stabilize.



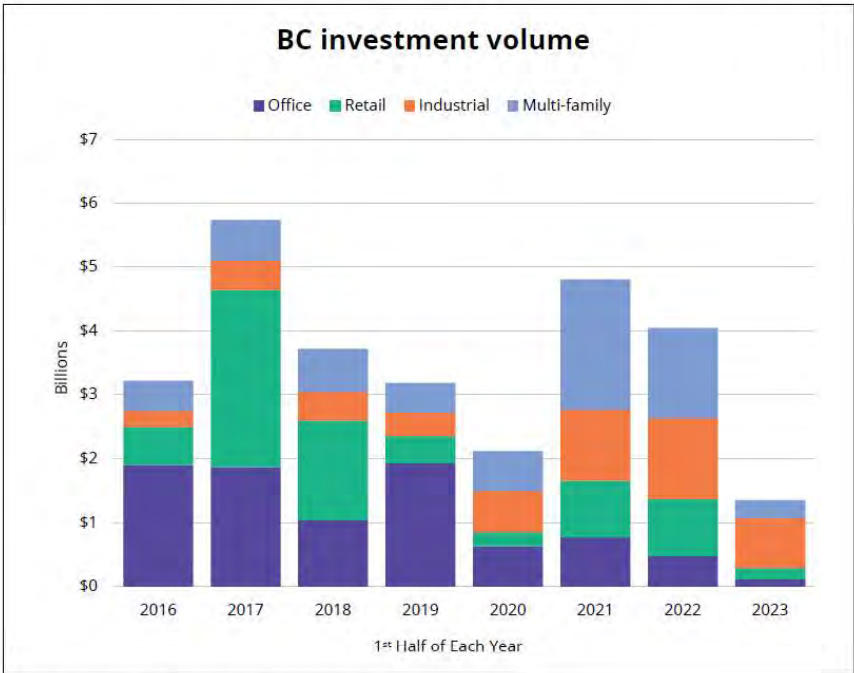
Industrial market remained active

Industrial investment recorded the lowest rate of slowdown relative to H1 2022 across all asset classes. Furthermore, industrial represented 72% of all investment deals in H1 2023.

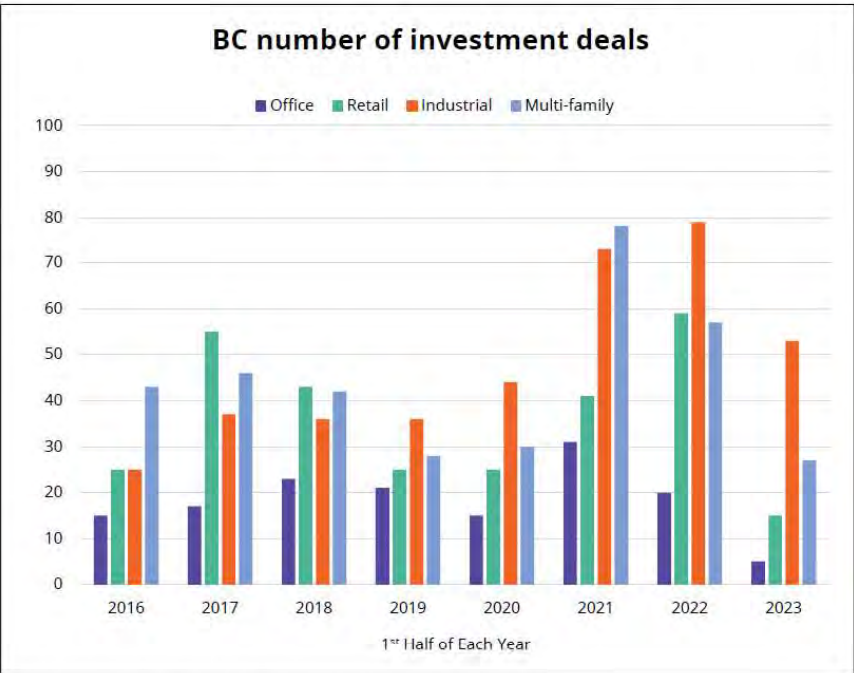
Our take on this trend...

The industrial market has shown resilience against rising debt costs, with the number of deals exceeding the first halves of 2016 to 2020. Industrial strata has also been very active, with high rental-rate renewals demanded by landlords leading end-users to purchase their own industrial spaces. While private buyers and sellers have been the primary actors during the last 6 months, institutional investors are starting to redeploy capital as of the mid-year turning point.

BC investment market indicators



Source: Avison Young, Altus Data Studio, Commercial Edge



Source: Avison Young, Altus Data Studio, Commercial Edge

Multi-family

Vendor expectations remained sticky amid a slowdown in deals

Multi-family investment volume fell 80% compared to H1 2022. This was primarily due to the heightened interest rate, which pushed the number of transactions to a 10-year low, and high price expectations from vendors. This lack of activity exacerbated existing supply issues, with a significant number of purpose-built rental projects stalling.

A notable portion (56%) of multi-family deals were completed outside of Vancouver, with investors chasing higher yields in the suburbs to justify values.

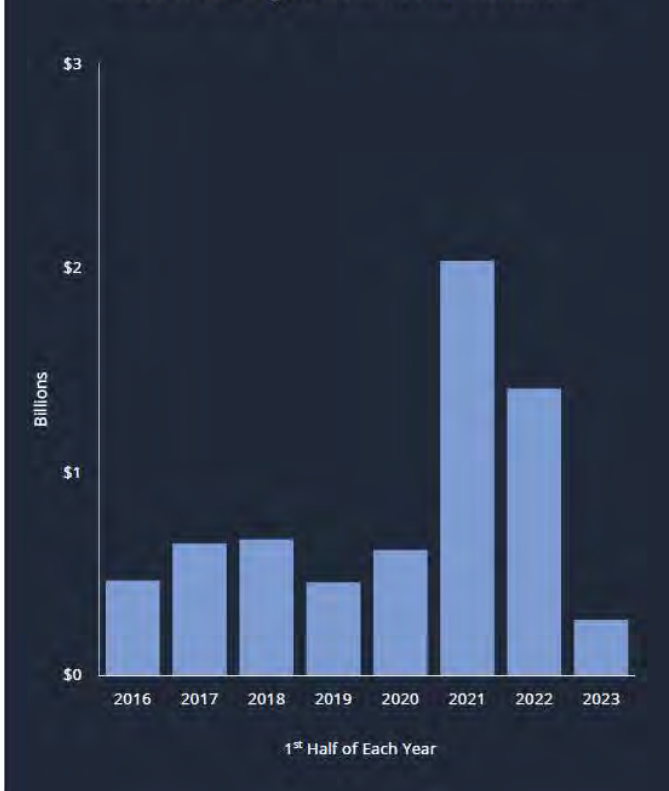
Problems remained with high construction costs, as a change in building code is expected to add greater costs for Vancouver Island developments at the end of the year. Furthermore, CMHC premiums increased on June 19, with projects now struggling to get off the ground. These headwinds challenged the feasibility of development projects, with many of those in the pipeline no longer financially viable.

For market activity to pick up during the rest of the year, price expectations from both buyers and sellers need to adjust, which is expected to occur as interest-rates stabilize.

Significant sale transactions

	Address	Submarket	Sale price	Buyer	Seller
	Parque on Park 20449 Park Ave	Langley	\$53,700,000	CAPREIT	Quarry Rock Developments
	119 East Cordova	Vancouver	\$42,000,000	Provincial Housing Corp.	Salvation Army in Canada
	Red Lion Apartments 130 West 12th Street	North Vancouver	\$16,750,000	FDG Property Management Ltd.	0193914 B.C. Ltd.
AVISON YOUNG	Kumaken Apartments 2151 151A Street	Surrey	\$14,900,000	Synvest Capital Corporation	Dawson Lakewood 2 Developments Ltd.
	2121 Wall Street	Vancouver	\$11,243,000	GLR Properties Ltd.	Private Individuals

Multi-family investment volume



Highest and Best Use

The definition of "Highest and Best Use" is as follows:

"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value."

Source: The Appraisal of Real Estate, Third Canadian Edition

Many factors and appraisal principles become a consideration in the determination of "Highest and Best Use". These include government regulations, supply, demand, anticipation, balance, surplus productivity, contribution, competition, etc. The definition also includes the presumption that the use is in keeping with the zoning and legal requirements. The concept of "Highest and Best Use" recognizes that land use patterns can change over a given period and that the optimum use of a site is determined by need or demand at any given point in time.

When a site is improved, the integrated unit of land and building must be continued in the use for which the improvement was designed, adapted, or could readily be converted, so long as the land and building in combination has a higher market value than the land alone, if vacant and available for a better use. It follows, therefore, that provided the subject improvements contribute value to the whole, over and above the value of the land alone, they represent the "Highest and Best Use" of the site for the remainder of their estimated economic life.

Physically Possible

The subject property comprises a generally rectangular shaped corner lot with a gross site area of $\pm 10,282$ sf. The subject property has ± 106 feet of frontage to the west side of Main Street, and 97 feet of frontage to both East 41 Avenue and Woodstock Avenue. The site and the surrounding area is generally level without any significant changes in elevation. The site has access to full municipal services at the lot line. Overall, the subject property's physical features are deemed conducive to accommodate mixed use redevelopment, as described herein.

Legally Permissible

The subject site is currently zoned CD-1 (723) a site specific comprehensive development zoning which accommodates for the proposed mixed-use building with ground floor retail and upper-level rental uses at a maximum density of 3.50 FSR. A Development Permit (DP-2021-0051) was issued on October 19, 2021 for the development of the subject property. As part of the proposed development, a Housing Agreement and Building Use Covenant are registered on title securing all residential units as market rental housing units for a period of 10 years. Overall, the subject's proposed use is deemed to be legal and conforming with municipal land use policies.

Highest and Best Use

Maximally Productive/Financially Feasible

The subject site situated on the northwest corner of Main Street and East 41 Avenue in the Riley Park – Little Mountain area of Vancouver. The subject is close to urban amenities including transportation routes and community facilities and provides good commercial and residential appeal. The immediate neighbourhood largely comprises commercial buildings, single-family dwellings and low-density residential developments with commercial uses on the ground floor. The popular commercial area of Main Street is located further to the north and Oakridge Centre is located west of the subject at West 41 Avenue and Cambie Street.

Demand for land in the area is strong, with significance placed on medium density residential development. Overall, the subject neighbourhood is deemed a desirable location for residential rental development because of its central location and its ease of accessibility by a number of transportation routes and services. No adverse location influences detrimental to the property's market potential are noted. Considering the preceding and noting subject property is situated in proximity to public transportation, public amenities and commercial amenities, in our opinion, the subject property is well located for residential rental development.

Looking to current market conditions for residential and mixed-use redevelopment lands, recent escalations in inflation, interest rates and development costs coupled with geo-political externalities has resulted in this market tempering, which is expected to continue until greater confidence is restored in the market. Nevertheless, the region is deemed favourable from a residential redevelopment perspective as the region's affordability issues are leading more people to suburban locations. The region is also expected to benefit from incoming immigration, with a good supply of residential redevelopment lands allowing for the creation of more housing supply. While market conditions are tempering as of the effective date, the long-term outlook is favourable.

In addition, there is healthy demand for recently constructed, quality apartment buildings with building amenities. Overall, rental properties are deemed attractive given current vacancy rates continue to remain low in the region. Furthermore, the subject development is a mixed-use rental project servicing the need for rental accommodation in the area and as such the subject will benefit from the City's low vacancy rate and escalating rental rates, positive features for the multifamily family investment market. Residential vacancy in the subject market is low and there appears to be strong demand for new, higher quality rental suites.

With regards to the commercial component, we consider the subject's frontage along Main Street and East 41 Avenue, two busy arterial roads, and lack of competing retail units in the immediate area to be favourable for the development.

Based on the preceding and in consideration of current market conditions, we have concluded that the residential rental units will generate demand in the marketplace, particularly considering its, proximity to various commercial and public amenities, transportation routes and current vacancy rates. As of the effective date of valuation, the commercial space is 100% leased to two tenants on 5 and 10-year terms.

Highest and Best Use

Conclusion

Highest and Best Use – As if Vacant

In our opinion, the highest and best use of the subject property as if vacant and subject to our terms of reference, would be for development in accordance with the current architectural plans and municipal land use policies.

Highest and Best Use – As Improved

Considering our terms of reference are to assume that the subject development is 100% complete as described herein, the highest and best use as if improved, would be expected to be the continuation of its proposed use, as a mixed-use commercial retail/residential rental building, in accordance with municipal rental requirements for the remainder of its economic life.

Valuation Methodology

The three traditional approaches to value, Cost, Direct Comparison, and Income Capitalization, have been considered in estimating the market value for the subject property.

Cost Approach

The Cost Approach is based on the premise that an informed purchaser will not pay more for a property than the cost of producing a substitute property. This approach involves an estimate of the cost to build a new building identical to the subject project at current prices, subtracting accrued depreciation which is a measurement of the loss in value from reproduction cost new, and adding the estimate of land value as if vacant.

While investors/purchasers are generally aware of replacement cost, they place little reliance on the fully developed Cost Approach when determining a value for acquisition purposes. Therefore, the Cost Approach was not developed in this report.

Income Approach

The Income Approach is a valuation method whereby the estimated annual net income produced by a property is capitalized at an appropriate rate into an indication of the property's capital value. Within the Income Approach, we have used the Direct Capitalization Method. According to this method, we first stabilize the property's net income potential after analyzing market rental data. The stabilized net income is then capitalized at an overall rate considered consistent with the market to yield the estimated market value of the property. We have provided an estimate of market value for the subject property as if 100% rented at market rates.

Direct Comparison Approach

The Direct Comparison Approach presumes the Principle of Substitution, which states that a prudent purchaser will not pay more for a property than the price to acquire an equally desirable substitute property. The properties selected for comparison must be similar in most respects to the one being appraised.

Income Approach

Introduction

The Income Approach is a method of estimating the value of a property based on the present or discounted worth of the anticipated income benefits that it may reasonably be expected to produce during the course of its remaining economic life. The process of converting an income stream into an estimate of present worth is known as “capitalization”.

The basic steps involved in valuation by this approach are as follows:

1. Estimate the gross annual income of the property less any allowances for bad debts and vacancy.
2. Estimate the total annual operating expenses.
3. Calculate the annual net operating income. (Gross income less expenses).
4. Select an appropriate capitalization rate.
5. Select an appropriate method of capitalization.
6. Using a suitable procedure, convert the anticipated annual net operating income stream into an indication of the capital value of the property.

Estimate of Net Operating Income

The first three steps in the Income Approach result in an estimate of annual net operating income for the property being appraised. The first step in developing an operating statement is to estimate total potential income based upon its “Market Rent”. Market Rent is defined as:

“The rental income that a property would most probably command on the open market as indicated by current rentals being paid for comparable space (as of the effective date of appraisal).”

Market Rent may be the actual rent payable under a lease (“contract” rent) as determined by analysis of existing lease agreements covering the property, or it may be the appraiser’s estimate of the rent obtainable in the market for similar properties (“economic” or “market” rent). In estimating “economic” or “market” rent, an attempt is made to determine the rent that a tenant is warranted in paying.

Residential leases are typically semi-gross (a.k.a. modified gross lease), with the tenant and landlord both paying portions of the applicable expenses. Typically, landlords will incur the cost of water, property taxes, capital expenditures, building management and insurance etc., which are ultimately passed on to the tenant via the rent payable, with the tenant paying for power. The residential lease comparables are stated on a semi-gross basis given this is the norm for the area.

Most commercial leases are usually stated on a “triple net” basis to the landlord. A “triple net” lease generally describes a lease where, in addition to the contract rent stipulated, the tenant assumes payment of all operating expenses pertaining to a property such as taxes, insurance, utilities and maintenance, but excluding structural repairs.

Income Approach

Residential Rental Component

We have been requested to provide an estimate of market value 'as if complete and achieving stabilized rents.' In consideration of the preceding, we will first determine market rents for the subject's residential rental component.

Analysis of Comparable Residential Rent Data

In analyzing market rents applicable to the subject property, we have adopted the Direct Comparison Approach for rental purpose and have researched into achieved and asking rents in comparable buildings. The Direct Comparison Approach is based upon the principal of substitution and assumes an informed buyer would pay no more for a property than the cost of acquiring an existing property having the same utility as the subject. This method is considered most appropriate where there is an adequate volume of recent sales data to be used in the comparison process.

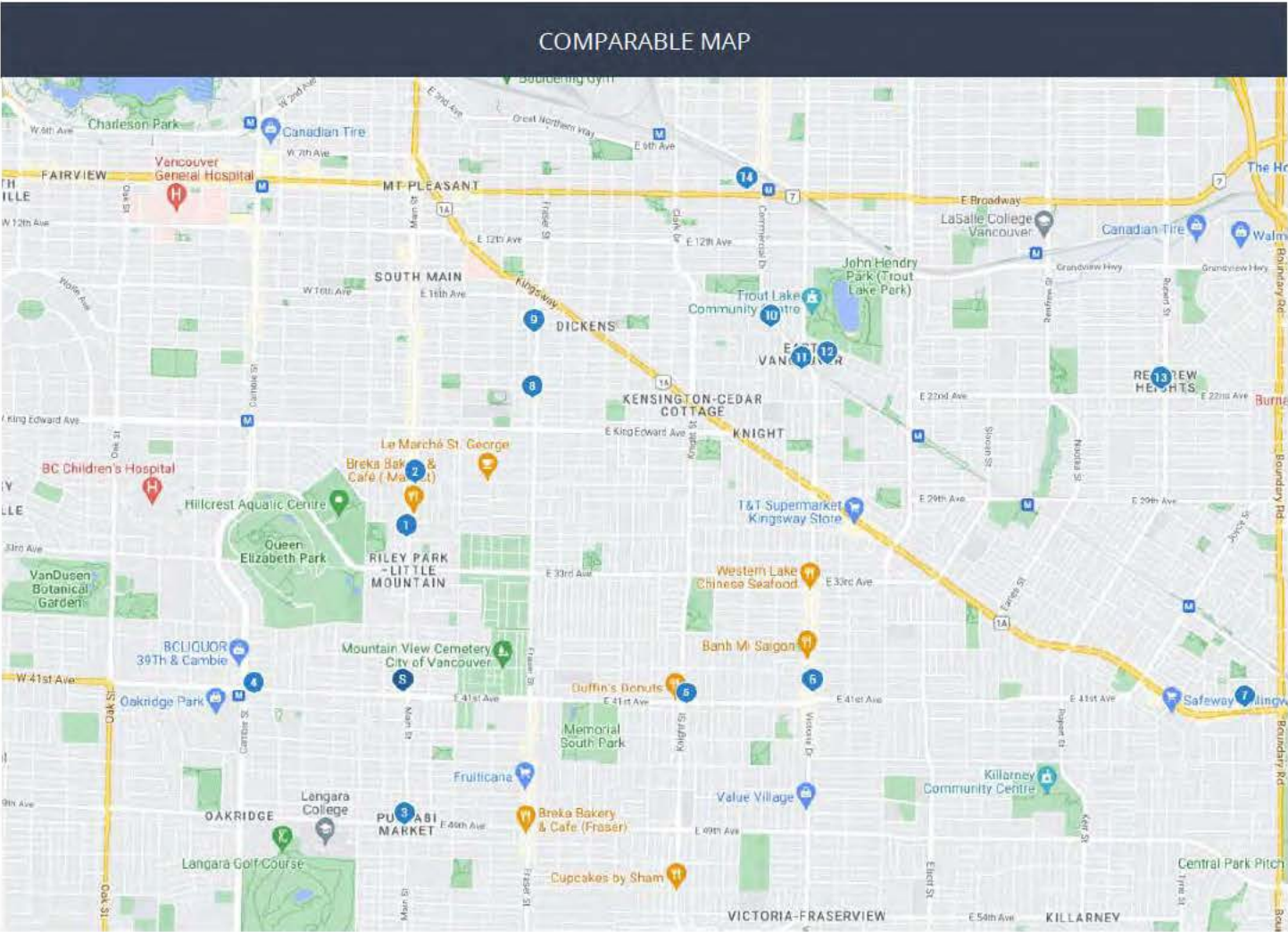
Primary factors affecting rental rates include:

- Location
- Age of the building
- Level of interior finishing and features
- Outdoor space
- Views offered
- Size (square feet) of each unit
- Availability of residential units
- Project amenities and appearance
- Provided parking
- Age and condition of improvements

In estimating appropriate market rental rates for the subject project, lease rates in the subject area have been reviewed. For the purpose of analysis, the comparables have been reduced to a monthly rental payment. Where necessary, adjustments have been made to compensate for differences such as location, size, quality and design of the units, common area amenities and facilities, the presence of any built-in features such as appliances and incentives.

Provided on the following pages is a map showing the location of the comparables in relation to the subject, and our analysis of the most comparable projects. Given the recent increases in rental rates, we have focused our analysis to the most recent leasing data within each project.

Income Approach



Income Approach

The Riley on Main

4745 - 4795 Main Street
Vancouver, British Columbia

Total Units	89
Lease Start Date	September 1, 2023
Monthly Absorption	75.00
Average Unit Area	682 sf
Average Rental Rate	\$3,349
Average Price/sf	\$4.91




Walk Score
89


Transit Score
64


Bicycle Score
98



Project Overview

Project is located at the intersection of Main Street and East 32nd Avenue. The Riley on Main is an 89 unit pet-friendly rental building featuring a range of 1- to 3-bedrooms with over 12,000 sf of ground floor commercial space.



Renter Profile

Project representatives have reported many young working professionals and immigrants.



Marketing Notes

Leasing team has reported 85% leased, accounting for 30 new leases over Q4-2023. -30/10/2023



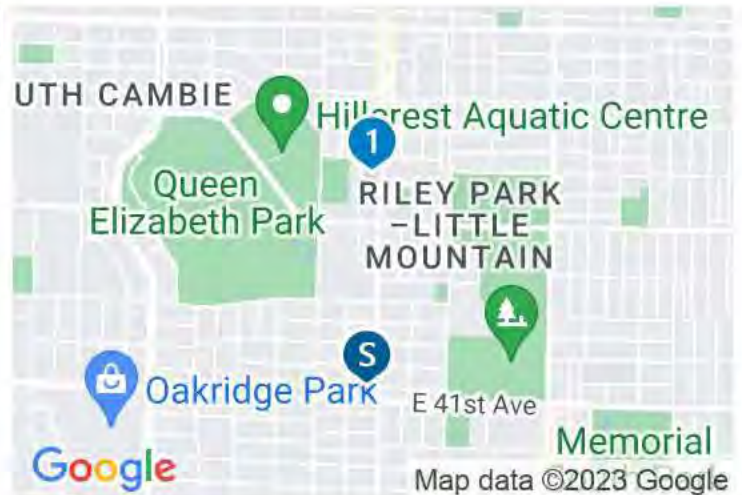
Amenities

BBQ Area, Dog Wash Station, Parcel Delivery System

Income Approach

Project Information

Project Developer	Strand
Owner	Locarno Legacy Corporation
Framing	Wood frame
Building Type	Mid Rise
Storeys	6
Architect	Yamamoto
Site Area	20,162 sf
FSR	3.67
Total Units	89
Elevator	Yes
Municipal Rental Program	No
Construction Status	Finished Product
Occupancy Date	September 1, 2023



Sales and Marketing Information

Lease Start Date	September 1, 2023
Marketing Status	Grand Opening
Leasing Office	Display Suite
Project Leasing	In House
Property Manager	In House
Incentives	None (Q4-2023)
Furnished	No
Pets Allowed	Yes
Pet Fee	

Unit Features

Ceiling Height	n/a
Heat Source	Baseboard/Forced
AC	Central
Laundry	In Suite

Parking and Storage

Parking Stalls	45
Parking	Not included in rent
Parking Fee	\$175
Storage Locker	Not included in rent
Storage Locker Fee	n/a

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Vinyl	Kitchen	Quartz
Fridge	Bottom Freezer	Entry	Vinyl	Main Bath	Quartz
Stove	Electric Glass Top	Living	Vinyl	Ensuite	Quartz
Microwave	Yes	Main Bath	Vinyl		
Brands	n/a	Ensuite	Vinyl		
		Bedrooms	Vinyl		

Income Approach

Floorplan Lease Summary - The Riley on Main (4745 - 4795 Main Street)								
Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
Studio	-	-	450	520	\$2,475	\$2,620	\$5.04	\$5.50
1 Bd	-	-	566	615	\$2,820	\$3,250	\$4.98	\$5.28
2 Bd	-	-	781	971	\$3,525	\$3,825	\$3.94	\$4.51
3 Bd	-	-	971	1,161	\$4,395	\$4,420	\$3.81	\$4.53

Recent Lease Data - The Riley on Main (4745 - 4795 Main Street)							
Date Updated	Plan Type	# Units	Size sf	Ask Rent	Available	\$ /sf	
October 26, 2023	1 Bd	1	410	\$2,675	October	\$6.52	
October 26, 2023	1 Bd	1	545	\$2,925	October	\$5.37	
October 26, 2023	2 Bd	1	716	\$3,825	October	\$5.34	
October 26, 2023	2 Bd	1	835	\$3,900	October	\$4.67	
October 26, 2023	2 Bd	1	835	\$3,900	October	\$4.67	

Income Approach

M28 Charlie

212 East 28th Avenue
Vancouver, British Columbia

Total Units

21

Lease Start Date

May 5, 2022

Lease Up Date

June 29, 2022

Monthly Absorption

21.00

Average Unit Area

636 sf

Average Rental Rate

\$2,608

Average Price/sf

\$4.10



Walk Score

74



Transit Score

55



Bicycle Score

96



Project Overview

Project is located along Main Street, providing access to numerous retail and food amenities. The Broadway transit corridor is a 20-minute walk away, while there is a bus stop for the #3 nearby. The building is also a short walk to both the Hillcrest Community Centre and the Queen Elizabeth Park, providing access to further amenities and a large greenspace. The building is pet friendly, and the pet deposit is half a month's rent.



Renter Profile

Renters have primarily been young to middle-aged working professionals, many of whom are over 30. There has been a mix of singles and couples renting units.



Amenities

Outdoor Patio, Communal BBQ/Picnic Patio, Bike Storage, Underground Parking

Income Approach

Project Information

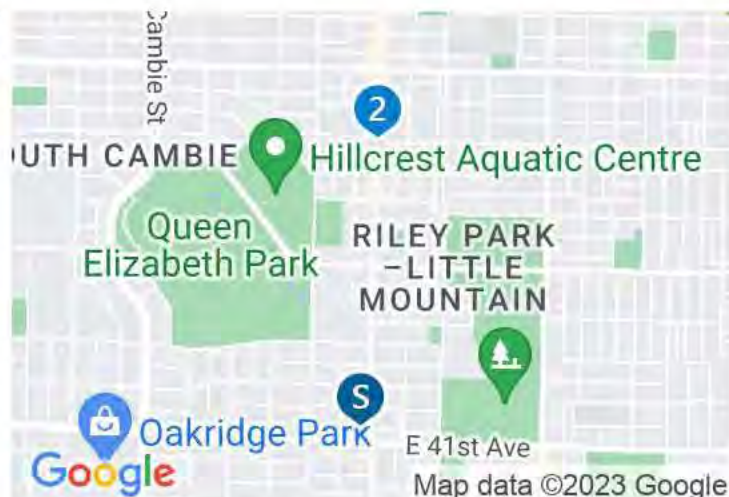
Project Developer	M28 Holdings Ltd
Owner	M28 Holdings Ltd
Framing	Wood
Building Type	Low Rise
Storeys	4
Architect	W.T. Leung
Site Area	8,421 sf
FSR	2.50
Total Units	21
Elevator	Yes
Municipal Rental Program	No
Construction Status	Finished Product
Occupancy Date	August 1, 2022

Unit Features

Ceiling Height	9 ft
Heat Source	Electric
AC	Not Offered
Laundry	In Suite

Parking and Storage

Parking Stalls	20
Parking	Not included in rent
Parking Fee	\$100
Storage Locker	Yes
Storage Locker Fee	\$50



Sales and Marketing Information

Lease Start Date	May 5, 2022
Marketing Status	Fully Leased
Leasing Office	Display Suite
Project Leasing	Macdonald Property Management
Property Manager	Macdonald Property Management
Incentives	None, Fully Leased (Q2-2023)
Furnished	No
Pets Allowed	Yes
Pet Fee	n/a

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Laminate	Kitchen	Quartz
Fridge	Bottom Freezer	Entry	Laminate	Main Bath	Quartz
Stove	Induction	Living	Laminate	Ensuite	Quartz
Microwave	No	Main Bath	Tile		
Brands	Whirlpool, Frigidaire	Ensuite	Tile		
		Bedrooms	Laminate		

Income Approach

Floorplan Lease Summary - M28 Charlie (212 East 28th Avenue)								
Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
Studio	1	0	462	462	\$1,850	\$1,850	\$4.00	\$4.00
1 Bd	13	0	531	613	\$2,250	\$2,550	\$4.16	\$4.24
2 Bd	7	0	771	809	\$2,850	\$3,200	\$3.70	\$3.96

Recent Lease Data - M28 Charlie (212 East 28th Avenue)							
Date Updated	Plan Type	# Units	Size sf	Ask Rent	Available	\$/sf	
May 1, 2023	2 Bd	1	815	\$3,200	Vacant	\$3.93	

Income Approach

The Bovill

188 East 49th Avenue
Vancouver, British Columbia

Total Units	75
Lease Start Date	November 15, 2018
Lease Up Date	September 3, 2019
Monthly Absorption	7.50
Average Unit Area	669 sf
Average Rental Rate	\$2,040
Average Price/sf	\$3.05




Walk Score
90


Transit Score
69


Bicycle Score
84



Project Overview

The Bovill is a new 6 story purpose built rental building which is only a 10 minute walk to both Langara College and Canada Line station at 49th and Cambie as well as a short walk to other major bus routes which provide connectivity to Downtown Vancouver. All units are equipped with balconies and there are great views from the upper floors. Each unit is also equipped with stainless steel appliances and in-suite storage in most units. Please note that dogs are not allowed but up to 2 cats are permitted in the residences.



Amenities

Tot Lot, Outdoor Patio, Kitchen, Lounge

Income Approach

Project Information

Project Developer	Orr Development
Owner	Orr Development
Framing	Wood frame
Building Type	Mid Rise
Storeys	6
Architect	Yamamoto
Site Area	18,083 sf
FSR	3.60
Total Units	75
Elevator	Yes
Municipal Rental Program	Yes
Construction Status	Finished Product
Occupancy Date	March 31, 2019



Sales and Marketing Information

Lease Start Date	November 15, 2018
Marketing Status	By Appt
Leasing Office	Developer Office
Project Leasing	In House
Property Manager	In House
Incentives	None, Fully Leased (Q2-2023)
Furnished	No
Pets Allowed	No
Pet Fee	

Unit Features

Ceiling Height	n/a
Heat Source	Forced
AC	Central
Laundry	In Suite

Parking and Storage

Parking Stalls	42
Parking	Not included in rent
Parking Fee	\$75
Storage Locker	Not included in rent
Storage Locker Fee	\$25

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Vinyl	Kitchen	Quartz
Fridge	Bottom Freezer	Entry	Vinyl	Main Bath	Quartz
Stove	Electric Ceran Top	Living	Vinyl	Ensuite	Quartz
Microwave	Yes	Main Bath	Tile		
Brands		Ensuite	Tile		
		Bedrooms	Vinyl		

Income Approach

Floorplan Lease Summary - The Bovill (188 East 49 Avenue)								
Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
Studio	10	0	437	443	\$1,370	\$1,420	\$3.14	\$3.21
1 Bd	36	0	524	630	\$1,775	\$1,925	\$3.06	\$3.39
2 Bd	24	0	745	898	\$2,190	\$2,425	\$2.70	\$2.94
3 Bd	5	0	1,004	1,004	\$2,840	\$2,920	\$2.83	\$2.91
Recent Lease Data - The Bovill (188 East 49 Avenue)								
Date Updated	Plan Type		# Units	Size sf	Ask Rent	Available	\$/sf	
October 1, 2023	1 Bd		1	620	\$2,350	Vacant	\$3.79	
September 1, 2023	1 Bd		1	620	\$2,350	Vacant	\$3.79	

Income Approach

Aria

488 West 41st Avenue
Vancouver, British Columbia

Total Units	52
Lease Start Date	January 31, 2016
Lease Up Date	August 31, 2016
Monthly Absorption	7.40
Average Unit Area	651 sf
Average Rental Rate	\$2,135
Average Price/sf	\$3.28




Walk Score
95


Transit Score
77


Bicycle Score
93



Project Overview

Located in the central Oakridge neighbourhood, affording residents with walking distance to the skytrain, bus stop and Oakridge Centre. Project features an outdoor barbecue and dining area, along with an amenity room with fitness equipment. Higher end spec with over height ceilings and doors. Built in closet shelving and in-floor radiant heating.



Renter Profile

Current renters include a mix of working professionals and students



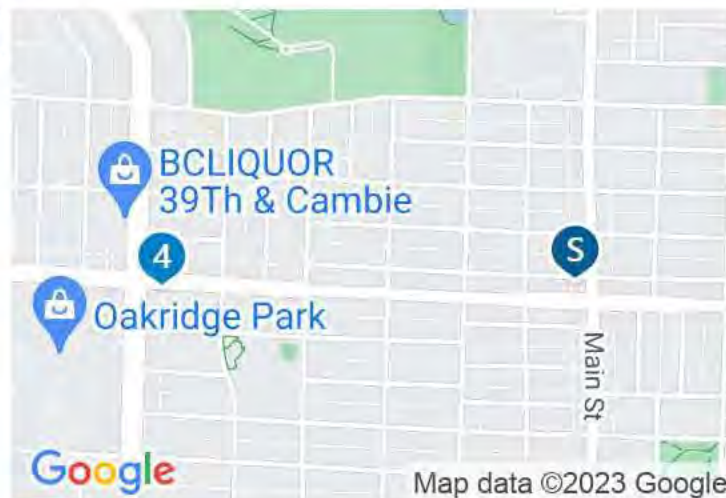
Amenities

Outdoor Patio, Fitness Area, BBQ Area, Courtyard.

Income Approach

Project Information

Project Developer	Qualex Landmark
Owner	Qualex Landmark
Framing	Wood frame
Building Type	Mid Rise
Storeys	6
Architect	GBL
Site Area	14,639 sf
FSR	2.54
Total Units	52
Elevator	Yes
Municipal Rental Program	Yes
Construction Status	Finished Product
Occupancy Date	April 14, 2016



Sales and Marketing Information

Lease Start Date	January 31, 2016
Marketing Status	By Appt
Leasing Office	Marketer Office
Project Leasing	In House
Property Manager	In House
Incentives	None (Q2 - 2023)
Furnished	No
Pets Allowed	No
Pet Fee	n/a

Unit Features

Ceiling Height	9.00 ft
Heat Source	n/a
AC	n/a
Laundry	In Suite

Parking and Storage

Parking Stalls	28
Parking	Not included in rent
Parking Fee	\$150
Storage Locker	Not included in rent
Storage Locker Fee	\$25

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Vinyl	Kitchen	Quartz
Fridge	Bottom Freezer	Entry	Vinyl	Main Bath	Quartz
Stove	Electric Ceran Top	Living	Vinyl	Ensuite	Quartz
Microwave	Yes	Main Bath	Tile		
Brands	Fisher & Paykel, GE	Ensuite	Tile		
		Bedrooms	Vinyl		

Income Approach

Floorplan Lease Summary - Aria (488 West 41 Avenue)								
Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
1 Bd	33	0	503	650	\$1,750	\$2,000	\$3.08	\$3.48
2 Bd	5	0	831	833	\$2,600	\$2,800	\$3.13	\$3.36
PH - 1 Bd	6	0	503	570	\$1,900	\$2,100	\$3.68	\$3.78
PH - 2 Bd	1	0	809	809	\$3,100	\$3,100	\$3.83	\$3.83
TH - 2 Bd	7	0	839	1,015	\$2,800	\$3,100	\$3.05	\$3.34

Recent Lease Data - Aria (488 West 41 Avenue)							
Date Updated	Plan Type	# Units	Size sf	Ask Rent	Available	\$ /sf	
October 1, 2023	1 Bd	1	552	\$2,600	October	\$4.71	
October 1, 2023	1 Bd	1	520	\$2,600	October	\$5.00	
October 1, 2023	2 Bd	1	809	\$3,850	October	\$4.76	
September 1, 2023	1 Bd	1	552	\$2,600	October	\$4.71	
September 1, 2023	1 Bd	1	520	\$2,600	October	\$5.00	
September 1, 2023	2 Bd	1	809	\$3,850	October	\$4.76	
August 1, 2023	1 Bd	1	530	\$2,800	August	\$5.28	
June 1, 2023	1 Bd	1	630	\$3,200	July	\$5.08	
May 1, 2023	1 Bd	1	552	\$2,800	Vacant	\$5.07	

Income Approach

Kenzie Place

1408 East 41st Avenue
Vancouver, British Columbia

Total Units

42

Lease Start Date

May 31, 2020

Lease Up Date

September 1, 2021

Monthly Absorption

2.80

Average Unit Area

495 sf

Average Rental Rate

\$1,668

Average Price/sf

\$3.37



Walk Score

68



Transit Score

66



Bicycle Score

84



Project Overview

Kenzie Place is located along a popular commuter roadway at East 41st Avenue and Knight Street which provides convenient access to Richmond and Downtown Vancouver. Due to limited parking spots available, parking will be charged at \$200/month. One dog or cat is allowed per unit.



Renter Profile

Typical renters have been described as more mature tenants with few families living in the building.



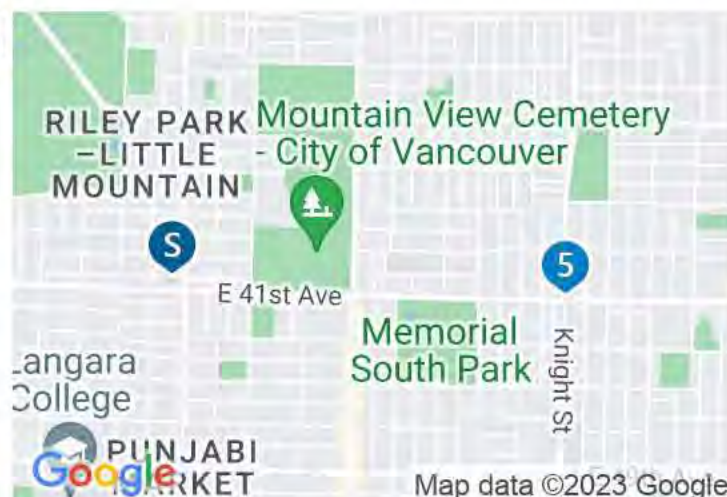
Amenities

Courtyard

Income Approach

Project Information

Project Developer	Christa Vina Investment Ltd
Owner	n/a
Framing	Wood frame
Building Type	Mid Rise
Storeys	4
Architect	Matthew Cheng
Site Area	14,097 sf
FSR	2.42
Total Units	42
Elevator	Yes
Municipal Rental Program	Yes
Construction Status	Finished Product
Occupancy Date	August 31, 2020



Sales and Marketing Information

Lease Start Date	May 31, 2020
Marketing Status	Fully Leased
Leasing Office	Display Suite
Project Leasing	In House
Property Manager	In House
Incentives	None, Fully Leased (Q2-2023)
Furnished	No
Pets Allowed	Yes
Pet Fee	n/a

Unit Features

Ceiling Height	9 ft
Heat Source	Electric
AC	n/a
Laundry	In Suite

Parking and Storage

Parking Stalls	28
Parking	Not included in rent
Parking Fee	\$200
Storage Locker	Option
Storage Locker Fee	\$40

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Vinyl	Kitchen	Quartz
Fridge	Top Freezer	Entry	Vinyl	Main Bath	Quartz
Stove	Elec Ceran Top	Living	Vinyl	Ensuite	Quartz
Microwave	Yes	Main Bath	Vinyl		
Brands	LG	Ensuite	Vinyl		
		Bedrooms	Vinyl		

Floorplan Lease Summary - Kenzie Place (1408 East 41st Avenue)

Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
Studio	10	0	347	423	\$1,200	\$1,500	\$3.46	\$3.55
1 Bd	10	0	432	532	\$1,500	\$1,850	\$3.47	\$3.48
1+Den	18	0	455	627	\$1,550	\$1,950	\$3.11	\$3.41
2 Bd	4	0	618	670	\$2,300	\$2,450	\$3.66	\$3.72

Income Approach

The Dalip

5656 Victoria Drive
Vancouver, British Columbia

Total Units

46

Lease Start Date

February 14, 2020

Lease Up Date

February 28, 2021

Monthly Absorption

3.50

Average Unit Area

652 sf

Average Rental Rate

\$1,949

Average Price/sf

\$2.99



Walk Score

70



Transit Score

68



Bicycle Score

76



Project Overview

This building has a central Vancouver location and is within a block of many local amenities such as London Drugs, McDonald's, Starbucks and CIBC and VanCity banks. Some units are equipped with in-suite laundry while there is common laundry throughout the building. The Victoria is also within a five-minute walk to Tecumseh Elementary School and Tecumseh Park. All tenants will receive free memberships as well as drive-time with MODO car share.



Renter Profile

Renters in this building are reported to be a good mix of tenants from various ethnic backgrounds. Renters are typically more mature in age than in other rental buildings around East Vancouver.



Marketing Notes

Project became fully leased during Q1-2021. Project leased up at a blended PSF average of \$2.99. In 3 month's time, the project will be moved to the 'Fully Leased' section. -30/03/2021



Amenities

Outdoor Patio, Fitness Area, Roof Terrace

Income Approach

Project Information

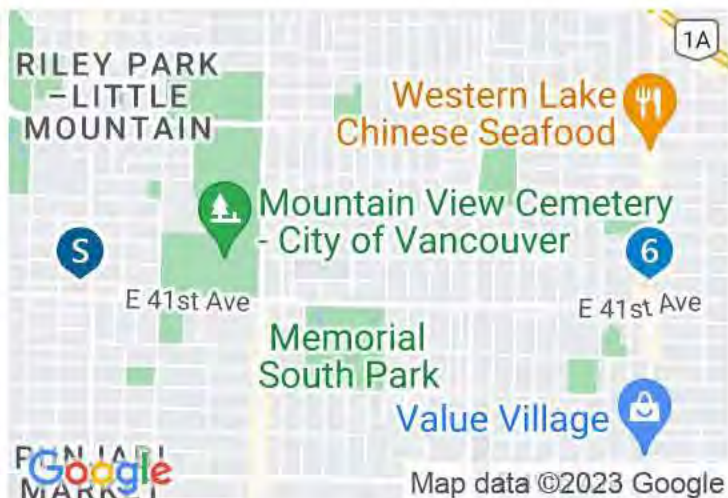
Project Developer	Bhandal Homes Ltd.
Owner	n/a
Framing	Brick and fibre cement siding with aluminum faux-cedar soffits
Building Type	Mid Rise
Storeys	6
Architect	Matthew Cheng
Site Area	12,632 sf
FSR	3.52
Total Units	46
Elevator	Yes
Municipal Rental Program	Yes
Construction Status	Finished Product
Occupancy Date	April 30, 2020

Unit Features

Ceiling Height	9 ft
Heat Source	Electric
AC	n/a
Laundry	Common Shared

Parking and Storage

Parking Stalls	22
Parking	Not included in rent
Parking Fee	\$80
Storage Locker	Option
Storage Locker Fee	\$40



Sales and Marketing Information

Lease Start Date	February 14, 2020
Marketing Status	By Appt
Leasing Office	Display Suite
Project Leasing	Macdonald Property Management
Property Manager	Macdonald Property Management
Incentives	None, Fully Leased (Q2-2023)
Furnished	No
Pets Allowed	Yes
Pet Fee	n/a

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Laminate	Kitchen	Quartz
Fridge	Top Freezer	Entry	Laminate	Main Bath	Quartz
Stove	Elec Ceran Top	Living	Laminate	Ensuite	Quartz
Microwave	Yes	Main Bath	Tile		
Brands	n/a	Ensuite	Tile		
		Bedrooms	Laminate		

Income Approach

Floorplan Lease Summary - The Dalip (5656 Victoria Drive)								
Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
Studio	5	0	450	450	\$1,425	\$1,525	\$3.17	\$3.39
1 Bd	27	0	605	670	\$1,800	\$1,915	\$2.86	\$2.98
2 Bd	14	0	625	900	\$2,275	\$2,520	\$2.80	\$3.64

Recent Lease Data - The Dalip (5656 Victoria Drive)							
Date Updated	Plan Type	# Units	Size sf	Ask Rent	Available	\$ /sf	
July 1, 2022	Studio	1	357	\$1,650	Vacant	\$4.62	
June 1, 2022	1 Bd	1	648	\$1,900	July	\$2.93	
June 1, 2022	1 Bd	1	670	\$1,975	July	\$2.95	

Income Approach

The Link

3583 Kingsway
Vancouver, British Columbia

Total Units

104

Lease Start Date

March 31, 2020

Lease Up Date

June 1, 2021

Monthly Absorption

7.40

Average Unit Area

637 sf

Average Rental Rate

\$1,860

Average Price/sf

\$2.92



Walk Score

81



Transit Score

81



Bicycle Score

67



Project Overview

The residents of this building will have access to a private rooftop amenity area including an urban garden, kitchenette and outdoor kids play area. Nearby amenities include Central Park, pitch and putt, walking trails as well as Collingwood neighbourhood house. The building will also be equipped with MODO car share parking.



Renter Profile

The target demographic for this building is young professionals and students who value location, nearby amenities, and convenience. This project is also targeting commuters who want accessibility to the Skytrain.



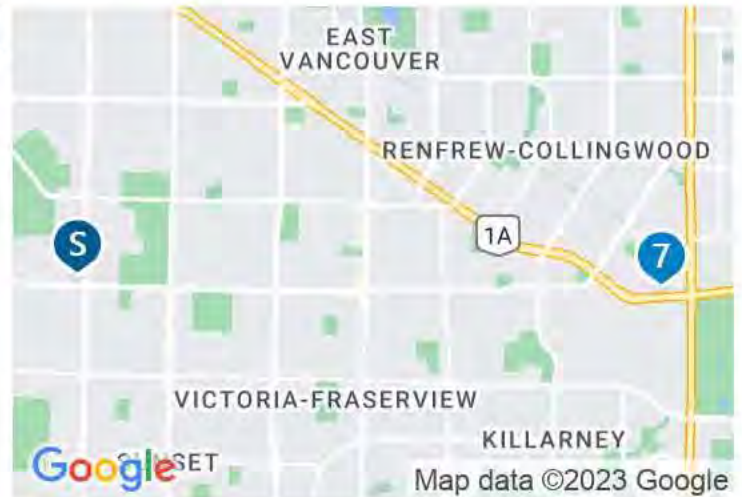
Amenities

Tot Lot, Roof Terrace, Car Share Car(s), Dog Wash Station, Bike Storage, Car Charging Station, Roof Garden

Income Approach

Project Information

Project Developer	Hungerford Properties
Owner	Hungerford Group
Framing	Wood frame
Building Type	Mid Rise
Storeys	6
Architect	GBL
Site Area	30,012 sf
FSR	3.71
Total Units	104
Elevator	Yes
Municipal Rental Program	Yes
Construction Status	Finished Product
Occupancy Date	May 31, 2020



Sales and Marketing Information

Lease Start Date	March 31, 2020
Marketing Status	Fully Leased
Leasing Office	Display Suite
Project Leasing	AWM Alliance
Property Manager	AWM Alliance
Incentives	None (Q2-2023)
Furnished	No
Pets Allowed	Yes
Pet Fee	n/a

Unit Features

Ceiling Height	9 ft
Heat Source	Radiant
AC	n/a
Laundry	In Suite

Parking and Storage

Parking Stalls	59
Parking	Not included in rent
Parking Fee	\$100
Storage Locker	Option
Storage Locker Fee	\$60

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Vinyl	Kitchen	Quartz
Fridge	Bottom Freezer	Entry	Vinyl	Main Bath	Quartz
Stove	Elec Ceran Top	Living	Vinyl	Ensuite	Quartz
Microwave	No	Main Bath	Vinyl		
Brands	Broan, Moen	Ensuite	Vinyl		
		Bedrooms	Vinyl		

Income Approach

Floorplan Lease Summary - The Link (3583 Kingsway)								
Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
Studio	25	0	460	488	\$1,325	\$1,590	\$2.88	\$3.26
Jr 1 Bed	24	0	446	635	\$1,650	\$1,950	\$3.07	\$3.70
1 Bd	20	0	499	711	\$1,800	\$2,200	\$3.09	\$3.61
Jr 2 Bed	7	0	680	818	\$2,100	\$2,375	\$2.90	\$3.09
2 Bd	28	0	665	895	\$2,000	\$2,500	\$2.79	\$3.01

Recent Lease Data - The Link (3583 Kingsway)							
Date Updated	Plan Type	# Units	Size sf	Ask Rent	Available	\$/sf	
October 1, 2023	Studio	1	475	\$2,515	October	\$5.29	
October 1, 2023	Studio	1	470	\$2,465	October	\$5.24	
October 1, 2023	1 Bd	1	536	\$2,649	October	\$4.94	
October 1, 2023	1 Bd	1	599	\$2,899	October	\$4.84	
October 1, 2023	1 Bd	1	535	\$2,999	October	\$5.61	
October 1, 2023	2 Bd	1	665	\$3,099	October	\$4.66	
October 1, 2023	2 Bd	1	769	\$3,299	October	\$4.29	
October 1, 2023	2 Bd	1	790	\$3,325	October	\$4.21	

Income Approach

The Fraser

3833 Fraser Street
Vancouver, British Columbia

Total Units

125

Lease Start Date

September 1, 2022

Lease Up Date

December 30, 2022

Monthly Absorption

41.70

Average Unit Area

622 sf

Average Rental Rate

\$2,588

Average Price/sf

\$4.16



Walk Score

87



Transit Score

62



Bicycle Score

73



Project Overview

The Fraser is located just a short walk from Main Street, providing numerous retail and food amenities within walking distance. King George Boulevard is readily accessible via car, while a bus stop for the 25 is within a 5-minute walk. The building has automated parcel delivery lockers, as well as an entertainment lounge with a kitchenette. The building is pet friendly.



Renter Profile

Leasing team reports the majority of applicants have been young working professionals, both single and couples. There have been limited families.



Marketing Notes

Leasing team has reported 100% leased, accounting for 10 leases over Q4-2022. -30/12/2022



Amenities

Lounge, BBQ Area, Roof Terrace, Dog Wash Station, Bike Storage, Community Garden, EV Charging Station(s), Parcel Storage

Income Approach

Project Information

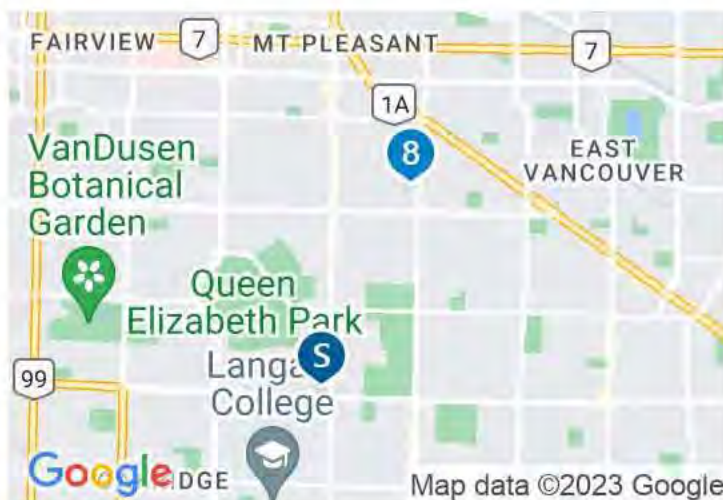
Project Developer	Strand Development
Owner	Strand Development
Framing	Wood
Building Type	Mid Rise
Storeys	6
Architect	Integra
Site Area	32,184 sf
FSR	3.28
Total Units	125
Elevator	Yes
Municipal Rental Program	No
Construction Status	Finished Product
Occupancy Date	October 1, 2022

Unit Features

Ceiling Height	9 ft
Heat Source	Electric
AC	Not Offered
Laundry	In Suite

Parking and Storage

Parking Stalls	63
Parking	Not included in rent
Parking Fee	\$100
Storage Locker	Yes
Storage Locker Fee	\$50



Sales and Marketing Information

Lease Start Date	September 1, 2022
Marketing Status	Fully Leased
Leasing Office	Display Suite
Project Leasing	In House
Property Manager	In House
Incentives	None, Fully Leased (Q2-2023)
Furnished	No
Pets Allowed	Yes
Pet Fee	n/a

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Vinyl	Kitchen	Quartz
Fridge	Bottom Freezer	Entry	Vinyl	Main Bath	Quartz
Stove	Elec Coil	Living	Vinyl	Ensuite	Quartz
Microwave	Yes	Main Bath	Vinyl		
Brands	Whirlpool, Samsung	Ensuite	Vinyl		
		Bedrooms	Vinyl		

Income Approach

Floorplan Lease Summary - The Fraser (3833 Fraser Street)								
Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
Studio	19	0	378	419	\$1,750	\$1,925	\$4.59	\$4.63
1 Bd	48	0	438	670	\$2,100	\$2,500	\$3.73	\$4.79
1+Flex	9	0	578	695	\$2,250	\$2,475	\$3.56	\$3.89
Jr 2 Bed	3	0	681	681	\$2,770	\$2,795	\$4.07	\$4.10
2 Bd	14	0	691	740	\$2,790	\$3,250	\$4.04	\$4.39
2+Flex	11	0	713	804	\$2,875	\$3,195	\$3.97	\$4.03
3 Bd	4	0	825	865	\$3,595	\$3,830	\$4.36	\$4.43
3+Flex	12	0	867	1,088	\$3,550	\$4,100	\$3.77	\$4.09
TH-2 Bd	5	0	980	1,284	\$2,975	\$3,800	\$2.96	\$3.04

Recent Lease Data - The Fraser (3833 Fraser Street)							
Date Updated	Plan Type	# Units	Size sf	Ask Rent	Available	\$/sf	
September 1, 2023	Studio	1	503	\$2,495	Vacant	\$4.96	
September 1, 2023	1 Bd	1	575	\$2,595	Vacant	\$4.51	
September 1, 2023	1 Bd	1	464	\$2,595	Vacant	\$5.59	
September 1, 2023	1 Bd	1	675	\$2,895	Vacant	\$4.29	
September 1, 2023	1 Bd	1	880	\$2,995	Vacant	\$3.40	
September 1, 2023	2 Bd	1	975	\$3,595	Vacant	\$3.69	
September 1, 2023	2 Bd	1	850	\$3,775	Vacant	\$4.44	
September 1, 2023	3 Bd	1	1,507	\$4,195	Vacant	\$2.78	

Income Approach

Comma Fraser

3429-3469 Fraser Street
Vancouver, British Columbia

Total Units

104

Lease Start Date

June 1, 2023

Lease Up Date

September 5, 2023

Monthly Absorption

34.7

Average Unit Area

669 sf

Average Rental Rate

\$2,455

Average Price/sf

\$3.67



Walk Score

89



Transit Score

66



Bicycle Score

80



Project Overview

The Project is located on Fraser and E19th Street in East Vancouver. The building is part of the Rental 100 program.



Renter Profile

Project representatives report young couples and working professionals.



Marketing Notes

Developers' website indicates that there were 90 leases over Q2-2023 and 14 leases over Q3 2023 and the project is now fully leased. -05/09/2023



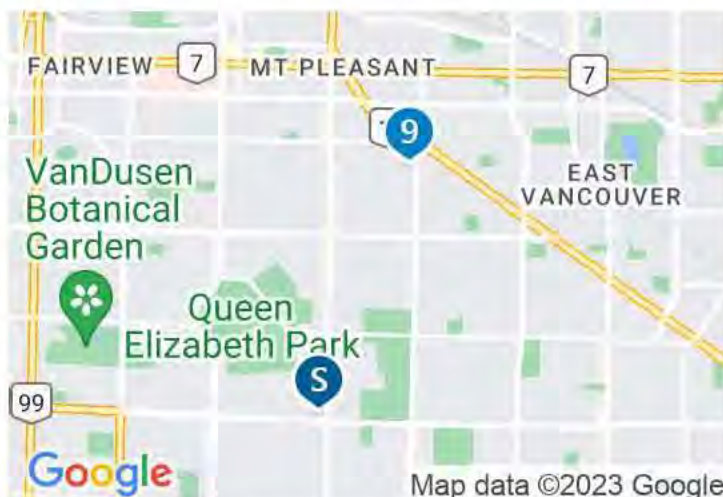
Amenities

BBQ Area, Bike Storage, Community Garden, Childrens's Play Area, Rooftop Terrace, Schools, shopping, and entertainment nearby.

Income Approach

Project Information

Project Developer	Rize
Owner	Rize
Framing	Wood frame
Building Type	Mid Rise
Storeys	7
Architect	Yamamoto
Site Area	25,803 sf
FSR	3.42
Total Units	104
Elevator	Yes
Municipal Rental Program	Yes
Construction Status	Interior Finishing
Occupancy Date	June 1, 2023



Sales and Marketing Information

Lease Start Date	June 1, 2023
Marketing Status	Grand Opening
Leasing Office	Display Suite
Project Leasing	In House
Property Manager	n/a
Incentives	None
Furnished	No
Pets Allowed	Yes
Pet Fee	n/a

Unit Features

Ceiling Height	9 ft
Heat Source	n/a
AC	n/a
Laundry	In Suite

Parking and Storage

Parking Stalls	112
Parking	Not included in rent
Parking Fee	n/a
Storage Locker	Yes
Storage Locker Fee	n/a

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Laminate	Kitchen	Quartz
Fridge	Bottom Freezer	Entry	Laminate	Main Bath	Quartz
Stove	Electric Glass Top	Living	Laminate	Ensuite	Quartz
Microwave	Yes	Main Bath	Porcelain		
Brands	n/a	Ensuite	Tile		
		Bedrooms	Laminate		

Floorplan Lease Summary - Comma Fraser (3429-3469 Fraser Street)

Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
Studio	33	n/a	464	492	\$1,726	\$2,000	\$3.72	\$4.07
1 Bd	33	n/a	502	724	\$1,890	\$2,605	\$3.60	\$3.76
2 Bd	27	n/a	766	912	\$3,075	\$3,375	\$3.70	\$4.01
3 Bd	6	n/a	940	1,205	\$3,440	\$3,690	\$3.06	\$3.66
TH-3 Bd	5	n/a	1,467	1,580	\$4,445	\$4,595	\$2.91	\$3.03

Income Approach

Conrad

1771 East 18th Avenue
Vancouver, British Columbia

Total Units
113
Lease Start Date
March 31, 2020
Lease Up Date
August 31, 2020
Monthly Absorption
22.60
Average Unit Area
560 sf
Average Rental Rate
\$1,937
Average Price/sf
\$3.46



		
Walk Score	Transit Score	Bicycle Score
84	78	94



Project Overview

Conrad is located within walking distance of many local amenities such as Trout Lake Park and community centre, Safeway as well as Shoppers Drug Mart. There is easy access to Skytrain as well as other public transportation and is in a bike friendly neighbourhood.



Renter Profile

The primary renter in this building is a young professional in their mid-late twenties through late thirties in the apartments. The Townhomes mainly consist of families. There are lots of dog owners which has attracted a lot of renters to the building.



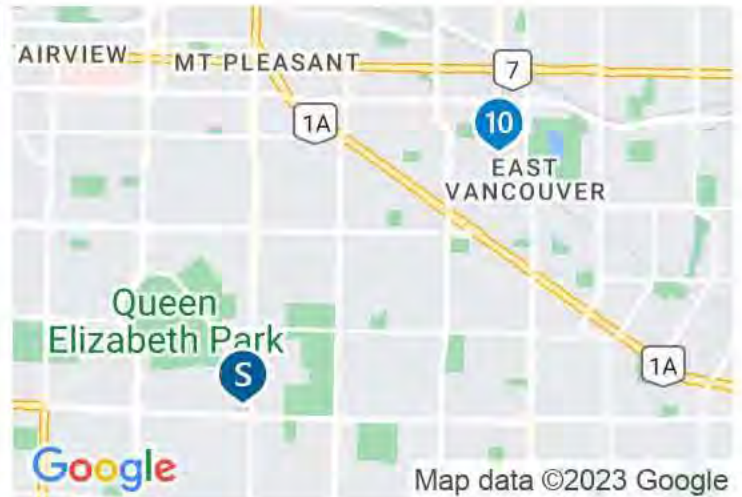
Amenities

Tot Lot, Kitchen, Fitness Area, Lounge, Dog Wash Station, Bike Storage, Car Charging Station

Income Approach

Project Information

Project Developer	Cressey
Owner	Cressey Development Corp
Framing	Wood frame
Building Type	Mid Rise
Storeys	6
Architect	Yamamoto
Site Area	35,110 sf
FSR	2.70
Total Units	113
Elevator	Yes
Municipal Rental Program	Yes
Construction Status	Finished Product
Occupancy Date	May 31, 2020



Sales and Marketing Information

Lease Start Date	March 31, 2020
Marketing Status	By Appt
Leasing Office	Display Suite
Project Leasing	Apt Rentals
Property Manager	In house
Incentives	None, Fully Leased (Q2-2023)
Furnished	No
Pets Allowed	Yes
Pet Fee	n/a

Unit Features

Ceiling Height	9 ft
Heat Source	Electric
AC	n/a
Laundry	In Suite

Parking and Storage

Parking Stalls	71
Parking	Not included in rent
Parking Fee	\$100
Storage Locker	Option
Storage Locker Fee	\$30

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Vinyl	Kitchen	Quartz
Fridge	Bottom Freezer	Entry	Vinyl	Main Bath	Quartz
Stove	Elec Ceran top	Living	Vinyl	Ensuite	Quartz
Microwave	Yes	Main Bath	Porcelain		
Brands	Kitchenaid, Kohler	Ensuite	Porcelain		
		Bedrooms	Vinyl		

Income Approach

Floorplan Lease Summary - Conrad (1771 East 18th Avenue)								
Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
Studio	39	0	327	352	\$1,250	\$1,395	\$3.82	\$3.96
1 Bd	30	0	401	551	\$1,750	\$1,965	\$3.57	\$4.36
2 Bd	26	0	581	791	\$1,950	\$2,460	\$3.11	\$3.36
3 Bd	8	0	782	929	\$2,640	\$2,845	\$3.06	\$3.38
TH-3 Bd	2	0	1,363	1,421	\$3,650	\$4,000	\$2.68	\$2.81
TH-3 Bd	2	0	1,595	1,595	\$4,500	\$4,500	\$2.82	\$2.82
TH-3 Bd	6	0	825	989	\$2,860	\$2,925	\$2.96	\$3.47

Recent Lease Data - Conrad (1771 East 18th Avenue)							
Date Updated	Plan Type	# Units	Size sf	Ask Rent	Available	\$/sf	
October 1, 2023	1 Bd	1	551	\$2,150	Vacant	\$3.90	
October 1, 2023	2 Bd	1	791	\$2,900	Vacant	\$3.67	
February 1, 2023	2 Bd	1	781	\$3,000	March	\$3.84	

Income Approach

The Victoria

1915 Stainsbury Avenue
Vancouver, British Columbia

Total Units

152

Lease Start Date

July 17, 2020

Lease Up Date

July 23, 2021

Monthly Absorption

12.70

Average Unit Area

703 sf

Average Rental Rate

\$2,531

Average Price/sf

\$3.60



Walk Score

82



Transit Score

78



Bicycle Score

87



Project Overview

The Victoria is a pet-friendly development that is within steps of Trout Lake and John Hendry Park. The Trout Lake community center is also at the park. Commuter street Kingsway is a few blocks south of the development that provides convenient access to Burnaby as well as Mt Pleasant and Downtown Vancouver.



Renter Profile

Typical renters in this project are people who have previously rented and work in Vancouver. These people are typically under the age of 40.



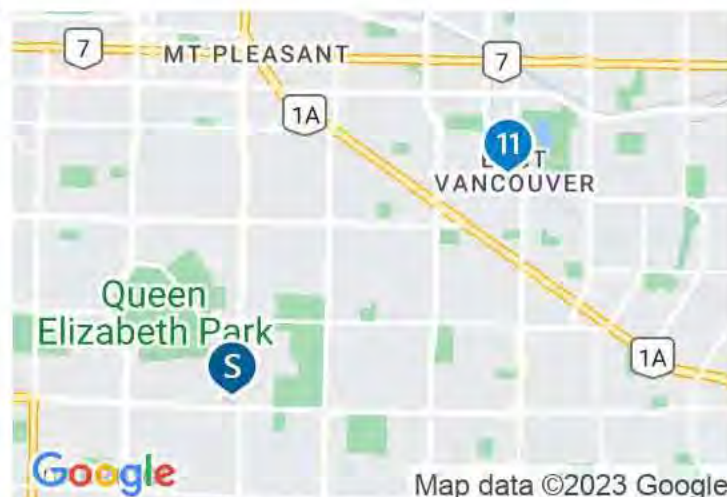
Amenities

Tot Lot, Kitchen, Fitness Area, Lounge, BBQ Area, Garden Plots, Dog Wash Station

Income Approach

Project Information

Project Developer	Strand
Owner	Strand Development
Framing	Wood
Building Type	Mid Rise
Storeys	6
Architect	Yamamoto
Site Area	44,372 sf
FSR	2.59
Total Units	152
Elevator	Yes
Municipal Rental Program	Yes
Construction Status	Finished Product
Occupancy Date	August 31, 2020



Map data ©2023 Google

Unit Features

Ceiling Height	9 ft
Heat Source	Electric
AC	n/a
Laundry	In Suite

Parking and Storage

Parking Stalls	107
Parking	Not included in rent
Parking Fee	\$100
Storage Locker	Option
Storage Locker Fee	\$50

Sales and Marketing Information

Lease Start Date	July 17, 2020
Marketing Status	Fully Leased
Leasing Office	Display Suite
Project Leasing	Rennie
Property Manager	In House
Incentives	No Incentives
Furnished	No
Pets Allowed	Yes
Pet Fee	n/a

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Vinyl	Kitchen	Quartz
Fridge	Bottom Freezer	Entry	Vinyl	Main Bath	Quartz
Stove	Elec Ceran-top	Living	Vinyl	Ensuite	Quartz
Microwave	Yes	Main Bath	Vinyl		
Brands	Whirlpool, Kohler	Ensuite	Vinyl		
		Bedrooms	Vinyl		

Income Approach

Floorplan Lease Summary - The Victoria (1915 Stainsbury Avenue)								
Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
Studio	41	0	440	620	\$1,650	\$2,000	\$3.23	\$3.75
1 Bd	12	0	455	580	\$1,925	\$2,350	\$4.05	\$4.23
1+Flex	39	0	525	680	\$2,055	\$2,450	\$3.60	\$3.91
2 Bd	10	0	610	895	\$2,550	\$3,200	\$3.58	\$4.18
2+Flex	22	0	770	960	\$2,650	\$3,450	\$3.44	\$3.59
3 Bd	15	0	850	1,110	\$2,940	\$3,850	\$3.46	\$3.47
3+Flex	5	0	860	945	\$3,110	\$3,500	\$3.62	\$3.70
TH-3 Bd	8	0	1,085	1,340	\$3,700	\$4,350	\$3.25	\$3.41

Recent Lease Data - The Victoria (1915 Stainsbury Avenue)							
Date Updated	Plan Type	# Units	Size sf	Ask Rent	Available	\$ /sf	
May 1, 2023	Studio+Flex	1	440	\$2,115	June	\$4.81	
May 1, 2023	Studio+Flex	1	440	\$2,115	June	\$4.81	
May 1, 2023	Studio+Flex	1	440	\$2,095	June	\$4.76	
May 1, 2023	1 Bd	1	489	\$2,460	June	\$5.03	
May 1, 2023	1+Flex	1	480	\$2,550	June	\$5.31	

Income Approach

Hendry Place

3588 Hull Street
Vancouver, British Columbia

Total Units

68

Lease Start Date

July 15, 2022

Lease Up Date

June 5, 2023

Monthly Absorption

6.20

Average Unit Area

1,078 sf

Average Rental Rate

\$4,366

Average Price/sf

\$4.05



Walk Score

79



Transit Score

79



Bicycle Score

88



Project Overview

Hendry Place is located a short walk from Trout Lake and Victoria Drive, granting tenants easy access to large greenspaces, community amenities, and various retail and food amenities. Commercial Drive is less than a 5-minute drive away, which offers further food and retail options. The building is pet friendly, with up to two pets per unit allowed. A half month's rent is required as a deposit, and weight restrictions apply for dogs depending on the unit type. Bike storage lockers are available for \$50 per month.



Renter Profile

Project representatives have reported young couples and working professionals.



Marketing Notes

The property is now for sale and is marketed as 95% leased. - 31/03/2023
The property is now fully leased. - 30/06/2023



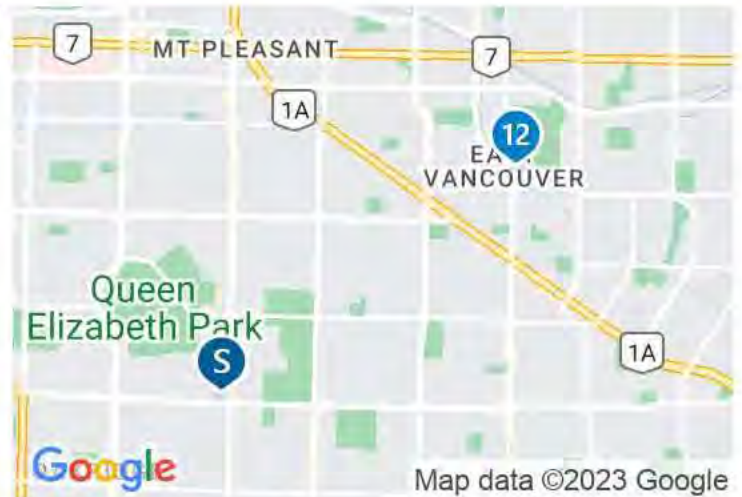
Amenities

Roof Terrace, Community Garden, Children's Play Area, Lobby Lounge, Co-working Space

Income Approach

Project Information

Project Developer	The Molnar Group
Owner	The Molnar Group
Framing	Wood frame
Building Type	Low Rise
Storeys	4
Architect	Wensley Architecture
Site Area	50,334 sf
FSR	1.53
Total Units	68
Elevator	Yes
Municipal Rental Program	No
Construction Status	Finished Product
Occupancy Date	September 1, 2022



Sales and Marketing Information

Lease Start Date	July 15, 2022
Marketing Status	Fully Leased
Leasing Office	Display Suite
Project Leasing	Dexter Property Management
Property Manager	In House
Incentives	No Incentives
Furnished	No
Pets Allowed	Yes
Pet Fee	n/a

Unit Features

Ceiling Height	9 ft
Heat Source	Electric
AC	Individual
Laundry	In Suite

Parking and Storage

Parking Stalls	70
Parking	Not included in rent
Parking Fee	\$100
Storage Locker	Option
Storage Locker Fee	\$100

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Vinyl	Kitchen	Quartz
Fridge	Bottom Freezer	Entry	Vinyl	Main Bath	Quartz
Stove	Elec Ceran Top	Living	Vinyl	Ensuite	Quartz
Microwave	Yes	Main Bath	Porcelain		
Brands	Samsung, LG	Ensuite	Porcelain		
		Bedrooms	Vinyl		

Income Approach

Floorplan Lease Summary - Hendry Place (3588 Hull Street)								
Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
Studio	1	0	454	454	\$1,995	\$1,995	\$4.39	\$4.39
1 Bd	18	0	542	652	\$2,275	\$2,795	\$4.20	\$4.29
Jr 2 Bed	1	0	648	648	\$2,895	\$2,895	\$4.47	\$4.47
2 Bd	3	0	772	840	\$3,095	\$3,595	\$4.01	\$4.28
3 Bd	14	0	1,021	1,097	\$4,295	\$4,795	\$4.21	\$4.37
TH-3 Bd	30	0	1,408	1,443	\$5,195	\$5,995	\$3.69	\$4.15
TH-3 Bd	1	0	1,230	1,230	\$6,895	\$6,895	\$5.61	\$5.61

Recent Lease Data - Hendry Place (3588 Hull Street)							
Date Updated	Plan Type	# Units	Size sf	Ask Rent	Available	\$/sf	
June 1, 2023	1 Bd	1	617	\$2,895	Vacant	\$4.69	

Income Approach

The Peak

3737 Rupert Street
Vancouver, British Columbia

Total Units

52

Lease Start Date

December 15, 2022

Lease Up Date

March 13, 2023

Monthly Absorption

17.30

Average Unit Area

626 sf

Average Rental Rate

\$2,153

Average Price/sf

\$3.44



Walk Score

77



Transit Score

76



Bicycle Score

67



Project Overview

The Peak is a 6-storey Passive House apartment building with 52 Residential Rental Units and 2 Commercial Rental Units. Located on the corner of Rupert and East 22nd Avenue. The project is a passive house for high energy efficiency and clean air flow. The project is classified as affordable market rental with its partnership with BC housing. The project is not subsidized or income based.



Renter Profile

Renters have been a wide variety of different demographics. Larger units are either couples or roommates renting together.



Marketing Notes

Leasing team has reported project is now fully leased. -13/03/2023



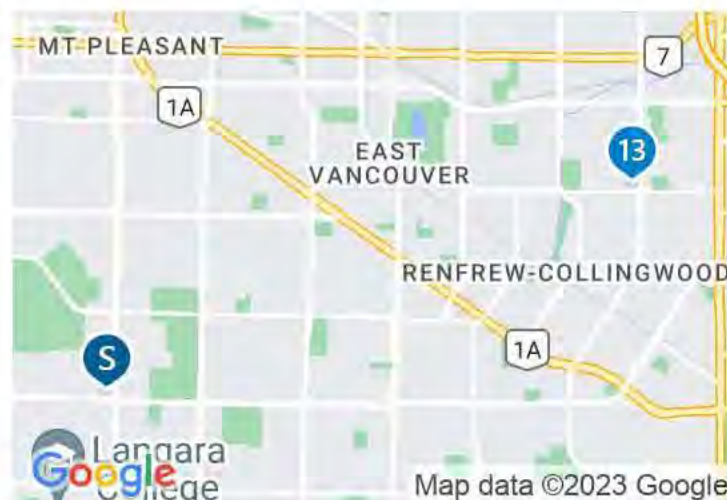
Amenities

Car Charging Station

Income Approach

Project Information

Project Developer	Peak Real Estate Group
Owner	Peak Real Estate Group
Framing	Wood frame
Building Type	Mid Rise
Storeys	6
Architect	Cornerstone
Site Area	16,742 sf
FSR	2.62
Total Units	52
Elevator	Yes
Municipal Rental Program	Yes
Construction Status	Finished Product
Occupancy Date	December 15, 2022



Sales and Marketing Information

Lease Start Date	December 15, 2022
Marketing Status	Fully Leased
Leasing Office	Display Suite
Project Leasing	Success Realty
Property Manager	Success Realty
Incentives	None, Fully Leased (Q2-2023)
Furnished	No
Pets Allowed	No
Pet Fee	n/a

Unit Features

Ceiling Height	9 ft
Heat Source	n/a
AC	Not Offered
Laundry	In Suite

Parking and Storage

Parking Stalls	25
Parking	Not included in rent
Parking Fee	\$150
Storage Locker	Option
Storage Locker Fee	\$50

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Laminate	Kitchen	Quartz
Fridge	Bottom Freezer	Entry	Laminate	Main Bath	Quartz
Stove	Gas Five Plus Burner	Living	Laminate	Ensuite	Quartz
Microwave	Yes	Main Bath	Laminate		
Brands	Frigidaire	Ensuite	Laminate		
		Bedrooms	Laminate		

Floorplan Lease Summary - The Peak (3737 Rupert Street)

Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
Studio	12	0	320	445	\$1,440	\$1,624	\$3.65	\$4.50
1 Bd	16	0	519	624	\$1,705	\$1,948	\$3.12	\$3.29
2 Bd	17	0	612	852	\$2,544	\$2,977	\$3.49	\$4.16
3 Bd	7	0	835	981	\$3,058	\$3,161	\$3.22	\$3.66

Income Approach

Hub Place

1649 East Broadway
Vancouver, British Columbia

Total Units	91
Lease Start Date	September 24, 2022
Lease Up Date	June 5, 2023
Monthly Absorption	9.80
Average Unit Area	579 sf
Average Rental Rate	\$2,733
Average Price/sf	\$4.72



		
Walk Score	Transit Score	Bicycle Score
96	92	80



Project Overview

Hub Place is located in a transit oriented location just minutes away from Commercial & Broadway Skytrain station. Along Commercial Drive, there are numerous restaurants and shops. The building features 23 below market rental units due to the replacement of the previous rental building.



Renter Profile

Leasing team has reported many young professional & couples.



Marketing Notes

Project website indicates 88 leases to date, accounting for 18 leases over Q2-2023. Remaining inventory is priced between \$3,195 - \$3,375. Zonda Urban has move this project to fully leased since occupancy is above 95%. -05/06/2023



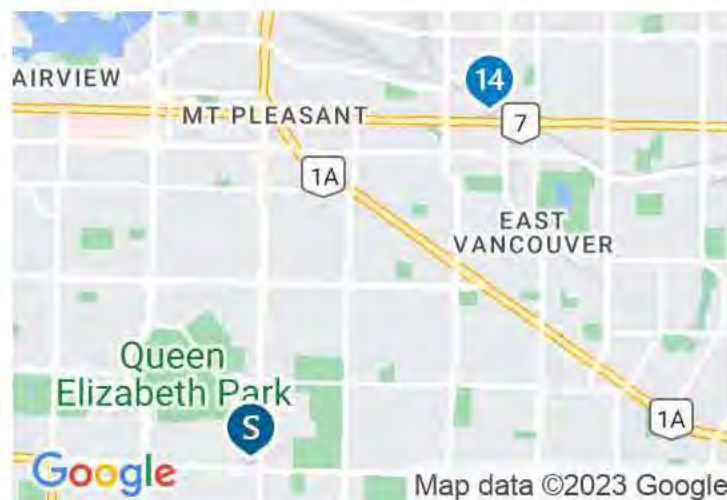
Amenities

Bike Repair Area, Childrens Play Area, Terrace, Parcel Delivery System, EV Charging Station(s), Pet Wash Station.

Income Approach

Project Information

Project Developer	Jameson Development Corporation
Owner	Jameson Development Corporation
Framing	Concrete
Building Type	High Rise
Storeys	12
Architect	IBI
Site Area	15,715 sf
FSR	5.00
Total Units	91
Elevator	Yes
Municipal Rental Program	No
Construction Status	Finished Product
Occupancy Date	January 1, 2023



Sales and Marketing Information

Lease Start Date	September 24, 2022
Marketing Status	Fully Leased
Leasing Office	Display Suite
Project Leasing	Macdonald Commercial
Property Manager	Macdonald Commercial
Incentives	None (Q2-2023)
Furnished	No
Pets Allowed	Yes
Pet Fee	

Unit Features

Ceiling Height	n/a
Heat Source	Baseboard/Forced
AC	Central
Laundry	Washer/Dryer

Parking and Storage

Parking Stalls	70
Parking	Not included in rent
Parking Fee	\$175
Storage Locker	Not included in rent
Storage Locker Fee	n/a

Unit Finishes

Appliances		Flooring		Counters	
Cabinet Finish	Laminate	Kitchen	Laminate	Kitchen	Quartz
Fridge	Bottom Freezer	Entry	Laminate	Main Bath	Quartz
Stove	Electric Glass Top	Living	Laminate	Ensuite	Quartz
Microwave	Yes	Main Bath	Tile		
Brands	Fisher & Paykel, Bosch, Whirlpool, Samsung	Ensuite	Tile		
		Bedrooms	Laminate		

Income Approach

Floorplan Lease Summary - Hub Place (1649 East Broadway)								
Plan Type	Released	Available	Min sf	Max sf	Min \$	Max \$	Min \$/sf	Max \$/sf
Studio	9	0	370	449	\$1,975	\$2,250	\$5.01	\$5.34
1 Bd	48	0	440	538	\$2,275	\$2,475	\$4.60	\$5.17
2 Bd	31	0	671	799	\$3,225	\$3,450	\$4.32	\$4.81
3 Bd	3	0	824	953	\$4,050	\$4,250	\$4.46	\$4.92

Recent Lease Data - Hub Place (1649 East Broadway)							
Date Updated	Plan Type	# Units	Size sf	Ask Rent	Available	\$ /sf	
October 26, 2023	Studio	2	369	\$2,125	Vacant	\$5.76	
October 26, 2023	1 Bd	2	444	\$2,495	Vacant	\$5.62	
October 26, 2023	1 Bd	2	486	\$2,495	Vacant	\$5.13	
October 26, 2023	2 Bed	2	631	\$3,050	Vacant	\$4.83	

Income Approach

CMHC Market Data

We have also considered the CMHC data for the Southeast Vancouver area, which indicates the 2022 average apartment rent for studio units at \$1,272/month, one-bedroom units at \$1,519/month, 2-bedroom units at \$2,018/month and 3-bedroom units at \$2,397/month.

Important to note is that this survey includes both older and newer rental units, with the subject property comprising newly built units. In addition, the rental survey includes rents that are existing, and may have been secured in tenancy for over a year, skewing the average relative to the rents being achieved in the current market. This survey predominantly covers lower density residential homes, as opposed to the subject property's high density (i.e., 5 or more storeys) classification which only accounts for 6.6% of the survey results and therefore may skew these metrics. The subject does benefit from its proximity to a SkyTrain station (Oakridge-41st Avenue), whereas the majority of the units surveyed are likely not to benefit from this proximity. Overall, a higher unit value is expected for the subject units.

Private Apartment Average Rents (\$)

	OCT-19		OCT-20		OCT-21		OCT-22	
Bachelor	1,098	a	1,165	a	1,249	b	1,272	a
1 Bedroom	1,315	a	1,413	a	1,403	a	1,519	a
2 Bedroom	1,871	a	1,789	a	1,804	a	2,018	a
3 Bedroom +	2,102	b	1,665	c	2,231	c	2,397	b
Total	1,540	a	1,532	a	1,575	a	1,727	a

Residential Summary & Conclusion

Overall, the comparable evidence is deemed to effectively bracket the subject's rental market potential following consideration for the subject's location, unit sizes, amenities and building construction. Looking to current rental market conditions, the overall rental vacancy rate Southeast Vancouver decreased from 0.60% in 2021 to 0.30% in 2022. Further, the significant increase in interest rates is forcing many potential buyers to remain in the rental market thereby intensifying demand. Demand for rental units is expected to increase as immigration levels remain strong and rental housing becomes a more economical option over home ownership in the region. Overall, the long-term outlook for rental product is attractive given the region's affordability issues, low vacancy rates and escalating rental rates.

The Riley on Main and M28 Charlie are located just north of the subject along Main Street, **The Bovill** is located just south of the subject on Main Street, while **Aria and Kenzie Place** are located west and east of the subject respectively along 41 Avenue. **The Riley on Main** is located on the northwest corner of Main Street and East 32 Avenue, within the Riley Park neighbourhood and comprises a newly constructed wood-frame 6-storey mixed-use development containing a mix of studio, one, two, and three-bedroom units. While the building pre-leased in the summer of 2023, averaging at \$4.91/sf, there has been a slight growth in rental rates, best illustrated by the current listings. The overall unit sizes are generally similar to that of the subject providing excellent evidence of market rental value. Slightly lower rental rates are suggested for the subject however noting the slight superior location of the comparable and location of the subject on the corner of two busy streets.

Income Approach

M28 Charlie illustrates the late 2022 leasing for a new 4-storey development at the southeast corner of Main Street and East 28th Avenue. The building contains generally similar average unit sizes to that of the subject development studio, one-, and two-bedroom suites. Overall, the location of the comparable property along Main Street, centrally located to many commercial and retail services, is considered superior to that of the subject. However, upward adjustments are required for the current market conditions and the increase in rental rates since the comparable lease-up, as well as for the comparable development's inferior 4-storey height. Noting the preceding, higher rent on a \$/sf basis are considered appropriate for the subject studio, one-, and two-bedroom suites.

The Bovill is located further south of the subject on the northwest corner of Main Street and West 49 Avenue and comprises a somewhat similar 6-storey wood-frame building constructed circa 2019. Noting the comparable achieved full occupancy in September 2019, we have focussed our analysis on the most recent leasing data which includes two one-bedroom units of 620 sf that leased in October and September 2023 at \$2,350 or \$3.79/sf. After applying an upward adjustment for location, higher rental rates are considered appropriate for the subject.

Aria is also an older 6-storey wood frame purpose-built building constructed circa 2016 and located west of the subject on the south side of West 41 Avenue, just east of Cambie Street. Given that the project achieved full occupancy in August 2016, we have focussed our analysis on the most recent rental data which indicates a rental rate range from \$4.71 to \$5.28/sf. Overall, the unit sizes are considered generally similar to the subject and the comparable rental rates are considered to provide excellent evidence of rental value for the subject. Downward adjustments are required however, noting the superior location in close proximity to the Oakridge-41st Canada Line Station as well as the slightly superior amenities.

Kenzie Place is located further east of the subject on the southeast corner of Knight Street and East 41 Avenue. The comparable development leased up in September 2021 and there has been no recent leasing within the comparable. Considering the significant increase in rental rates since September 2021, the overall superior location, accommodation, and amenities provided by the subject, much higher rental rates are warranted.

The Dalip and The Link are located further east of the subject. **The Dalip** comprises a somewhat similar 6-storey mixed-use building constructed circa 2020 containing a mix of studio, 1-bed and 2-bed units. The comparable development began its lease up in February 2020 and was fully leased by February 2021. Since achieving full occupancy, there has been little turnover within the development, with the most recent leasing data from June and July 2022. A generally smaller ±357 sf studio unit leased in July 2022 for \$1,650 or \$4.62/sf. Two slightly larger 1-bedroom units leased in June 2022 for \$1,900 and \$1,975/month or \$2.93 and \$2.95/sf. Generally speaking, higher rental rates are warranted for the subject considering the superior location and continued upward pressure on rental rates since June/July 2022.

Income Approach

The Link comprises a fairly similar 6-storey mixed-use building constructed circa 2020 containing a mix of studio, 1-bed and 2-bed units. Although the comparable is located further east of the subject, the micro-location and proximity to various commercial amenities and the Joyce-Collingwood Skytrain station is considered slightly superior to the subject. The comparable development began its lease up in March 2020 and was fully leased by June 2021. The most recent October 2023 rental data illustrates rates ranging from \$2,465 to \$2,515/month or \$5.24 to \$5.29/sf for studio units, \$2,649 to \$2,999/month or \$4.84 to \$5.61/sf for 1-bedroom units, and \$3,099 to \$3,325/month or \$4.21 to \$4.66/sf for 2-bedroom units. Overall, this comparable is felt to provide excellent evidence of rental rates for the subject after applying a slight downward location adjustment.

The Fraser and Comma Fraser are located further northeast of the subject along Fraser Street, just south of Kingsway. **The Fraser** is located along the west side of Fraser Street, just north of King Edward Avenue within the Riley Park neighbourhood. The comparable development began its lease-up on September 1, 2022 and was fully leased by December 30, 2022. The most recent rental data of September 2023 indicates a ±503 sf studio unit rents for \$2,495 or \$4.96/sf. Recent data for comparable 1-bedroom units illustrates a rental rate range from \$2,595 to \$2,995/month or \$3.40 to \$5.59/sf, while recent data for 2-bedroom units range from \$3,595 to \$3,775/month or \$3.69 to \$4.44/sf. Overall, the comparable units are generally similar to that of the subject and the recent rental data within the comparable is felt to provide excellent evidence of rental value for the subject. A slight downward adjustment is required however noting the superior amenities provided by the comparable.

Comma Fraser is located just north of **The Fraser** on the northwest corner of Fraser Street and East 19 Avenue. The comparable development comprises a somewhat similar 7-storey building containing a total of 104 units; however, the building is part of the Rental 100 program which required a Housing Agreement registered on title which stipulates the average rental structure for the units within the comparable development. Considering the preceding, slightly higher rental rates are warranted for the subject.

Conrad, The Victoria, and Hendry Place are located further northeast of the subject in close proximity to Trout Lake Park. **The Victoria** leased-up in July 2021, and therefore we will focus on recent leasing within the project. In May 2023, three ±440 sf studio units leased at rates ranging from \$2,095 to \$2,115/month or \$4.76 to \$4.81/sf. Considering the subject studio units range in size from ±460 to ±565 sf, slightly higher monthly rental rates are warranted. Looking to the comparable 1-bed units, two units leased in June at \$2,460 and \$2,550/month or \$5.03 and \$5.31/sf providing excellent evidence of rental value for the subject 1-bedroom units.

Hendry Place completed in September 2022 and achieved full occupancy in June 2023. The comparable is somewhat similar to **M28** comprising a 4-storey development that contains a somewhat similar range in unit sizes to the subject development. The subject studio and 1-bed units are slightly larger suggesting higher monthly rates whereas the comparable 2-bed units are generally similar in size to the subject. In June 2023, a ±617 sf 1-bedroom unit leased for \$2,895 or \$4.69/sf providing excellent evidence of rental value for the subject 1-bedroom units.

Income Approach

The Peak comprises a similar 6-storey mixed use development that recently completed circa December 2022 and obtained full occupancy in March 2023. The comparable is located northeast of the subject on the northwest corner of Rupert Street and East 22 Avenue and contains a mix of studio, 1-bed, 2-bed and 3-bed units. Generally speaking, slightly higher rental rates are considered appropriate for the subject units noting the comparable's inferior location and amenities when compared to the subject, and considering the continued upward pressure on rental rates since March 2023.

The upper end of the comparable range is defined by **Hub Place**, which is along the north side of East Broadway, between Woodland Drive and Commercial Drive, within the Grandview-Woodland neighbourhood. The comparable comprises a new 12-storey rental development containing a mix of studio, one, two, and three-bedroom units thereby providing superior evidence of rental value for the subject. After downward adjustments for location, the concrete construction and high rise nature of the comparable, generally lower lease rates are considered appropriate for the subject.

After consideration of all factors pertinent to rental value, our estimate of market rents for the subject units as of the effective date of the report is summarized below and the more detailed projected rental rates are provided on the following page.

Estimated Market Rental Rate Summary	
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Income Approach

s.17(1)



Income Approach

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Income Approach

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Income Approach

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Income Approach

s.17(1)



Income Approach

s.17(1)



Income Approach

s.17(1)



Income Approach

s.17(1)

Recoverable Operating Expenses

Most commercial leases are usually stated on a “triple net” basis to the landlord. A “triple net” lease generally describes a lease where, in addition to the contract rent stipulated, the tenant assumes payment of all operating expenses pertaining to a property such as taxes, insurance, utilities and maintenance, but excluding structural repairs. The contract commercial rents are stated on a triple net basis.

Given the proposed development has yet to be constructed, we have provided an estimate of operating expenses. Based on our discussions with market participants and knowledge of the area generally, recoverable operating expenses are typically in the range of \$15.00/sf to \$20.00/sf. For the purpose of this appraisal, we have projected the total operating costs for the subject’s commercial component at **\$17.50/sf**.

Vacancy & Collection Loss Allowance

Rental income reflects the property's fully occupied income. Income properties may not be fully occupied over their economic lives and vacancy and collection losses must be considered. The "vacancy rate" is normally expressed as a percentage and reflects conditions in the market.

Residential Component

Canada Mortgage and Housing Corporation indicates the average vacancy rates for the Southeast Vancouver area as illustrated on the following page.

Income Approach

Private Apartment Vacancy Rates (%)

	OCT-19		OCT-20		OCT-21		OCT-22	
Bachelor	0.5	a	5.7	c	1.6	c	0.0	c
1 Bedroom	2.6	c	5.5	c	0.6	a	0.3	a
2 Bedroom	3.6	c	5.3	c	0.5	a	0.4	a
3 Bedroom +	1.3	a	1.5	d	0.7	b	0.6	a
Total	2.7	c	5.4	c	0.6	a	0.3	a

Considering the brand-new condition and market rates as determined previously, we have adopted a long-term stabilized vacancy rate of **1.00%** for the subject's residential component, which will be applied to the gross income.

We have also attributed a vacancy rate to the subject's parking, storage lockers, and bicycle stalls, with an estimate at **2.00%** for the parking stalls, **10.0%** for the bicycle racks, and 1.0% for the storage lockers with these estimates deemed reasonable given the limited number of parking stalls available and storage available for the residential units.

Commercial Component

There is no statistical information available pertaining to the vacancy rate for commercial retail space in Vancouver. Given the development's market appeal, location of the subject, building quality and exposure, and considering that the subject is 100% leased to two tenants, a vacancy and collection loss allowance of **3.00%** of the subject's commercial gross income is considered appropriate.

Projected Operating Expenses

Residential Component

Given the proposed development has yet to be constructed, we have provided an estimate of operating expenses as a percentage of the effective gross income. Typically, industry standards for operating expense ratios in apartment buildings are estimated between $\pm 15\%$ to $\pm 25\%$, however has been trending upward given the increases in insurance and property taxes.

We have also reviewed the comparable operating expenses for other similar purpose-built rental projects, which have been retained on file given these are confidential. Operating expenses typically range between 18% to 25% for these projects. However, more recently operating costs have escalated, with operating costs at the upper end of the aforementioned range expected or in the range of \$6,500 to \$7,500 per unit.

Income Approach

Projected Residential Operating Expenses			
	<u>Per Suite</u>	<u>Annual</u>	<u>% of Op.Costs</u>
Insurance	\$900	\$42,300	13.10%
Property Taxes (projected)	\$1,800	\$84,600	26.20%
Repairs and Maintenance	\$850	\$39,950	12.37%
Elevator Maintenance	\$125	\$5,875	1.82%
Garbage	\$125	\$5,875	1.82%
Security	\$300	\$14,100	4.37%
Contract Services (Pest Control, Snow Removal, HVAC, Fire & Safety, Misc.)	\$200	\$9,400	2.91%
Salaries	\$305	\$14,335	4.44%
Management Fee @ 3.5%	\$1,261	\$59,275	18.36%
Utilities	\$800	\$37,600	11.65%
Membership Dues	\$3	\$141	0.04%
Administration & Miscellaneous Costs	\$200	\$9,400	2.91%
Total Operating Expenses	\$6,869	\$322,851	

We note that there is a signed management agreement in place with Devon Properties Ltd. to manage the residential component of the building. Management fees are equal to "3.50% of the gross revenue, including rent, parking charges, laundry and other revenues of an income nature but shall specifically exclude capital receipts". Based on the preceding, we have projected the operating expense based on gross residential revenue including rent, parking, bicycle rack and storage lockers. Based on the preceding, the projected residential operating expenses estimated above equate to **±19.13% of the residential EGI or \$6,869/unit** which is deemed reasonable and have been relied upon herein.

Commercial Component

In a triple net lease, the owner of the property is required to maintain the structural components of the premises and will typically set-up a reserve fund for such anticipated costs. Normal structural reserves run anywhere from s.17(1) to s.17(1) per square foot depending on the age and quality of the building. Given the subject development will be brand new, we have applied a rate of s.17(1) /sf of G.R.A. to cover structural repairs for the commercial component on an annual basis. As described previously, we have projected total commercial operating costs at s.17(1) sf excluding management fees at s.17(1) of basic rent and s.17(1) of gross rent as describe previously.

Stabilized Net Operating Income

Utilizing the previous figures for income, vacancy allowances, and expenses, we have completed an income pro-forma for the subject project's residential and commercial components, provided on the following page.

Income Approach

188 E Woodstock Avenue, Vancouver Projected Stabilized Net Income as at November 2023

GROSS ANNUAL INCOME

Commercial:

West Coast Liquor (4,471 sf x $\$s.17(1)$ /sf)

Physiolab Clinic (2,468 sf x $\$s.17(1)$ /sf)

West Coast Liquor - Parking Income (6 stalls @ $\$s.17(1)$ /month)

Physiolab Clinic - Parking Income (5 stalls @ $\$s.17(1)$ /month)

Add: West Coast - Management Fee @ $\$s.17(1)$

Add: Physiolab Clinic - Management Fee @ $\$s.17(1)$

Add: Projected Commercial Recoverable Operating Expenses (6,939 sf x $\$s.17(1)$ /sf)

Total Commercial Gross Income

$\$s.17(1)$

\$446,549

Less: Vacancy & Collection Loss Allowance on Commercial Income @ $\$s.17(1)$

$\$s.17(1)$

Effective Commercial Gross Income

\$433,153

Residential:

Projected Market Rental Income (47 rooms at an average of $\$s.17(1)$ /sf)

$\$s.17(1)$

Other Residential:

Parking Income (23 stalls @ $\$s.17(1)$ /month)

Bike Rack Income (49 racks @ $\$s.17(1)$ /month)

Storage Income (47 lockers @ $\$s.17(1)$ /month)

$\$s.17(1)$

Less: Vacancy & Collection Loss Allowance on Residential Income @ $\$s.17(1)$

$\$s.17(1)$

Less: Vacancy & Collection Loss Allowance on Parking Income @ $\$s.17(1)$

Less: Vacancy & Collection Loss Allowance on Bike Rack Income @ $\$s.17(1)$

Less: Vacancy & Collection Loss Allowance on Storage Income @ $\$s.17(1)$

Effective Residential Gross Income

\$1,687,750

Total Effective Commercial & Residential Gross Income

\$2,120,903

Less: Operating Expenses

Projected Commercial Operating Expenses (6,939 sf x $\$s.17(1)$ /sf)

Structural Repairs (6,939 sf x $\$s.17(1)$ /sf)

Commercial Management Fees

Projected Residential Expenses @ $\$s.17(1)$ of EGI

$\$s.17(1)$

Total Operating Expenses:

\$460,458

STABILIZED NET INCOME (based on contract and projected market rents)

\$1,660,445

Capitalization Process

Introduction

Capitalization is defined in "Introduction to Real Estate Appraising" published by the Appraisal Institute of Canada, as follows:

"Capitalization, in the appraisal of real estate, may be defined as the process of converting into a present worth a series of anticipated future installments of income by the application of a factor, referred to either as a capitalization rate or a present worth factor, depending upon the process used."

A capitalization rate is a conversion factor, appropriate to the property being appraised that is applied to the income stream to convert it into an indication of the market value of a property.

In the capitalization process, the following steps are required:

- selection of a method of deriving the capitalization rate
- selection of an appropriate method of capitalization
- analysis of the market for the factors involved

Selection of a Capitalization Rate

The Comparative Method

Through the analysis of comparable sales, ratios between selling prices in the marketplace and the net operating income of the property being sold can be derived. With consideration given to the degree of comparability in each instance, these ratios can provide an indication of the overall rate that is applicable. Where comparable sales exist, this method is widely accepted and used in the appraisal of income producing properties since it is considered reliable, objective, and easily supported.

Method of Capitalization

The Direct Capitalization Method

Direct capitalization is calculated by division of the net operating income of the property by the above-described "overall rate" derived by the Comparative Method. This is a commonly used and highly regarded method of capitalization where sufficient comparables are available to derive a reliable overall rate.

Capitalization Process

Capitalization Rate Analysis

When considering the capitalization rate market data that will be presented in this section, we have been cognizant of the recent changes in macro-economic policy that have been undertaken by the American Federal Reserve and the Bank of Canada. Although real estate values are influenced by the supply and demand for properties in a given locale, prices are also strongly influenced by investors’ cost of capital, as most assets are levered with financing to some degree. Furthermore, as interest rates rise and fall, risk free returns (i.e., government bond yields) change.

The Bank of Canada cut interest rates to 0.25% as a response to global uncertainty associated with the Covid-19 virus and kept its benchmark rate steady at 0.25% until March 2, 2022 when it began a series of interest rate hikes to curb inflation. A summary of the interest rate hikes is provided below:



*As of 2021, a change takes effect the day after its announcement.

Bank of Canada Benchmark Interest Rate (Source: Bank of Canada)

The Bank of Canada held the target for its overnight rate unchanged at 5% in its October 2023 meeting, leaving borrowing costs at a 22-year high as largely expected by financial markets, and signaled that future rate decisions will be based on the latest economic signals. The decision extended the tightening pause for the second time, as the Governing Council noted that past interest rate hikes have already dampened economic activity and limited price growth, warranting caution against overtightening. The latest data showed a fresh slowdown in headline and core inflation rates, while GDP growth and retail sales stagnated. The Bank thus expects inflation to remain volatile before retreating to 2% by 2025, heeding to upside risks as energy prices and wage growth remain elevated.

Capitalization Process

The yield on the Canadian 10-year government bond rose to above 4.1%, approaching the recent 16-year high of 4.27% recorded on October 3rd, tracking the rise in US treasuries. Still, the BoC held its tightening pause, as expected, and limited a further increase in bond yields. Policymakers noted that the effects of tight monetary policy had dampened economic activity, hinting at less hawkish expectations. However, they left the door open for further rate hikes if needed. Canada's headline inflation rate dipped to 3.8% in September, falling below the 4% forecasts. This brought a halt to two months of increasing inflation, with core inflation metrics following a similar downward trajectory.

Canada 10Y Bond Yield 4.095 0.077 (0.077%)



Canada Government 10 Year Bond Yield (Source: Trading Economics October 25, 2023)

Typically, there is a spread between financing rates and capitalization rates which are measured in basis points (bps). This spread allows investors to achieve a higher return on equity as the total return is greater than the cost of capital. While this spread varies to some degree, it reasons that as interest rates rise, so too should capitalization rates. Capitalization rates are a reflection of risk, with the higher the risk, the higher the capitalization rate.

Purpose-Built Market Rent Capitalization Rates

On the following pages, we have reviewed capitalization rates for purpose built rental buildings. The comparables offer a similar location and the level of investment. For comparison purposes, the reported and projected net income for each has been stabilized to reflect long-term vacancy, structural maintenance, and non-recoverable expenses. The comparables are summarized on the following page.

Generally, comparable capitalization rates for new purpose-built rental projects range between 3.05% and 4.00%, however market conditions have tempered and while there is a lack of new comparable information, capitalization rate expectations have increased given current interest rates.

Capitalization Process

Capitalization Rate Comparables - Residential Component								
No.	Property	Year Built	Sale Date	Sale Price	# of Units	NOI	\$/unit	Cap Rate
1	Spire Landing 706 East 57th Avenue Vancouver, British Columbia	2019	Dec-22	\$51,000,000	95	\$1,785,000	\$536,842	3.50%
2	The Link 3583 Kingsway Vancouver	2020	Oct-21	\$52,000,000	104	\$1,872,000	\$500,000	3.60%
3	The Standard 1142 Granville Street Vancouver	2013	Sep-23	\$52,000,000	106	\$1,832,198	\$490,566	3.52%
4	GEC Pearson 7655 & 7657 Cambie Street Vancouver	2018	Listing	\$75,000,000	129	\$2,838,244	\$581,395	3.78%
5	Hub Place 1649 East Broadway Vancouver	2023	Listing	\$75,000,000	114	\$3,000,000	\$657,895	4.00%
6	The Saint George 154 18th Street East North Vancouver	2019	Mar-21	\$52,900,000	96	\$1,957,300	\$551,042	3.70%
7	Sundance Apartments 143 21st Street East North Vancouver	2017	Mar-21	\$55,500,000	99	\$2,101,827	\$560,606	3.79%
8	Hawthorne at Timber Court 2670 Library Lane North Vancouver	2020	Sep-21	\$54,450,000	75	\$2,054,775	\$726,000	3.77%
9	Lynnmour Apartments 1550 Oxford Street North Vancouver	2022	Dec-22	\$66,200,000	88	\$2,515,600	\$752,273	3.80%
10	Parque on Park 20119 Park Avenue Langley	2022	May-23	\$53,700,000	93	\$2,067,450	\$577,419	3.85%
11	The CoMo 717 Como Lake Avenue Coquitlam	2023	Mar-23	\$29,250,000	59	\$1,170,000	\$495,763	4.00%
12	Riverport Flats 14000 Riverport Way Richmond	2012	Feb-21	\$45,465,000	135	\$1,768,589	\$336,778	3.89%

Capitalization Process

Comparable 1 – *Spire Landing* 706 East 57th Avenue, Vancouver

PID 029-606-942

Sale Information

Purchaser	Manulife
Vendor	Spire Development Corporation
Sale Date	December 20, 2022
Sale Price	\$51,000,000 \$536,842/unit
Rights Transferred	Fee Simple
Conditions of Sale	Share Sale

Property Details

Land Area	26,729 sf	0.61 ac
# of Storeys	6	
# of Units	95	
Year Built	2019	

Income Details

NOI	\$1,785,000
Capitalization Rate	3.50%



Remarks

This property is located in the community of Sunset, on the southeast corner of Fraser Street and East 57th Avenue. The property is improved with a six-storey residential rental building. The property features a fitness centre, 76 parking stalls, secured bike storage and insuite washer & dryer. Price per Net Rentable Foot equals \$856. The projected cap rate of 3.50% on 100% lease up is based on the latest 2020 rent roll update representing a NOI of \$1,785,000. We note that the rents achieved within the building were "affordable" rates as prescribed by CMHC and the City of Vancouver, which are applicable for a period of 10 years. This was a share sale.

Capitalization Process

Comparable 2 - The Link

3583 Kingsway, Vancouver

PID 008-822-808

Sale Information

Buyer	InterRent REIT & Crestpoint Real Estate Investments Ltd. JV (3583 Kingsway Holdings Inc.)
Seller	Hungerford Properties (1045459 B.C. Ltd.)
Sale Date	10/22/2021
Transaction Status	Recorded
Sale Price	\$52,000,000 \$500,000 /Unit
Rights Transferred	Fee Simple
Conditions of Sale	Share Sale

Property

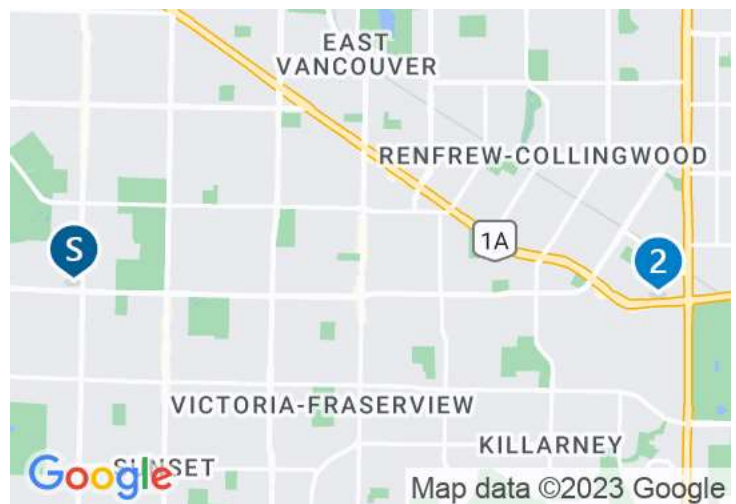
Property Type	Multi-Family Mid-Rise
Land Area	30,012 sf (0.69 ac)
Zoning	CD-1 (60)
Planning Designation	Joyce-Collingwood Station Area Plan, Renfrew-Collingwood
Buildings	1
Year Built	2020
Storeys	6
Units	104
Foundation	Concrete
Exterior	Concrete-frame
Elevators	Yes
Balconies	Yes
Parking Type	Underground
Parking Count	59 Spaces
Laundry	In-Suite
Unit Amenities	Dishwasher
Project Amenities	Storage Units

Financing Details

Percentage Transferred	100%
100% Equivalent Price	\$52,000,000

Income Analysis

NOI	\$1,872,000
Capitalization Rate	3.60%



Remarks

Located along the Kingsway Corridor in the community of Renfrew-Collingwood, on the northwest corner of Kingsway and Lincoln Street. The property comprises a 6-storey, concrete apartment building with ground floor commercial units, constructed circa 2020.

The comparable consists of 104 residential units demised between 25 studio units, 24 junior 1-bedroom, 20 1-bedroom units, 7 junior 2-bedroom units and 28 2-bedroom units. Additionally, the comparable consists of 59 underground secured parking stalls. The units benefit from in-suite laundry, storage/bike lockers, a tot lot, roof terrace, car share, dog wash station, roof garden and car charging station.

Capitalization Process

Comparable 3 - The Standard

1142 Granville Street, Vancouver

PID 027-581-527

Listing Information

Purchaser	Concert Properties Ltd.	
Vendor	Bosa Properties	
Negotiation Date	April 1, 2023	
Sale Date	September 11, 2023	
Transaction Status	Recorded	
Sale Price	\$52,000,000	\$490,566/unit00
Rights Transferred	Fee Simple	
Conditions of Sale	Market	
Marketing Status	Open Market	

Property

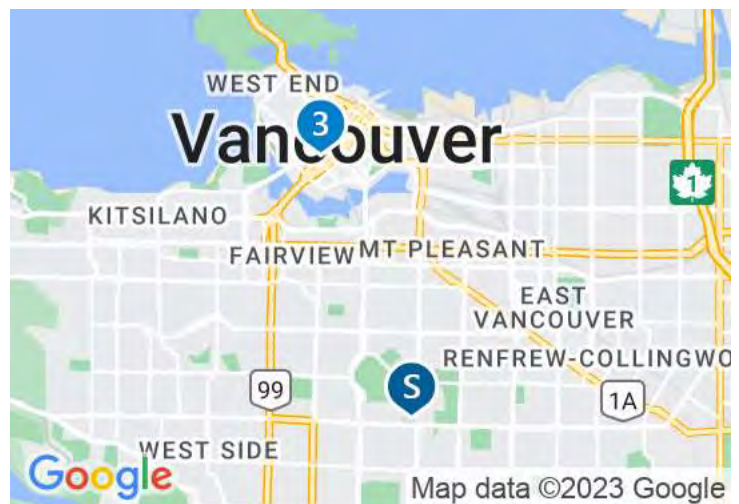
Property Type	Mixed Use Micro-Apartments/Retail
Land Area	9,000 sf (0.21 ac)
Net Rentable Area	36,425 sf
Zoning	CD-1 (491)
Planning Designation	Vancouver Plan - Metro Core
Buildings	1
Year Built	2013
Storeys	10
Units	106
Foundation	Concrete
Exterior	Concrete-frame
Balconies	Yes (82 units, 'Plan A')
Parking Type	Underground
Parking Count	30 stalls
Laundry	On-Site
Amenities	Fitness studio, lounge/games rooms, meeting room, package management system

Income Analysis

NOI	\$1,832,198
Capitalization Rate	3.52%

Financing Details

Financing Conditions	\$29,900,000 of assumable debt with >7 years remaining at 1.57%.
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Remarks

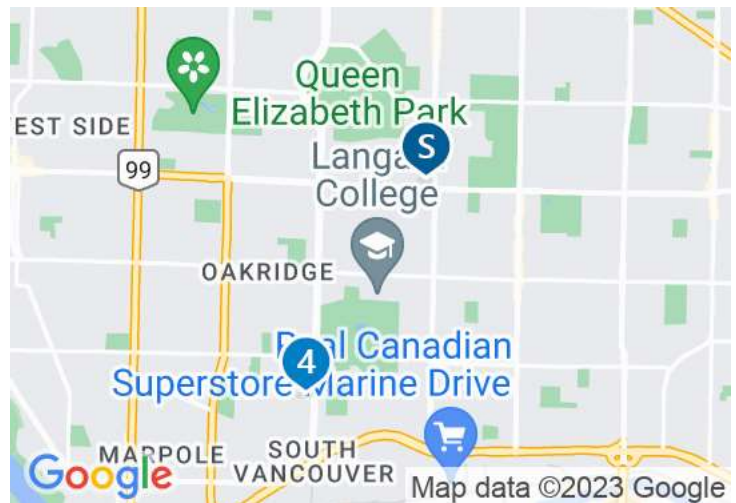
Located on the east side of Granville Street, south of Helmcken Street. The City of Vancouver designates the Zoning for the property as CD-1 (491), a Comprehensive Development District classification subject to direct By-law No.491.

The property is a 10-storey concrete mixed-use micro-suite apartment building with retail use at grade built in 2013. There is rentable residential area of 34,112 sf and 2,316 sf of rentable commercial retail space. There are 8 commercial parking stalls and 22 residential stalls. Amenities include a fitness studio, lounge and games room, meeting room and Parcel Pending package management system. Suites are furnished and recently updated, and in-building laundry is available. The 106 units are demised between 4 studio floor plans ranging between 320 sf and 344 sf in size. 82 units have balconies. There is \$29,900,000 of assumable debt with more than 7 years remaining at 1.57%.

Capitalization Process

Comparable 4 – GEC Pearson 7655 & 7657 Cambie Street, Vancouver

PID	029-533-651	
Sale Information		
Vendor	Avison Young	
Transaction Status	Listing	
Sale Price	\$75,000,000	\$581,395/unit0
Property Details		
Land Area	31,325 sf	0.72 ac
Shape	Rectangular	
Topography	Level to Sloping	
# of Storeys	6	
# of Units	129	
Year Built	2018	
Construction	Wood frame	
Foundation		
Parking Type	Garage - Subterranean	
Parking Spaces	69 Spaces	
Amenities	Exercise Facilities, On-Site Manager, Storage Units	
Laundry	Washer/Dryer	
Unit Amenities	Dishwasher, Furnished, Microwave, Premium Appliances, Range/Stove, Refrigerator	
Zoning	CD-1 (611)	
Income Details		
NOI	\$2,838,244	
Capitalization Rate	3.78%	



Remarks

This property is located in the Marpole neighbourhood, on the southwest corner of West 60th Avenue and Cambie Street. The zoning for the property is CD-1 (611) and is designated Apartment (up to 6-storeys) within the Marpole - Cambie Plan.

The property is improved with two, 6-storey purpose-built rental apartment buildings constructed circa 2018, comprising 129 fully furnished units averaging 563 sf, 320 beds, 69 secured underground parking stalls, and 32 lockers.

The property operates as a mix of student housing and furnished market rental apartment uses (65% student housing & 35% market rental uses).

The Suite mix is shown below:

- 59 - bachelor suites: Average size - 488 sf.
- 11 - Jr. 1 bedroom suites: Average size - 462 sf.
- 18 - 1 bedroom suites: Average size - 543 sf.
- 2 - Jr. 2 bedroom suites: Average size - 609 sf.
- 39 - 2 bedroom suites: Average size - 713 sf.

Capitalization Process

Comparable 5 – Hub Place

1649 East Broadway, Vancouver

PID 030-467-365

Sale Information

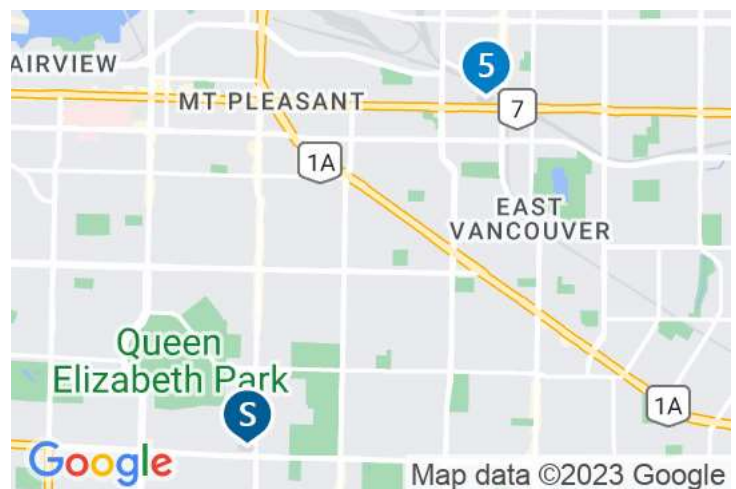
Vendor CBRE
Transaction Status Listing
Sale Price \$75,000,000 \$657,895/unit

Property Details

Land Area 15,715 sf 0.36 ac
Shape Rectangular
Topography Generally Level
of Storeys 12
of Units 114
Year Built 2023
Construction Concrete
Foundation
Parking Spaces 71 Spaces
Amenities Elevators, Playground, Rooftop Area, Storage Units
Laundry Washer/Dryer
Unit Amenities Dishwasher, Microwave, Premium Appliances, Premium Countertops, Premium Flooring, Range/Stove, Refrigerator
Zoning CD-1 (715)

Income Details

NOI \$3,000,000
Capitalization Rate 4.00%



Remarks

This property is located in the Grandview-Woodlands neighbourhood, on the north side of East Broadway, west of Commercial Drive and walking distance to the Broadway-Commercial SkyTrain Station.

The property is improved with a 12-storey, purpose built rental, concrete apartment building with commercial retail at grade. The commercial component comprises three units, 5,087 sf of net rentable area and eight commercial parking stalls. The residential component comprises 114 units (91 market rental units and 23 affordable rental units under the Moderate-Income Rental Housing Pilot Program (MIRHPP), 60,747 sf of net rentable area, 63 residential parking stalls and an average residential unit size of 533 sf.

The unit mixes are as follows:

91 Market rental units: Studio: 9 Units, 1-Bed: 48 Units, 2-Bed: 32 Units, 3-Bed: 2 Units.

23 MIRHPP units: Studio: 3 Units, 1-Bed: 12 Units, 2-Bed: 5 Units, 3-Bed: 3 Units.

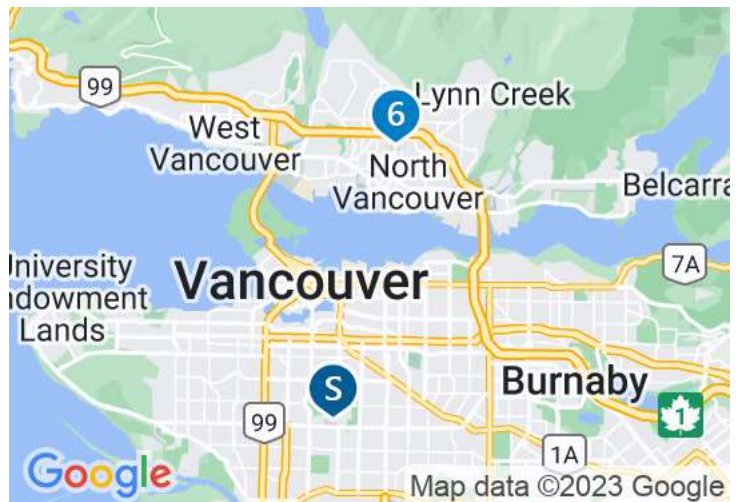
Bid date was on October 12, 2023 with a pricing guidance of \$75,000,000. The following for rent was reported: 80% of the residential component is at a market rate of \$5.00/sf, \$2.30/sf for the affordable rental units under MIRHPP and 50% of the retail is leased at \$60.00/sf to two food establishments.

Capitalization Process

Comparable 6 - The Saint George

154 18 Street East, North Vancouver

PID	014-940-132	
Sale Information		
Buyer	Quadreal Property Group (154 East 18th Street Holdings Inc.)	
Seller	Jameson Development Corp. (1064559 B.C. Ltd)	
Sale Date	3/1/2021	
Transaction Status	Recorded	
Sale Price	\$52,900,000	\$551,042 /Unit
Rights Transferred	Fee Simple	
Conditions of Sale	Share Sale	
Property		
Property Type	Multi-Family Mid-Rise	
Land Area	24,879 SF (0.57 Acres)	
Zoning	CD-680	
Buildings	1	
Year Built	2019	
Storeys	6	
Units	96	
Foundation	Concrete	
Exterior	Wood-frame	
Elevators	Yes	
Balconies	Yes	
Parking Type	Underground, Surface	
Parking Count	56 stalls	
Laundry	In-Suite	
Amenities	144 secured bike stalls, 12 outdoor guest bike stalls, urban agriculture plots, children's play area	
Financing Details		
Other Considerations	\$52,900,000.00	
Percentage Transferred	100%	
100% Equivalent Price	\$52,900,000	
Income Analysis		
NOI	\$1,957,300	
Capitalization Rate	3.70%	



Remarks

Located in the community of Central Lonsdale, on the northwest corner of East 18 Street and St. George's Avenue.

The City of North Vancouver Official Community Plan designates the General Land Use for the property as Residential Level 5: Mid-Rise Apartment (Medium-Density). The intent of this designation is to provide quality multi-family housing with a mix of unit sizes, and a focus on creating attractive and active streets, primarily through mid-rise, wood-frame, apartment buildings. Maximum 1.6 FAR; a density bonus of 1.0 FAR may be considered when public benefits are provided as per Section 2.2 of the OCP.

There are 144 secured bike stalls, 12 outdoor guest bike stalls, urban agriculture plots and children's play area.

Capitalization Process

Comparable 7 - Sundance Apartments

143 21 Street East, North Vancouver

PID 029-560-438

Sale Information

Buyer	Quadreal Property Group (143 East 21st Street Holdings Inc.)
Seller	North Lake Ventures Inc.
Sale Date	3/22/2021
Transaction Status	Recorded
Sale Price	\$55,500,000 \$560,606 /Unit
Rights Transferred	Fee Simple
Conditions of Sale	Share Sale

Property

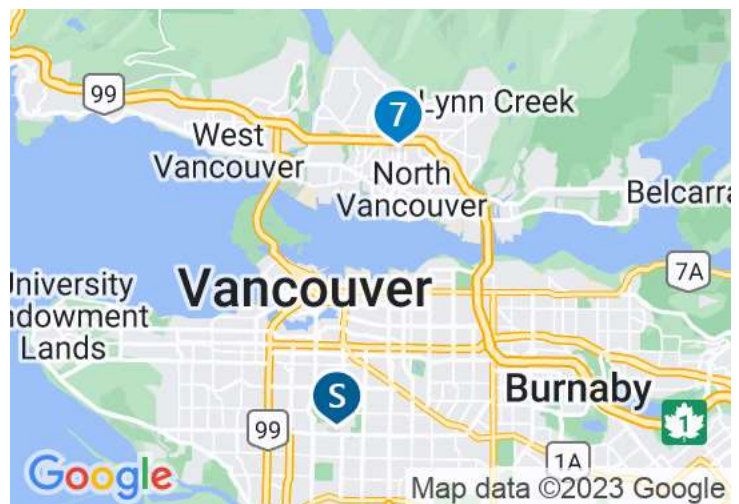
Property Type	Multi-Family Mid-Rise
Land Area	28,662 SF (0.66 Acres)
Zoning	CD-658
Buildings	1
Year Built	2017
Storeys	6
Units	99
Foundation	Concrete
Exterior	Wood-frame
Elevators	Yes
Balconies	Yes
Parking Type	Underground
Laundry	In-Suite

Financing Details

Other Considerations	55,500,000
Percentage Transferred	100%
100% Equivalent Price	\$55,500,000

Income Analysis

NOI	\$2,101,827
Capitalization Rate	3.79%



Remarks

Maximum 1.6 FAR; a density bonus of 1.0 FAR may be considered when public benefits are provided per Section 2.2 of the OCP.

The City of North Vancouver Official Community Plan designates the General Land Use for the property as Residential Level 5: Mid-Rise Apartment (Medium-Density). The intent of this designation is to provide quality multi-family housing with a mix of unit sizes, and a focus on creating attractive and active streets, primarily through mid-rise, wood-frame, apartment buildings.

The sale closed in March 2021, however, was placed under contract prior to the closing date in late 2020/early 2021. The site was purchased with The Saint George by QuadReal. There was reportedly a higher turnover rate at 30% due to the COVID-19 pandemic, with the units available for lease reporting an average rental rate at \$3.50/sf

Capitalization Process

Comparable 8 - Hawthorne at Timber Court

2670 Library Lane, North Vancouver

PID 030-914-248

Sale Information

Buyer	Starlight Investments (2670 Library Lane Apartments Ltd.)	
Seller	Polygon Group (Polygon Timber Court Ltd.)	
Sale Date	9/29/2021	
Transaction Status	Recorded	
Sale Price	\$54,450,000	\$726,000 /Unit
Rights Transferred	Fee Simple	
Conditions of Sale	Market	

Property

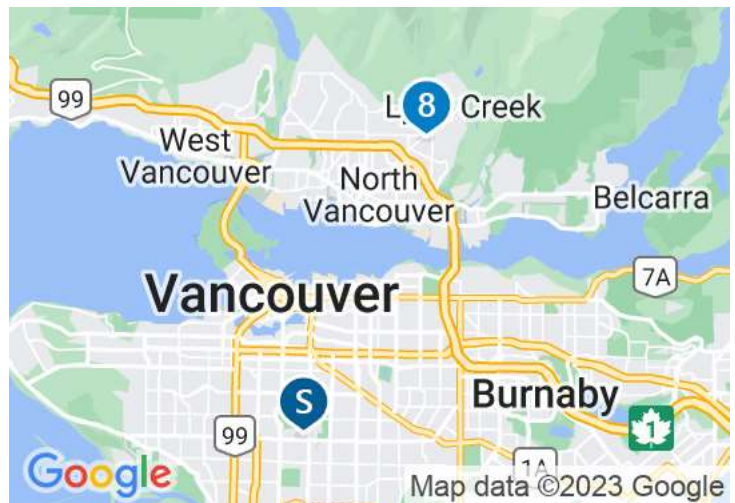
Property Type	Multi-Family Mid-Rise
Land Area	28,967 SF (0.67 Acres)
Net Rentable Area	62,764 sf
Zoning	CD-86
Planning Designation	Residential 6: Medium Density Apartment
Buildings	1
Year Built	2020
Storeys	5
Units	75
Foundation	Concrete
Exterior	Concrete-frame
Elevators	Two
Balconies	Yes
Parking Type	Underground
Parking Count	90 stalls
Laundry	In-Suite
Unit Amenities	Dishwasher, Microwave, Premium Appliances, Range/Stove
Project Amenities	Business Center, Exercise Facilities, Sport Court, Storage Units
Security Features	Cameras, Guarded Gate, Secured Entry

Financing Details

Percentage Transferred	100%
100% Equivalent Price	\$54,450,000

Income Analysis

NOI	\$2,054,775
Capitalization Rate	3.77%



Remarks

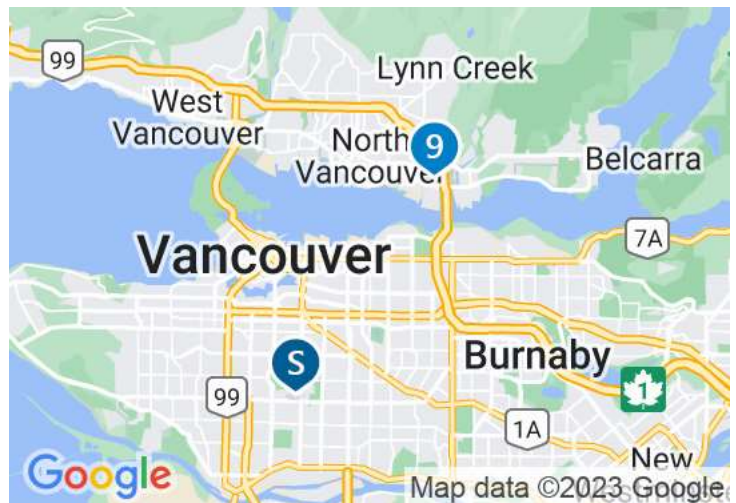
To project the gross income, we relied on information provided by the broker and added income for parking and storage revenue. Operating costs were estimated at 25% of the effective gross income, with a projected capitalization rate at 3.77% indicated.

Capitalization Process

Comparable 9 – Lynnmour Apartments

1550 Oxford Street, North Vancouver

PID	030-939-615	
Sale Information		
Purchaser	Realstar Group	
Vendor	Adera Group	
Sale Date	12/7/2022	
Transaction Status	Recorded	
Sale Price	\$66,200,000	\$752,273/unit
Rights Transferred	Fee Simple	
Conditions of Sale	Market Sale	
Property Details		
Land Area	22,798 sf	0.52 ac
Shape	Irregular	
Topography	Level	
# of Storeys	6	
# of Units	88	
Year Built	2022	
Construction	Wood-Frame	
Parking Type	Garage - Subterranean	
Parking Spaces	80 Spaces	
Amenities	BBQ/Grill, Elevators, Exercise Facilities, Rooftop Area, Storage Units	
Laundry	Washer/Dryer	
Unit Amenities	Deck/Patio, Microwave, Range/Stove, Refrigerator	
Zoning	CD-166	
Planning Designation	Commercial Residential Mixed Use Level 3	
Financing Details		
% Transferred	100%	
100% Equivalent Price	\$66,200,000	
Mortgage Type	Subsequent	
Primary Lender	Computershare Trust Company of Canada	
Interest Rate	12	
Principle Amount	\$45,757,950	
Calculation Period	Semi-Annually	
Payment Frequency	Monthly	
Commencement Date	January 1, 2023	
Maturity Date	June 1, 2023	
Instrument Date	December 7, 2022	
Income Details		
NOI	\$2,515,600	
Capitalization Rate	3.80%	



Remarks

Located on the north side of Oxford Street, east of Mountain Highway. The zoning for the property is CD-166 and The District of North Vancouver OCP designates the land use for the property as Commercial Residential Mixed Use Level 3. The property is improved with a six-storey, wood frame rental apartment building and features a Fitness Area, Lounge, BBQ Area, Garden Plots, Bike Storage, Parcel Delivery System, Co-working Lounge and Outdoor Terrace.

The building features a total of 88 units: 37 1-Bed, 39 2-Bed and 12 3-Bed, ranging from 572 sf to 1,126sf.

Capitalization Process

Comparable 10 – *Parque on Park* 20449 Park Avenue, Langley

PID 030-807-930

Sale Information

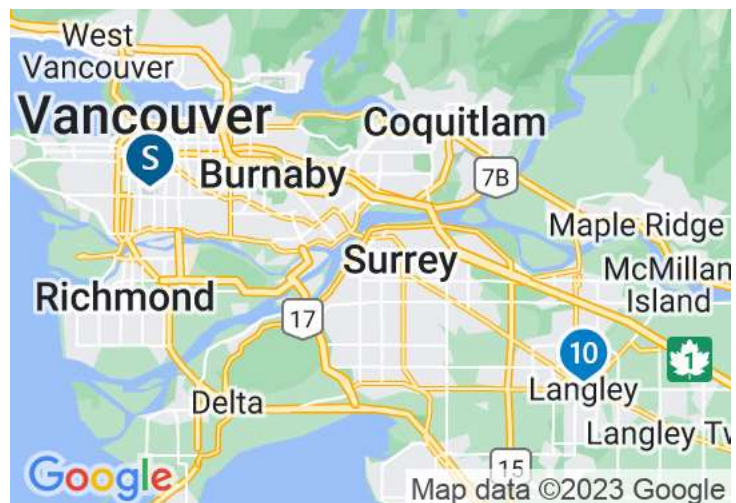
Purchaser	CAPREIT Park on Park Holdings Ltd.	
Vendor	Quarry Rock Developments	
Sale Date	05/16/2023	
Transaction Status	Recorded	
Sale Price	\$53,700,000	\$577,419/unit
Rights Transferred	Fee Simple	
Conditions of Sale	Share Sale	

Property Details

Land Area	44,649 sf	1.03 ac
Shape	Irregular	
Topography	Level	
# of Storeys	6	
# of Units	93	
Year Built	2022	
Amenities	Exercise Facilities, Rooftop Area, Sport Court	
Laundry	Washer/Dryer	
Zoning	C1	
Planning Designation	Transit Oriented Residential	

Income Details

NOI	\$2,067,450
Capitalization Rate	3.85%



Remarks

Parque on Park is a recently constructed 93-suite luxury purpose-built rental apartment building located on Park Avenue, just east of 204 Street. The building fronts Douglas Park and is in proximity to the future SkyTrain station at 203rd Street and Fraser Highway. The building features a mix of 14 one-bedroom units, 61 two-bedroom units, and 7 3-bedroom units as well as 11 3-bedroom townhomes with condo quality finishes and features. The building features 152 parking stalls that have been pre-wired for EV. An extensive solar panel installation also helps provide power to the building. The building is also powered by Mondofi Smart building technology.

Sale of a 93-unit rental apartment/townhouse building constructed in 2022 and located on the north side of Park Avenue, just east of 204th Street in the City of Langley. The property was originally listed in November 2022 for \$56,400,000 but subsequently sold in an off-market deal in May 2023 for \$53,700,000 or a 3.85% cap rate.

Capitalization Process

Comparable 11 - The CoMo

717 Como Lake Avenue, Coquitlam

PID 031-446-566

Sale Information

Purchaser	Starlight Investments	
Vendor	Adera Group	
Sale Date	03/30/2023	
Transaction Status	Recorded	
Sale Price	\$29,250,000	\$495,763/unit0
Rights Transferred	Fee Simple	
Conditions of Sale	Share Sale	

Property Details

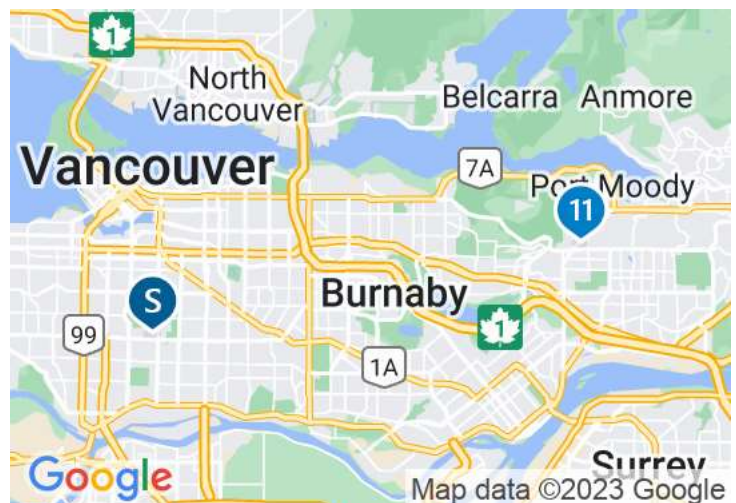
Land Area	14,962 sf	0.34 ac
Shape	Generally Rectangular	
Topography	Level	
# of Storeys	6	
# of Units	59	
Year Built	2023	
Construction	Wood frame	
Parking Type	Garage - Subterranean	
Parking Spaces	56 Spaces	
Amenities	BBQ/Grill, Elevators, Rooftop Area, Storage Units	
Laundry	Washer/Dryer	
Unit Amenities	Deck/Patio, Microwave, Range/Stove, Refrigerator	
Zoning	RM-3	
Planning Designation	Southwest Coquitlam Area Plan - Medium Density Apartment Residential	

Financing Details

% Transferred	100%
100% Equivalent Price	\$29,250,000

Income Details

NOI	\$1,170,000
Capitalization Rate	4.00%



Remarks

Located in the community of Burquitlam in Coquitlam West, on the north side of Como Lake Avenue, west of Robinson Street. The zoning for the property is RM-3 and the City of Coquitlam OCP designates the land use for the property as Medium Density Apartment Residential within the Burquitlam-Lougheed Neighbourhood Plan, permitting a maximum density of up to 2.4 FSR.

The property is improved with a six-storey rental apartment building having a total livable floor area of approximately 38,000 sf and features an amenity room, bicycle storage, lockers, underground parking, rooftop patio, and a dog park.

The building features a total of 59 units: 18 Bachelor, 23 1-Bed, 6 2-Bed and 12 3-Bed, ranging from 641 sf to 1,001sf.

Capitalization Process

Comparable 12 - Riverport Flats

14000 Riverport Way, Richmond

PID 026-215-357, 026-215-365,
004-082-702

Sale Information

Buyer	Riverport Way Holdings Ltd.	
Seller	Legacy Park Lands Limited	
Sale Date	2/1/2021	
Transaction Status	Recorded	
Sale Price	\$45,465,000	\$336,778 /Unit
Rights Transferred	Fee Simple	
Conditions of Sale	Market	

Property

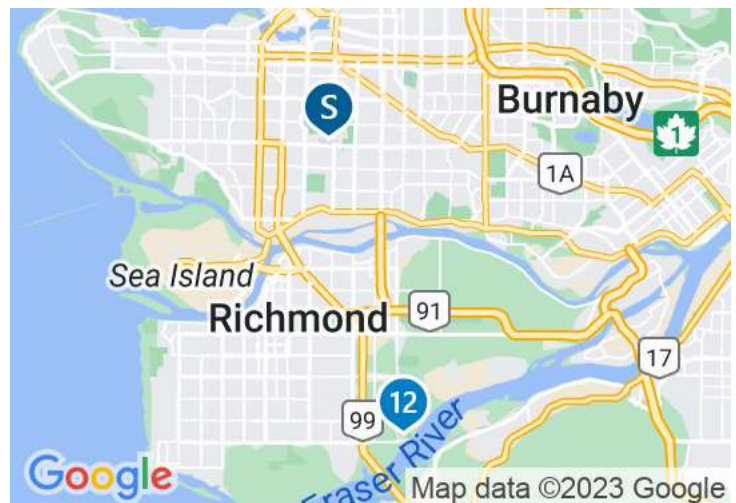
Property Type	Multi-Family Mid-Rise
Land Area	60,635 sf (1.39 ac)
Net Rentable Area	74,648 sf
Zoning	ZLR-14
Planning Designation	Limited Mixed Use
Buildings	2
Year Built	2012 and 2014
Storeys	4 and 6
Units	135
Foundation	Concrete
Exterior	Wood-frame
Balconies	Yes
Parking Type	Underground
Parking Count	188 stalls
Amenities	Bike/tenant storage lockers, meeting room, fitness facility

Financing Details

Percentage Transferred	100%
100% Equivalent Price	\$45,465,000
Mortgage Type	Subsequent
Primary Lender	The Toronto-Dominion Bank
Interest Rate	1.24%
Principle Amount	\$35,378,290
Calculation Period	Semi-annually
Payment Frequency	Monthly
Payment Amount	\$93,419.64
Commencement Date	2021-04-06
Maturity Date	2026-03-06
Instrument Date	2021-02-11

Income Analysis

NOI	\$1,768,589
Capitalization Rate	3.89%



Remarks

The comparable was originally listed for \$50,295,000 and transacted for \$45,465,000 in February 2021. To project the gross income, we relied on information provided by the broker and added income for parking and storage revenue. Operating costs were estimated at 25% of the effective gross income, with a projected capitalization rate at 3.89% indicated.

Capitalization Process

The most recent and applicable evidence of cap rates is provided by **Comparables 1, 3, 4, 5, 9, 10 & 11** indicating a cap rate range from 3.50% to 4.00%. The low end of this range is defined by **Comparable 1 (Spire Landing)**, the December 2022 sale of a six-storey residential rental building featuring 95 rental units, a fitness centre, 76 parking stalls, secured bike storage and in suite washer & dryer. The projected cap rate of 3.50% on 100% lease up is based on the latest 2020 rent roll update representing a NOI of \$1,785,000. We note that the rents achieved within the building were "affordable" rates as prescribed by CMHC and the City of Vancouver, which are applicable for a period of 10 years. Considering the preceding and noting the at market rents projected for the subject, a cap rate above 3.50% is warranted.

Also at the lower end of the range of cap rates is **Comparable 6 (The Standard)** which was listed for sale by Avison Young, placed under contract in April 2023 and recently closed in September 2023 at \$52,000,000 indicating a cap rate of 3.52%. The comparable has superior appeal being located in Downtown Vancouver, with proximity to residential amenities, employment areas and public transit. We also note the advantageous financing conditions unique to the Comparable resulting from the \$29,900,000 of assumable debt for over 7 years remaining at 1.57%. We note that the comparable is older as a 2013 build, however it has been well-maintained with recent updates and extensive amenities. Considering the apartments are micro-units and furnished, achievable rents are notably higher especially on a price per square foot basis. Based on the preceding, and considering the April 2023 negotiation date, we expect the subject property to achieve a cap rate above 3.52%.

Comparables 4 & 5 are current listings of generally larger developments containing 129 and 114 units, respectively. **Comparable 4 (GEC Pearson)** is improved with two, 6-storey purpose-built rental apartment buildings constructed circa 2018, comprising 129 fully furnished units averaging 563 sf. The property operates as a mix of student housing and furnished market rental apartment uses (65% student housing & 35% market rental uses) and is currently listed for sale with Avison Young at an asking price of \$75,000,000 indicating a capitalization rate of 3.78%. Discussions with the listing agents indicate that there has been limited interest in the project and it is not expected to sell at this price point suggesting a higher cap rate.

Comparable 5 (Hub Place) is the current listing of a newly constructed concrete mixed-use building with retail at grade and 114 residential units above (91 market rental units and 23 affordable rental units under the Moderate-Income Rental Housing Pilot Program (MIRHPP)). The comparable property is listed for sale through CBRE and we understand that the bid date was October 12, 2023 with price guidance at \$75,000,000 suggesting a capitalization rate of 4.00%. Given the confidential nature we have not been able to confirm the outcome of the bid date. At the time of the bid date, we understand that 50% of the commercial component was leased, Given the confidential nature we have not been able to confirm the outcome of the bid date. The comparable provides some indication of an applicable blended capitalization rate for the subject given its brand new condition and mixed-use nature; however, an upward adjustment is considered appropriate for the subject noting the superior concrete construction and location of the comparable along East Broadway in close proximity to the Commercial-Broadway Skytrain station.

Capitalization Process

Comparable 9 (Lynnmour Apartments) is the December 2022 sale of a six-storey, wood frame rental apartment building constructed circa 2022 and containing a total of 88 residential rental units. The development is located in North Vancouver and features a fitness area, lounge, BBQ area, garden plots, bike storage, parcel delivery system, co-working lounge and outdoor terrace. The comparable sold in December 2022 for \$66,200,000 based on a 3.80% cap. Given the brand new build, similar level of accommodation and recent sale date, the comparable is felt to provide some evidence of an applicable cap rate for the subject; however, an upward adjustment is required noting the continued upward pressure on interest rates.

Comparable 10 (Parque on Park) is the recent May 2023 sale of a 93 unit rental apartment constructed circa 2022 and located on the north side of Park Avenue, just east of 204th Street in the City of Langley and in proximity to the proposed SkyTrain station at 203 Street and the Fraser Highway. The property sold for approximately \$53,750,000 at an overall capitalization rate of 3.85% providing good evidence of an applicable cap rate for the subject after an upward adjustment for prevailing interest rates.

Comparable 11 (The CoMo) is located in the community of Burquitlam in Coquitlam West, on the north side of Como Lake Avenue, west of Robinson Street. The property is improved with a six-storey rental apartment building containing a total of 59 units and having a total livable floor area of ±38,000 sf and features an amenity room, bicycle storage, lockers, underground parking, rooftop patio, and a dog park. The development was recently completed in 2023 and sold in March 2023 for \$29,250,000 indicating a 4.00% cap rate. Considering the new build quality and somewhat recent sale date, the comparable is felt to provide excellent evidence of an applicable cap rate for the subject after offsetting adjustments for prevailing interest rates, size and location.

We also reviewed the expired listing by Avison Young of **(AXIR Apartments)** in Upper Lonsdale in North Vancouver. This comparable was originally marketed as a forward sale reflecting a cap rate of 3.97% with the stabilized NOI is based on projections. After several delays, the building is nearing completion and has been removed from the market by the vendor. An upward adjustment noting that the comparable did not sell.

Capitalization Process

Summary & Conclusion

In estimating a capitalization rate for the subject property, we have analyzed the preceding comparables with consideration to the following items:

- The subject is situated on the northwest corner of Main Street and East 41 Avenue in the Southeast Vancouver area.
- The subject is close to urban amenities including transportation routes and community facilities and provides good commercial and residential appeal.
- Good market appeal of the subject based on its design and new-build quality finishing relative to most other competing rental product in the area.
- The subject contains a total of 47 market residential rental units with a functional size and layout.
- Record low vacancy and record high rental rates in Vancouver.
- Overall, good demand for rental residential and mixed-use redevelopment properties in the area, particularly due to the proximity to major traffic nodes and commercial amenities.
- Current market conditions and prevailing interest rates tempering the market.

We have undertaken discussions with various market participants active in the sale of purpose built rental projects. It was indicated that the general appetite for new rental developments is significantly lower in this current economic climate considering the uncertainty associated with the inflation of operating costs, with landlords not anticipating significant permitted rental increases under the *Residential Tenancy Act* as a result of the Provincial election in 2023 and the desire to appease voters.

Overall, the City of Vancouver's rental housing market remains one of the strongest in the region. This fact coupled with an active apartment investment market with a mix of local and offshore investors acquiring these properties for long-term holding purposes. CMHC reports that strong employment and population growth support strong demand for rental properties. The rental housing market in Metro Vancouver and especially in the prime areas that include Downtown, the West Side, the North Shore, East Vancouver, and Burnaby is expected to remain strong.

Following the significant increase in interest rates many potential buyers are being forced to remain in the rental market thereby intensifying demand. Demand for rental units is expected to increase as immigration levels remain strong and rental housing becomes a more economical option over home ownership in the region. Overall, the long-term outlook for rental product is attractive given the region's affordability issues, low vacancy rates and escalating rental rates.

Overall, the comparable capitalization rates are deemed to provide a general indication of the subject's market potential at a range of 3.50% to 4.00%. It must be noted that the majority of transactions occurred during superior multi-family market conditions prior to the Bank of Canada's interest rate hikes. As such, a number of the comparables transacted during a time when the cost of borrowing was much lower due to more favourable financing terms.

Capitalization Process

The acquisition of rental assets is typically driven by institutional purchasers, who generally favor larger buildings as opposed to smaller apartment buildings considering the efficiencies associated with the operating costs as well as the ability to deploy a larger amount of capital in one transaction. Given the relatively small size, the subject would not be appealing to institutional purchasers, and would most likely trade in the private market which would be subject to higher lending rates due to the current interest rate environment. For these reasons, couple with the limited rental upside potential of the subject, it is our opinion that a cap rate towards the upper end of the range is considered appropriate

Based on our observations and our knowledge of the market generally, it is our opinion that an appropriate capitalization rate applicable to the projected stabilized net income of the subject property's residential component, as of November 6, 2023, would be in the range of **4.25%**.

Commercial Capitalization Rates

There is limited evidence of current capitalization rates for similar properties given these are typically occupied by end users. Looking to comparable capitalization rates for the commercial component, we have included the chart on the following page which illustrates a cap rate range from 3.28% to 4.79%.

We note however, that many of the comparable transactions took place during a period of sustained low interest rates, and are generally smaller than the subject. Based on our observations and our knowledge of the market generally, it is our opinion that an appropriate capitalization rate applicable to the stabilized net income of the subject property's commercial component, as of November 6, 2023, would be **4.50%** which is considered appropriate given the location, size, current interest rate environment, and 100% occupancy at market rates.

Capitalization Process

Commercial Capitalization Rate Summary					
No.	Address	Sale Price Sale Date	G.R.A. (sf)	Stabilized NOI NOI/sf	Capitalization Rate
1	245 Union Street Vancouver	\$1,235,000 Feb-23	1,333	\$50,000 \$37.51	4.05%
2	939 East Hastings Street Vancouver	\$3,400,000 Apr-21	5,185	\$140,080 \$27.02	4.12%
3	1622 W 1st Avenue Vancouver	\$380,000 Sep-22	330	\$15,510 \$47.00	4.08%
4	1487 W Pender Street Vancouver	\$4,550,000 Jan-22	4,036	\$149,332 \$37.00	3.28%
5	255 Powell Street Vancouver	\$650,000 Apr-21	645	\$27,950 \$43.33	4.30%
6	3151 Dunbar Street Vancouver	\$2,304,380 Apr-22	1,841	\$87,448 \$47.50	3.79%
7	489 SW Marine Drive Vancouver	\$9,100,000 Jul-21	4,477	(projected) \$330,432 \$73.81	3.63%
8	583 East Broadway Vancouver	\$2,180,000 Jun-22	2,234	\$82,455 \$36.91	3.78%
9	3615 West 16 Avenue Vancouver	\$5,917,000 Listing	5,971	\$283,623 \$47.50 (projected)	4.79%
10	1255 - 1257 Hamilton Street Vancouver	\$4,700,000 Aug-23	3,486	\$173,050 \$49.64	3.68%
Minimum:					3.28%
Maximum:					4.79%
Average:					3.95%

Capitalization Process

Estimate of Market Value Under the Income Approach

In concluding a capitalization rate for the subject property, we have considered the values for the residential and commercial components attributed to the overall development. In consideration of the preceding analysis, the current market value of the subject property as indicated by the Direct Capitalization Method, as of November 6, 2023, would be calculated as follows:

Residential Rental Component				
Stabilized Net Income	x	Cap Rate	=	Estimate of Value
\$1,364,899	x	4.25%	=	\$32,115,282
Commercial Component				
Stabilized Net Income	x	Cap Rate	=	Estimate of Value
\$300,827	x	4.50%	=	\$6,685,049
Total Estimate of Market Value				
				= \$38,800,331
Estimate of Value (Rounded):				= \$38,800,000
Total Stabilized Net Income				= \$1,665,727
Indicated Blended Cap Rate				= 4.29%

As of the effective date of valuation, the subject property is approximately 95% complete and is expected to receive the occupancy permit in December 2023. The values concluded herein assume 100% completion and rented as described herein, based on our extraordinary assumptions & limiting conditions and assuming an exposure time of 12-to 18-months. The values presume, as of the date of the report, the subject has attained that optimum occupancy level which an income producing real estate investment is expected to achieve under competent management and exposure to the market for a reasonable period of time and at terms considered comparable to competitive properties in the marketplace.

Given that the fully improved subject development has yet to be completed as of the date of appraisal this appraisal is considered hypothetical. It should be noted that any significant deviation from the building plans and information provided by our Client would invalidate the value conclusions reached in this report. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

Direct Comparison Approach

Introduction

The Direct Comparison Approach involves the process of comparing the subject property with others of similar character that have sold of recent date. This approach implies the Principle of Substitution, which affirms that a prudent person will not pay more for a property than the cost to buy an equally desirable substitute. In analyzing the sales data, various adjustments have to be made to reflect some of the following considerations: time, location, building size, quality, and age.

Under this approach, we have utilized the \$/unit method for the residential component of the subject property and the \$/sf of gross rentable area for the commercial component.

Residential Rental Component

We previously reviewed the capitalization rate comparables in the Income Approach, with the \$/unit ranging between **\$336,778 and \$752,273/unit**. The upper end of the range is defined by **Comparable 9 (Lynmour Apartments)**, a six-storey wood frame rental apartment building constructed circa 2022 and containing a total of 88 residential rental units, including 37 one-bedroom suites, 39 two-bedroom suites and 12 three-bedroom suites, ranging from ±572 sf to ±1,126sf. The development is located in North Vancouver and features a fitness area, lounge, BBQ area, garden plots, bike storage, parcel delivery system, co-working lounge and outdoor terrace. The comparable sold in December 2022 for \$66,200,000 or \$752,273/unit. The comparable is felt to provide good evidence of value for the subject given the new construction. A lower \$/unit value is warranted for the subject noting the prevailing market conditions and noting the unit mix of the comparable which does not include any studio units and does include some three-bedroom suites.

Also at the upper end of the range is **Comparable 8 (Hawthorne at Timber Court)**, a 5-storey concrete building situated in North Vancouver and containing a total of 75 units and 90 underground parking stalls. The development consists of 20 one-bedroom plus den suites, 5 two-bedroom suites, 26 two-bedroom plus den suites, and 24 three-bedroom suites. The property was constructed circa 2020 and sold in September 2021 for \$54,450,000 or \$726,000/unit. When compared to the subject, a value below \$726,000/unit is warranted for the subject considering the superior concrete construction of the comparable, for the prevailing market conditions, and again noting the unit mix of the comparable which does not include any studio units and does include a high percentage of three-bedroom suites.

Comparable 10 (Parque on Park) and **Comparable 11 (The CoMo)** provide the most recent 2023 sales evidence for a 93 unit rental apartment constructed circa 2022 for \$577,419/unit and a six-storey rental apartment building containing a total of 59 units for \$495,763/unit. The comparables are felt to provide good evidence for the subject given their recent construction and sales dates. A higher overall value is considered appropriate for the subject however noting the location of the comparables in the City of Langley and Coquitlam, respectively.

Direct Comparison Approach

Additional recent evidence of market value is provided by **Comparables 1, 3, 4 & 5** indicating a value range from \$490,566/unit to \$657,895/unit. The low end of the above range is defined by the recent September 2023 sale of **Comparable 3 (The Standard)** a 10-storey mixed use building constructed circa 2013 within Downtown Vancouver. The building features 106 residential units (as well as 2 commercial retail units). The comparable transacted for \$52,000,000 or \$490,566/unit based on the residential component only. The comparable offers a recent indication of value; however, downward adjustments are warranted for the comparable's superior location in Downtown Vancouver and slightly overstated value on a \$/unit basis given the inclusion of the commercial component within the sales price. Greater upward adjustments are considered for the subject's newer condition and micro-sized suites (average of 321 sf for the residential units) of the comparable development, suggesting a higher applicable \$/unit for the subject.

Conversely, the upper end of the comparable range is defined by the current listings of **Comparable 4 & 5** at \$581,395 and \$657,895/unit, respectively. **Comparable 2 (GEC Pearson)** provides evidence of value for a rental building inferiorly located south of the subject at an asking price of \$72,000,000 or \$581,395/unit. While a downward adjustment is considered given the listing status of the comparable, greater upward adjustments are required noting the smaller overall investment size of the subject, and the high percentage of studio units at the comparable.

Comparable 5 (Hub Place) is a 12-storey concrete mixed-use development completed circa 2023. The building comprises a total of 114 residential units (as well as 4 commercial units). The property was recently offered on the market through a bid with pricing guidance at \$75,000,000 or \$657,895/unit. However, this value is slightly overstated given the commercial component, warranting a slight downward adjustment. The units feature finishes similar to competing newer purpose built market rental buildings with condo-like finishes and in-suite laundry. The comparable is superior in terms of its concrete construction and high-rise nature and includes 91 market rental units and 23 MIRHPP units. Overall, a slightly higher per unit value is considered appropriate for the subject noting the much larger size and MIRHPP units associated with the comparable.

Based on the preceding, a value above \$657,895/unit but below \$726,000/unit is deemed reasonable for the subject. Based on our observations and our knowledge of the market generally, it is our opinion that an appropriate \$/unit value of the subject property's residential component, as of November 6, 2023, would be **\$680,000**.

Direct Comparison Approach

Commercial Retail Component

We have also reviewed comparable sales of ground floor strata units in the subject area. Given the lack of available evidence within the immediate area, we have expanded our search to include ground floor commercial strata units within relatively new mixed-use developments in other areas of Vancouver. In doing so, we have applied a \$/sf for the overall commercial area, with consideration that this component is demised into two separate units.

Direct Comparison Approach Comparables - Retail						
No.	Address	Year Built	Sale Date	Sale Price	Size (SF)	\$/SF
1	5707 Main Street Vancouver	2003	Nov-22	\$1,150,000	623	\$1,846
2	5721 Main Street Vancouver	2003	Sep-22	\$598,800	499	\$1,200
3	The Link 3591 Kingsway Vancouver	2020	Dec-22	\$1,390,000	1,044	\$1,331
4	Habitat 458 East Broadway 460 East Broadway 2520 Guelph Street 2526 Guelph Street 2528 Guelph Street Vancouver	2023	Jun-23 Jun-23 Jun-23 Jun-23 Jun-23	\$1,680,000 \$1,700,000 \$2,131,250 \$873,000 \$1,008,000	1,188 1,854 1,606 670 839	\$1,414 \$917 \$1,327 \$1,303 \$1,201
5	3615 West 16 Avenue Vancouver	2021	Listing	\$5,917,000	5,917	\$1,000
6	3605 West 16 Avenue Vancouver	2021	Listing	\$3,070,000	2,153	\$1,426
7	3151 Dunbar Street Vancouver	2021	Apr-22	\$2,304,381	1,803	\$1,278

Direct Comparison Approach

Comparables 1 & 2 are located directly opposite the subject on the southwest corner of Main Street and East 41 Avenue within an older 4-storey mixed-use retail/residential development constructed circa 2003. The comparables are much smaller in size ranging from ± 499 to ± 623 sf and sold in the latter half of 2022 at values equating to \$1,846/sf and \$1,200/sf, respectively. While the comparables are located in proximity to the subject and within an older building, lower values are considered appropriate for the subject considering the much smaller size of the comparable units.

Comparable 3 (The Link) comprises a fairly similar 6-storey mixed-use building constructed circa 2020 and located further east of the subject on the northwest corner of Kingsway and Lincoln Street. The comparable illustrates the December 2022 sale of a $\pm 1,044$ sf unit for \$1,390,000 or \$1,331/sf. When compared to the subject, downward adjustments are warranted for the prevailing interest rate environment and for the superior micro-location of the comparable.

Comparable 4 (Habitat at East Broadway and Guelph Street) illustrates the recently closed June 2023 sales of five ground floor commercial strata units within a newly constructed 4-storey mixed use retail/residential building. The units range from ± 670 to $\pm 1,854$ sf in size, were provided in shell condition and illustrate a value range from \$917 to \$1,414/sf. A value towards the lower end of the range is considered appropriate for the subject noting the larger overall size and slightly superior location of the comparable.

Comparable 5 (3615 West 16 Avenue), Comparable 6 (3605 West 16 Avenue) and Comparable 7 (3151 Dunbar Street) are ground floor commercial units situated within a new mixed-use development located further west of the subject on the northwest corner of West 16 Avenue and Dunbar Street. The comparable units range in size from $\pm 1,803$ to $\pm 5,917$ sf. **Comparable 7** comprises $\pm 1,803$ sf fronting Dunbar Street and sold in April 2022 for \$1,278/sf. **Comparables 5 and 6** are currently listed for sale at values ranging from \$1,000 to \$1,426/sf with the low end defined by a larger $\pm 5,917$ sf unit. The comparables are felt to provide good supporting evidence of value for the subject given their location within a new mixed-use development. An overall value towards the low end of the above range is considered appropriate for the subjects ground floor space considering the superior location and exposure of the comparable.

Based on the preceding analysis, it is our opinion that an appropriate \$/sf value of the subject property's commercial component, as of November 6, 2023, would be **\$1,000/sf**.

Estimate of Market Value under the Direct Comparison Approach

In consideration of the preceding analysis, the current market value of the subject property as indicated by the Direct Comparison Approach, as of November 6, 2023, would be calculated as shown on the following page:

Direct Comparison Approach

Residential Rental Component				
# of Units	x	Price/Unit	=	Estimate of Value
47	x	\$680,000	=	\$31,960,000
Commercial Component				
Gross Floor Area (sf)	x	Price/sf	=	Estimate of Value
6,939	x	\$1,000	=	\$6,939,000
Total Estimate of Market Value				
				= \$38,899,000
Estimate of Value (Rounded):				= \$38,900,000

As of the effective date of valuation, the subject property is approximately 95% complete and is expected to receive the occupancy permit in December 2023. The values concluded herein assume 100% completion and rented as described herein, based on our extraordinary assumptions & limiting conditions and assuming an exposure time of 12-to 18-months. The values presume, as of the date of the report, the subject has attained that optimum occupancy level which an income producing real estate investment is expected to achieve under competent management and exposure to the market for a reasonable period of time and at terms considered comparable to competitive properties in the marketplace.

Given that the fully improved subject development has yet to be completed as of the date of appraisal this appraisal is considered hypothetical. It should be noted that any significant deviation from the building plans and information provided by our Client would invalidate the value conclusions reached in this report. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

Reconciliation & Final Estimate of Value

Income Approach

The Income Approach is a method of estimating the value of a property based on the present or discounted worth of the anticipated income benefits that it may reasonably be expected to produce during the course of its remaining economic life. The Income Approach considers return on investment to be a primary motivation for the purchase of an income producing property. We have used the income approach to estimate the value of the subject property 'as if complete and achieving stabilized rents' and as an income-producing property which is rented. The stabilized net income of the subject property has been calculated based on projected rental rates for the residential component, as well as contract rents for the commercial component, and with projected expenses. We have utilized the Direct Capitalization Method of valuing the income producing capacity of the subject property. The range of capitalization rates provides an accurate reflection of cash returns required by investors in the area.

Direct Comparison Approach

The Direct Comparison Approach is based upon the principal of substitution and assumes an informed buyer would pay no more for a property than the cost of acquiring an existing property having the same utility as the subject property. This method is considered most appropriate where there is an adequate volume of recent sales data to be used in the comparison process. In the Direct Comparison Approach, comparable rental residential and mixed-use buildings were analyzed to estimate the value of the subject 'as if complete and achieving stabilized rents'. This approach is thought to provide a supporting value for the subject property.

Summary & Final Estimate of Value

As per our terms of reference, we have provided an estimate of market value for the subject development assuming it is 100% leased and achieving stabilized rents. Overall, both approaches provide a good indication of value for the subject property; however, the subject is considered an income-producing asset and any potential purchaser would acquire the property based on its income generating capabilities.

Based upon our investigation of the real estate market and after considering all of the pertinent facts as set forth in the body of this appraisal report, subject to the Extraordinary Assumptions and Limiting Conditions herein, as of November 6, 2023, we have concluded the following:

Income Approach	\$38,800,000
Direct Comparison Approach	\$38,900,000
Cost Approach	n/a
Final Estimate of Value	\$38,800,000

Reconciliation & Final Estimate of Value

As of the effective date of valuation, the subject property is approximately 95% complete and is expected to receive the occupancy permit in December 2023. The values concluded herein assume 100% completion and rented as described herein, based on our extraordinary assumptions & limiting conditions and assuming an exposure time of 12-to 18-months. The values presume, as of the date of the report, the subject has attained that optimum occupancy level which an income producing real estate investment is expected to achieve under competent management and exposure to the market for a reasonable period of time and at terms considered comparable to competitive properties in the marketplace.

Given that the fully improved subject development has yet to be completed as of the date of appraisal this appraisal is considered hypothetical. It should be noted that any significant deviation from the building plans and information provided by our Client would invalidate the value conclusions reached in this report. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

Certification

We certify that, to the best of our 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 our impartial and unbiased professional analyses, opinions and conclusions;
3. We 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. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. Our 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. Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the CUSPAP;
7. We 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; and
10. The undersigned is (are all) members in good standing of the Appraisal Institute of Canada.

By reason of our investigation and by virtue of our experience, we have been able to form and have formed the opinion that as of the effective date of valuation, the subject property has a current market value of:

PROPERTY IDENTIFICATION & FINAL ESTIMATE OF VALUE	
Address	188 East Woodstock Avenue, Vancouver, British Columbia
Legal Description	Lot 1 Block L District Lots 639 and 640 Group 1 New Westminster District Plan EPP86476
Effective Date of Valuation	October 6, 2023
Parcel Identifiers (PIDs)	030-675-707
Final Estimate of Value As-If Complete	\$38,800,000

Certification

As of the effective date of valuation, the subject property is approximately 95% complete and is expected to receive the occupancy permit in December 2023. The values concluded herein assume 100% completion and rented as described herein, based on our extraordinary assumptions & limiting conditions and assuming an exposure time of 12-to 18-months. The values presume, as of the date of the report, the subject has attained that optimum occupancy level which an income producing real estate investment is expected to achieve under competent management and exposure to the market for a reasonable period of time and at terms considered comparable to competitive properties in the marketplace.

Given that the fully improved subject development has yet to be completed as of the date of appraisal this appraisal is considered hypothetical. It should be noted that any significant deviation from the building plans and information provided by our Client would invalidate the value conclusions reached in this report. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

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 signature:



Name: Steven Caldecott

AIC designation/status: AACI, P.App

Membership #: s.22(3)(d)

Date of report/date signed: November 17, 2023

Personally inspected the subject property: Yes

Date of inspection: November 6, 2023

Source of digital signature security:

Encrypted PDF File

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

Contingent and Limiting Conditions

Assumptions, Limiting Conditions, Disclaimers and Limitations of Liability

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.

Contingent and Limiting Conditions

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.

Contingent and Limiting Conditions

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. 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.
17. Values contained in this appraisal are based on market conditions as at the time of this report. This appraisal does not provide a prediction of future values. In the event of market instability and/or disruption, values may change rapidly and such potential future events have NOT been considered in this report. As this appraisal does not and cannot consider any changes to the property appraised or market conditions after the effective date, readers are cautioned in relying on the appraisal after the effective date noted herein.
18. In the event that a party entitled to do so, makes a claim against Avison Young Valuation & Advisory Services, LP or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement of the Appraisal, the maximum damages recoverable from Avison Young Valuation & Advisory Services, LP or any of its parent companies or their respective officers or employees shall be the amount of the monies actually collected by us for this assignment and under no circumstances shall any claim for consequential damages be made. In the event that our invoice remains unpaid and we must enlist the assistance of a collection agency, you agree to pay the fees for collection in addition to attorney's fees.

Appendix

- A. Certificate of Title
- B. CD-1 (723) Zoning By-Law
- C. Housing Covenant
- D. Draft Purchase Contract
- E. Management Agreement
- F. West Coast Liquor Lease
- G. Physiolab Clinic 41 Ltd. Lease
- H. Qualifications of the Appraiser

Appendix "A"

Certificate of Title

TITLE SEARCH PRINT

2023-11-03, 15:20:37

File Reference:

Requestor: Steven Caldecott

****CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN******Land Title District**

VANCOUVER

Land Title Office

VANCOUVER

Title Number

CB720371

From Title Number

CA7258319

Application Received

2023-06-29

Application Entered

2023-07-11

Registered Owner in Fee Simple

Registered Owner/Mailing Address:

188 EAST WOODSTOCK HOLDINGS INC., INC.NO. BC0897506
#200, 1029 - 17TH AVENUE S.W.
CALGARY, AB
T2T 0A9**Taxation Authority**

Vancouver, City of

Description of Land

Parcel Identifier:

030-675-707

Legal Description:

LOT 1 BLOCK L DISTRICT LOTS 639 AND 640 GROUP 1 NEW WESTMINSTER DISTRICT
PLAN EPP86476**Legal Notations**

HOUSING AGREEMENT, VANCOUVER CHARTER, S. 565.2, SEE CA7258323

PERSONAL PROPERTY SECURITY ACT NOTICE SEE CA9719598 EXPIRES 2027/02/01

NOTICE OF INTEREST, BUILDERS LIEN ACT (S.3(2)), SEE CB720372
FILED 2023-06-29**Charges, Liens and Interests**

Nature:

EASEMENT AND INDEMNITY AGREEMENT

Registration Number:

305021M

Registration Date and Time:

1960-01-22 11:35

Registered Owner:

CITY OF VANCOUVER

TITLE SEARCH PRINT

2023-11-03, 15:20:37

File Reference:

Requestor: Steven Caldecott

Nature: COVENANT
Registration Number: CA7258320
Registration Date and Time: 2018-12-18 14:37
Registered Owner: CITY OF VANCOUVER

Nature: STATUTORY RIGHT OF WAY
Registration Number: CA7258324
Registration Date and Time: 2018-12-18 14:37
Registered Owner: CITY OF VANCOUVER

Nature: COVENANT
Registration Number: CA7258327
Registration Date and Time: 2018-12-18 14:37
Registered Owner: CITY OF VANCOUVER

Nature: COVENANT
Registration Number: CA7258330
Registration Date and Time: 2018-12-18 14:37
Registered Owner: CITY OF VANCOUVER

Nature: COVENANT
Registration Number: CA7630391
Registration Date and Time: 2019-07-18 11:42
Registered Owner: BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Nature: STATUTORY RIGHT OF WAY
Registration Number: CA8506315
Registration Date and Time: 2020-10-20 10:49
Registered Owner: TELUS COMMUNICATIONS INC.
INCORPORATION NO. BC1101218

Nature: MORTGAGE
Registration Number: CA9236391
Registration Date and Time: 2021-07-29 16:51
Registered Owner: PROSPERA CREDIT UNION

Nature: ASSIGNMENT OF RENTS
Registration Number: CA9236392
Registration Date and Time: 2021-07-29 16:51
Registered Owner: PROSPERA CREDIT UNION

TITLE SEARCH PRINT

2023-11-03, 15:20:37

File Reference:

Requestor: Steven Caldecott

Nature: MORTGAGE
Registration Number: CA9242211
Registration Date and Time: 2021-07-30 15:19
Registered Owner: BANCORP GROWTH MORTGAGE FUND II LTD.
INCORPORATION NO. BC0856914
BANCORP FINANCIAL SERVICES INC.
INCORPORATION NO. BC0712503
BANCORP BALANCED MORTGAGE FUND II LTD.
INCORPORATION NO. BC0856913

Nature: ASSIGNMENT OF RENTS
Registration Number: CA9242212
Registration Date and Time: 2021-07-30 15:19
Registered Owner: BANCORP GROWTH MORTGAGE FUND II LTD.
INCORPORATION NO. BC0856914
BANCORP FINANCIAL SERVICES INC.
INCORPORATION NO. BC0712503
BANCORP BALANCED MORTGAGE FUND II LTD.
INCORPORATION NO. BC0856913

Nature: CLAIM OF BUILDERS LIEN
Registration Number: CB978722
Registration Date and Time: 2023-10-20 15:56
Registered Owner: MALLEN GOWING BERZINS ARCHITECTURE INCORPORATED
INCORPORATION NO. BC0723882

Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

Appendix "B"

CD-1 (723) Zoning Bylaw



City of Vancouver *Zoning and Development By-law*

Planning, Urban Design and Sustainability Department

453 West 12th Avenue, Vancouver, BC V5Y 1V4 | tel: 3-1-1, outside Vancouver 604.873.7000 | fax: 604.873.7100
website: vancouver.ca | email: planning@vancouver.ca | app: VanConnect

CD-1 (723)

*5679 Main Street
(189-193 East 41st Avenue and
5679-5695 Main Street)*

[*By-law No. 12363*](#)

(Being a By-law to Amend By-law 3575, being the Zoning and Development By-law)

Effective February 12, 2019

1 Zoning District Plan Amendment

This By-law amends the Zoning District Plan attached as Schedule D to By-law No. 3575, and amends or substitutes the boundaries and districts shown on it, according to the amendments, substitutions, explanatory legends, notations, and references shown on the plan marginally numbered Z-732 (a) attached as Schedule A to this By-law, and incorporates Schedule A into Schedule D, to the By-law No. 3575.

2 Uses

2.1 The description of the area shown within the heavy black outline on Schedule A is CD-1 (723).

2.2 Subject to Council approval of the form of development, to all conditions, guidelines and policies adopted by Council, and to the conditions set out in this By-law or in a development permit, the only uses permitted within CD-1 (723), and the only uses for which the Director of Planning or Development Permit Board will issue development permits are:

- (a) Cultural and Recreational Uses, limited to Arcade, Artist Studio, Arts and Culture Indoor Event, Billiard Hall, Bowling Alley, Club, Community Centre or Neighbourhood House, Fitness Centre, Hall, Library, Museum or Archives, Park or Playground, and Theatre;
- (b) Dwelling Uses, limited to Dwelling Units in conjunction with any of the uses listed in this By-law, and Multiple Dwelling;
- (c) Institutional uses, limited to Child Day Care Facility and Church;
- (d) Manufacturing Uses, limited to Jewellery Manufacturing, and Printing and Publishing;
- (e) Office Uses;
- (f) Retail Uses, limited to Farmers' Market, Furniture or Appliance Store, Grocery or Drug Store, Liquor Store, Public Bike Share, Retail Store, Secondhand Store, and Small-scale Pharmacy;
- (g) Service Uses, limited to Animal Clinic, Auction Hall, Barber Shop or Beauty Salon, Beauty and Wellness Centre, Catering Establishment, Laundromat or Dry Cleaning Establishment, Neighbourhood Public House, Photofinishing or Photography Laboratory, Photofinishing or Photography Studio, Print Shop, Repair Shop, Restaurant – Class 1, Restaurant – Class 2, School – Arts or Self Improvement, School – Business, and School – Vocational or Trade;
- (h) Utility and Communications Uses, limited to Public Utility and Radiocommunication Station; and
- (i) Accessory uses customarily ancillary to the uses permitted in this section.

3 Conditions of use

3.1 All commercial uses permitted in this By-law shall be carried on wholly within a completely enclosed building except for the following:

- (a) Farmers' Market;
- (b) Neighbourhood Public House;
- (c) Public Bike Share;
- (d) Restaurant; and
- (e) display of flowers, plants, fruits and vegetables in conjunction with a permitted use.

3.2 The design and layout of at least 35% of the dwelling units must:

- (a) be suitable for family housing;
- (b) include two or more bedrooms; and
- (c) comply with Council's "High-Density Housing for Families with Children Guidelines".

4 Floor area and density

- 4.1 Computation of floor space ratio must assume that the site area is 1,083.4 m², being the site area at the time of the application for the rezoning evidenced by this By-law, and before any dedications.
- 4.2 The floor space ratio for all uses must not exceed 3.50, except that the floor space ratio for non-residential uses must be at least 0.65.
- 4.3 Computation of floor area must include all floors, including earthen floor, above and below ground level, having a minimum ceiling height of 1.2 m, measured to the extreme outer limits of the building.
- 4.4 Computation of floor area must exclude:
- (a) open residential balconies or sun decks and any other appurtenances which, in the opinion of the Director of Planning, are similar to the foregoing, except that:
 - (i) the total area of all such exclusions must not exceed 12% of the residential floor area, and
 - (ii) the balconies must not be enclosed for the life of the building;
 - (b) patios and roof gardens, if the Director of Planning first approves the design of sunroofs and walls;
 - (c) where floors are used for off-street parking and loading, the taking on or discharging of passengers, bicycle storage, heating and mechanical equipment or uses, which in the opinion of the Director of Planning are similar to the foregoing, those floors or portions thereof so used that are at or below base surface, except that the maximum exclusion for a parking space must not exceed 7.3 m in length;
 - (d) all residential storage area above or below base surface, except that if the residential storage area above base surface exceeds 3.7 m² per dwelling unit, there will be no exclusion for any of the residential storage area above base surface for that unit.
- 4.5 Computation of floor area may exclude amenity areas, except that the total exclusion for amenity areas must not exceed 10% of permitted floor area.
- 4.6 The use of floor area excluded under sections 4.4 and 4.5 must not include any use other than that which justified the exclusion.

5 Building height

Building height, measured from base surface, must not exceed 23.0 m.

6 Horizontal angle of daylight

- 6.1 Each habitable room must have at least one window on an exterior wall of a building.
- 6.2 The location of each such exterior window must allow a plane or planes extending from the window and formed by an angle of 50 degrees, or two angles with a sum of 70 degrees, to encounter no obstruction over a distance of 24.0 m.
- 6.3 Measurement of the plane or planes referred to in section 6.2 must be horizontally from the centre of the bottom of each window.
- 6.4 The Director of Planning or Development Permit Board may relax the horizontal angle of daylight requirement, if:
- (a) the Director of Planning or Development Permit Board first considers all of the applicable policies and guidelines adopted by Council; and

(b) the minimum distance of the unobstructed view is not less than 3.7 m.

6.5 An obstruction referred to in Section 6.2 means:

- (a) any part of the same building including permitted projections; or
- (b) the largest building permitted under the zoning on any site adjoining CD-1 (723).

6.6 A habitable room referred to in Section 6.1 does not include:

- (a) a bathroom; or
- (b) a kitchen whose floor area is the lesser of:
 - (i) 10% or less of the total floor area of the dwelling unit, or
 - (ii) 9.3 m².

7 Acoustics

A development permit application for dwelling uses must include an acoustical report prepared by a licensed professional acoustical engineer demonstrating that the noise levels in those portions of the dwelling units listed below will not exceed the noise levels expressed in decibels set opposite such portions of the dwelling units. For the purposes of this section the noise level is the A-weighted 24-hour equivalent (Leq24) sound level and will be defined simply as noise level in decibels.

Portions of dwelling units	Noise levels (Decibels)
Bedrooms	35
Living, dining, recreation rooms	40
Kitchen, bathrooms, hallways	45

8 Severability

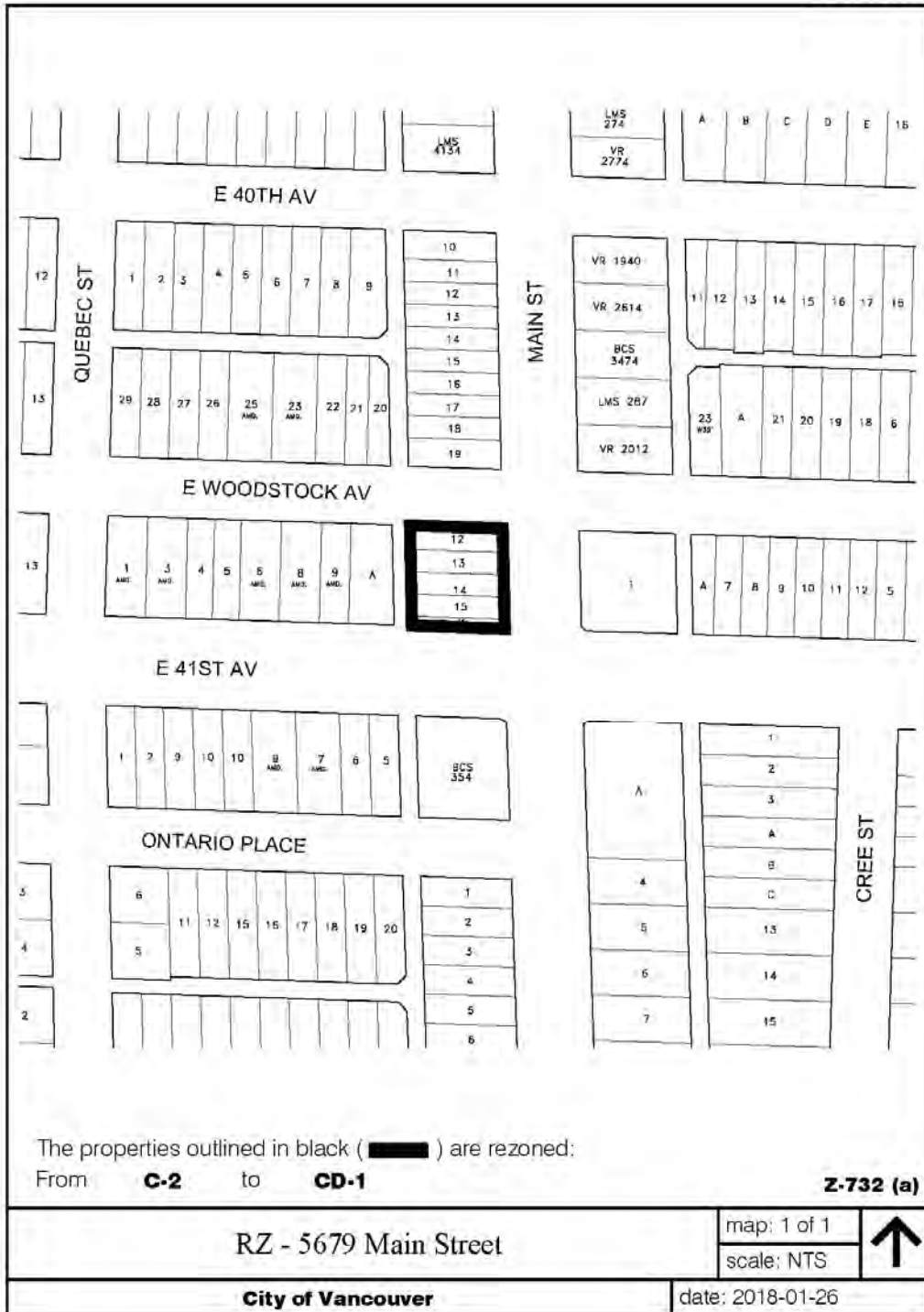
A decision by a court that any part of this By-law is illegal, void, or unenforceable severs that part from this By-law, and is not to affect the balance of this By-law.

9 Force and effect

This By-law is to come into force and take effect on the date of its enactment.

ENACTED by Council this 12th day of February, 2019

Schedule A



CD-1 (723)

Back-up Notes Summary Page

5679 Main Street (189-193 East 41st Avenue and 5679-5695 Main Street)

Public Hearing – February 20, 2018 - Item 2 – [Agenda](#) | [Minutes](#)

Summary – Rezone from C-2 (Commercial) District to permit a new six-storey mixed-use building with 46 secured market rental housing units, at a height of 23.0 m (75 ft.) and a floor space ratio (FSR) of 3.50.

By-law enacted on October 30, 2018 – [By-law No. 12303](#) (Housing Agreement)

By-law enacted on February 12, 2019 – [By-law No. 12363](#) (Zoning and Development)

By-laws enacted on February 26, 2019 – [By-law No. 12372](#) (Sign), [By-law No. 12373](#) (Noise Control)

Appendix "C"

Housing Covenant

NEW WESTMINSTER LAND TITLE OFFICE

LAND TITLE ACT
FORM C (Section 233) CHARGE
GENERAL INSTRUMENT - PART 1 Province of British Columbia

Jul-18-2019 11:42:45.001

CA7630391 CA7630393

PAGE 1 OF 10 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Richard David Rabson
R9ARVD

Digitally signed by Richard David Rabson R9ARVD
Date: 2019.07.18 11:33:49 -07'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)
- GOWLING WLG (CANADA) LLPLTO No. 011440
Barristers & Solicitors, P.O. Box 30Phone No. (604) 683-6498
Suite 2300 - 550 Burrard StreetMatter No. V50355
VancouverBC V6C 2B5Document ID No. 3083073
Document Fees: \$222.48Deduct LTSA Fees? Yes ☒

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
- [PID][LEGAL DESCRIPTION]
- 030-675-707LOT 1 BLOCK L DISTRICT LOTS 639 AND 640 GROUP 1 NEW WESTMINSTER
DISTRICT PLAN EPP86476
- STC? YES ☐

3. NATURE OF INTERESTCHARGE NO. ADDITIONAL INFORMATION
- SEE SCHEDULE

4. TERMS: Part 2 of this instrument consists of (select one only)
- (a) ☐ Filed Standard Charge Terms D.F. No. (b) ☒ Express Charge Terms Annexed as Part 2
- A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):
- SEE SCHEDULE

6. TRANSFEREE(S): (including postal address(es) and postal code(s))
- BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION
- SUITE 1701 - 4555 KINGSWAY
BURNABYBRITISH COLUMBIA
V5H 4V8CANADA

7. ADDITIONAL OR MODIFIED TERMS:
- N/A

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

RICHARD D. RABSON
GOWLING WLG (CANADA) LLP
BARRISTER & SOLICITOR
550 BURRARD STREET - SUITE 2300
BENTALL 5 - VANCOUVER, B.C.
V6C 2B5
TELEPHONE: (604) 801-7311

Execution Date

Y	M	D
19	06	20

Transferor(s) Signature(s)

RENDITION (E41)
DEVELOPMENTS INC., by its
authorized signatory(ies):

Print Name: Brian Roche

Print Name:

OFFICER CERTIFICATION:
Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

**LAND TITLE ACT
FORM D****EXECUTIONS CONTINUED**

PAGE 2 of 10 PAGES

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

Tiesha Marie Jordon

19 07 09

BRITISH COLUMBIA HOUSING
MANAGEMENT COMMISSION, by is
authorized signatory(ies):

A Commissioner for Taking Affidavits for British Columbia

BC Housing Management Commission
203 - 4555 Kingsway
Burnaby, BC V5H 4T8
Tel: (604) 646-7063
Exp date: 04/30/2022Print Name: WENDY ACHESON
VP & Registrar

Print Name:

Mark A. Janetka

19 06 21

BLUESHORE FINANCIAL CREDIT
UNION, by its authorized signatory(ies):Commissioner for Taking Affidavits
for the Province of British Columbia
Expiry: February 28, 2022
BLUESHORE FINANCIAL CREDIT
UNION
1250 LONSDALE AVE
NORTH VANCOUVER BC
V7M 2H6

Print Name: MICHAEL YUEN

Print Name: GOLDEN MA

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

**LAND TITLE ACT
FORM D****EXECUTIONS CONTINUED**

PAGE 3 of 10 PAGES

Officer Signature(s)	Execution Date			Transferor / Borrower / Party Signature(s)
	Y	M	D	
Kelly May Chiu A Commissioner for Taking Affidavits in and for the province of British Columbia My Commission expires June 30, 2021 Bancorp Financial Services Inc. Suite 1420 - 1090 West Georgia Street Vancouver, BC V6E 3V7 Tel: 604-609-7115 "as to both signatures"	19	07	04	BANCORP GROWTH MORTGAGE FUND II LTD., by its authorized signatory(ies): Print Name: Michael Saba Print Name: Garry Wong
Kelly May Chiu A Commissioner for Taking Affidavits in and for the province of British Columbia My Commission expires June 30, 2021 Bancorp Financial Services Inc. Suite 1420 - 1090 West Georgia Street Vancouver, BC V6E 3V7 Tel: 604-609-7115 "as to both signatures"	19	07	04	BANCORP FINANCIAL SERVICES INC., by its authorized signatory(ies): Print Name: Michael Saba Print Name: Garry Wong
Kelly May Chiu A Commissioner for Taking Affidavits in and for the province of British Columbia My Commission expires June 30, 2021 Bancorp Financial Services Inc. Suite 1420 - 1090 West Georgia Street Vancouver, BC V6E 3V7 Tel: 604-609-7115 "as to both signatures"	19	07	04	BANCORP BALANCED MORTGAGE FUND II LTD., by its authorized signatory(ies): Print Name: Michael Saba Print Name: Garry Wong

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

LAND TITLE ACT
FORM E

SCHEDULEPAGE 4 OF 10 PAGES

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
Covenant		Entire Instrument

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
Priority Agreement		granting above Covenant priority over Mortgage CA5120185 and Assignment of Rents CA5120186

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
Priority Agreement		granting above Covenant priority over Mortgage CA6777452 and Assignment of Rents CA6777453

NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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NATURE OF INTEREST	CHARGE NO.	ADDITIONAL INFORMATION
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**LAND TITLE ACT
FORM E****SCHEDULE**

PAGE 5 OF 10 PAGES

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM, OR GENERAL INSTRUMENT FORM.

5. TRANSFEROR(S):

RENDITION (E41) DEVELOPMENTS INC., INC. NO. BC0897506

BLUESHORE FINANCIAL CREDIT UNION, INC. NO. FI - 18 (as to Priority)

BANCORP GROWTH MORTGAGE FUND II LTD., INC. NO. BC0856914 (as to Priority)

BANCORP FINANCIAL SERVICES INC., INC. NO. BC0712503 (as to Priority)

BANCORP BALANCED MORTGAGE FUND II LTD., INC. NO. BC0856913 (as to Priority)

TERMS OF INSTRUMENT - PART 2
SECTION 219 COVENANT

THIS AGREEMENT made as of the 20th day of June, 2019.

BETWEEN:

RENDITION (E41) DEVELOPMENTS INC. (Inc. No. BC0897506),
of 302-1220 East Pender Street, Vancouver, BC, V6A 1W7

(the "Owner")

AND:

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION,
a Crown Corporation having its offices at
Suite 1701 - 4555 Kingsway, Burnaby, BC, V5H 4V8

(the "BCHMC")

WHEREAS:

- A. The Owner is the registered owner of the property (the "**Lands**") situated, lying and being in the City of Vancouver, in the Province of British Columbia, described in Item 2 of Form C to which this Terms of Instrument (the "**Agreement**") is attached;
- B. Section 219 of the Land Title Act, R.S.B.C. 1996, c.250, and amendments thereto (the "**Land Title Act**"), states that a covenant in favour of a Crown Corporation may be registered as a charge against the title to land and is enforceable against the covenantor and its successors in title even if the covenant is not annexed to land owned by the Crown Corporation;
- C. The Owner wishes to develop the Lands and construct on the Lands a multi-unit building (the "**Development**") which is to be held for Rental Purposes and owned by the Owner;
- D. It is a condition of the BCHMC that the Owner, to be exempt from certain provisions of the Homeowner Protection Act (the "**Act**") and the Homeowner Protection Act Regulation (the "**Regulations**"), must register this covenant against the Lands and Development;
- E. The Owner has agreed to grant this Agreement which charges the Development and Lands;

NOW THEREFORE, pursuant to Section 219 of the Land Title Act and in consideration of One Dollar (\$1.00) now paid by the BCHMC to the Owner, the receipt and sufficiency of which is hereby acknowledged, and of the premises herein contained, the parties covenant and agree as follows:

- 1. In this Agreement, the terms and words used, the first letters of which are capitalized, have the meanings set out in the Act and Regulations, unless specifically defined in this Agreement.
- 2. The Owner, for itself and its successors and assigns, covenants and agrees with BCHMC, as a covenant running with the Lands, that the Owner will not:

- (a) sell or otherwise dispose of any Dwelling Unit in the Development to be constructed on the Lands for a period of 10 years from the date that the first Dwelling Unit in the Development constructed on the Lands is first occupied, except together with all Dwelling Units in the Development constructed on the Lands;
 - (b) during the 10-year period set out in paragraph 2(a), use the Dwelling Units and Common Property in the Development constructed on the Lands, or allow them to be used, except for Rental Purposes.
- 3. Nothing contained in or implied by this Agreement shall prejudice or affect the rights and powers of the BCHMC in the exercise of its functions under the Act, the Regulations, or any public or private statutes, bylaws, orders and regulations, all of which may be fully and effectively exercised in relation to the Lands and Development as if this Agreement had not been executed and delivered by the Owner.
- 4. The Owner hereby agrees to indemnify and save harmless the BCHMC, and its appointed directors, officials, officers, employees, and agents from and against any loss, damage, debts, claims, liabilities, obligations, costs (including solicitor and own client costs incurred by the BCHMC in the enforcement of the Owner's obligations under this Agreement) or causes of action which the BCHMC and its appointed directors, officials, officers, employees and agents, or any of them, may suffer, incur, or be put arising whether directly or indirectly, out of a breach of any covenant or condition of this Agreement by the Owner or its directors, officers, employees, or agents, or any other person for whom it is legally responsible.
- 5. The Owner agrees to cause the registrable interest in the Lands expressly agreed to be granted pursuant to this Agreement to be registered in the Land Title Office as a first registered charge against the Lands, save only for:
 - (a) any reservations, liens, charges or encumbrances contained in any grant from Her Majesty the Queen in Right of the Province of British Columbia respecting the Lands;
 - (b) any non-financial easements and restrictive covenants in favour of third parties over which, in the sole opinion of the Registrar of the BCHMC, priority for this Agreement is not required.
- 6. If the Land Title Office rejects the registration of this Agreement, then the parties will re-execute and the Owner will re-register the same in a form and style acceptable to the Land Title Office.
- 7. The Owner represents and warrants to and covenants and agrees with the BCHMC that:
 - (a) it has the full and complete power, authority and capacity to enter into, execute and deliver this Agreement and to bind all legal and beneficial interests in the title to the Lands and Development with the interest in land created hereby;
 - (b) upon execution and delivery of this Agreement and registration therefor, the interest in land created hereby will encumber all legal and beneficial interests in the title to the Lands and Development;
 - (c) this Agreement will be fully and completely binding on the Owner in accordance with the terms hereto and the Owner will perform all of its obligations under this Agreement in accordance with the terms hereof; and

- (d) the foregoing representations, warranties, covenants and agreements will have force and effect notwithstanding any knowledge on the part of the BCHMC, whether actual or constructive, concerning the status of the Owner, the Development or the Lands, or any other matter.
8. In any action or proceeding concerning this Agreement, including any application seeking the specific performance of the Owner's obligations under this Agreement, the BCHMC will be entitled to be indemnified for its costs on a solicitor-and-own-client basis.
9. The Owner agrees that damages are not an adequate remedy for the BCHMC for any breach by the Owner of its obligations under this Agreement and that the BCHMC is entitled to an order for specific performance or a prohibitory or mandatory injunction to compel performance of the Owner's obligations.
10. The parties to this Agreement will do the things and execute the documents as may reasonably be necessary to perfect the intention of the Agreement as prescribed by the Act and Regulations.
11. All obligations and covenants in this Agreement are severable, so that if any are held or declared by a court of competent jurisdiction to be void or unenforceable, the balance of the obligations and covenants will remain and be binding.
12. No alleged waiver of any breach of this Agreement is effective unless it is an express and specific waiver in writing, which will not operate as a waiver of any other breach of this Agreement.
13. The covenants set forth in this Agreement shall charge the Lands pursuant to Section 219 of the Land Title Act and shall be covenants, the burden of which shall run with the Lands. It is further expressly agreed that the benefit of all covenants made by the Owner herein shall accrue solely to the BCHMC and that this Agreement may only be modified or discharged by agreement of the BCHMC, pursuant to the provisions of Section 219(9) of the Land Title Act. If requested by the Owner following the expiration of the 10-year period set out in Section 2, or if the Owner submits to the BCHMC evidence of home warranty coverage as required under the Act and the Regulations and payment of the reconstruction fee authorized by section 26 of the Act, such evidence to be in a form acceptable to the Registrar of the BCHMC, the BCHMC will execute and deliver a registrable release of the covenants set forth in this Agreement but the owner shall bear the preparation and registration costs.
14. Notwithstanding anything in this Agreement, the Owner shall not be liable under any of the covenants and agreements contained herein where such liability arises after the Owner ceases to have any further interest in the Lands.
15. Wherever the singular or masculine is used herein, the same shall be construed as meaning the plural, feminine or body corporate or politic where the context of the parties so requires.
16. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement on Form C, to which this Agreement is attached and which forms a part of this Agreement, effective as of the date first above written.

CONSENT AND PRIORITY INSTRUMENT

In this consent and priority instrument:

- (a) "Existing Charges" means the Mortgage registered under number CA5120185 and the Assignment of Rents registered under number CA5120186;
- (b) "Existing Chargeholders" means, BlueShore Financial Credit Union;
- (c) "New Charges" means the registrable charges and encumbrances created by and contained in the attached Terms of Instrument – Part 2; and
- (d) words capitalized in this instrument, not otherwise defined herein, have the meaning ascribed to them in the attached Terms of Instrument – Part 2.

For \$10.00 and other good and valuable consideration, the receipt and sufficiency of which the Existing Chargeholder acknowledges, the Existing Chargeholder:

- (i) consents to the Owner granting the New Charges to BCHMC; and
- (ii) agrees with BCHMC that the New Charges charge the Lands in priority to the Existing Charges in the same manner and to the same effect as if the Owner had granted the New Charges, and they had been registered against title to the Lands, prior to the grant or registration of the Existing Charges or the advance of any money under the Existing Charges.

To witness this consent and priority instrument, the Existing Chargeholder has caused its duly authorized signatories to sign the attached General Instrument – Part 1.

CONSENT AND PRIORITY INSTRUMENT

In this consent and priority instrument:

- (a) "Existing Charges" means the Mortgages registered under number CA6777452 and the Assignments of Rents registered under number CA6777453;
- (b) "Existing Chargeholders" means, together, Bancorp Growth Mortgage Fund II Ltd., Bancorp Financial Services Inc. and Bancorp Balanced Mortgage Fund II Ltd.;
- (c) "New Charges" means the registrable charges and encumbrances created by and contained in the attached Terms of Instrument – Part 2; and
- (d) words capitalized in this instrument, not otherwise defined herein, have the meaning ascribed to them in the attached Terms of Instrument – Part 2.

For \$10.00 and other good and valuable consideration, the receipt and sufficiency of which the Existing Chargeholder acknowledges, the Existing Chargeholder:

- (i) consents to the Owner granting the New Charges to BCHMC; and
- (ii) agrees with BCHMC that the New Charges charge the Lands in priority to the Existing Charges in the same manner and to the same effect as if the Owner had granted the New Charges, and they had been registered against title to the Lands, prior to the grant or registration of the Existing Charges or the advance of any money under the Existing Charges.

To witness this consent and priority instrument, the Existing Chargeholder has caused its duly authorized signatories to sign the attached General Instrument – Part 1.

END OF DOCUMENT

Appendix "D"

Draft Purchase Contract

PURCHASE CONTRACT

Effective Date: November 14, 2023

Parties: City of Vancouver and 188 East Woodstock Holdings Inc.

Consideration: In return for the Deposit and the Buyer's agreements, the receipt and sufficiency of which the Seller acknowledges, and in return for the Seller's agreements, the receipt and sufficiency of which the Buyer acknowledges, the Seller and Buyer agree to be bound by the terms and conditions of this Contract.

Contract terms and conditions: The Seller and Buyer represent and agree that:

SECTION 1 INTERPRETATION

1.1 Definitions. In this Contract:

- 1.1.1 "Builders Lien" means Claim of Builders Lien CB978722 registered against title to the Property in favour of Mallen Gowing Berzins Architecture Incorporated;
- 1.1.2 "Buyer" means the City of Vancouver;
- 1.1.3 "Buyer's Personnel" means any and all of the elected and appointed officials, officers, employees, agents, nominees, delegates, permittees, contractors, subcontractors and volunteers of the Buyer;
- 1.1.4 "City's Legal Director" means the Director of Legal Services for the City of Vancouver;
- 1.1.5 "Closing Date" means the day that is 25 days after the Buyer issues a notice of satisfaction under section or, if the LTO is not open on that day, the first following day that the LTO is open for business;
- 1.1.6 "Contaminants" mean any deleterious, dangerous, hazardous, corrosive, or toxic substances, pollutants, goods, waste or contaminated material, including underground storage tanks, urea formaldehyde insulation, asbestos and PCB transformers, the manufacture, storage, handling, treatment, generation, use, or transport, or release, disposal or discharge into the Environment of which is controlled, regulated, licensed, or prohibited by any Environmental Laws, or which are or may be deleterious, dangerous, or hazardous to human, animal or plant health or life or the Environment.
- 1.1.7 "Contract" means this document and attached schedules;
- 1.1.8 "Deposit" means \$0.00;
- 1.1.9 "Effective Date" means the date set out at the start of this Contract;

- 1.1.10 "Environment" means land including soil, sediment deposited on land, fill and land submerged under water, air including all layers of the atmosphere, and water including oceans, lakes, rivers, streams, ground water, and surface water;
- 1.1.11 "Environmental Laws" mean all laws, statutes, regulations, rules, bylaws, orders, directives, standards, guidelines, and other lawful requirements of any government body, and all principles of common law and equity concerning the quality of the Environment, that apply to the Property and its surrounding Environment;
- 1.1.12 "Financial Charges" mean mortgages and assignments of rents registered against title to the Land on the Effective Date;
- 1.1.13 "Guidelines" means the Housing Guidelines issued by the City of Vancouver as may be modified from time to time; [Gord, any other description of building finishings, components or standards to which the building must be built/delivered to City?]
- 1.1.14 "Improvements" mean all buildings, improvements, structures, fixtures, plant, fixed machinery, fixed equipment, elevating devices, and plumbing, draining heating, electrical, ventilating and air-conditioning systems and apparatus, situate within or forming part of the Land;
- 1.1.15 "including" means "including, without limitation";
- 1.1.16 "Land" means certain land in Vancouver, British Columbia described as Parcel Identifier: 030-675-707 LOT 1 BLOCK L DISTRICT LOTS 639 AND 640 GROUP 1 NEW WESTMINSTER DISTRICT PLAN EPP86476, and having a civic address of 188 EAST WOODSTOCK, VANCOUVER B.C. V5W 2S5;
- 1.1.17 "Leases" mean all written or verbal leases, agreements to lease, licences, and other like rights, and all modifications, extensions, and renewals of them, that the Seller has granted or entered into with any Person under which that Person has any right to lease, use, or occupy any part of the Property, the particulars of all of which the Seller has listed in Schedule A - Part 1 to this Contract, and "Lease" means each of them;
- 1.1.18 "LTO" means the New Westminster Land Title Office;
- 1.1.19 "Permitted Charges" mean:
- (i) reservations and exceptions in the original Crown grant for the Land,
 - (ii) Easement and Indemnity Agreement 305021M in favor of City of Vancouver,
 - (iii) Statutory Right of Way CA7258324 in favor of City of Vancouver,
 - (iv) Covenants CA7258320, CA7258327, and CA7258330 all in favor of City of Vancouver,
 - (v) Covenant CA7630391 in favor of British Columbia Housing Management Commission; and
 - (vi) Statutory Right of Way CA8506315 in favor of Telus Communications Inc;

- 1.1.20 "Person" means any legal entity including any individual, firm, corporation, or government body;
- 1.1.21 "Property" means the Land and Improvements;
- 1.1.22 "Purchase Price" means \$38,500,000.00;
- 1.1.23 "Records" mean all existing records, documents, and plans pertaining to the Property, its operation, and its Environment including permits, licences, approvals, survey certificates, plans and specifications, "as-built" drawings, environmental reports, investigations, assessments, audits, and studies, financial records, and financial statements prepared according to generally accepted accounting principles consistently applied which present fairly the revenue and expenses related to the Property for the period reported on which period will not have ended more than three months before the Closing Date;
- 1.1.24 "Seller" means 188 East Woodstock Holdings Inc.;
- 1.1.25 "Seller's Representatives" mean the firm of lawyers or notaries public the Seller appoints to represent it in the sale of the Property;
- 1.1.26 "Service Contracts" mean all written or oral contracts with third Persons, to which the Seller, or any employee, agent, or contractor of the Seller, is or may become a party, regarding the management, servicing, repair, maintenance, or cleaning of the Property or the furnishing of services or supplies to the Property;
- 1.1.27 "Tenants" mean all Persons who hold Leases, and "Tenant" means each of them;
- 1.1.28 "Tax" means any value-added taxes under the Excise Tax Act (Canada) including the goods and services tax or the harmonized sales tax, as each may be in effect from time to time;
- 1.1.29 "Transfer" means the Form A transfer of estate in fee simple conveying the Property from the Seller to the Buyer;
- 1.1.30 "Turn-Key Condition" in respect of the Improvements means that the Improvements have been fully completed by the seller in accordance with the Guidelines and the terms and conditions of this Contract and ready to be occupied and/or used by tenants;
- 1.1.31 "Warranties" mean all warranties, guarantees, or contractual obligations of third Persons which entitle the Seller to any rights against a contractor or supplier engaged in the construction, repair, maintenance, renovation, or modification of the Improvements or any of them; and
- 1.1.32 "Warranty Period" means the period commencing on the date as of which each of the following has occurred:
- (i) an occupancy permit has been issued for the Improvements; and
 - (ii) title to the Property has been transferred to the Buyer,

(the "Warranty Commencement Date"),

and ending on the one year anniversary of that date; provided, however, that if as at such anniversary date, there are any deficiency or warranty claims outstanding between the Buyer and the Seller, the Warranty Period in respect of each item regarding which a warranty claim remains outstanding will then be extended until all claims related to such item have been resolved to the satisfaction of the Buyer; and, provided, further, that if as of Warranty Commencement Date there are any deficiencies outstanding, then in respect of each such deficiency the Warranty Period will not commence until, that deficiency has been rectified to the satisfaction of the Director of Legal Services.

1.2 Interpretation. The following provisions will apply to this Contract:

- 1.2.1 sections and headings are for convenient reference, and are not to affect the meanings of provisions, and use of the singular or masculine includes the plural, feminine, or body corporate, and vice versa;
- 1.2.2 if a court of competent jurisdiction finds any provision invalid, illegal, or unenforceable, and severs it from this Contract, the remaining provisions are to remain in force and effect;
- 1.2.3 the Seller and Buyer will interpret the language of this Contract simply, fairly, and not strictly for or against either of them;
- 1.2.4 time will be of the essence, and if the Buyer or Seller expressly or impliedly waives that requirement, the Buyer or Seller may re-instate it by delivering notice to the other;
- 1.2.5 this Contract represents the entire agreement between the Buyer and Seller regarding the matters set out in it, and supersedes all prior agreements, understandings, letters of intent, negotiations, or discussion about those matters, and no amendment is to have any force or effect unless the Buyer and Seller have signed it;
- 1.2.6 the Seller will execute and deliver to the Buyer such further assurances and documents, and do such further things, as the Buyer may require to give full force and effect to this Contract;
- 1.2.7 references to statutes and bylaws are to them as they exist on the Effective Date, and to later amendments or replacements of them; and
- 1.2.8 if there is more than one Seller, the Seller's representations and agreements will be joint and several.

SECTION 2 SALE AND PURCHASE

2.1 Sale and purchase. The Seller will sell the Property to the Buyer free from all liens, charges, encumbrances, equities, claims, encroachments, and defects in title, except for

Permitted Charges, and the Buyer will purchase the Property from the Seller, subject to the terms and conditions of this Contract.

2.2 Purchase price. The Buyer will pay the Purchase Price to the Seller for the Property.

2.3 Deposit. The Seller acknowledges the receipt and sufficiency from the Buyer of the Deposit on account of the Purchase Price.

2.4 Closing. The completion of the sale and purchase of the Property will occur on the Closing Date.

SECTION 3 REPRESENTATIONS

3.1 Seller's representations. Regardless of any independent investigations the Buyer may make, the Seller represents to the Buyer, as representations that are true and correct on the Effective Date and will be true and correct on the Closing Date, that:

- 3.1.1 in response to the Buyer's inquiry under section 116 of the *Income Tax Act* (Canada) and under Part IX of the *Excise Tax Act* (Canada), the Seller is a resident of Canada within the meaning of those Acts, and, in the case of the *Excise Tax Act*, the Seller is resident in Canada by reason other than subsection 32(2) which deems a non-resident to be resident in Canada if that non-resident has a permanent establishment in Canada;
- 3.1.2 on the Effective Date, the Seller is the registered and beneficial owner of the Property, and has good, safeholding, and marketable title to the Property, free from all liens, charges, encumbrances, equities, claims, encroachments, and defects in title, except for Permitted Charges, the Builders Lien, and the Financial Charges;
- 3.1.3 on the Closing Date, the Seller will have good, safeholding, and marketable legal title to the Property, and will have full power and authority to transfer the Property free from all liens, charges, encumbrances, equities, claims, encroachments and defects in title, except for Permitted Charges;
- 3.1.4 by completing the sale of the Property to the Buyer, the Seller will not be in breach of any statute or bylaw or of any agreement by which the Seller is bound;
- 3.1.5 on the Effective Date and except as may be adjusted on the Closing, except for Permitted Charges and Financial Charges, the Seller will not owe money to any Person which will constitute a lien, charge, encumbrance, or claim against the Land or which will affect the Buyer's right to own, occupy, and obtain revenue from the Property;
- 3.1.6 the Seller has no knowledge that any government body intends to expropriate all or part of the Property, or that any government body has issued or intends to issue any order or notice regarding the Property;
- 3.1.7 the Seller has no knowledge that any Person has taken, intends to take, or has threatened to take, any action, suit, or proceeding which could adversely affect

the Land, the Seller's title to the Land, or the Seller's right to sell the Land to the Buyer, except in connection with the Builders Lien;

- 3.1.8 the Seller is not a party to any collective bargaining or other agreement with a trade union which will bind the Buyer when it acquires the Property;
- 3.1.9 the Seller has no employees working at the Property;
- 3.1.10 the Improvements do not encroach over the boundaries of the Land, and no improvements on adjacent lands encroach on the Land;
- 3.1.11 neither the existence nor location of the Improvements infringes the provisions of any easement or other charge registered against or affecting the Land;
- 3.1.12 all means of ingress to and egress from the Land comply with the lawful requirements of government bodies;
- 3.1.13 the Improvements comply with the lawful requirements of government bodies except to the extent that they may constitute a lawful non-conforming use;
- 3.1.14 the Improvements are structurally sound and free from defect, and are in good repair and condition except for reasonable wear and tear;
- 3.1.15 to the best of the Seller's knowledge, the Property and its surrounding Environment comply with all Environmental Laws and are free from Contaminants or do not contain Contaminants in excess of the standards set under the *Environmental Management Act* (British Columbia) for Residential and Commercial use of the Property, and no Contaminants have leached, escaped, or migrated from the Property or its surrounding Environment to other lands or their surrounding Environment, and no Person is investigating or has claimed non-compliance;
- 3.1.16 the Seller has not released, spilled, leaked, pumped, poured, emitted, emptied, discharged, dumped, or disposed of any Contaminants into the Property or its surrounding Environment, and, to the best of the Seller's knowledge, no other Person has done so;
- 3.1.17 all Records the Seller has given, or will give, to the Buyer are true and correct;
- 3.1.18 all existing Service Contracts are in good standing, including the property management agreement and a rental leasing or marketing agreement;
- 3.1.19 in connection with any Leases:
 - (i) the Leases constitute all existing written or verbal leases, agreements to lease, licences, and other like rights, and all modifications, extensions, and renewals of them, that the Owner has granted or entered into with any Person under which that Person has any right to lease, use, or occupy any part of the Property, and the particulars of the Leases set out in Parts 1 and 2 of Schedule A are true and correct,

- (ii) all Tenants under the Leases are at arm's length from the Seller,
- (iii) each Lease is in full force and effect, is enforceable against the Tenant, constitutes the whole agreement between the Owner and Tenant, and has not been modified, extended, or renewed except as disclosed in Schedule A - Part 1,
- (iv) neither the Owner nor Tenant is in default in complying with its obligations under any Lease except as disclosed in Schedule A - Part 2,
- (v) the Seller has not assigned any of its rights under the Leases including the right to receive rent and additional rent,
- (vi) no Tenants have any right to set-off or abatement with respect to rent or additional rent after the Closing Date,
- (vii) the Seller has not received and has no right to receive any security or other deposits, prepaid rents, or other prepaid expenses from Tenants except as disclosed in Schedule A - Part 3,
- (viii) no Tenants have any right to capital contributions, tenant allowances, inducements or concessions from the Seller except as disclosed in Schedule A - Part 4,
- (ix) to the best of the Seller's knowledge, each of the Tenants operates its business within the Property pursuant to validly issued licences and according to the lawful requirements of government bodies, and
- (x) there is no outstanding request from any Tenant to modify, extend, renew, assign, or surrender its Lease, or to sublet or otherwise part with possession of all or part of its premises;

3.1.20 all municipal taxes, rates, levies and assessments in respect of the Property have been paid in full, and the Seller has no present or future obligation to pay monies in the nature of municipal taxes, rates, levies and assessments to any statutory authority in connection with the Property;

3.1.21 the Seller has no knowledge that any Person associated with the Buyer has any direct or indirect interest in this sale and purchase; and

3.1.22 if the Seller is a corporation, it is in good standing under the laws of British Columbia, it has sufficient power, authority, and capacity to deliver this Contract to the Buyer and to sell the Property to the Buyer, and such sale is not a sale of all or substantially all the Seller's assets,

and the foregoing representations, warranties, covenants and agreements will have force and effect notwithstanding any actual or constructive knowledge on the part of the Buyer concerning the status of the Seller with regard to the Property or any other matter whatsoever.

SECTION 4 CONDITIONS

4.1 Buyer's conditions. Despite anything to the contrary in this Contract, the Buyer's obligation to complete the purchase of the Property from the Seller will be subject to the following conditions:

- 4.1.1 on or before December 14, 2023, the Buyer's City Council will have approved the purchase of the Property for the Purchase Price, and the City's Legal Director and Director of Real Estate Services will have approved the terms and conditions of this Contract;
- 4.1.2 on or before December 14, 2023, the Buyer will have obtained, at its cost, such reports and investigations regarding the Property and its surrounding Environment as it considers necessary, and the Buyer will have approved such reports and investigations;
- 4.1.3 on or before December 14, 2023, the Seller will have delivered to the Buyer the Records, and the Buyer will have reviewed and be satisfied with the Records;
- 4.1.4 on or before _____ the Seller will have obtained an Occupancy Permit for all Improvements on the Property;
- 4.1.5 on or before _____, 2024, the Seller will have issued a Notice of Satisfaction under section 5.6
- 4.1.6 the Seller's representations in section 3.1 will be true and correct on the Closing Date; and
- 4.1.7 on the Closing Date, the Seller will have complied with all the Seller's obligations under this Contract unless they are obligations with which the Contract expressly requires the Seller to comply after the Closing Date.

4.2 Effect of conditions. These conditions are for the Buyer's benefit, and the Buyer may waive any of them. If the Buyer does not notify the Seller, before 5:00 p.m. on the date in section 4.1.1, 4.1.2, 4.1.3, 4.1.4 and 4.1.5 as the case may be, that it is waiving the condition in that subsection, then the Buyer and Seller will be deemed to have terminated this Contract, and it will have no further force or effect except that the Seller will return the Deposit to the Buyer on demand unless the Deposit is nominal. If, on the Closing Date, any of the Seller's representations are untrue or inaccurate or the Seller has not complied with all the Seller's obligations under this Contract, the Buyer will not have to complete the purchase of the Property, and, whether it does so or not, may exercise its rights and remedies against the Seller under this Contract and at law and at equity.

SECTION 5 CONSTRUCTION OF THE IMPROVEMENTS

5.1 Construction of the Improvements. The Seller will construct and finish the Improvements in accordance with the latest version of the Guidelines as of the date the Seller applied for the building permit(s) for the Improvements.

5.2 Progress Reports. The Seller will keep the Buyer properly and adequately advised of the progress of the construction of the Improvements.

5.3 Certificate of Total Completion. The Seller must deliver the Buyer a notice that the Improvements are complete to the standard in Section 5.1 above, together with a copy of a Certificate of Total Completion issued by a registered architect, subject only to minor deficiencies by _____, 2024.

5.4 Inspection of Improvements. Once the Buyer receives the notice referred to in the preceding section, a representative of the Buyer and a representative of the Seller must promptly inspect the Improvements.

5.5 Notice of Incompletion. If the Buyer, through its representative, considers that the Improvements do not meet the standards of section 5.1, the Seller must, within the time specified by the Buyer, undertake the work necessary and assisted by the Buyer to bring the Improvements to the standards of section 5.1.

5.6 Notice of Satisfaction. If the Buyer, through its representative, is satisfied that the Improvements meet the standards of section 5.1 the Buyer must give a notice of satisfaction to the Seller's representative (the "Notice of Satisfaction").

5.7 Deficiencies. If the Buyer is satisfied with the Improvements, the Buyer may prepare a list of any minor defects and deficiencies in the Improvement setting at the date before or following the Closing Date by which these deficiencies are to be corrected. The parties will sign the list and the Seller must repair or remedy any such deficiencies by the stated date.

5.8 Investigation. The Buyer's Personnel may enter the Land at all reasonable times for the purposes of carrying out such inspections, investigations, tests and surveys as Buyer Personnel consider necessary or desirable to monitor the construction of the Improvements provided always that such Buyer Personnel shall comply with all rules, regulations and directives of the Seller and its contractors with respect to site safety. The Buyer agrees to rectify and make good any damage caused by any such investigations, inspections or tests.

5.9 Costs. The Seller acknowledges that it will be responsible for all actual costs incurred by the Seller in satisfying the obligations of the Seller under this agreement, including the costs of constructing the Improvements and delivering the Improvements in Turn Key Condition.

5.10 Warranty. In addition to any and all construction and "new home" warranties the Seller grants to its successor's entitled to that part of the Land in which the Improvements are located, the Seller warrants to the Buyer that all work of designing, constructing, equipping, fitting, finishing, furnishing and supplying the Improvements shall be of good design and of good workmanship and quality and that all materials, equipment, fittings, furniture and supplies will be suitable for the purposes for which they are intended. Throughout the Warranty Period (including after the Closing Date), the Seller shall promptly repair or replace, as appropriate in the opinion of the Director of Legal Services, any component of the Seller-supplied works in respect of the Improvements which does not satisfy the above warranty, normal wear and tear excepted (except in respect of any repair or replacement is covered by third-party supplier or sub-contractor warranty that has been duly and effectively assigned to the Buyer by the Seller, in which case the Seller will cooperate with the Buyer to enable the enforcement of such warranty to the satisfaction of the Director of Legal Services).

SECTION 6 AGREEMENTS

6.1 Transfer of title. The Seller will transfer good, safeholding, and marketable title to the Property to the Buyer on the Closing Date according to the requirements of this Contract.

6.2 Searches. The Seller will deliver to the Buyer promptly such authorizations as the Buyer may require to conduct due diligence searches with respect to the Seller and the Property to ascertain that, from and after the Closing Date, the Land will not be subject to liens, charges, encumbrances, equities, or claims, except for Permitted Charges.

6.3 Statements and Records. Within **14 days** after the Effective Date, the Seller will deliver to the Buyer:

- 6.3.1 a signed Property Condition Disclosure Statement;
- 6.3.2 all Records that are within the Seller's possession or control;
- 6.3.3 all existing Service Contracts; and
- 6.3.4 all Warranties;
- 6.3.5 all Leases; and
- 6.3.6 estoppel certificates, in form and substance satisfactory to the Buyer, executed by the Tenants.

If the sale and purchase does not complete for any reason, the Buyer will return to the Seller the Records, Service Contracts, and Warranties.

6.4 Service Contracts. Prior to the Closing Date:

- 6.4.1 the Buyer will notify the Seller of those existing Service Contracts it wishes the Seller to terminate, and the Seller will terminate them prior to the Closing Date;
- 6.4.2 **the Buyer will notify the Seller of those existing Service Contracts it wishes to retain,** and the Seller will, prior to the Closing Date, use all reasonable commercial efforts to obtain any required consents from the other parties to those Service Contracts, and, execute and deliver to the Buyer, on the Closing Date, an assignment of the Seller's rights and obligations under those Service Contracts, except that if the Seller cannot obtain any required consent, the Seller will notify the Buyer promptly and will terminate the Service Contract in respect of which such consent is not available prior to the Closing Date.

After the Effective Date, the Seller will not enter into any new Service Contracts pertaining to the Property except with the Buyer's prior written consent.

6.5 Warranties. The Seller will execute and deliver to the Buyer on the Closing Date an assignment of all Warranties, the benefit of which the Buyer wishes to obtain, and the right to use the Seller's name to enforce any unassignable Warranties, all in form and substance satisfactory to the Buyer.

6.6 Leases. Between the Effective Date and Closing Date, the Seller will:

- 6.6.1 comply with the landlord's obligations under any Leases, and diligently enforce the landlord's rights and remedies;
- 6.6.2 not agree to modify, extend, or renew any Lease, accept the surrender of any Lease, or consent to any Lease assignment or subletting unless the Buyer gives its prior written consent, which consent the Buyer will not unreasonably withhold if the Seller does not have the right to unreasonably withhold consent; and
- 6.6.3 not enter into any new written or verbal leases, agreements to lease, licences, or other like rights unless the Buyer gives its prior written consent.

6.7 Investigation. The Buyer, and its officials, employees, agents, and contractors, may enter the Property at any time before the Closing Date to carry out, at its cost, such inspections, investigations, tests, and surveys as it considers necessary or desirable. The Buyer will restore the surface of the Land, and repair any damage it causes in doing so.

6.8 Status of Property and Permitted Charges. Between the Effective Date and Closing Date, the Seller will not enter into any contracts or do anything that will affect the Property or its title, use, or value and will not amend any Permitted Charges, unless the Seller obtains the Buyer's prior written consent.

6.9 Care of Property. Between the Effective Date and Closing Date, the Seller will take good care of the Property and repair and maintain it, reasonable wear and tear excepted, to the standard as a prudent owner and in such a manner that the Seller's representations and agreements will remain true and correct.

6.10 Insurance. Between the Effective Date and Closing Date, the Seller will maintain in force all policies of insurance in connection with the Property that were in force prior to the Effective Date.

6.11 Risk. The Property will be at the risk of the Seller until the date and time of submission of the Transfer for registration in the LTO, and, after that, will be at the risk of the Buyer.

6.12 Damage. If, prior to the time of submission for registration of the Transfer on the Closing Date, the Improvements suffer any damage, the Buyer will notify the Seller, within 10 days after the date of the damage, whether the Buyer is of the opinion that the damaged Improvements are capable of repair within 60 days. If the Buyer's opinion is that they are not capable of repair within 60 days, the Buyer may notify the Seller, at the same time, that the Buyer wishes to terminate this Contract. In that case, this Contract will have no further force or effect except that the Seller will return the Deposit to the Buyer on demand unless the Deposit is nominal. If the Buyer's opinion is that the damaged Improvements are capable of repair within 60 days or if the Buyer does not choose to terminate this Contract, then the Buyer will notify the Seller, at the same time, whether:

- 6.12.1 the Buyer wishes the Seller to repair or replace the damaged Improvements, in which case the Seller will do so expeditiously, in a good and workmanlike manner, and according to the lawful requirements of statutory authorities; or

- 6.12.2 the Buyer wishes to reduce the Purchase Price by an amount equal to the Buyer's estimate of the cost of repairing the damaged Improvements, in which case the Buyer may reduce the Purchase Price by that amount.

In any of these cases, the Seller and Buyer will decide whether or not they should postpone the Closing Date, adjustment date, and possession date. If the Seller disputes the Buyer's opinion regarding the time needed for repair or the estimated cost of repair, or if they do not agree on a postponed Closing Date, adjustment date or possession date, either of them may refer the dispute to arbitration under section 7.2.

6.13 **Possession.** The Buyer will have the right to vacant possession of the Property, subject to Permitted Charges, on the Closing Date after payment of the Purchase Price.

6.14 **General Adjustments.** The Seller and Buyer will adjust all items customarily the subject of adjustment in the sale and purchase of property similar to the Property at the Closing Date. The Buyer will benefit from any income and be responsible for any expenses from and including the Closing Date. If the adjustments are inaccurate or incomplete, the Seller and Buyer will make further adjustments after the Closing Date.

6.15 **Holdback for Builders Liens.** The Buyer has the right to withhold from the Purchase Price a builders lien holdback at a value of no more than 10% of the cost of the Improvements constructed on the Land net of GST.

6.16 **Lease adjustments.** With respect to any Leases:

6.16.1 the Seller will pay all real estate commissions in connection with the Leases which it had agreed to pay, prior to the Closing Date, and will give the Buyer evidence that it has done so;

6.16.2 the Seller will not be credited with arrears of rent and other charges owed by Tenants to the Seller but the Seller and Buyer will co-operate with respect to the collection of such arrears. The Seller will provide the Buyer with detailed information as to the determination of the amount of such arrears. The Buyer will have no obligation to collect the arrears but, to the extent it does collect or receive arrears, the Buyer will remit to the Seller that portion due to the Seller in respect of the period before the Closing Date, less reasonable costs including those payable to third Persons. The Buyer may apply unspecified payments of rent and other recoveries firstly to current rents and recoveries and the excess to the most recent arrears. The Seller may attempt to collect any arrears not paid to the Seller by the Buyer within three months after the Closing Date. The Seller's sole remedy in connection with such collection will be to sue a defaulting Tenant in a debt action for recovery of rent arrears or to sue any guarantor under a Lease for such rent arrears;

6.16.3 the Buyer will receive credit for any deposits and prepaid rents;

6.16.4 the Seller will be responsible for payment of all rent abatements that apply after the Closing Date, and the Seller and Buyer will adjust such abatements on the Closing Date;

- 6.16.5 the Seller will be responsible for payment of all landlord contributions to tenant improvements and other cash inducement payments to which the Seller has agreed, regardless of when such contributions or inducements are payable, and the Seller and Buyer will adjust such contributions or inducements on the Closing Date;
- 6.16.6 the Seller and Buyer will adjust operating cost and tax recoveries from Tenants for the applicable financial year on the Closing Date, on the basis that the Seller will receive a portion of all such recoveries for that year in the ratio that the number of days in that year to the Closing Date bears to 365;
- 6.16.7 the Seller and Buyer will adjust percentage rent as at the Closing Date. The Seller will have the right to a portion of percentage rents for the percentage rent year of each Tenant in which the Closing Date occurs. The basis for the Seller's portion will be based on the ratio that tenant sales and revenues made or received before the Closing Date bear to tenant sales and revenues made or received for the entire percentage year. The Buyer will have the right to the balance. The Seller and Buyer will base calculations on the Closing Date upon a reasonable estimate of current percentage rents supplied by the Seller, and will adjust any percentage rents to be adjusted which they have not finally determined at the Closing Date within 30 days after the final determination of tenant sales and revenues made or received for the applicable percentage year in which the Closing Date occurs; and
- 6.16.8 each of the Seller and Buyer will make available to the other, both before and after the Closing Date, all information reasonably necessary to effect readjustments or further adjustments referred to in this section 5.16, and, subject to section 5.16.2, the Buyer will have the right to collect all rentals and other recoveries after the Closing Date whether applicable to periods before or after the Closing Date. If one party receives any rents or recoveries that would reasonably be expected to be credited to the other on a subsequent adjustment, that party will receive those rents or recoveries in trust, and will remit them promptly to the other party. The Seller will remit and endorse over promptly to the Buyer any rents or recoveries the Seller receives after the Closing Date, except for arrears applicable to periods ending before the Closing Date.
- 6.17 **Costs, fees, and taxes.** The Seller will pay the costs of clearing title except for Permitted Charges. The Buyer will pay any land title transfer fees and LTO application and registration fees. As the Buyer is a registrant under the Excise Tax Act (Canada) with Business Number 121361042, the Buyer will remit directly to the Receiver General of Canada any Tax levied under the Excise Tax Act (Canada) and payable by the Buyer on the purchase of the Land. The Buyer and Seller will each pay their own legal costs. The Buyer and Seller will pay such costs, fees, and taxes when due.
- 6.18 **Commissions.** The Seller will pay when due all fees and commissions of real estate brokers, real estate agents, and other like Persons in connection with the sale of the Property. The Buyer may include such fees and commissions as part of the adjustments.
- 6.19 **Indemnity.** The Seller, from and after the Effective Date, will indemnify the Buyer and save it harmless from all liabilities, suits, actions, obligations, statutory or other proceedings, judgements, investigations, demands, claims, losses, damages, consequential damages,

remediation cost recovery claims, remediation costs, fines, penalties, expenses, and legal costs on a solicitor-client basis, the Buyer may suffer or incur, arising out of or in connection with the inaccuracy or untruth of any representation of the Seller in this Contract; breach by the Seller of any agreement of the Seller in this Contract; non-compliance of the Property or its surrounding Environment, on or prior to the Closing Date, with any Environmental Laws, or any investigation or claim of non-compliance by any Person; and the presence within the Property or its surrounding Environment, on or prior to the Closing Date, of Contaminants, or the leaching, escaping, or migrating of Contaminants from the Property or its surrounding Environment to other lands or their surrounding Environment.

SECTION 7 CLOSING

7.1 Documents. Before the Closing Date:

- 7.1.1 the Buyer will cause the City's Legal Director to prepare the Transfer, statements of adjustments, assignments, registrable discharge of Builders Lien, an officer's certificate of the seller certifying on behalf of the Seller that the Seller's representations and warranties in Section 3 of this contract are true as at the Closing Date in all material respects, and other conveyance and corporate documents the Buyer considers necessary to complete the transaction, in form and substance satisfactory to the Buyer, and to deliver them to the Seller's Representatives; and
- 7.1.2 the Seller will sign those documents, and cause the Seller's Representatives to return them to the City's Legal Director.

7.2 Closing. The Buyer will:

- 7.2.1 on the Closing Date, provide the City's Legal Director with its cheque for the adjusted Purchase Price and other cheques necessary to complete the transaction;
- 7.2.2 on the Closing Date, cause the City's Legal Director to conduct a pre-registration index search of the Land in the LTO, and, if the search indicates that the Seller owns the Land free from all registered or pending liens, charges, encumbrances, equities, or claims, except for Permitted Charges and Financial Charges, to submit the Transfer for registration;
- 7.2.3 cause the City's Legal Director, promptly after the LTO accepts the Transfer for registration and notes up the registration particulars for the Transfer, to conduct a post-registration index search of the Land, and, if the search indicates that good, safeholding, and marketable title to the Property, except for Permitted Charges, will vest in the Buyer in the normal course of the LTO's routine registration process, and after payment and discharge of any Financial Charges under section 7.3, to pay the adjusted Purchase Price promptly to the Seller's Representatives or as the Seller's statement of adjustments may direct by notifying the Seller's Representatives that the cheque is available for pick up; and

- 7.2.4 if it is unable to comply, or to cause the City's Legal Director to comply, with such registration and payment requirements, other than by reason of default by the Seller, to cause the City's Legal Director to return the Transfer to the Seller's Representatives or, if the City's Legal Director has then submitted the Transfer for registration, to apply immediately to withdraw the Transfer from the LTO and, upon receipt, to return it to the Seller's Representatives.

The Seller and Buyer instruct the Seller's Representatives and City's Legal Director respectively to otherwise conduct the closing according to the customary practices of reputable lawyers having experience in such matters, except that the Seller's Representatives will not require the City's Legal Director to provide any undertaking, and the Seller will rely on the Buyer's closing covenants set out in this section 7.2.

7.3 **Financial Charges.** If any Financial Charges are registered against title to the Land, the Seller, while still required to pay and discharge such Financial Charges, may wait to do so until immediately after receipt of the adjusted Purchase Price but, in this case, the Buyer may pay the adjusted Purchase Price to the Seller's Representatives in trust on an undertaking satisfactory to the City's Legal Director to pay and discharge the Financial Charges.

7.4 **Tender.** The Buyer may tender documents or money upon the Seller or the Seller's Representatives, and the Seller may tender documents on the Buyer or the City's Legal Director. The Buyer may tender money by cheque.

SECTION 8 GENERAL PROVISIONS

8.1 **Survival.** All representations, agreements, and indemnities in this Contract will survive closing, registration of the Transfer, and payment of the Purchase Price despite any independent inquiry or investigation by the Buyer or the waiver by the Buyer of any condition set out in section 4.1, the subject matter of which is contained in a representation in the Contract.

8.2 **Arbitration.** If the Seller and Buyer dispute any matter referred to in section 5.11 or any adjustments under section 5.13, either of them may refer the dispute to a single arbitrator under the Commercial Arbitration Act (British Columbia). The arbitrator may decide that the Seller or Buyer must deposit money in trust pending the arbitrator's decision on the dispute. The arbitrator's decision will be conclusive and binding on the Seller and Buyer, and they will bear equally the arbitrator's fees and expenses.

8.3 **Notice.** Any notice, approval, consent, request, confirmation, or demand required or permitted under this Contract must be in writing, and the sender must deliver it by prepaid registered mail from any post office in British Columbia, by fax or by personal service addressed to the Buyer as follows:

City of Vancouver
453 West 12th Avenue
Vancouver, British Columbia
V5Y 1V4
Fax: (604) 873-7064

Attention: Director of Real Estate Services

with a copy to:

City of Vancouver
453 West 12th Avenue
Vancouver, British Columbia
V5Y 1V4
Fax: (604) 873-7445

Attention: Director of Legal Services

or to the Seller as follows:

188 East Woodstock Holdings Inc.
200 - 1029 17th Avenue SW
Calgary, Alberta
T2T 0A9

Attention: Jeffrey Kohn

or to such other address or fax number in the Province of British Columbia of which either party may notify the other according to the requirements of this section 7.2. Service will be deemed complete, if made by registered mail 72 hours after the date and hour of mailing; if made by faxed transmission on the first business day after the date of transmission; and if made by personal service upon the effecting of such service.

8.4 Effect of Contract. This Contract will enure to the benefit of and bind the Seller and Buyer and their respective heirs, executors, administrators, successors and assigns.

TO EVIDENCE THIS CONTRACT the Seller and Buyer have signed it as of the Effective Date.

This Purchase Contract is open for acceptance until 5:00 pm Pacific time <☞insert date> after which, if not fully executed by both parties, this Purchase Contract shall be null and void.

City of Vancouver by
its authorized signatory:

per: _____
Authorized Signatory

188 East Woodstock Holdings Inc. by
its authorized signatories:

per: _____
Jeffrey Kohn

SCHEDULE A - PART 1

PARTICULARS OF ALL LEASES OF THE PROPERTY

SCHEDULE A - PART 2

PARTICULARS OF ALL LEASES DEFAULTS AND DISPUTES

SCHEDULE A - PART 3

PARTICULARS OF SECURITY AND OTHER DEPOSITS AND PREPAID EXPENSES

SCHEDULE A - PART 4

**CAPITAL CONTRIBUTIONS, TENANT ALLOWANCES,
INDUCEMENTS, OR CONCESSIONS**

Appendix "E"

Management Agreement

MANAGEMENT AGREEMENT

THIS AGREEMENT dated for reference the 1st day of July, 2023.

BETWEEN: MTN WOODSTOCK LIMITED PARTNERSHIP

("Owner")

OF THE FIRST PART

AND:

DEVON PROPERTIES LTD.
#100-990 Fort Street
Victoria, BC V8V 3K2

("Devon")

OF THE SECOND PART

WHEREAS:

- A. The Owner is the Owner of that certain apartment complex situated at:
- 188 East Woodstock Avenue, Vancouver, BC V5W 2S5
- together with the chattels and all appurtenances thereto belonging (the "Property").
- B. Devon is qualified and engaged in the business of providing property management services to Owners of revenue properties in and about the Province of British Columbia.
- C. The Owner desires to engage Devon to manage the Property on and subject to the terms hereinafter contained and Devon has agreed so to do.

NOW THEREFORE in consideration of the premises and for other good and valuable consideration, the parties hereby covenant and agree each with the other as follows:

1. APPOINTMENT AND EMPLOYMENT OF PROPERTY MANAGER

- 1.01 The Owner hereby appoints and employs Devon as its exclusive agent and manager to supervise and direct for and at the expense of the Owner the management and operation of the Property upon and subject to the terms hereinafter set forth.
- 1.02 Devon hereby accepts the aforesaid appointment and employment upon and subject to the terms hereinafter set forth.
- 1.03 The appointment and employment of Devon as manager of the Property shall commence on the 1st day of July, 2023 and shall continue thereafter for a term of two (2) years. It will be automatically renewed for additional one (1) year terms unless otherwise terminated in accordance with the provisions of Section 7 of this Agreement.

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2. MANAGEMENT SERVICES

2.01 Devon, in its capacity as manager of the Property on behalf of the Owner, agrees to perform the following services in a diligent and businesslike manner, namely:

- (a) To advertise the availability for rental of units within the Property and to display "For Rent" signs thereof at Devon's discretion;
- (b) To enter into, execute, renew and cancel tenancy agreements for suites within the Property provided that no tenancy agreement signed by Devon on behalf of the Owner shall exceed a term of two (2) years without the Owner's approval;
- (c) To give to tenants of the Property, from time to time, notices of rent increase at such time as may be allowed by the *Residential Tenancy Act* of British Columbia and in such amounts as Devon may deem advisable or as are allowed by law;
- (d) To collect and hold security deposits, pet damage deposits and other deposits from tenants of the Property from time to time in an amount permitted by the *Residential Tenancy Act* of British Columbia;
- (e) To collect rents due or to become due from tenants of the Property and to issue valid receipts therefore;
- (f) To terminate tenancy agreements from time to time and to sign and serve in the name of the Owner such notices as from time to time are required by the *Residential Tenancy Act* of British Columbia;
- (g) To commence and maintain any action or actions in the name of the Owner and to recover rents and/or other sums due and without limiting the generality of the foregoing, to settle, compromise or release any action or actions, or take any other acts as Devon in its unfettered discretion may decide upon from time to time unless specifically directed otherwise;
- (h) To make or cause to be made and supervise the purchase of supplies, repairs, alterations and decorations of the Property; provided Devon shall obtain the prior approval of the Owner on all capital expenditures exceeding \$5,000 for any one item. This clause is not relevant regarding emergency repairs in excess of the aforesaid sum if in the opinion of Devon such repairs are necessary to protect the Property from damage or to maintain services to the tenants as required by their tenancy agreements;
- (i) To engage, supervise, pay and discharge, on behalf of the Owner, as Agent, such building managers, caretakers or other persons as Devon may from time to time deem necessary to properly operate and manage the Property. The building manager on behalf of and as representative of the Owner shall be authorized to conduct incoming and outgoing suite inspections;
- (j) Subject to approval by Owner as part of the annual budgeting process, to enter into and sign on behalf of the Owner contracts for professional services, utilities, elevator maintenance, landscaping, grounds maintenance, garbage collection, pool maintenance, general repairs and alterations and such other services and supplies as

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Devon shall in its absolute discretion deem advisable;

- (k) As directed by the Owner, to pay on behalf of the Owner other debt charges, real property taxes, business taxes, special assessments and all operating and capital costs and expenses relating to the Property;
- (l) If requested by the Owner, to obtain on behalf of the Owner, damage liability and such other insurance as Devon, may in its absolute discretion, deem necessary and advisable and, where applicable such policy shall be so written as to protect the Owner and Devon as a co-insured;
- (m) To prepare or cause to be prepared and deliver to the Owners a monthly summary of revenues and expenses with respect to the property;
- (n) Generally, to operate and manage the Property in the same manner as is customary and usual in the operation of comparable properties for the account of the Owner and in accordance with the same proceedings, practices, management techniques and other rules of operation used by similar properties and those managed by Devon for the account of others;
- (o) To protect your privacy and as such will safeguard your personal information as directed under the Federal and Provincial privacy legislation; and
- (p) To prepare, prior to the Effective Date and sixty (60) days prior to the end of each subsequent calendar year thereafter, Devon will prepare a comprehensive annual operating budget for the Property, which outlines all budgeted items of revenue and expense for operation of the Property and must be approved by the Owner prior to the Effective Date and prior to the end of each calendar year thereafter.

3. DISPOSITION OF REVENUES

- 3.01 Except as hereinafter specifically provided, all revenues derived from the Property or from the Owner and coming into the hands of Devon shall be received and dealt with by Devon as follows:
- (a) All revenues received in the operation of the Property shall be funds belonging to the Owner and shall be deposited by Devon to a trust account in a reputable financial institution or institutions in the name of the Owner;
 - (b) The Owner shall be the only party authorized to withdraw funds from such deposits, while Devon as manager of the Property will have read only access;
 - (c) Devon shall not be liable or responsible for any loss resulting from bankruptcy, insolvency, or other failure of any financial institution in which funds are on deposit;
 - (d) All operating expenses, capital costs, debt charges and other expenses and costs properly incurred in the operation of the Property including the remuneration of Devon and reimbursement for advances made by Devon on behalf of the Owner as provided for in this Agreement shall be paid out of a second trust account in a reputable financial institution or institutions, with the account being perpetually pre-funded with two months of operating expenses;

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- (e) Devon is hereby authorized, and shall have the right, but not the obligation, to make advances of money to the Owner as may from time to time be necessary when there are insufficient funds on deposit to make the payments referred to in paragraph 3.01 (d) hereof as and when the same may become due. This clause is required to ensure the trust account is never in a negative balance which is a contravention of the *Real Estate Services Act* of British Columbia;
- (f) Any advances of money made by Devon for the benefit of the Owner shall bear interest at that rate per annum which is equal to that rate from time to time charged to Devon by its banker and the amount advanced and any interest accrued thereon shall be repaid by Devon from funds of the Owner on deposit as soon as the same become available or if funds are not so available within a reasonable period of time the Owner shall, at the request of Devon, forthwith reimburse Devon directly for such advances and interest; and
- (g) Devon shall remit to or for the benefit of the Owners, on a quarterly basis, any funds held on deposit which are in excess of the two months of operating expenses required from time to time to make the payments referred to in paragraph 3.01 (d) hereof and after providing for a reserve for extraordinary expenses and capital costs in such amount or amounts as Devon shall from time to time deem necessary and adequate therefore.

4. COSTS AND EXPENSES

- 4.01 All acts and things done by Devon in the performance of its obligations under this Agreement and all costs and expenses incurred by Devon in the operation and management of the Property shall be for and on behalf of the Owner and for the Owner's account.
- 4.02 The Owner shall not be liable to or required to reimburse Devon for all or any portion of the general overhead, office and administrative costs and expenses of Devon in its business as a property manager unless such costs and expenses are directly attributable to the operation and management of the Property.
- 4.03 Where Devon incurs a cost or expense, which may be attributable to and for the benefit of the Property, and other properties managed by Devon, Devon shall prorate such costs and expenses among all of the properties so benefitted in such manner as Devon shall in its absolute discretion deem fair and equitable. This cost would include the onboarding and annual expense fee per unit for the RealPage accounting platform.
- 4.04 In determining whether or not any cost or expense incurred by Devon is directly attributable to the operation and management of the Property, the practice followed in the operation and management of similar properties and those managed by Devon for the account of others shall apply. In addition, such expenses shall be included in the approved annual budget.
- 4.05 In the event that there are insufficient funds on deposit to meet the costs and expenses of the Property, as and when the same shall become due, the Owner shall forthwith on

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demand, from Devon, provide Devon with funds in an amount sufficient to cover such deficiency.

5. INDEMNIFICATION

- 5.01 In performing its obligations and taking any action pursuant to this Agreement, Devon will be acting solely as agent for the Owner and all debts and liabilities to third persons incurred by Devon in the course of its management and operation of the Property shall be the debts and liabilities of the Owner only and Devon shall not be liable for any such debts or liabilities.
- 5.02 Nothing in this Agreement shall be construed as creating a partnership or any other relationship between the parties hereto except that of principal and agent, or as requiring Devon to bear any portion of any losses arising out of or connected with the ownership or operation of the Property.
- 5.03 Devon, its agents and employees, shall not be liable to the Owner or to any other person for any act or omission of any agent or employee of the Owner or Devon in the performance of this Agreement except only the fraud, willful tort or gross negligence of Devon or any of its agents or employees, and the Owner hereby agrees to indemnify and save harmless Devon, its agents and employees, from and against any liability, loss, damage, cost or expense by reason of any such act or omission.
- 5.04 The Owner expressly covenants to indemnify and save harmless Devon from all losses, costs, damages, expenses, claims and demands, which Devon may suffer or be put to in the proper performance of its obligations hereunder and without limiting the generality of the foregoing, the Owner shall forthwith on demand indemnify and reimburse Devon for any and all costs or expenses incurred or advances made by Devon to or for the benefit of the Owner and/or the Property.
- 5.05 The Owner agrees to defend promptly and diligently, at the Owner's expense, any claim, action or proceeding brought against Devon arising out of or connected with the performance by Devon of its obligations pursuant to this Agreement and to indemnify and save harmless Devon from any judgment, award, fine, penalty, loss or settlement on account thereof.
- 5.06 It is expressly understood and agreed that the provisions of this paragraph 5 shall survive the termination of this Agreement.

6. AGENT'S REMUNERATION

- 6.01 As compensation for the services rendered by Devon pursuant to this Agreement, the Owner shall pay to Devon a management fee, s.21(1) [REDACTED].
- 6.02 For the purposes of this clause 6 s.21(1) [REDACTED]
- 6.03 In the event that the parties cannot agree on whether any specific item is of an income nature or a capital nature, the matter shall be referred to the accountants of Devon and

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Owner for determination and their decision shall be final and binding on the parties hereto.

- 6.04 To pay to Devon ~~s.21(1)~~
Devon's Tenancy Agreements stipulate a lease breaking fee be paid by the Tenant should the Tenant vacate prior to the end of the lease agreement. To be reviewed annually.
- 6.05 For obtaining quotes and supervision of major upgrades exceeding twenty thousand dollars (\$20,000.00), the Owner shall pay to Devon a management fee ~~s.21(1)~~
~~s.21(1)~~ Prior to the commencement of the work, agreement of the Owner must be obtained by the Agent for this fee to be paid.

7. END OF CONTRACT

- 7.01 Upon completion of the initial two (2) year term, Devon may terminate this Agreement with or without cause on the last day of any month upon giving to the Owner not less than sixty (60) days' written notice of such termination.
- 7.02 Upon completion of the initial two (2) year term, the Owner may terminate this agreement with or without cause on the last day of any month upon giving to Devon not less than sixty (60) days' written notice of such termination.
- 7.03 Upon end of this Agreement:
- (a) All sums due Devon pursuant to this Agreement shall immediately become due and payable and be paid; and
 - (b) Devon shall, as soon as conveniently may be, provide the Owner with a final accounting and pay to the Owner or such person as it shall direct, any monies remaining on deposit to the credit of the Owner after payment of all sums due to Devon pursuant to this Agreement.
- 7.04 It is expressly understood and agreed that the provisions of paragraph 7.03 shall survive the end of this Agreement.

8. ASSIGNMENT

- 8.01 Upon completion of the initial two (2) year term and upon approval by the Owner, Devon shall have the right to assign its rights and obligations under this Agreement to any duly constituted property management company upon giving to the Owner not less than sixty (60) days' written notice of its intention to so assign this Agreement.
- 8.02 Upon completion of the initial two (2) year term, the Owner shall have the right to assign its rights and obligations under this Agreement to any purchaser or other transferee of the Property provided that such purchaser or transferee expressly assumes in writing in a form satisfactory to Devon all of the obligations of the Owner hereunder.

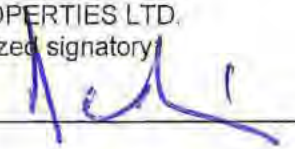
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9. GENERAL

- 9.01 Any notice required or permitted to be given to any of the parties to this Agreement may be given by prepaid, registered mail, email or personally delivered to the address of such party above-stated or such other address as any party may from time to time direct in writing. Any such notice shall be deemed to have been given and received by the party to whom it was addressed on the date of actual delivery.
- 9.02 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
- 9.03 This Agreement may be executed by counterparts and by facsimile or electronic (email) transmission, and if so executed, each document shall be deemed to be an original, shall have the same effect as if all parties had executed the same copy of this Agreement in hard copy and all of which copies when taken together shall constitute one and the same document.
- 9.04 This Agreement shall be governed by the laws of the Province of British Columbia.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

DEVON PROPERTIES LTD.
by its authorized signatory:



Dave Craig

MTN WOODSTOCK LIMITED PARTNERSHIP
by its authorized signatory:



Signature of authorized signatory

Jordan Kohn

Print name of authorized signatory



Schedule A.

DATE: July 1, 2023

RE: Addendum to the Management Agreement

PROPERTY: 188 East Woodstock Avenue

The following incorporates services and items Devon Properties Ltd. (Devon) provides in addition to the core property management services described in the Management Agreement. These services stand outside the Management Agreement in accordance to the *Real Estate Services Act* of British Columbia. In future, any changes to these services will be updated and a revised addendum provided to you for acknowledgment.

Please note Devon provides these services and items to the Owner not as a profit center; rather, to generate savings for the Owner. For example, Devon, with its large building portfolio, can purchase items in bulk and/or negotiate service contracts at substantial discounts. In doing so, Devon incurs both hard and soft costs in procuring, holding, transporting, negotiating and maintaining these services or items. The end result to the Owner is a savings when compared to purchasing or negotiating items on an individual basis.

The following list incorporates such services and items as described above:

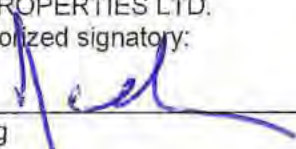
- Website, Internet, Google - Devon operates a state of the art website, highlighting each building in its property management portfolio. The Owner is responsible for its share of the costs to maintain the website and internet presence, to advertise on the Devon website, other websites (Zumper, Padmapper, Craigslist, etc.) and search engines (Google My Business). There are significant hard and soft costs in maintaining this website, including strategic management of search engine optimization, daily updates to the individual buildings within the portfolio, website upgrades, etc. In providing these services, Devon charges an administrative fee based on the number of suites in the building (a 47 unit building is \$400 per month).
- Caretaker Functions - from time to time, Devon arranges caretaker functions which provide an opportunity to offer educational training and/or to maintain staff morale through socialization and team building. Devon may charge an administration fee, not to exceed 10% of the cost, to organize and oversee the event.
- Inventory Items - Devon purchases items in bulk, maintains it as inventory and bills the Owner when a product is used. Examples of inventoried items are ice melt, decals, placards for the building sign, shovels etc. Devon marks up these items to a maximum 15%.
- Rental Forms - Devon buys all rental forms in bulk, maintains the forms as inventory and bills the Owner when a form is used. Devon marks up these items to a maximum 15%.
- Photocopying - photocopies are billed at a cost not to exceed \$0.25 per sheet; currently, photocopies are billed at \$0.20 per sheet.
- Insurance - Devon has negotiated a master insurance policy providing comprehensive coverage. Note 2% of the annual premium charged is billed by Devon as an administrative fee in overseeing the master insurance policy; and

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- Service Contracts - from time-to-time, Devon places major services and product purchases out to bid to obtain discounts due to volume and/or better contract terms. These processes often require lengthy negotiations and extensive administrative time. These contracts include negotiations with waste companies, laundry facilities etc. These contracts are long-term contracts, for which Devon charges a one-time administrative fee not to exceed \$200 per involved building.

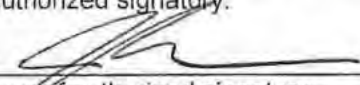
This addendum shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

DEVON PROPERTIES LTD.
by its authorized signatory:



Dave Craig

MTN WOODSTOCK LIMITED PARTNERSHIP
by its authorized signatory:



Signature of authorized signatory

Jordan Kohn

Print name of authorized signatory



Schedule B.

DATE: July 1, 2023

RE: Appointment and Employment of Marketing & Lease-Up Manager

PROPERTY: 188 East Woodstock Avenue

The Owner hereby appoints and employs Devon as its agent and manager to supervise and direct for and at the expense of the Owner the marketing and lease-up services for the Property upon and subject to the terms hereinafter set forth. Devon hereby accepts the aforesaid appointment and employment upon and subject to the terms hereinafter set forth. The appointment and employment of Devon as marketing and lease-up manager of the Property shall commence on the 1st day of June 2023 and shall continue thereafter for a term of four (4) months unless otherwise terminated in accordance with the provisions of Section 5 of Schedule B.

1. MANAGEMENT SERVICES

1.01 Devon, in its capacity as marketing and lease-up manager of the Property on behalf of the Owner, agrees to perform the following services in a diligent and businesslike manner, namely:

- To advertise the availability for rental of units within the Property and to display "For Rent" signs thereof at Devon's discretion;
- To enter into, execute, renew and cancel tenancy agreements for suites within the Property provided that no tenancy agreement signed by Devon on behalf of the Owner shall exceed a term of one (1) year without the Owner's approval;
- To protect the privacy of the Owner and tenants and as such will safeguard all personal information as directed under the Federal and Provincial privacy legislation.

2. MARKETING & LEASE-UP SERVICES

2.01 Devon typically charges a per unit fee for the marketing and lease-up expenses involved with managing this process. For a new multi-family rental development, the associated expense is typically \$400 to \$600 per unit. s.21(1)

3. LEASE-UP EXPENSES

3.01 This expense is largely made-up of the leasing agent salary and incentive fees, which will be incurred by the Owner on an on-going basis. The associated expense is structured as follows:

- Leasing Team – coverage begins July 1, 2023 with the following coverage expenses:
 - Leasing Professional(s) – engagement of a dedicated third-party leasing professional at \$650 per unit; paid monthly upon lease execution submission
 - Leasing Agent Lease Fee – not applicable for the third-party leasing professional(s)

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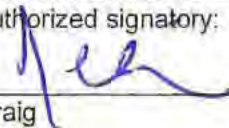
4. MARKETING EXPENSES

- 4.01 The following expenses are not part of the Devon marketing and lease-up fee and will be paid by the Owner, with no additional mark-up for Devon's management of the marketing process. Anticipated marketing expenses include, but are not limited to:
- Devon website building profile, coming soon page and internet listing services
 - Marketing collateral (e.g., branding, photography, virtual staging, marketing video, Matterport floorplans, feature sheet, custom floorplan handouts, etc.)
 - Property signage (e.g., building sign, development signage, A-frames, etc.)
 - Local advertising / communication platforms (e.g., Urban YVR, Daily Hive, etc.)
 - Custom digital advertising campaign (e.g., includes remarketing and AdWords, Google My Business, social media and other online digital advertising solutions)

5. END OF SERVICES

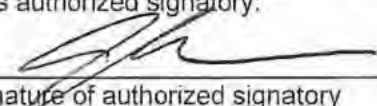
- 5.01 The Owner may terminate these services with or without cause on the last day of any month upon giving to Devon not less than thirty (30) days' written notice of such termination or upon Devon achieving 100% occupancy, whichever occurs first.
- 5.02 Upon end of these services, any and all sums due to Devon pursuant to this Agreement shall immediately become due and payable and be paid.

DEVON PROPERTIES LTD.
by its authorized signatory:



Dave Craig

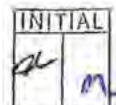
MTN WOODSTOCK LIMITED PARTNERSHIP
by its authorized signatory:



Signature of authorized signatory

Jordan Kohn

Print name of authorized signatory



Schedule C.

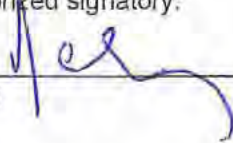
DATE: July 1, 2023

RE: Approved Initial Twelve-Month Budget

PROPERTY: 188 East Woodstock Avenue

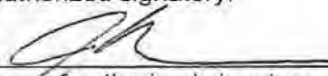
See the attached, approved initial twelve-month budget which is set to begin upon occupancy of the Property named above. This budget has been reviewed and approved by the Owner.

DEVON PROPERTIES LTD.
by its authorized signatory:



Dave Craig

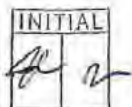
MTN WOODSTOCK LIMITED PARTNERSHIP
by its authorized signatory:



Signature of authorized signatory

Jordan Kohn

Print name of authorized signatory



Schedule D.

DATE: July 1, 2023

RE: Privacy Addendum to the Management Agreement

PROPERTY: 188 East Woodstock Avenue

Devon Properties Ltd. needs to collect, use and disclose some personal information to help you rent real estate. We respect your privacy and want to ensure you understand how and why your information is collected, used and disclosed in a real estate transaction.

Most personal information will be collected directly from you through the contracts and other documents you will fill out and through discussions you have with your Property Manager. Some information may be collected from other sources such as government departments and agencies (e.g. Land Title Office, BC Assessment).

PURPOSES FOR COLLECTING, USING AND DISCLOSING PERSONAL INFORMATION

Your information may be collected, used, and disclosed for some or all of the following purposes:

- (a) To allow members of the real estate boards (including Realtors and appraisers) to appraise your Property;
- (b) To market your property for rent through any other media (both print and electronic) and to facilitate rental transactions;
- (c) To compile current and historical statistics on rental rates, and to conduct comparative market analysis/analyses;
- (d) To enforce codes of professional conduct and ethics for members of real estate boards (by cooperating with the real estate boards, the British Columbia Real Estate Association, The Canadian Real Estate Association, BC Financial Services Authority, and other regulatory bodies; and
- (e) To comply with legal requirements and to act pursuant to legal authorizations.

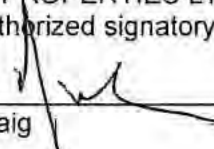
The Owners hereby consent to Devon's collection, use and disclosure of information respecting the Owners, including personal information respecting any Owners for any and all purposes related to the management, maintenance and administration of the Property, including the provision of documentation and information as required by the *Real Estate Services Act* to facilitate the sale of the Property, which shall include its distribution to the Owner's real estate licensees, potential purchasers, purchasers and their conveyancers, governmental authorities, Owner's mortgagees or other authorized requestors in accordance with the law. Devon's authority to collect, use and distribute Owners' personal information is limited to the following:

Owners' rent and deposit account information, residential and mailing addresses, email addresses, home and work phone numbers, emergency contact phone numbers, and banking information to facilitate Electronic Fund Transfers to receive net rent distributions, if applicable.

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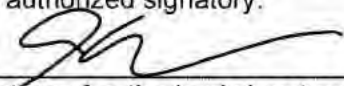
In case Devon is required by law to obtain, use and disclose the Social Insurance Numbers and dates of birth of the Owners, Devon will exclusively use and disclose the Social Insurance Numbers and Dates of Birth in dealings with the Federal Government Agencies authorized under the *Privacy Act* and *Personal Information Protection and Electronic Documents Act*.

DEVON PROPERTIES LTD.
by its authorized signatory:



Dave Craig

MTN WOODSTOCK LIMITED PARTNERSHIP
by its authorized signatory:



Signature of authorized signatory

Jordan Kohn
Print name of authorized signatory

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Appendix "F"

West Coast Liquor Lease

LEASE

THIS LEASE dated for reference April 1st, 2022 is made and entered into by the Landlord and Tenant named herein who, in consideration of the rents and covenants herein contained, agree as follows:

ARTICLE 1 - BASIC TERMS AND DEFINITIONS

1.1 Basic Terms.

The basic terms of this Lease are as follows:

- (a) (i) **Landlord:** RENDITION (E41) DEVELOPMENTS INC.
- (ii) **Address of Landlord:** 302 – 1220 East Pender Street
Vancouver, British Columbia V6A 1W8
- (b) (i) **Tenant (legal name):** WEST COAST LIQUOR COMPANY
(YVR) LTD.
(B.C. Incorporation No. BC0722754)
- (ii) **Address of Tenant:** Suite 205 – 1755 West Broadway
Vancouver, British Columbia V6J 4S5
- (iii) **Fax:** 604-687-8133
- (c) **Premises:** **CRU 101, 188 East Woodstock Avenue,
Vancouver, British Columbia V5W 2S5**
being those premises located in the Building
and shown outlined in bold on Schedule B
hereto. Unit number of the Premises is
subject to change pending the approval or
requirements of the City of Vancouver
- (d) **Rentable Area of the Premises:** 4,471 square feet
- (e) **Term:** Five (5) years
- (f) **Commencement Date:** The day following the expiry the last day of
the Fixturing Period as further defined herein
- (g) **Expiry Date:** The day which is five (5) years after the
Commencement Date (unless the
Commencement Date is not the first day of a
month, in which case the Term will expire on
the day which is five (5) years after the last
day of the month in which the
Commencement Date occurs
- (h) **Basic Rent:**
- | Year (s) | Per Sq. Ft. of
Rentable Area of the
Premises per annum | Annual Basic Rent | Monthly Basic
Rent |
|----------|--|-------------------|-----------------------|
| 1 | \$45.6247 | \$5,17(1) | \$5,17(1) |
| 2 – 3 | \$46.7946 | | |
| 4 – 5 | \$47.9644 | | |
- (i) **Permitted Use:** The purpose of a liquor store offering the sale,
at retail, of beer, wine, spirits, liqueurs and
cider for off-site consumption and related
products permitted by applicable laws

- (j) **Security Deposit** s.17(1) to be applied in accordance with section 4.5
- (k) **Operating Name:** West Coast Liquor
- (l) (i) **Indemnifiers:** WEST COAST LIQUOR COMPANY LTD.
(B.C. Incorporation No. BC0700065)
- (ii) **Address of Indemnifiers:** Suite 205 – 1755 West Broadway
Vancouver, British Columbia V6J 4S5
- (iii) **Email:** john@gibsonhospitality.com
and roger@gibsonhospitality.com

1.2 Definitions.

The Landlord and the Tenant hereby agree that in this Lease the following words or phrases will, unless there is something in the context inconsistent therewith, have the meanings hereinafter set out:

- (a) **"Additional Rent"** means those amounts payable by the Tenant to the Landlord in accordance with section 5.1 and all other sums which may be payable to the Landlord hereunder or reimbursable to the Landlord hereunder, including, without limitation, all interest and penalties payable hereunder, whether or not such sums are referred to as Additional Rent or otherwise, but excluding the Annual Basic Rent;
- (b) **"Annual Basic Rent"** means the amount specified as such in subsection 1.1(h);
- (c) **"Building"** means all buildings and improvements erected or to be erected on the Land;
- (d) **"Collateral"** will have the meaning set out in subsection 10.2(a);
- (e) **"Commencement Date"** means the date specified in subsection 1.1(f);
- (f) **"Complex"** means, collectively, the Building and the Land;
- (g) **"Expiry Date"** means the date specified in subsection 1.1(g);
- (h) **"Fixturing Period"** has the meaning given to it in Section 2 of Schedule C;
- (i) **"GST"** means all harmonized sales taxes, value-added taxes, goods and services taxes, social service taxes or other similar taxes levied, imposed, charged or assessed on the Tenant or the Landlord, whether or not in existence at the Commencement Date, in respect of any and all Rent payable to the Landlord by the Tenant under this Lease, the rental of the Premises by the Landlord to the Tenant, or the provision of any goods, services or utilities whatsoever by the Landlord to the Tenant under this Lease;
- (j) **"Land"** means those lands described in Schedule A hereto;
- (k) **"Landlord"** means only the owner or the mortgagee in possession for the time being of the Complex;
- (l) **"Landlord's Mortgagees"** means the mortgagees, debentureholders and trustees on behalf of a mortgagee holding Mortgages;
- (m) **"Landlord's Work"** has the meaning given to it in Schedule F;
- (n) **"Lease"** means this Indenture together with all schedules attached hereto;
- (o) **"Lease Year"** means, in the case of the first Lease Year, the period beginning on the Commencement Date and terminating twelve (12) months from the last day of the calendar month in which the Commencement Date occurs (except that if the Commencement Date occurs on the first day of a calendar month, the first Lease Year will terminate on the day prior to the first anniversary of the Commencement Date) and, in the case of each subsequent Lease Year, means each twelve (12) month period after the first Lease Year;
- (p) **"Mortgages"** will have the meaning set out in section 10.7;

- (q) **"Operating Costs"** means the aggregate of all costs, charges and expenses incurred in the operation, management, administration, maintenance, repair and replacement of the Complex in each Lease Year, including without limiting the generality of the foregoing, the cost of providing cleaning, garbage removal, supervisory and maintenance services, the cost of hot and cold water, electricity, telephone and other utilities and services to all space both rentable and non-rentable, the cost of heating, cooling and ventilating all space both rentable and non-rentable, the cost of providing janitorial service (if any), the cost of all structural and non-structural repairs and replacements to the Complex (including, without limitation, repairs and replacements to the Roof and the structural elements of the Building and all electrical, mechanical, plumbing and HVAC systems in the Building), the cost of snow clearance, the cost of repairing and re-striping parking areas and roadways, the cost of renting offsite parking stalls, the cost of landscaping and maintaining any landscaped areas on the Complex, the cost of engineering, accounting, legal and other professional and consulting services, the cost of signage and decorations, the cost of sound, visual, lighting, communication and other systems, the cost of security and supervision, management fees and the cost of all insurance maintained by the Landlord in respect of the Complex or any part thereof and an amount equal to five percent (5%) of all Rent payable hereunder as management fee payable to the Landlord; provided, however, that the cost of any capital improvements will be amortized over the useful life of the improvements as determined by the Landlord in accordance with accounting practices generally accepted in the real estate industry in Canada and interest on all such capital expenditures, calculated at the Royal Bank prime rate plus three percent (3%) from time to time, will be recoverable as Operating Costs regardless of whether or not the Landlord actually borrowed funds to finance the cost of such capital expenditures. Those items of Operating Costs which vary with the use and occupancy of rentable premises in the Building may be adjusted and calculated as if the Building were one hundred percent (100%) occupied and operational for the entire operating year so that those items of Operating Costs (which will include, without limitation, items such as cleaning costs, garbage removal, pest control and utility costs) may be adjusted to what they would have been in the Landlord's reasonable estimation if the Building were one hundred percent (100%) occupied and operational for the entire operating year, and such adjusted amount may be included in the Operating Costs. For greater certainty, the Landlord may determine, in its reasonable discretion, whether it will calculate certain items of Operating Costs as if the Building were one hundred percent (100%) occupied and operational for the entire operating year;

Notwithstanding the foregoing, "Operating Costs" will not include:

- (1) the cost of any repair or replacement necessitated by defects or deficiencies in any construction by the Landlord;
 - (2) any cost associated with repairing inherent structural defects to the Building;
 - (3) any cost incurred in enlarging or expanding the Building or constructing any other building on the Land;
 - (4) any cost resulting from the Landlord's violation of any law, regulation or requirement of any governmental authority having jurisdiction over the Land or the Building, provided that such violation is not the result of the Tenant's acts or omissions;
 - (5) any cost for which the Landlord has been reimbursed pursuant to a contractual warranty or other entitlement;
 - (6) any remediation or other cost arising as the result of any contamination of the Land or the Building by Hazardous Substances not introduced to or Released from the Land or the Building by the Tenant or persons for whom the Tenant is responsible in law; and
 - (7) any leasing commissions or other costs relating to the leasing of premises in the Building; and
- (r) **"Premises"** means the premises set out in subsection 1.1(c);
- (s) **"Proportionate Share"** means the fraction, having as its numerator the Rentable Area of the Premises and as its denominator the Total Rentable Area of the Building;

- (t) **"Relative Portion"** means, with respect to any amount payable under this Lease, that fraction which has as its denominator the period of time expressed in days in respect of which an amount payable hereunder is calculated and which has as its numerator the number of days within the same calculation period, but which fall within the Term or any renewal period;
- (u) **"Rent"** means the Annual Basic Rent and the Additional Rent;
- (v) **"Rentable Area"** means the number of square feet of floor area, determined from time to time by the Landlord's architect or surveyor of the Premises or any other premises within the Complex to which the measurement is being applied in accordance with the Landlord's standard from time to time, in its sole discretion based on generally accepted industry practices, and may be based, without limitation, on the BOMA (1989), BOMA (1996) or BOMA (2004) standards of measurement for measuring area in buildings. Rentable Area will include interior space even if it is occupied by projections, structures or columns, whether structural or non-structural, and if the front of the applicable premises is recessed from the lease line, the area of the recess will be included in the calculation of Rentable Area. For clarity, the Rentable Area of the Premises shall include the Tenant's share, as attributed or allocated by the Landlord, from time to time, to the Tenant of those areas, facilities and improvements in or serving the Building, which may exist from time to time, including but not limited to the sprinkler, transformer, electrical and garbage rooms;
- (w) **"Roof"** means the roof of the Building including the roof membrane, insulation and deck and all structural components of the roof;
- (x) **"Rules and Regulations"** means the rules and regulations attached as Schedule D to this Lease as the same may from time to time be amended or added to by notice from the Landlord;
- (y) **"Security Interest"** will have the meaning set out in subsection 10.2(b);
- (z) **"Serial Numbered Goods"** will have the meaning set out in subsection 10.2(c);
- (aa) **"Taxes"** means the aggregate of all taxes, local improvements or similar rates, duties, assessments and/or charges, municipal realty taxes, water taxes, school taxes, or any other taxes, rates, duties, assessments both general or special or any rate, duty, assessment, charge or tax levied, charged or assessed in lieu thereof now or at any time hereafter levied or imposed upon or in respect of the Complex or any part thereof and corporation capital tax payable by the Landlord based in whole or in part on the capital employed by the Landlord in the Complex, by any governmental authority whether federal, provincial, municipal or otherwise, together with all costs and expenses (including legal and other professional fees and interest and penalties on deferred payments) incurred by the Landlord in good faith contesting or appealing any such taxes, levies, rates, assessments or charges levied in lieu thereof, but excluding the Tenant's Taxes;
- (bb) **"Tenant"** means West Coast Liquor Company (YVR) Ltd., operating as "West Coast Liquor";
- (cc) **"Tenant's Taxes"** means all taxes, license and permit fees, rates, duties and assessments imposed or levied by any lawful authority covering any period during the Term and any renewal thereof and relating to or in respect of the business of the Tenant or relating to or in respect of personal property and all business and trade fixtures, machinery and equipment, cabinet work, furniture and movable partitions owned or installed by the Tenant at the expense of the Tenant or being the property of the Tenant, or relating to or in respect of improvements to the Premises built, made or installed by the Tenant, on behalf of the Tenant or at the Tenant's request or by any previous tenant of the Premises, whether any such taxes are payable by law by the Tenant or by the Landlord and whether such taxes are included by the taxing authority in the taxes, licenses, rates, duties and assessments imposed or levied on or with respect to the Premises; and all sales, goods and services, value-added or other taxes assessed or imposed on the Tenant or the Landlord, whether or not in existence on the Commencement Date, in respect of the Rent payable to the Landlord by the Tenant under this Lease, the rental of the Premises by the Landlord to the Tenant or the provision of any goods, services or utilities whatsoever by the Landlord to the Tenant under this Lease and any agreement to Lease between the Landlord and the Tenant pursuant to which this Lease was entered into;
- (dd) **"Tenant's Work"** has the meaning given to it in Section 3 of Schedule C;

- (ee) "Term" means the term specified in subsection 1.1(e);
- (ff) "Total Rentable Area of the Building" means the area in square feet of all Rentable Area of all premises (including the Premises) in the Building that from time to time are, or are intended to be, occupied by tenants or other occupants.

ARTICLE 2 - GENERAL COVENANTS

2.1 Tenant's Covenants.

The Tenant covenants with the Landlord:

- (a) to pay Rent; and
- (b) to observe and perform all the covenants and obligations of the Tenant herein.

2.2 Landlord's Covenants.

The Landlord covenants with the Tenant:

- (a) for quiet enjoyment, subject to the provisions of this Lease; and
- (b) provided the Tenant pays the Rent, and observes and performs all of its covenants and obligations herein, to observe and perform all the covenants and obligations of the Landlord herein.

ARTICLE 3 - DEMISE AND TERM

3.1 Demise.

The Landlord as owner of the Complex hereby demises and leases the Premises to the Tenant and the Tenant takes the Premises on lease from the Landlord, subject to the terms and conditions set out in this Lease to have and to hold the Premises unto the Tenant for the Term from and including the Commencement Date until the Expiry Date.

ARTICLE 4 - RENT

4.1 Annual Basic Rent and Additional Rent.

The Tenant will pay to the Landlord during the Term the following Rent payable at the Landlord's address specified in paragraph 1.1(a)(ii) or at such other place as the Landlord may from time to time designate in writing:

- (a) Annual Basic Rent payable in advance in equal consecutive monthly instalments as set out in subsection 1.1(h) on the first day of each and every month in each and every year of the Term commencing on the Commencement Date and continuing until and including the first day of the month immediately preceding the Expiry Date, subject however to adjustment set out in section 4.7;
- (b) the Tenant's Proportionate Share of Operating Costs and Taxes, payable in accordance with section 5.1;
- (c) the cost of all utilities payable to the Landlord in accordance with section 5.4; and
- (d) Additional Rent payable in accordance with the provisions of this Lease.

4.2 No Set-Off.

The Tenant covenants and agrees with the Landlord that all of the Rent payable under this Lease will be paid by the Tenant to the Landlord without demand, deduction, set-off or abatement whatsoever, except as specifically provided in subsection 12.1(a). The Tenant covenants and agrees that the Landlord may at its option apply all sums received from or due to the Tenant against any amounts due and payable hereunder in such manner as the Landlord may see fit.

4.3 Pre-Authorized Withdrawal.

The Tenant covenants and agrees to supply the Landlord with an automatic debiting authorization by which payments in respect of the monthly instalments due hereunder are automatically deducted from the Tenant's bank account and credited to the Landlord's bank account. The failure of the Tenant to comply in

any way with the provisions of this section 4.3 will be deemed to be a default under this Lease and will entitle the Landlord to exercise any and all remedies available to the Landlord under this Lease.

4.4 Adjustment.

If the Term will commence or cease on a day other than the commencement of or the end of any period of time in respect of which any amount payable hereunder is calculated, then the Tenant will pay to the Landlord its Relative Portion of such amount for such period of time.

4.5 Deposit.

The Tenant will pay to the Landlord upon execution of this Lease, as partial consideration for execution of this Lease, a deposit in the amount of ~~\$ 17(1)~~ which deposit will be held by the Landlord on a non-interest bearing basis as security for the faithful performance by the Tenant of all the terms, covenants and conditions of this Lease, and if at any time during the Term, Rent is overdue and unpaid or the Tenant is in breach of any covenant, condition or proviso contained in this Lease, then the Landlord may, at its option, apply all or a portion of such deposit toward the payment of such overdue Rent or any payment of any cost or expense to which the Landlord may be put as a result of any such breach, without thereby limiting or excluding any other rights which the Landlord may have hereunder or at law. In the event that such entire deposit or any portion thereof is applied by the Landlord toward the payment of overdue Rent or any cost or expense to which the Landlord is put as a result of a breach of this Lease by the Tenant, then the Tenant will, upon demand by the Landlord, remit to the Landlord such amount as is required to restore such deposit to the amount held by the Landlord prior to such application.

4.6 Net Lease.

It is the intention of the parties hereto that, save as specifically set forth in this Lease, this Lease will be a net lease and that the Rent provided to be paid to the Landlord hereunder will be net to the Landlord and will yield to the Landlord the entire such rental during the Term and any renewal thereof without abatement for any cause whatsoever except as set forth in subsection 1.2.1(a). Save as specifically set forth in this Lease, all costs, expenses and obligations of every kind and nature whatsoever relating to the Premises, whether or not herein referred to and whether or not of a kind now existing or within the contemplation of the parties hereto, will be paid by the Tenant.

4.7 Rentable Area.

The Tenant acknowledges that Basic Rent and the Proportionate Share are calculated based upon the Rentable Area of the Premises as set out in subsection 1.1(d) hereof, and that in the event the Rentable Area of the Premises determined by the Landlord in accordance with subsection 1.2(v) is other than as set out in subsection 1.1(d), such amounts and calculations shall be adjusted based upon the Rentable Area determined by the Landlord in accordance with subsection 1.2(v), retroactive to the Commencement Date.

Notwithstanding the foregoing or any other provision of this Lease, for the purpose of calculating Rent, in no event will the Rentable Area of the Premises be deemed to exceed that set out in subsection 1.1(d) by a factor of more than 2%.

4.8 GST.

The Tenant will pay GST to the Landlord on any payment of Rent under this Lease at the same time as such Rent is payable to the Landlord. The failure by the Tenant to pay to the Landlord the amount of any GST owing and due hereunder will constitute a default by the Tenant under this Lease and will entitle the Landlord to exercise any and all rights and remedies available to the Landlord for the recovery of Rent in arrears.

ARTICLE 5 - TENANT'S COVENANTS

The Tenant hereby covenants and agrees with the Landlord as follows:

5.1 Operating Costs and Taxes.

Additional Rent (including, without limitation, Operating Costs and Taxes) payable by the Tenant will be estimated by the Landlord with reference to a fiscal period of twelve (12) months, which will be the twelve (12) month period ending on December 31st in each year during the Term unless the Landlord, by notice to the Tenant, will from time to time have selected a fiscal period which ends on a different date (but which will be a twelve (12) month period except where a shorter broken fiscal period occurs at the commencement or end of the Term or is necessary to accommodate a change in the fiscal period made during the Term. The Tenant will pay the Landlord the estimated amount in monthly instalments in advance on the first day of each calendar month during such fiscal period and, where the calculation of Additional Rent cannot be

made until after the expiration or earlier termination of this Lease, the obligation of the Tenant to pay such Additional Rent will survive the expiration or earlier termination hereof and such amount will be paid by the Tenant to the Landlord forthwith on demand. The Landlord will furnish to the Tenant a statement setting out the Operating Costs and Taxes for such fiscal period and the Tenant's Proportionate Share thereof. If the amount payable by the Tenant as shown on any such statement is greater or less than the aggregate of amounts paid by the Tenant under this section 5.1, the proper adjusting credit or payment will be made between the parties within 14 days after delivery of the statement. Any credit made by the Landlord or payment made by the Tenant and accepted by the Landlord in respect of any adjustment made hereunder, will be without prejudice to the Landlord's or Tenant's right to claim a readjustment provided such claim is made within 12 months from the date of delivery of the statement referred to in this section 5.1. Notwithstanding the foregoing, whenever in the Landlord's reasonable opinion, any item of Operating Costs or Taxes properly applies to a particular tenant within the Building, the Landlord may allocate such item of Operating Costs or Taxes to such tenant. The Tenant will pay any amount so allocated by the Landlord to the Tenant upon demand. In the event the Tenant, acting reasonably, disputes the calculation of Operating Costs and/or Taxes payable by the Tenant, the Tenant will have the right to inspect the Landlord's books and records in respect of the subject matter of the dispute (provided that the Tenant shall provide the Landlord with 10 business days prior written notice of such inspection) and a letter from the Landlord's accountants, auditors, bookkeepers or property manager will (absent manifest error) be final and binding on the parties.

5.2 Increases in Operating Costs.

The Tenant will not do or omit, or permit to be done or omitted, upon or about the Premises, anything which will cause the Operating Costs to be increased. If the Operating Costs will be so increased, the Tenant will pay to the Landlord as Additional Rent the amount of such increase.

5.3 Tenant's Taxes.

The Tenant will promptly pay the Tenant's Taxes as they become due. The Tenant will provide to the Landlord, upon request, the official receipt for each payment made by the Tenant in respect of the Tenant's Taxes.

5.4 Utilities.

The Tenant will pay and discharge as the same fall due all charges for utilities provided to or consumed on the Premises during the Term, whether billed to the Landlord or the Tenant, including telephone installations, water, electrical power, gas and telephone charges metered separately or charged separately by the authority providing the same to the Premises as well as any charges of any such authority based thereon for treatment or other facilities and all other charges similar in nature.

PROVIDED ALWAYS that if any of the aforesaid utilities are provided to the Premises through a common metering device or on any other shared basis with any other premises or portions of the Building or the Complex, the Tenant will pay to the Landlord forthwith on demand from time to time by the Landlord, the Tenant's share of the cost thereof based on such allocation as the Landlord may reasonably determine in relation to the other premises or portions of the Building or the Complex being so served.

5.5 Prohibited Use.

The Tenant acknowledges and agrees that the Landlord or any affiliate of the Landlord may have granted other tenants in the Complex certain "exclusivity" rights to carry on a business or undertaking in or from the Complex to the exclusion of third parties in the Complex as of the Commencement Date of the Lease (provided that such "exclusivity" rights shall not be prohibited the Tenant from operating the use set forth in subsection 1.1(i) from the Premises). If all or any part of the Premises are so used by the Tenant, the Landlord may, at its option, terminate this Lease or obtain an injunction prohibiting such purpose or use, it being acknowledged and agreed that any use of the Premises by the Tenant in contravention of any such other restrictions or "exclusivity" rights will cause irreparable harm to the Landlord. The Landlord represents that it has advised the Tenant in writing of all such "exclusivity rights" that it has granted as of the date of execution of this Lease by both parties and that it shall immediately notify the Tenant in writing of any further "exclusivity" rights that it may have granted as of the Commencement Date.

ARTICLE 6 - CREDIT INQUIRY

6.1 Credit Inquiry.

The Tenant acknowledges and agrees that the Landlord, its property manager or its agent may periodically obtain from one or more credit reporting agencies a report respecting the Tenant's credit history and the Tenant hereby consents to the Landlord, its property manager or its agent obtaining same from time to time, in its sole discretion, without further notice to the Tenant.

ARTICLE 7 - REPAIRS AND ALTERATIONS

7.1 Cleaning.

- (a) The Tenant will maintain the Premises so that they will always be of good appearance, clean and tidy and suitable for the permitted use set out in subsection 1.1(i). In so doing the Tenant:
 - (i) will renew, replace and decorate as may from time to time be necessary for the purpose, the Premises and all fixtures, furnishings, chattels and decorations therein;
 - (ii) will keep the interior of the Premises orderly and tidy; and
 - (iii) will store all refuse within the Premises in receptacles such as to provide proper storage and facilitate its removal, and arrange for the regular removal of all refuse which the Landlord has not agreed to remove.
- (b) The Tenant will, immediately before the termination of the Term, wash the floors, windows, doors, walls and woodwork of the Premises and will not, upon such termination, leave upon the Premises any refuse, garbage or waste material.

7.2 Tenant's Repairs.

- (a) The Tenant will, at all times during the Term and any extension or renewal thereof, promptly, at its own expense, repair and maintain the Premises and all equipment, fixtures, trade fixtures, glass, apparatus, furnishings and leasehold improvements in a first class condition, reasonable wear and tear and repairs which are the responsibility of the Landlord pursuant to subsection 7.5(a) only excepted. At the end or sooner termination of the Term or any extension or renewal thereof, the Tenant will yield up to the Landlord, without notice, the Premises repaired and maintained in the condition aforesaid.
- (b) The Tenant will keep well-painted at all times the interior of the Premises in accordance with the reasonable requests of the Landlord, using colours which will first be approved in writing by the Landlord, with both parties acting reasonably, will keep all heating, ventilation and air-conditioning and plumbing facilities within the Premises and all drains therefrom in good repair and working order.
- (c) The Tenant, its employees or agents will not remove, install or alter any walls, ceilings, partitions, floors, wood, stone or ironwork without the written approval of the Landlord, which approval may be arbitrarily withheld.

7.3 View Repairs.

The Landlord may enter the Premises at any time during business hours (on not less than 24 hours' prior notice, except in the case of a real or perceived emergency whereby not prior notice shall be required) and at any time during any emergency to view the state of repair and the Tenant will repair according to notice in writing from the Landlord so to do, subject to the exceptions contained in this Article.

7.4 Landlord May Repair.

If the Tenant fails to repair as required herein and according to notice from the Landlord within seven (7) days of receipt thereof, or such shorter period as may be reasonable in the circumstances, the Landlord may make such repairs without liability to the Tenant for any loss or damage that may occur to the Tenant's merchandise, fixtures or other property or to the Tenant's business by reason thereof, unless the Landlord is deemed negligent as a result of such damage or loss, and upon completion thereof, the Tenant will pay as Additional Rent the Landlord's costs for making such repairs together with a sum equal to fifteen (15%) per cent of such costs representing the Landlord's overhead.

7.5 Landlord's Repairs.

- (a) Subject to section 12.1, the Landlord will repair, reasonable wear and tear excepted, the Roof, foundations, exterior walls and sub-floors of the Building.
- (b) The Landlord will not be liable for any loss or damage to any person or property for its failure to repair in accordance with this Article, unless such loss or damage is caused by the default or gross negligence of the Landlord, its agents, employees or contractors and is not specifically excepted pursuant to the provisions of this Lease.

- (c) The Landlord will maintain the Building as would a prudent owner of a reasonably similar commercial building, having regard to size, age and location, the structure of the Building, the cost of which will be included in Operating Costs.
- (d) In fulfilling its obligations pursuant to this Article 7, the Landlord will be entitled to enter the Premises (on not less than 24 hours' prior notice) and at any time during any emergency and will act as expeditiously as is reasonably possible in the circumstances and will use commercially reasonable efforts to minimize any resulting disruption of the Tenant's business.

7.6 Taking of Possession.

Subject to the completion of the Landlord's Work as set forth in Schedule F and defects not discernible on visual inspection, the Tenant accepts possession of the Premises "AS IS WHERE IS" and acknowledges that all finishes and improvements of any nature whatsoever to the Premises are to be made by the Tenant at the Tenant's sole cost, risk and expense and in accordance with the terms of the Lease. The taking of possession of the Premises by the Tenant will be conclusive evidence against the Tenant, that at the time of taking possession and except as provided above, the Premises were in satisfactory order and condition.

7.7 Business and Trade Fixtures.

The Tenant may install its usual business and trade fixtures in the usual manner, provided such installation does not damage the Premises and provided further that the Tenant will have, if requested by the Landlord, submitted plans and specifications for such business and trade fixtures to the Landlord and obtained its prior written consent thereto, which consent will not be unreasonably withheld. All business and trade fixtures owned or installed by the Tenant in or on the Premises will, except as set out below, remain the property of the Tenant and will be removed by the Tenant at the expiration of the Term or any renewal thereof or at the sooner termination thereof, provided that the Tenant at its expense will repair any damage to the Premises caused by such removal, and provided further that the Tenant will not be in default under any covenant or agreement contained herein at the time of such removal, and if in default, the Tenant's business and trade fixtures will not be removed by the Tenant until such default is cured, unless otherwise directed by the Landlord. The Landlord may elect to require the Tenant to remove all or any part of the business and trade fixtures owned or installed by or on behalf of the Tenant at the expiration or termination of the Term or any renewal thereof, in which event such removal will be done at the Tenant's expense and the Tenant will at its expense, repair any damage to the Premises caused by such removal. If the Tenant does not remove its business and trade fixtures forthwith after written demand by the Landlord, such property will, if the Landlord elects, be deemed to become the Landlord's property or the Landlord may remove the same at the expense of the Tenant and the cost of such removal will be paid by the Tenant forthwith to the Landlord on written demand, and the Landlord will not be responsible for any loss or damage to such property as a result of such removal.

7.8 Alterations and Additions.

The Tenant will not remove, alter or change the position or style of, or add to, the Premises or any part thereof, without in any and every such case having first submitted plans and specifications thereof to the Landlord and having obtained the prior written consent of the Landlord thereto, and, unless otherwise provided by such consent, all such alterations, additions, erections or excavations will be done either by or under the direction of the Landlord, as the Landlord may determine, but at the cost of the Tenant. All work will be done in a good and workmanlike manner and at such times and in such manner as the Landlord may approve, and only by contractors or tradesmen approved in writing by the Landlord. The Tenant will reimburse the Landlord forthwith on demand for all costs and expenses incurred by the Landlord in the review and approval of any plans and specifications by the Landlord's architects and engineers. The Tenant will obtain and pay for all required building and occupancy permits in respect of its work as aforesaid. The Tenant will, at its own cost and expense, take out or cause to be taken out any additional insurance coverage reasonably required by the Landlord to protect the respective interests of the Landlord and the Tenant during all periods when any such work is being performed. Any and all installations, alterations, additions, partitions, improvements or fixtures other than the Tenant's business and trade fixtures in or upon the Premises, whether placed there by the Tenant or the Landlord or a previous occupant of the Premises, will, immediately upon such placement, become and will thereafter remain the property of the Landlord without compensation therefor to the Tenant. Notwithstanding anything herein contained, the Landlord will be under no obligation to repair, maintain, replace or insure such installations, alterations, additions, partitions and fixtures or anything in the nature of a leasehold improvement made or installed by or on behalf of the Tenant or a previous occupant of the Premises. The Landlord may elect that any or all installations, alterations, additions, partitions, improvements or fixtures made or installed by or on behalf of the Tenant hereunder or under the provisions of any previous lease of the Premises to the Tenant or any other tenants be removed at the expiry or earlier termination of the Term or any renewal thereof and it will be the Tenant's obligation to restore the Premises to the condition in which they were prior to such alterations,

installations, additions, improvements, partitioning and fixturing. Such removal and restoration will be at the sole expense of the Tenant.

7.9 Landlord's Alterations.

The Landlord reserves the right to:

- (a) make any changes or additions to the apparatus, appliances, conduits, ducts, equipment, pipes or structures of any kind in the Premises where necessary to serve adjoining premises or other parts of the Building;
- (b) make alterations or additions to the structure and facilities of the Building,

which rights may be exercised by the Landlord in its unfettered discretion and without any claim for damages or indemnification against the Landlord, its employees or agents and without diminution or abatement of Rent except during any period of time during which the Tenant is unable to carry on business with the public because of the exercise of such rights by the Landlord. The Landlord will use commercially reasonable efforts to excise such rights in a way that does not materially, adversely affect the visibility of, or pedestrian or vehicular access to and from, the Premises and the Tenant's business from the Premises. In the event that such exercise results in a change in the Total Rentable Area of the Building, the Additional Rent payable by the Tenant thereafter will be recalculated but without any adjustment with respect to any earlier payment of Additional Rent.

ARTICLE 8 - USE AND OCCUPANCY OF PREMISES

8.1 Use of Premises.

The Tenant will, continuously and actively throughout the Term and any extension or renewal thereof, use the entire Premises for the purpose specified in subsection 1.1(i) or such other purpose as the Landlord may first approve in writing (with such approval to be in the Landlord's sole discretion), and will not use the Premises nor allow the Premises to be used for any purpose other than that specified in subsection 1.1(i) or such other purpose as the Landlord may first approve in writing (with such approval to be in the Landlord's sole discretion), nor in any manner inconsistent with such use and occupation, and the Tenant will not, at any time during the Term or any renewal thereof, commit or suffer to be committed any waste upon the Premises nor will the Tenant use, exercise, or carry on, or permit or suffer to be used, exercised or carried on, in or upon the Premises or the Complex, or any part thereof, any noxious, noisome or offensive art, trade, business, occupation or calling, or keep, sell, use handle or dispose of any merchandise, goods or things which are objectionable, or by which the Premises, the Complex or any part thereof may be damaged or injuriously affected, and no act, matter or thing whatsoever will, at any time during the Term or any renewal thereof, be done in or upon the Premises, the Complex or any part thereof, which may result in annoyance, nuisance, grievance, damage or disturbance to any other tenants in the Complex or to any occupiers or owners of any other lands or premises or to the holders of any registered easement, right of way or other encumbrance charging the whole or part of the Premises or the Complex. The Tenant will make all reasonable efforts to prevent anything being done on the Premises which may result in the Complex or any part thereof being picketed or otherwise subjected to industrial action or demonstrations, political or otherwise. In the event of such picketing, industrial action or demonstrations the Tenant will forthwith take all reasonable actions and proceedings available to it in law to cause such picketing, industrial action and demonstrations to cease without delay. The Tenant will not place in the Building any heavy machinery or equipment without first obtaining the consent in writing of the Landlord. The Tenant will occupy the Premises for the purpose aforesaid continuously and without interruption throughout the Term and any renewal thereof, and without limiting the generality of the foregoing, the Tenant will operate the Premises in the active conduct of the Tenant's business during all days and hours of operation established by the Landlord for the Complex. The Tenant will immediately advise the Landlord of the presence of and will do all things necessary to remove, any dangerous condition or item from time to time existing on the Complex and arising as a result of the act or omission of the Tenant or any person for whom the Tenant is, at law, responsible. Notwithstanding the foregoing, the Tenant shall be permitted to close for business from the Premises during any period it cannot operate due to an event of damage and destruction as described in Section 12.1.

8.2 [Intentionally Deleted]

8.3 Rubbish.

The Tenant will keep the Premises and any loading areas designated for use by the Tenant clean and tidy and in good order and will not permit waste or garbage to be placed or accumulate outside of the Premises but will dispose of such waste or garbage in the manner designated by the Landlord from time to time.

8.4

Pollution.

The Tenant will not discharge nor permit the discharge of any oil or grease or any deleterious, objectionable, dangerous, radioactive, toxic, hazardous, poisonous or explosive matter or substance into any water, ditches, water courses, culverts, drains or sewers and the Tenant will take all reasonable measures for ensuring that any effluent discharged will not be corrosive, poisonous or otherwise harmful to or cause obstruction, deposit or pollution within any waters, ditches, water courses, culverts, drains or sewers or to or within any sewage disposal works or to the bacteriological process of sewage purification, and the Tenant will forthwith at the Landlord's request provide facilities for testing and monitoring any such effluent from the Tenant's operations and will permit the Landlord access to the Premises for the purposes of carrying out such testing and monitoring from time to time. In addition, the Tenant will not at any time whatsoever dispose of or permit to be disposed of on, in or under the Complex, any oil or grease or any deleterious, objectionable, dangerous, toxic, hazardous, poisonous or explosive substance or matter nor permit any such substance or matter to be discharged or accumulated on, in or under the Complex, including without limitation, any radioactive matter or substance, any radioactivity, or any microwaves. The Tenant will construct, maintain and operate every furnace and burner employed on the Premises so as to substantially consume or burn the smoke arising from every furnace and burner and will not use or suffer any such furnace or burner to be used negligently so that the smoke arising therefrom is not substantially consumed or burned and will not cause or permit any grit, dust or noxious or offensive effluvia to be emitted from any engine, furnace, burner or apparatus on the Premises without using the best practicable means reasonably available for preventing or counteracting such emissions. In addition to all other remedies of the Landlord hereunder, the Landlord shall have the right to enter into the Premises (on not less than 24 hours' prior notice) and at any time during any emergency and install appropriate equipment to prevent the discharge of any such oil or grease or any deleterious, objectionable, dangerous, radioactive, toxic, hazardous, poisonous or explosive matter or substance and the Tenant will reimburse the Landlord for the full cost of installing any such equipment.

8.5

Air Quality.

The Tenant will not discharge nor permit the discharge of any vapour or substance (the "Vapours") into the air at levels which may be hazardous, toxic or dangerous, or potentially hazardous, toxic or dangerous, to human health or to the environment, as determined by the Landlord, acting reasonably (the "Hazardous Vapours"). The Tenant will, forthwith at the Landlord's request, provide facilities for testing and monitoring any such Vapours and will (on not less than 24 hours' prior notice) and at any time during any emergency permit the Landlord access to the Premises for the purposes of carrying out such testing and monitoring from time to time. If the Landlord determines that the Tenant is discharging or permitting the discharge of any Hazardous Vapours from the Premises, the Tenant will, forthwith at the Landlord's request, at the sole cost of the Tenant, take all measures reasonably required to eliminate the discharge of such Hazardous Vapours from the Premises, including, without limitation, the installation, repair or replacement of any hoods, filters, ducting, utility fans or exhaust systems in the Premises. For greater certainty, notwithstanding that any Vapours may be within acceptable levels as prescribed by the Canada Labour Code, Part II, the British Columbia Occupational Health and Safety Regulation, the Workers Compensation Board or any other governmental authorities having jurisdiction, it will be reasonable for the Landlord to determine that such Vapours are Hazardous Vapours if the Landlord receives complaints from other tenants in the Complex or from neighbouring land owners or occupants with respect to such Vapours.

8.6

Abate Nuisance.

Upon written notice to the Tenant from the Landlord or from any lawful authority having jurisdiction requiring the abatement of any nuisance caused by vibration, noise or offensive smell or by any undue emission of smoke, vapour or dust caused by the Tenant or arising directly or indirectly out of the operations carried on upon the Premises, the Tenant will forthwith abate such nuisance accordingly.

8.7

Stacking Material.

The Tenant will not leave or permit to be left or stack or permit to be stacked any material at the Complex, other than in the Building.

8.8

No Auctions.

The Tenant will not permit any sale by auction nor any fire sale, bankruptcy sale, moving sale, going-out-of-business sale or bulk sale to be held upon the Premises, the Complex or any part thereof, other than annual warehouse sales in the ordinary course of business.

8.9 Will Not Terminate Agreements.

Except where required to do so by the terms of this Lease, the Tenant will not enter into, amend or terminate any agreement with any public utility corporation relating to or in any manner whatsoever affecting the Complex.

8.10 Notice of Accidents.

The Tenant will give the Landlord written notice of any accident to or defect in the heating apparatus, electrical systems or mechanical systems in the Premises or any fire in the Premises within 24 hours of any such occurrence, but unless otherwise expressly provided herein, there will be no obligation on the part of the Landlord to repair or make good any of such matters.

ARTICLE 9 - INSURANCE/INDEMNIFICATION

9.1 Tenant's Insurance.

- (a) The Tenant will, at its sole cost, during any period that the Tenant occupies the Premises, take out and maintain in full force and effect, the following:
 - (i) "all risks" insurance upon all merchandise, stock-in-trade, furniture, fixtures, equipment, leasehold improvements and other property of every kind and description located at the Premises, owned by the Tenant or for which the Tenant is responsible or legally liable, in an amount at least equal to the full insurable value thereof, calculated on a replacement cost basis. If a dispute arises as to full replacement cost, the decision of the Landlord's insurance advisers, acting reasonably, will be conclusive;
 - (ii) "comprehensive form" boiler and machinery insurance upon any boilers, pressure vessels or mechanical equipment located at the Premises in such amount as the Landlord may reasonably require from time to time;
 - (iii) automobile liability insurance to a limit of liability of not less than \$2,000,000.00 in any one accident, covering all licensed motor vehicles owned by the Tenant and used in connection with its business carried on, in and from the Premises;
 - (iv) comprehensive bodily injury and property damage liability insurance applying to the operations of the Tenant carried on, in and from the Premises and which will include, without limitation, personal injury liability, product liability, contractual liability, non-owned automobile liability, protective liability and Tenant's legal liability with respect to the occupancy by the Tenant of the Premises; and such insurance will be written for an amount of not less than \$5,000,000.00 per occurrence, or such higher amount as the Landlord may from time to time reasonably require;
 - (v) plate glass insurance covering all plate glass in the Premises, including plate glass windows and doors, in an amount equal to the full insurable value thereof;
 - (vi) income insurance or rents insurance in an amount sufficient to pay the Rent; and
 - (vii) any other form or forms of insurance as the Landlord or the Landlord's Mortgagees may reasonably require from time to time in amounts and for perils against which a prudent tenant would protect itself in similar circumstances.
- (b) All policies of insurance referred to in this section 9.1 will include the following provisions:
 - (i) all property damage policies must contain a waiver of any subrogation rights which the Tenant's insurer(s) may have against the Landlord and against those for whom the Landlord is, in law, responsible, whether any insured loss or damage is caused by the act, omission or negligence of the Landlord or by those for whose acts the Landlord is, in law, responsible or otherwise;
 - (ii) all policies of liability insurance will name the Landlord and any persons or corporations designated by the Landlord and having an interest in the Premises as additional insureds and provide that each person, firm or corporation insured under such policies will be insured in the same manner and to the same extent as if separate policies had been issued to each and such policies will contain provisions

for cross liability and severability of interests between the Landlord and the Tenant;

- (iii) all policies will be primary and non-contributing with respect to any policies carried by the Landlord; and
 - (iv) all policies must contain an undertaking by the insurers to notify the Landlord and the Landlord's Mortgagees, in writing, not less than 30 days prior to any cancellation or other termination of any policy, or any change which restricts or reduces the coverage provided by the policy or policies.
- (c) All policies of insurance referred to in this section 9.1 must be underwritten by insurers acceptable to the Landlord and on policy forms satisfactory to the Landlord. The Tenant will deliver to the Landlord certificates of insurance or, if required by the Landlord or any of the Landlord's Mortgagees, certified copies of each policy, as soon as possible after the placing of each policy. Whenever required by the Landlord, the Tenant will provide the Landlord with evidence that all premiums for all insurance policies have been paid.
- (d) The Tenant will not do or permit anything to be done upon the Premises or the Complex which might cause any policy of insurance against loss or damage to the Premises or the Complex or against legal liability for damage to persons or property caused by the ownership, maintenance, use or occupancy of the Premises or the Complex, or by reason of the conduct of any business carried on thereon, to be invalidated, and, for such purpose, upon receipt of notice in writing from any insurer of the Premises or the Complex requiring the execution of works or a discontinuance of any operations in order to correct such situation, the Tenant will immediately comply with the notice.
- (e) The Tenant will not do or permit anything to be done or exist upon the Premises or the Complex that causes an increase in the insurance premium for the insurance for the Complex or any part thereof. Without restricting the rights of the Landlord under this Lease, if there is any breach by the Tenant of this subsection 9.1(e), the Tenant will repay to the Landlord, on demand, from time to time an amount equal to the increase in the insurance premium(s) above the usual premium for such insurance, resulting from anything done or existing upon the Premises or the Complex. In determining whether increased premiums are a result of the Tenant's use or occupancy of the Premises or the Complex, a schedule issued by the relevant insurer or its agent computing the insurance rate for the Complex or relevant part thereof and showing the various components of such rate will be conclusive evidence of the items and charges that make up such rate.
- (f) If the Tenant fails to take out or keep in force any insurance coverage referred to in this section 9.1, or if any such insurance is not approved by the Landlord and the Landlord's Mortgagees, and the Tenant does not correct the situation within 72 hours after written notice by the Landlord setting forth the Landlord's objections, the Landlord, without assuming any obligation in connection therewith, may effect such insurance coverage and recover all costs and premiums incurred in effecting such insurance coverage from the Tenant pursuant to section 11.5.
- (g) If any insurance policy upon the Complex, or any part thereof, is cancelled or threatened to be cancelled by reason of the use, occupancy, act or omission of the Tenant, the Tenant will forthwith remedy or rectify such use, occupation, act, or omission upon being requested to do so by the Landlord, and if the Tenant fails to so remedy or rectify, the Landlord may at its option terminate this Lease forthwith and the Tenant will immediately deliver up possession of the Premises to the Landlord.

9.2 Tenant Responsible for Damages.

Without limiting any other provision of this Lease, the Tenant acknowledges and agrees that it will be solely responsible, at its own cost, for repairing any and all damage including, without limitation, replacement of broken windows, caused to the Premises or the Complex by the Tenant, its employees, agents, contractors, customers, invitees or other persons for whom the Tenant is responsible at law or caused to the Premises or the Complex as a result of theft or vandalism to the Premises. Without limiting any other provision of this Lease including, without limitation, section 9.1, the Tenant will ensure that it maintains in full force and effect property damage liability insurance which covers any and all damage to the Premises or the Complex as contemplated in this section 9.2. The Landlord, at its sole option, may elect to repair any such damage which occurs and will be entitled to recover all costs incurred in completing such repairs from the Tenant. The Tenant will pay to the Landlord the cost of such repairs forthwith upon demand by the Landlord and the Landlord will have the same remedies available to it if the Tenant fails to pay such amounts as it has for Rent in arrears.

9.3 Landlord's Insurance.

- (a) Except as may be otherwise provided in this Lease and to the extent that such insurance coverage will be available at a reasonable cost acceptable to the Landlord, the Landlord will, during the Term and any renewal thereof, take out and maintain in full force and effect insurance against all risks of physical loss or damage to the Building, and such fixtures and improvements as the Landlord will determine, including the perils of flood and earthquake and including business interruption or loss of rental income insurance, in amounts equal to the full insurable value thereof, calculated on a replacement cost basis, and subject to such deductibles as the Landlord may reasonably determine. Provided however, the full insurable value will not include, and the insurance will not cover, any property of the Tenant, whether owned by the Tenant or held by it in any capacity, nor leasehold improvements whether made by or on behalf of the Tenant.
- (b) The Landlord may, but will not be obligated to, take out and carry any other form or forms of insurance as the Landlord or the Landlord's Mortgagees may consider advisable or beneficial, including, without limiting the foregoing, comprehensive liability insurance and boiler and machinery insurance.
- (c) Subject to section 5.1 hereof, the Tenant will pay to the Landlord, on demand, the cost of all such insurance carried by the Landlord.

ARTICLE 10 - DISPOSITIONS

10.1 Assignment and Subletting.

- (a) The Tenant will not assign this Lease or any interest therein, nor sublet the Premises or any part thereof, nor part with or share possession of all or any part of the Premises, without the prior written consent of the Landlord, which consent will not be unreasonably withheld or delayed.
- (b) Notwithstanding and without prejudice to any other provision herein, in the event that the Tenant desires to assign, sublet or part with or share possession of all or any part of the Premises, or to transfer this Lease in any other manner, in whole or in part, or to transfer any estate or interest thereunder, then and so often as such event will occur the Tenant will give prior written notice to the Landlord of such desire, specifying therein the proposed assignee, transferee, subtenant or occupier and will provide to the Landlord a non-refundable processing fee in the amount of one thousand dollars (\$1,000.00), together with such information on the nature of the business of the proposed assignee, transferee, subtenant or occupier and its financial responsibility and standing as the Landlord may reasonably require and the terms and conditions of the proposed assignment, transfer, sublease or change in possession and will deliver to the Landlord a copy of the assignment, transfer or sublease intended to be executed by the Tenant and the assignee, transferee or subtenant. Upon the receipt of such notice and information from the Tenant, the Landlord will, within thirty (30) days after receipt of such notice, notify the Tenant in writing, that:
 - (i) it consents, or
 - (ii) it does not consent as aforesaid,to the assignment, transfer, subletting or parting with or sharing possession as the case may be.
- (c) No such assignment, transfer, subletting or parting with or sharing possession will in any manner release the Tenant from its obligations for the payment of the Rent and the observance and performance of the covenants, terms and conditions herein provided, nor will it constitute a waiver of the requirement for the Landlord's prior written consent to any further assignment, transfer, subletting or parting with or sharing possession.
- (d) The Tenant will not permit any part of the Premises to be used or occupied by any persons other than the Tenant or any subtenants permitted under subsection 10.1(b) and the employees of the Tenant and of any such permitted subtenant, and will not permit any part of the Premises to be used or occupied by any licensee or concessionaire, or permit any persons to be upon the Premises other than the Tenant, such permitted subtenants, and their respective employees, customers and others having legitimate business with them.

- (e) The Tenant will, at the request of the Landlord, require any assignee or subtenant of the Tenant, at the time of such assignment or sublease, to enter into a written agreement with the Landlord whereby the assignee or subtenant covenants and agrees with the Landlord to observe and perform all of the covenants, agreements, provisos, terms and conditions of this Lease, provided that if the Tenant fails to require the assignee or subtenant to enter into such a written agreement at the Landlord's request the Landlord may refuse to grant its consent to the assignment or sublease, or where such consent is not required the assignment or sublease will not be effective until such written agreement is executed by the assignee or subtenant. Without in any way restricting the generality of the Landlord's right to refuse to consent to an assignment or subletting, the Landlord may refuse to grant its consent to an assignment or subletting in the event that this Lease is not in good standing.
- (f) In addition to the processing fee described in subsection 10.1(b) above, the Tenant will forthwith upon demand by the Landlord, pay to or reimburse to the Landlord all solicitors' fees and disbursements all other costs, charges, and expenses reasonably incurred by the Landlord in connection with the Tenant's request for consent to any assignment, subletting or parting with or sharing of possession.
- (g) The Landlord reserves the right to adjust the Annual Basic Rent payable by the Tenant pursuant to section 1.1(h) in its absolute discretion as a condition of the Landlord consenting to any such assignment, transfer, subletting or parting with or sharing of possession.
- (h) If the Tenant is a private company, any sale or other disposition of its shares or securities resulting in a change of control or beneficial ownership will be deemed to be an assignment of this Lease for the purposes of this section 10.1.

10.2

Grant of Security Interest.

- (a) As a general and continuing security for the due payment of Rent and the performance of the Tenant's obligations under this Lease, the Tenant mortgages and charges to and in favour of the Landlord and grants to the Landlord a security interest in all of the Tenant's present and after acquired personal property including, without limiting the generality of the foregoing, all accounts, chattel paper, documents of title, equipment, fixtures, goods, instruments, intangibles (including, without limitation, all goodwill, patents, trademarks, copyrights, telephone and fax numbers, internet domain names, business names and other intellectual property), inventory, licences (but expressly excluding any liquor or related license), money and investment property (as such terms are defined in the *Personal Property Security Act* (British Columbia)) which are or may be at any time hereafter on the Premises or elsewhere (collectively, the "**Collateral**").
- (b) The Tenant represents and warrants that the Collateral is, and the Tenant will ensure that the Collateral will at all times be, free of any mortgage, charge, security interest or other encumbrance except the mortgages, charges and security interest granted hereby or pursuant to this Lease (collectively, the "**Security Interest**") in favour of the Landlord or any mortgage, charge or security interest created with the Landlord's prior written consent which will be given only if the holder of the charge subordinates its charge to the Security Interest.
- (c) The Tenant will advise the Landlord promptly, in writing, of any motor vehicles, trailers, mobile and manufactured homes, aircraft, boats and outboard motors ("**Serial Numbered Goods**") that are held as equipment and provide the Landlord with full and complete descriptions of such Serial Numbered Goods.
- (d) The Tenant will forthwith pay all money owed by it under any mortgage, charge, security agreement or other encumbrance registered or filed against or in respect of the Land or the Collateral, and immediately upon making all of the payments thereunder, obtain a memorandum of satisfaction or other appropriate document of discharge and register the same at its own expense in the proper land title office or other appropriate office of public record as the Landlord may require to discharge the same from the title to the Land.
- (e) The Tenant will forthwith pay and satisfy the amount secured by any other mortgage, charge or security interest upon the Collateral or any part thereof which is not so approved.
- (f) If the Tenant defaults under any covenant or obligation contained in this Lease (in each case beyond any cure period provided for in this Lease), the Landlord may itself, or by its agents or employees, or by a receiver or any replacement thereof approved in writing by

the Landlord, take possession of the Collateral, carry on the business on the Premises, in such manner as the Landlord or such receiver determines, and realize upon the Collateral and enforce its rights under the Security Interest by any remedy or proceeding authorized or permitted hereby or at law including, without limitation, all rights and remedies available to a secured party under the *Personal Property Security Act* (British Columbia) and other similar statutes. Included in such rights of the Landlord is the right to recover the reasonable expenses of retaking, holding, repairing, processing, preparing for disposition of the Collateral and all other reasonable expenses (including, without limitation, legal costs) incurred by the Landlord. The Landlord may exercise any rights as provided by this section 10.2 on the Premises and for such purpose may lock the Premises, change any locks on the Premises and by any means exclude the Tenant from all or any parts of the Premises and the Landlord will not thereby be terminating this Lease in the absence of express written notice terminating this Lease.

- (g) This Security Interest shall not be deemed to have been satisfied, discharged or redeemed by reason of the Tenant not being indebted to the Landlord at any time or from time to time and no payment shall reduce the amount secured by this Security Interest except to the extent expressly approved by the Landlord in writing.
- (h) *[intentionally deleted]*.
- (i) The Tenant will from time to time, immediately upon the Landlord's request, take such action (including, without limitation, the signing of further documents) as the Landlord may require or consider necessary in connection with the Collateral or to give effect to the Security Interest. The Tenant will pay all costs of perfecting the Security Interest and all costs associated with the granting and perfection of security interests pursuant to this Lease.
- (j) The Tenant agrees that, to the extent necessary to give full effect to this section 10.2, this Lease is intended to constitute a security agreement as defined in the *Personal Property Security Act*. This security agreement is separate from and will survive the termination, expiry or disclaimer of this Lease. The Security Interest is given in addition, and not as an alternative, and may be exercised by the Landlord without prejudice, to any other rights of the Landlord under this Lease or at law including, without limitation, the Landlord's right of distress.
- (k) The Tenant waives all rights to receive from the Landlord a copy of any financing statement or financing change statement registered or verification statement issued at any time in respect of this Lease.
- (l) The Tenant will cause any assignee of this Lease to grant a mortgage, charge and security interest to the Landlord in form corresponding to the Security Interest by delivery of a written security agreement in form and substance satisfactory to the Landlord prior to the effective date of the assignment. The Tenant will cause any subtenant to grant to the Landlord a mortgage, charge and security interest corresponding to the Security Interest by execution and delivery of a security agreement in form and substance approved by the Landlord prior to the commencement of any sublease of the Premises or any part thereof.

10.3 Liens.

If any claim of lien will be filed against the Land by a contractor or sub-contractor of the Tenant or any other person claiming against the Tenant, the Tenant will take all necessary steps to have the claim of lien cancelled and discharged from title to the Land within 15 days of the date the Tenant has knowledge of such filing and the Tenant will indemnify and save harmless the Landlord from any and all loss, cost, expense, damage and liability in respect of such claim of lien. The Landlord, in addition to any right or remedy, will have the right, but will not be obliged, to discharge any claim of lien filed against the Land by paying the amount claimed to be due into court and in any such event the Landlord will be entitled, if it so elects, to expedite the prosecution of any action for the enforcement of such claim of lien by the lien claimant and to pay the amount of the judgement, if any, in favour of the lien claimant with interest and costs. In any such event the Tenant will forthwith pay to and reimburse the Landlord for all money expended by the Landlord and all costs and expenses incurred by the Landlord.

10.4 Exhibit Premises.

The Landlord will have the right to exhibit the Premises to:

- (a) prospective tenants or sub-tenants during the six month period prior to the Expiry Date or the last day of any renewal of the Term, as applicable; and

- (b) the Landlord's Mortgagees and prospective mortgagees and any prospective purchaser of the whole or any part of the Landlord's interest in the Complex,

and for such purposes the Landlord will have the right of entry to the Premises (on not less than 24 hours' prior notice) at any reasonable time and the Tenant at its option may have a servant or agent present at the time of such entry.

10.5 Registration of Lease.

The Tenant covenants and agrees with the Landlord that the Landlord will not be obliged to execute or deliver this Lease in form registrable under the *Land Title Act* (British Columbia) or any other statute of the Province of British Columbia and that the Tenant will not register this Lease or any other claim or charge based thereon or any claim or charge based thereon.

10.6 Compliance with Laws.

The Tenant will do, observe and perform all of its obligations and all matters and things necessary or expedient to be done, observed or performed by the Tenant by virtue of any law, statute, by-law, ordinance, regulation or lawful requirements of any governmental authority or any public utility or railway company lawfully acting under statutory authority and all demands and notices in pursuance thereof whether given to the Tenant or the Landlord and in any manner or degree affecting the Premises, the state of repair or condition thereof, the safety thereof, the use thereof by the Tenant or the exercise or fulfilment of any right or obligation arising under or as a result of this Lease, in each case except to the extent of any obligation of the Landlord under this Lease. If any such demand or notice is given lawfully requiring the execution of works, then:

- (a) if such notice is given to the Tenant, the Tenant will forthwith deliver the same or a true copy thereof to the Landlord and the Tenant will forthwith, at its own expense, execute to the satisfaction of the Landlord and the person giving such notice all such works as the Landlord may approve in writing in order to comply with the requirements of the said notice; or
- (b) if such notice is given to the Landlord, the Landlord will notify the Tenant and thereupon the Tenant will, at its own expense, forthwith execute to the satisfaction of the Landlord and the person giving such notice all such works as the Landlord and the person giving such notice may require in order to comply with the requirements of the said notice.

Notwithstanding the foregoing, the Landlord will have the right to execute any such works and the Tenant will afford to the Landlord (on not less than 24 hours' notice, except in the case of a real or perceived emergency where no prior notice shall be required) all necessary access to the Premises and other facilities for that purpose and the Tenant will, on demand by the Landlord, pay to the Landlord all costs and expenses incurred by the Landlord in executing and performing any and all such works.

The failure of the Tenant to comply in any way with the provisions of this section 8.6 will be deemed to be a default under this Lease and will entitle the Landlord to exercise any and all remedies available to the Landlord under this Lease.

10.7 Subordination.

This Lease is and will be subject, subordinate and postponed to all mortgages, including any debentures and any deeds of trust and mortgages securing bonds and all indentures supplemental thereto (herein collectively called the "Mortgages") which may now or hereafter charge the Complex or any part thereof and to all renewals, modifications, consolidations, replacements and extensions of the Mortgages, to the intent that, without execution of any document other than this Lease, the Mortgages and all renewals, modifications, consolidations, replacements and extensions thereof will have priority over this Lease notwithstanding the respective dates of execution or registration thereof. Without limiting the generality of the foregoing, the Tenant agrees to execute promptly any document in confirmation of such subordination, postponement and priority which the Landlord may request and the Tenant hereby irrevocably constitutes and appoints the Landlord the agent and attorney of the Tenant for the purpose of executing any such document and of making application in the name of the Tenant at any time and from time to time to register postponements of this Lease in favour of any of the Mortgages or any renewal, modification, consolidation, replacement or extension of any of the Mortgages in order to give effect to the foregoing provisions of this paragraph. Provided however, the subordination and postponement of this Lease to any of the Mortgages will not be effective with respect to a specific Mortgage unless and until the Landlord's Mortgagee holding such Mortgage will confirm in writing to the Tenant that the Tenant will have the right, if not in default under this Lease, to remain in possession of the Premises in accordance with the terms of this Lease in the event such Landlord's Mortgagee obtains title to the Complex by way of foreclosure or otherwise.

10.8 Attornment.

Whenever required by any of the Landlord's Mortgagees under any of the Mortgages, the Tenant will attorn to and become a tenant or licensee of such Landlord's Mortgagee or a tenant of any purchaser from such Landlord's Mortgagee in the event of an exercise by such Landlord's Mortgagees of the power of sale in any of the Mortgages set out, for the then unexpired residue of the Term upon all of the terms and conditions hereof.

10.9 Estoppel Certificate.

The Tenant will at any time and from time to time upon ten days' prior notice from the Landlord execute and deliver to the Landlord or the Landlord's Mortgagees or a prospective purchaser of the whole or any portion of the Landlord's interest in the Complex, a statement in writing confirming the terms of this Lease, certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the modifications and that the same is in full force and effect as modified), the amount of the Rent then being paid hereunder, the dates to which the Rent and other charges hereunder have been paid, whether the Landlord has complied with all the terms of this Lease, whether the Premises are acceptable to the Tenant, that the Tenant will not amend, modify or surrender this Lease or make any prepayment of the Rent other than the Rent for the current month without the prior written consent of the Landlord's Mortgagees, whether there are any outstanding set-offs or equities disclosed or undisclosed as between the Landlord and the Tenant, whether any money other than a maximum of one month's Rent in accordance with the provisions of the Lease has been prepaid by the Tenant to the Landlord, whether the Tenant is aware of the assignment by the Landlord to the Landlord's Mortgagees of all Rent under this Lease, and any other matters pertaining to this Lease in respect of which the Landlord may reasonably desire certification.

10.10 Indemnify Landlord.

The Tenant will indemnify and save harmless the Landlord and its directors, officers, employees and agents (collectively, the "Indemnified Parties") from and against any and all manner of actions or causes of action, damages, costs, loss or expenses of whatever kind which any of the Indemnified Parties, may sustain, incur or be put to by reason of or arising out of this Lease, or any act or omission of the Tenant or any persons for whom the Tenant is, at law, responsible, or from the use or occupation of the Premises in whole or in part or the use or occupation of any portion of the Complex by the Tenant or any persons for whom the Tenant is, at law, responsible, and without limiting the generality of the foregoing, from the non-observance or non-performance by the Tenant, or any persons for whom the Tenant is, at law, responsible, of any of the obligations imposed under the provisions of any laws, ordinances, regulations or requirements of any federal, provincial, municipal or other authorities, or any of the covenants and agreements in this Lease contained by the Tenant to be observed and performed and such liability to indemnify and save harmless will survive any termination of this Lease, and the expiry of the Term or any renewal thereof, anything in this Lease to the contrary notwithstanding.

ARTICLE 11 - REMEDIES UPON DEFAULT

11.1 Re-entry on Default.

If:

- (a) any payments of the Rent or any part thereof, whether the same are demanded or not, are not paid when they become due and remain unpaid for 5 days after written notice thereof to the Tenant by the Landlord;
- (b) any breach, non-observance or non-performance of any covenant, agreement, stipulation, proviso, condition, rule or regulation herein contained on the part of the Tenant to be kept, performed or observed hereunder and any such breach, non-observance or non-performance will continue for 10 days after written notice thereof to the Tenant by the Landlord (or, if such breach, non-observance or non-performance cannot reasonably be cured by the Tenant, proceeding diligently, within such 10 day period, the Tenant fails to commence to cure such breach, non-observance or non-performance within such 10 day period or fails thereafter to diligently proceed to cure same);
- (c) the Premises will be vacated or remain unoccupied for 15 days (other than if required due to a government mandated closure in connection with a public health emergency which impacts other similar businesses in the City of Vancouver or pursuant to Article 12) without the written consent of the Landlord;
- (d) the Tenant fails to observe and perform all matters and things necessary by virtue of any law, statute, by-law, ordinance, regulation or lawful requirement of any governmental

authority or any public utility lawfully acting under statutory authority, including, without limitation, operating its business without a valid business licence;

- (e) the Tenant fails to continuously and actively conduct its permitted business in the entire Premises throughout the Term and any extension or renewal thereof (without limiting any other applicable provision of this Lease, the parties agree if the Tenant is forced to close its business from the Premises due to extraneous circumstances, it will communicate the same to the Landlord via written or email communications and the Landlord may, but shall not be obligated to, permit such closure);
- (f) the Term or any extension or renewal thereof or any of the goods and chattels of the Tenant will at any time during the Term or any extension or renewal thereof be seized or taken in attachment by any creditor of the Tenant (and same is not vacated within 10 days);
- (g) a writ of execution, sequestration or extent will issue against the goods and chattels of the Tenant (and same is not vacated within 10 days);
- (h) the Tenant will execute any chattel mortgage or bill of sale of its goods and chattels (other than one incidental to any public issue of bonds, debentures or other securities of the Tenant or to any reorganization of the Tenant or its amalgamation with any other company) without the written consent of the Landlord;
- (i) any petition or other application is presented to any court of competent jurisdiction for the dissolution, liquidation or winding up of the Tenant or for the appointment of a receiver of receiver and manager (and same is not withdrawn or dismissed within 10 days);
- (j) the Tenant will become bankrupt or insolvent or take the benefit of any statute now or hereafter in force for bankrupt or insolvent debtors;
- (k) if the Premises will be used for any purpose other than that for which they were let without the prior written consent of the Landlord;
- (l) the Tenant will make an assignment for the benefit of creditors or will make any sale or other disposition of its goods and chattels pursuant to or which should legally have been done pursuant to any legislation relating to bulk sales (except one incidental to any reorganization of the Tenant, if any, or its amalgamation with any other company);
- (m) the Landlord believes and has commercially good grounds to believe that the Tenant is an "insolvent person", as that term is defined in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, chapter B-3, as amended; and
- (n) in the event that the Tenant has filed a notice of intention to make a proposal or a proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, Chapter B-3, as amended, the Tenant has defaulted under any of subsections 11.1(a) to (l) above after the date of the filing of such notice of intention to file a proposal or such proposal.

then and in any such event:

- (i) the Landlord, in addition to any other remedy now or hereafter provided, may re-enter and take possession immediately of the Premises or any part thereof in the name of the whole by force if necessary without any previous notice of intention to re-enter and may remove all persons and property therefrom and may use such force and assistance in making such removal as the Landlord may deem advisable to recover at once full and exclusive possession of the Premises and such re-entry will not operate as a waiver or satisfaction in whole or in part of any right, claim or demand arising out of or connected with any breach, non-observance or non-performance of any covenant or agreement on the part of the Tenant to be kept, observed or performed; and
- (ii) the next ensuing three months' Annual Basic Rent and Additional Rent (to be determined at rates estimated by the Landlord acting reasonably) and any additional money owing hereunder will immediately become due and payable and will be recoverable by the Landlord as if it were Rent in arrears, but the Tenant will remain liable under this Lease.

11.2 Sale and Reletting.

Upon the Landlord becoming entitled to re-enter upon the Premises under any of the provisions of this Lease the Landlord, in addition to all other rights and remedies, will have the right to enter the Premises as the agent of the Tenant either by force or otherwise, without being liable for any prosecution therefor and to relet the Premises as the agent of the Tenant, and to receive all rent therefor, and as agent of the Tenant to take possession of any business and trade fixtures of the Tenant and any goods and property whatsoever on the Premises and to sell the same at public or private sale without notice and to apply the proceeds of such sale and any rent derived from reletting the Premises, after deducting its costs of conducting such sale and its costs of reletting, in payment of the Rent due under this Lease, and the Tenant will be liable to the Landlord for any deficiency.

11.3 Termination.

Upon the Landlord becoming entitled to re-enter upon the Premises under any of the provisions of this Lease, the Landlord, in addition to all other rights and remedies, will have the right to determine forthwith this Lease and the Term or any renewal thereof by giving notice in writing addressed to the Tenant of its intention so to do, and thereupon the Rent will be computed, apportioned and paid in full to the date of such determination of this Lease, the Tenant will pay any other amounts for which the Tenant is liable under this Lease pursuant to section 11.6, the Tenant will forthwith deliver up possession of the Premises to the Landlord and the Landlord may re-enter and take possession of the Premises.

11.4 Distress.

Whensoever the Landlord will be entitled to levy distress against the goods and chattels of the Tenant it may use such force as it may deem necessary for the purpose and for gaining admission to the Premises without being liable for any action in respect thereof or for any loss or damage occasioned thereby and the Tenant hereby expressly releases the Landlord from all actions, proceedings, claims or demands whatsoever for or on account of or in respect of any such forcible entry of any loss or damage sustained by the Tenant in connection therewith. The Tenant waives and renounces the benefit of any present or future statute taking away or limiting the Landlord's right of distress, and covenants and agrees that notwithstanding any such statute none of the goods and chattels (including business and trade fixtures) of the Tenant on the Premises at any time during the Term or any renewal thereof will be exempt from levy by distress for Rent in arrears.

11.5 Payments by Landlord Regarded as Rent.

If the Tenant will fail to observe or perform any of the covenants or obligations of the Tenant under or in respect of this Lease the Landlord may from time to time at its discretion perform or cause to be performed any of such covenants or obligations or any part thereof and for such purpose may do such things as may be requisite and may enter upon the Premises to do such things and all costs and expenses incurred and expenditures made by or on behalf of the Landlord will be forthwith paid by the Tenant to the Landlord and if the Tenant fails to pay the same the Landlord may add the same to the Rent and recover the same by all remedies available to the Landlord for the recovery of Rent in arrears, provided that if the Landlord commences or completes either the performance or the causing to be performed of any of such covenants or obligations or any part thereof, the Landlord will not be obliged to complete such performance or causing to be performed or be later obliged to act in like fashion. If the Landlord will suffer or incur any damage, loss, cost or expense whatsoever for which the Tenant is in any way liable hereunder, by reason of any failure of the Tenant to observe or comply with any of the covenants or agreements of the Tenant herein contained, then in every such case the amount of any such damage, loss, cost or expense will be due and payable by the Tenant to the Landlord on demand by the Landlord and the Landlord will have the right at its option to add the cost or amount of any such damage, loss, cost or expense to the Rent hereby reserved and any such amount will thereupon immediately be due and payable as Rent and recoverable by the Landlord by all remedies available to the Landlord for the recovery of Rent in arrears.

11.6 Landlord's Expenses Enforcing Lease.

If it will be necessary for the Landlord to retain the services of any person for the purpose of assisting the Landlord in enforcing any of its rights hereunder or otherwise available at law or to advise the Landlord in connection with any dispute hereunder, the Landlord will be entitled to collect from the Tenant the cost of all such services including, but not limited to, all consulting fees, legal fees and disbursements incurred in providing any such advice or enforcing the Landlord's rights hereunder and in connection with all necessary court proceedings at trial or on appeal on a solicitor and own client basis, together with reasonable compensation for time expended by the Landlord's own personnel, as if the same were Rent reserved and in arrears hereunder.

11.7 Remedies Cumulative.

No remedy conferred upon or reserved to the Landlord under this Lease, by statute or otherwise, will be considered exclusive of any other remedy, but the same will be cumulative and will be in addition to every other remedy available to the Landlord and all such remedies and powers of the Landlord may be exercised concurrently and from time to time and as often as the Landlord deems expedient.

11.8 No Waiver.

- (a) The failure of the Landlord or the Tenant to exercise any right or option in connection with any breach or violation of any term, covenant or condition herein contained on the part of the other will not be deemed to be a waiver or relinquishment of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of the Rent or any portion hereunder by the Landlord will not be deemed to be a waiver of a preceding breach by the Tenant of any term, covenant or condition of this Lease other than the failure of the Tenant to pay the particular amount of the Rent so accepted, regardless of the Landlord's knowledge of such preceding breach at the time of acceptance of such amount of the Rent.
- (b) The acceptance of any of the Rent from, or the performance of any obligation hereunder by, a person other than the Tenant will not be construed as an admission by the Landlord of any right, title or interest of such person as a subtenant, assignee, transferee or otherwise in the place and stead of the Tenant.
- (c) The acceptance by the Landlord of a part payment of any money required to be paid hereunder will not constitute waiver or release of the right of the Landlord to payment in full of such money.

11.9 Damage or Injury.

The Landlord will not be liable for any personal injury, death or property loss or damage sustained by the Tenant, or its employees, agents, subtenants, licensees or those doing business with it in or on the Premises or anywhere in the Complex, no matter how caused, and the Tenant will indemnify the Landlord against all actions or liabilities arising out of such personal injury, death or property damage or loss. The Tenant hereby releases the Landlord and its officers, agents and employees from all claims for damages or other expenses arising out of such personal injury, death or property loss or damage. Without limiting the foregoing, the Landlord will not be liable for any personal injury, death or property loss or damage sustained by the Tenant or its employees, agents, subtenants, licensees or invitees in or on the Premises or anywhere in the Complex caused by theft or breakage or by fire, explosion, electricity, steam, water, rain, snow, falling plaster, construction of public, quasi-public, or private work or utilities, radioactive materials, microwaves, deleterious substances, gases, pollutants or any other materials or substances which may leak into, issue or flow from any part of the Complex or any adjacent or neighbouring lands and premises or from the water, steam or drainage pipes or plumbing works of the same or from any place, or any loss or damage caused by or attributable to the condition or arrangements of any electric or other wiring or any damage caused by anything done or omitted to be done by any other tenant or occupant of the Complex, and the Tenant will indemnify the Landlord against all actions or liabilities arising out of such personal injury, death or property damage or loss. The Tenant hereby releases the Landlord and its officers, agents and employees from all claims for damages or other expenses arising out of such personal injury, death or property loss or damage.

ARTICLE 12 - DAMAGE AND DESTRUCTION/EXPROPRIATION

12.1 Damage and Destruction.

- (a) If all or any part of the Premises or the Building in which the Premises are located is damaged by fire or other casualty and all or a portion of the Premises is rendered unusable by the Tenant, then Rent will abate, in the proportion that that part of the Premises which is rendered unusable bears to the whole of the Premises.
- (b) Except as provided in subsection 12.1(c) hereof, if the Premises are damaged by fire or other casualty insured against by the Landlord, the damage to the Premises will be repaired by the Landlord at its expense except that repairs to installations, alterations, additions, partitions, improvements and fixtures made by or on behalf of the Tenant or any previous tenant or occupant of the Premises or any part thereof will be performed by the Tenant or, at the option of the Landlord, will be performed by the Landlord at the expense of the Tenant. All repairs which the Landlord is required to make under this subsection 12.1(b) will be made with due diligence, provided that the Landlord will not be liable to the Tenant for any loss or damage suffered by the Tenant as a result of any delay which

may arise by reason of adjustment of insurance on the part of the Landlord or on account of labour troubles or any other cause beyond the Landlord's control.

- (c) Notwithstanding the foregoing, the Landlord will have no obligation to repair, reconstruct or restore the Premises or the Building in which the Premises are located if any of the following occurs:
- (i) such Building is damaged by fire or other casualty to the extent that it cannot reasonably be repaired or rebuilt within 180 days after the occurrence of such damage;
 - (ii) the holder of any mortgage or security agreement encumbering the Complex elects not to permit the insurance proceeds payable upon damage to or destruction of such Building or the Premises to be used for such repair, reconstruction or restoration;
 - (iii) the damage or destruction is not fully covered by insurance maintained by the Landlord or for the Landlord's benefit;
 - (iv) the damage or destruction occurs during the last 12 months of the initial term of the Lease or any renewal or extension thereof and ~~provided~~ the Tenant has not exercised any then remaining options to extend or renew; or
 - (v) the Tenant has vacated or abandoned the Premises.

If the Landlord decides not to restore such Building, the Landlord will within 90 days after the happening of such fire or other casualty give to the Tenant a notice in writing of such decision and the Term and any renewal of this Lease will expire forthwith and the Tenant will vacate the Premises and surrender them to the Landlord. If such Building is damaged to the extent set out above and the Landlord does not give notice of a decision not to restore, the Landlord will diligently proceed to repair such Building, excluding installations, additions, partitions, improvements and fixtures made by or on behalf of the Tenant or any previous tenant or occupant of the Premises, subject to any reasonable delay which may arise by reason of adjustment of insurance on the part of the Landlord or on account of labour troubles or any other cause beyond the Landlord's control. Upon the termination of this Lease by the Landlord as provided in this subsection 12.1(c), the Tenant's liability for the Rent will cease as of the day following the fire or casualty.

12.2 Expropriation.

- (a) If during the Term, title is taken to the whole or any part of the Complex (whether or not such part includes the Premises) by any competent authority under the power of eminent domain or by expropriation, the Landlord may at its option terminate this Lease on the date possession is taken by or on behalf of such authority. Upon such termination, the Tenant will immediately deliver up possession of the Premises, Rent will be payable up to the date of such termination and the Tenant will be entitled to be repaid by the Landlord any Rent paid in advance and unearned or an appropriate portion thereof.
- (b) In the event of any such taking, the Tenant will have no claim upon the Landlord for the value of its property or the unexpired portion of the Term, but the parties will each be entitled to separately advance their claims for compensation for the loss of their respective interests and to receive and retain such compensation as may be awarded to each respectively. If an award of compensation made to the Landlord specifically includes an award for the Tenant, the Landlord will account therefor to the Tenant. The Tenant will not take any position with any authority having the power to acquire or condemn any part of the Complex that, in the sole opinion of the Landlord, could negatively impact any dealings or negotiations between the Landlord and such authority.

ARTICLE 13 - MUTUAL COVENANTS, AGREEMENTS AND PROVISOS

It is hereby agreed by the Landlord and the Tenant as follows:

13.1 No Warranties.

The Tenant acknowledges and agrees that no representations, warranties, agreements or conditions have been made other than those expressed herein, and that, no agreement collateral hereto will be binding upon the Landlord unless it be made in writing and duly executed on behalf of the Landlord.

13.2 Notices.

All notices, demands and requests which may or are required to be given pursuant to this Lease will be in writing and will be sufficiently given, in the case of the Tenant, if delivered personally to the Landlord or an officer of the Landlord or mailed prepaid and registered to the address specified in subsection 1.1(a), or at such other addresses in British Columbia as the Landlord may from time to time advise by notice in writing to the Tenant, and, in the case of the Landlord, if delivered personally to the Tenant or an officer of the Tenant or sent by facsimile or other electronic means or mailed prepaid and registered to the address specified in subsection 1.1(b), or at such other addresses in British Columbia as the Tenant may from time to time advise by notice in writing to the Landlord. The Tenant will require any mortgagee, assignee or subtenant of the Tenant's interest hereunder to supply their respective mailing address to the Landlord. The date of receipt of any such notice, demand or request will be deemed to be the date of delivery or transmission of such notice, demand or request if served personally or sent by facsimile or other electronic means or if mailed as aforesaid on the third day next following the date of such mailing (excluding Saturdays, Sundays and statutory holidays in British Columbia), unless there is between the date of mailing and actual receipt a mail strike or other labour dispute which adversely affects mail service in British Columbia, in which case:

- (a) the party giving the notice, demand or request will deliver such notice, demand or request by an alternative method; and
- (b) the time of giving such notice, demand or request will be the time of actual receipt of such notice, demand or request.

13.3 Overholding.

If the Tenant will hold over after the expiration of the Term or any renewal thereof and the Landlord will accept the Rent or any portion thereof the new tenancy thereby created will be deemed a monthly tenancy and not a yearly tenancy and will be subject to the covenants and conditions herein contained insofar as the same are applicable to a tenancy from month to month, except that if the Tenant remains in possession without the Landlord's written consent, the monthly instalments of Annual Basic Rent will be 150% of the monthly instalments of Annual Basic Rent payable for the last month of the Term or any renewal thereof, prorated on a daily basis for each day that the Tenant remains in possession (provided that, in the event that the Tenant remains in possession for a period of less than one month, the Tenant will be responsible for a minimum of one month's Annual Basic Rent calculated in accordance with this section 13.3), and in addition the Tenant will be liable for all costs, expenses, losses and damages resulting or arising from the failure of the Tenant to deliver up possession of the Premises to the Landlord. The Tenant acknowledges and agrees that the Landlord may suffer significant costs, expenses, losses and damages resulting or arising from the failure of the Tenant to deliver up possession of the Premises to the Landlord and the Tenant agrees to indemnify and save harmless the Landlord from any and all such costs, expenses, losses and damages (including legal costs on a full indemnity basis) resulting or arising from the failure of the Tenant to deliver up possession of the Premises to the Landlord upon the expiration of the Term or any renewal thereof. The obligations of the Tenant under this section 13.3 will survive the termination or expiry of this Lease and such amounts will be payable by the Tenant upon demand by the Landlord.

13.4 Inability to Perform.

[intentionally deleted]

13.5 Interest.

Interest on any money due to the Landlord under this Lease will be paid by the Tenant and will accrue at the rate of 18% per annum, such rate of interest to be calculated and compounded monthly, not in advance, from the respective date upon which any such money becomes due to the Landlord.

13.6 Accrual of Annual Basic Rent.

The Annual Basic Rent will accrue from day to day. Where the calculation of any Additional Rent is not made until the termination or expiry of this Lease, the obligation of the Tenant to pay such Additional Rent will survive the termination or expiry of this Lease and such amounts will be payable by the Tenant upon demand by the Landlord.

13.7 Metric Equivalent.

Wherever there is any reference in this Lease to a measurement or an area or the requirement for a measurement or calculation of an area any such measurement or area may be expressed in either units of imperial measurement or their metric equivalent as published by Canada Mortgage and Housing Corporation or any other agency of the Government of Canada designated by the Landlord.

13.8 Continuation of Obligations.

This Lease and the obligations of the Tenant hereunder will continue in full force and effect notwithstanding any change in the person or persons comprising the Landlord.

13.9 Landlord's Limit of Liability.

The term "Landlord" as used in this Lease so far as covenants or obligations on the part of the Landlord are concerned will be limited to mean the Landlord as hereinbefore set out while it retains its interest in the Premises, but upon sale, transfer or other disposition of that interest, the Landlord will be automatically relieved after the date of such sale, transfer or other disposition of and from all liability arising out of the requirement for performance of any obligations on the part of the Landlord herein contained, it being understood and agreed hereby that the obligations contained in this Lease on the part of the Landlord will be binding upon the Landlord, its successors and assigns, only during and in respect of the respective successive periods of its interest in the Premises. The Tenant agrees to attorn to a purchaser, transferee or person acquiring the interest of the Landlord in the Premises, such attornment to be effective and self-operative without the necessity of the execution of any further instrument on the part of the Landlord, the Tenant or any other person.

13.10 Consents.

Wherever and whenever the approval or consent of the Landlord is required to be obtained, such approval or consent may be given by such officer, agent, committee, person or persons as may from time to time be nominated or appointed in writing by the Landlord for such purpose, and any such power of nomination or appointment may be delegated by the Landlord. Subject to the provisions of this Lease, such nominees, appointees or delegates will have the right to withhold approval of or consent to and may reject any matter or thing submitted for approval or consent, and every such approval or consent given will be in writing and may contain such conditions and stipulations as the Landlord may deem fit.

13.11 Amendments.

This Lease will constitute the entire agreement between the parties hereto with respect to the subject matter hereof and will not be modified, amended or waived except by an instrument in writing duly executed and delivered by the parties hereto or by their successors and permitted assigns.

13.12 Rules and Regulations.

The Tenant will observe and comply with, and will cause its employees, servants, invitees, licensees, agents and all others over whom the Tenant exercises control to observe and comply with, the Rules and Regulations. The Tenant acknowledges that the Rules and Regulations may differentiate between different types of businesses in the Building, and nothing in this Lease contained will be construed to impose upon the Landlord any duty or obligation to enforce the Rules and Regulations against any other tenant of the Building. The Landlord, acting reasonably, may waive any one or more of the Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by the Landlord will be construed as a waiver of such Rules and Regulations in favour of any other tenant or tenants, nor prevent the Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building. The Landlord will not be liable to the Tenant or to any other person for non-observance or violation of the Rules and Regulations by any other tenant, its employees, servants, invitees, licensees or agents.

The Tenant further acknowledges that the Rules and Regulations are in addition to the provisions of this Lease, and will not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of this Lease or of any other lease of premises in the Building.

13.13 No Liability for Service Interruptions.

The Landlord will not be liable for any interruption of access to the Premises or of the beneficial use of the Premises when such interruption is caused by natural occurrences, riots, civil disturbances, insurrection, war, acts of terrorism, court orders, acts of the public enemy, accidents, breakage, repairs, electrical voltage fluctuations, strikes, lockouts, other labour disputes, the making of inspections, repairs, alterations, renovations or improvements to the Premises or the Building, the inability to obtain an adequate supply of fuel, gas, steam, water, electricity, labour or other supplies or if required by insurers or if caused by any other condition beyond the Landlord's reasonable control, or by delays in the performance of any work for which the Landlord is responsible under this Lease, and save in the case of gross negligence or wilful misconduct of the Landlord, its servants, agents or employees. The Tenant will not be entitled to any damages resulting from such failure, nor will failure relieve the Tenant from its obligation to pay all Rent and other sums due hereunder or constitute or be construed as a constructive or other eviction of the Tenant. If any governmental entity promulgates or revises any statute, regulation, by-law, rule, order or ordinance or building, fire or other code, or imposes mandatory or voluntary controls or guidelines on the Landlord or

the Building or any part thereof, relating to the use or conservation of energy, water, gas, steam, light or electricity or the provision of any other utility or service provided with respect to the Premises, or if the Landlord is required or elects to make alterations to the Building in order to comply therewith, the Landlord may do so; and neither such compliance nor the making of such alterations will in any event entitle the Tenant to any damages, relieve the Tenant of the obligation to pay any Rent or other sums due hereunder, or constitute or be construed as a constructive or other eviction of the Tenant; and the Landlord will not be in breach of its covenant for quiet enjoyment or liable for any loss, costs or damages, whether direct or indirect, incurred by the Tenant due to any of the foregoing, but the Landlord will make reasonable efforts to restore the services, utilities or systems so stopped, interrupted or reduced. The Landlord will not be liable for damages, direct, indirect or consequential or for damages for personal discomfort, illness or inconvenience of the Tenant or the Tenant's servants, employees, invitees or other persons by reason of the failure of the Building systems or any of them or by reason of reasonable delays in the performance of the obligations of the Landlord hereunder whether or not such equipment failure or delays are caused by the deliberate act or omission or the negligence of the Landlord, its servants, agents or employees.

ARTICLE 14 - ENVIRONMENTAL

14.1 Definitions.

In this Article 14, the following terms have the following meanings:

- (a) **"Environment"** includes the air, land (including sediments) and water (including surface water, groundwater and waterbodies) and all living organisms;
- (b) **"Environmental Laws"** means any and all statutes, laws, regulations, rules, policies, orders, bylaws, standards, guidelines, Permits, and other lawful requirements of any governmental authority having jurisdiction over the Complex, now or hereafter in force, relating in any way to the Environment or human health and safety and applicable to the Premises or the Complex, or the use or occupancy of the Premises or the Complex or the Handling or Release of any Hazardous Substance in, on, to or from the Premises, the Complex or any other property, including the principles of common law and equity;
- (c) **"Environmental Claim"** means any action, citation, claim, directive, investigation, judgment, litigation, order, proceeding or other requirement under or pursuant to any Environmental Laws and applicable to, arising from or relating in any way to the Premises or the Complex;
- (d) **"Handle"** means to bring onto, handle, produce, process, store, use, transport or arrange for transport and **"Handled"** and **"Handling"** have corresponding meanings;
- (e) **"Hazardous Substance"** means any substance, product, good or other material which is: (i) hazardous, toxic or dangerous, or potentially hazardous, toxic or dangerous, to human health or to the Environment; or (ii) defined in any Environmental Law as a hazardous product, hazardous substance, toxic substance, deleterious substance, waste, special waste, dangerous good or reportable substance, or similar term; or (iii) now or hereafter prohibited, controlled or regulated under any Environmental Laws;
- (f) **"Permit"** means any approval, authorization, certificate, consent, licence or registration under or pursuant to any Environmental Laws required to be obtained by the Tenant or any Tenant Party in respect of its business or operations carried out in or from the Premises or any portion of the Complex;
- (g) **"Release"** of a Hazardous Substance includes any discharge, disposal, pumping, pouring, dumping, injection, emptying, emission, escape, leaching, leak, migration, release or spill, or any introduction into the Environment, of the Hazardous Substance and **"Released"** has a corresponding meaning; and
- (h) **"Tenant Party"** means any agent, contractor, invitee, licensee, employee, representative, assignee or subtenant of the Tenant, in that capacity, or any person for whom the Tenant is responsible in law.

14.2 No Representation or Warranty by Landlord.

The Tenant acknowledges and agrees that the Landlord has made no representation or warranty to the Tenant concerning the environmental condition of the Premises or the Complex or the presence or absence of any Hazardous Substance thereon or therein and is leasing the Premises to the Tenant on an "as is" basis with respect to their environmental condition. The Tenant acknowledges and agrees that it will make no claim of any kind against the Landlord or its officers, directors, employees, agents, beneficiaries and

shareholders for any losses, expenses, damages, or liabilities suffered or incurred by the Tenant as a result of, or arising in any way from, the presence of any contamination in, on, or under the Complex. Notwithstanding the foregoing, the Landlord represents that, to the best of its knowledge and without any further investigation, it is not aware of the presence within the Premises or the Complex of Hazardous Substances that might foreseeably impede the use and enjoyment of the Premises or the Complex by the Tenant or result in any increase in Operating Costs.

14.3 Tenant's Covenants.

The Tenant covenants and agrees with the Landlord as follows:

- (a) at its sole cost, to comply promptly and strictly, and cause each Tenant Party to comply promptly and strictly, with all Environmental Laws (including obtaining and complying with all Permits);
- (b) not to cause or permit any Hazardous Substance to be Handled or Released in or from the Premises, or in, on or from the Complex by the Tenant or any Tenant Party, without the Landlord's prior written consent;
- (c) to notify forthwith the Landlord in writing: (i) if there is a Release of a Hazardous Substance in or from the Premises, or in, on or from the Complex by the Tenant or a Tenant Party, except in strict compliance with all Environmental Laws; (ii) if the Tenant receives notice of any Environmental Claim; or (iii) if the Tenant breaches this Article 14, and to provide the Landlord with all details and any relevant documentation in respect of any of the foregoing;
- (d) if required by the Landlord at any time during or after the Term or any renewal or extension thereof, to remove completely from the Premises, the Complex and any other property, promptly at its cost, all Hazardous Substances Handled or Released in, on, to or from the Premises or the Complex by the Tenant or a Tenant Party, and to remediate, by complete removal, all contamination of the Premises, the Complex or any other property resulting from any Hazardous Substance Handled or Released in, on, to or from the Premises or the Complex by the Tenant or any Tenant Party. If the Handling or Release of a Hazardous Substance by the Tenant or any Tenant Party has caused the Lands to be a "contaminated site" under the *Environmental Management Act* (British Columbia), the Tenant will, after completing the remediation of the contamination, obtain a certificate of compliance under the *Environmental Management Act* (British Columbia) in respect thereof. The Tenant will provide to the Landlord all environmental reports and other information and documentation regarding any remediation performed pursuant to this subsection 14.3(d). Notwithstanding the foregoing, the Landlord may, at its option, carry out any removal of Hazardous Substances or remediation of contamination in such manner as the Landlord determines and, in such case, the Tenant will reimburse the Landlord for all costs incurred by the Landlord (plus an administrative fee equal to 15% of such costs) within ten (10) days after receipt of an invoice in respect thereof, and the indemnity in favour of the Landlord in subsection 14.3(e) will apply. Any removal of Hazardous Substances or remediation of contamination performed by the Tenant pursuant to this subsection 14.3(d) will be performed in accordance with a work plan previously approved in writing by the Landlord and with all Environmental Laws;
- (e) to indemnify and save harmless the Landlord, its officers, directors, employees, agents, beneficiaries and shareholders, from and against any and all actions, claims, costs, damages, expenses, fines, judgments, liabilities, litigation, losses, orders, penalties and proceedings (including damages, costs and losses related to any reduction in the market value of the Premises or the Complex; the temporary or long-term loss or restriction in use of any portion of the Premises or the Complex; any negative impact on the marketing of space in or on the Premises or the Complex; loss of rents; disturbance costs paid to tenants; legal fees and expenses (on a complete indemnity basis); consultants' fees and expenses; remediation cost recovery claims and all "costs of remediation" (as defined in the *Environmental Management Act* (British Columbia)) related to, arising from or in connection with, directly or indirectly, a breach by the Tenant of this Article 14 or, where caused by, relating to or arising from the use or occupation of the Premises or the Complex by the Tenant or any Tenant Party, or the Handling or Release of any Hazardous Substance in, on, to or from the Premises or the Complex, or any act or omission of the Tenant or any Tenant Party: (i) the presence of any Hazardous Substance in, on or under the Premises or the Complex; (ii) the Release or alleged Release, of any Hazardous Substance in, on or from the Premises or the Complex or any other property; (iii) the environmental condition of the Premises or the Complex; or (iv) any Environmental Claim;

- (f) to allow the Landlord, at any time and from time to time (on not less than 24 hours' notice except in a real or perceived emergency), to inspect the Tenant's goods upon the Premises and the Tenant's records relating thereto to the purpose of identifying the nature of the goods and the existence or absence of any Hazardous Substance, and assist the Landlord in doing so.

14.4 Ownership of Hazardous Substances.

Any Hazardous Substance Handled or Released in, on, to or from the Premises or the Complex by the Tenant or any Tenant Party, will be the property of the Tenant, notwithstanding any rule of law or provision of this Lease to the contrary, the degree of affixation of the Hazardous Substance to the Premises or the Complex, or the expiry or earlier termination of this Lease.

14.5 Survival of Tenant's Obligations.

All obligations of the Landlord and the Tenant under this Article 14 - will survive the expiry or earlier termination of this Lease and are in addition to, and will not limit, the obligations of such party contained in any other provisions of this Lease. To the extent that the performance of the Tenant's obligations under this Article 14 - require access to or entry upon the Premises or any part thereof, the Tenant will have such entry and access only at such times and upon such terms and conditions as the Landlord may from time to time specify; and the Landlord may, at the Tenant's cost and expense, itself or by its agents, servants, employees, contractors and subcontractors, undertake the performance of any necessary work in order to complete such obligations of the Tenant; but having commenced such work, the Landlord will have no obligation to the Tenant to complete such work.

ARTICLE 15 - BANKRUPTCY PROVISIONS

15.1 Tenant's Representation and Warranty.

The Tenant represents and warrants to the Landlord, as a material representation and warranty to induce the Landlord to enter into this Lease and upon which the Landlord is relying, that the Tenant is not an "insolvent person", as that term is defined in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, chapter B-3, as amended (in this Article 15, the "Act"), and has not filed nor intends now or in the future to file a notice of intention to make a proposal, a proposal or an assignment of its property under the Act.

15.2 Tenant's Covenants.

The Tenant covenants and agrees with the Landlord that:

- (a) the Tenant will not, under any circumstances or at any time in the future, seek to repudiate or attempt to repudiate the Lease by taking advantage of section 65.2 of the Act and the Tenant hereby waives any and all rights which it may have to repudiate the Lease pursuant to section 65.2 of the Act;
- (b) if the Landlord or the Landlord's Mortgagee reasonably requests specific information or material from the Tenant with respect to the financial strength, corporate organization, or situation of the Tenant, the Tenant will promptly deliver written details concerning such information and copies of such material to the Landlord and in no event will the Tenant take longer than 10 days after the receipt of the Landlord's request to do so;
- (c) upon defaulting under any of the Tenant's obligations to any person or upon receipt of any notice of:
 - (i) any default under any security agreement granted by the Tenant, or
 - (ii) the appointment of any receiver or receiver-manager with respect to any of the Tenant's property or business, or
 - (iii) any proceedings of whatsoever nature being commenced against the Tenant which could materially affect the Tenant's ability to perform its obligations under the Lease,

the Tenant will forthwith deliver details of such default or such notice to the Landlord and, at the same time, will deliver to the Landlord all documents received by or held by the Tenant relating thereto; and

- (d) at any time after the Tenant has filed a notice of intention to make a proposal or a proposal under the Act, the Landlord will be entitled and permitted at all times to enter upon the Premises for the purpose of inspecting the condition of the Premises.

15.3 Landlord's Right to Injunctive Relief.

The Tenant agrees that if, in breach of the provisions of this Article, the Tenant seeks to repudiate this Lease under section 65.2 of the Act, the Landlord may, in addition to all of its other remedies, produce and rely upon this Article 15 in the court proceedings contemplated by section 65.2(2) of the Act in order to challenge the right of the Tenant to repudiate this Lease and the validity of any Notice of Repudiation delivered by the Tenant to the Landlord pursuant to the Act, and the Landlord may, in those or any other proceedings, apply for injunctive or other relief restraining the Tenant from repudiating this Lease.

ARTICLE 16 - MISCELLANEOUS PROVISIONS

16.1 No Exclusivity.

The Tenant acknowledges that it does not have the exclusive right to conduct the business specified in subsection 1.1(i) in the Complex, save to the extent (if any) expressly stipulated in this Lease.

16.2 Indemnity Agreement.

In consideration of the Landlord entering into this Lease and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the Indemnifier), the Indemnifier hereby covenants and agrees that the Indemnifier will, concurrently with the execution and delivery of this Lease, execute and deliver to the Landlord the indemnity agreement attached hereto as Schedule E.

16.3 Governing Law.

This Lease will be construed in accordance with, and governed by, the laws of the Province of British Columbia.

16.4 Number and Gender.

Where required the singular number will be deemed to include the plural and the neuter gender the masculine or feminine.

16.5 Covenants.

The Landlord and the Tenant agree that all of the provisions of this Lease are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate provision thereof. Should any provision or provisions of this Lease be illegal or not enforceable it or they will be considered separate and severable from this Lease and its remaining provisions will remain in force and be binding upon the parties hereto as though the said provision or provisions had never been included.

16.6 Time of the Essence.

Time will be of the essence of this Lease.

16.7 Headings.

Any captions, headings and marginal notes throughout this Lease are for convenience and reference only and the words and phrases contained therein will in no way be held deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of or the scope or intent of this Lease nor in any way affect this Lease.

16.8 Enurement.

This Lease will extend to, be binding upon and enure to the benefit of the Landlord and the Tenant and their respective heirs, executors, administrators, successors and permitted assigns.

16.9 Joint and Several Liability.

All covenants, liabilities and obligations entered into or imposed upon the Tenant, if more than one person, and the Landlord, if more than one person, will be joint and several covenants, liabilities and obligations.

16.10 Confidentiality.

Each of the Landlord and the Tenant acknowledges that the provisions of this Lease are confidential and agrees that it will not, and will cause its directors, officers, shareholders and employees not to, reveal any financial terms of this Lease to any party without the other party's prior written consent. Notwithstanding the foregoing, the Landlord agrees that the Tenant may reveal the financial terms of this Lease to its

professional advisors and to any bank from which the Tenant is seeking financing; provided that each such party is advised of the confidential nature of such information.

ARTICLE 17 - ADDITIONAL PROVISIONS

17.1 Additional Provisions.

The additional provisions, if any, which are set forth in Schedule C are hereby incorporated in and form a part of this Lease for all purposes.

IN WITNESS WHEREOF the parties hereto have duly executed and delivered this Lease as of the day and year first above written.

By the Landlord:

**RENDITION (E41) DEVELOPMENTS
INC.:**

By:


Authorized Signatory

By the Tenant:

**WEST COAST LIQUOR COMPANY
(YVR) LTD.:**

By:


Authorized Signatory

By:

Authorized Signatory

SCHEDULE A

DESCRIPTION OF LAND/PREMISES

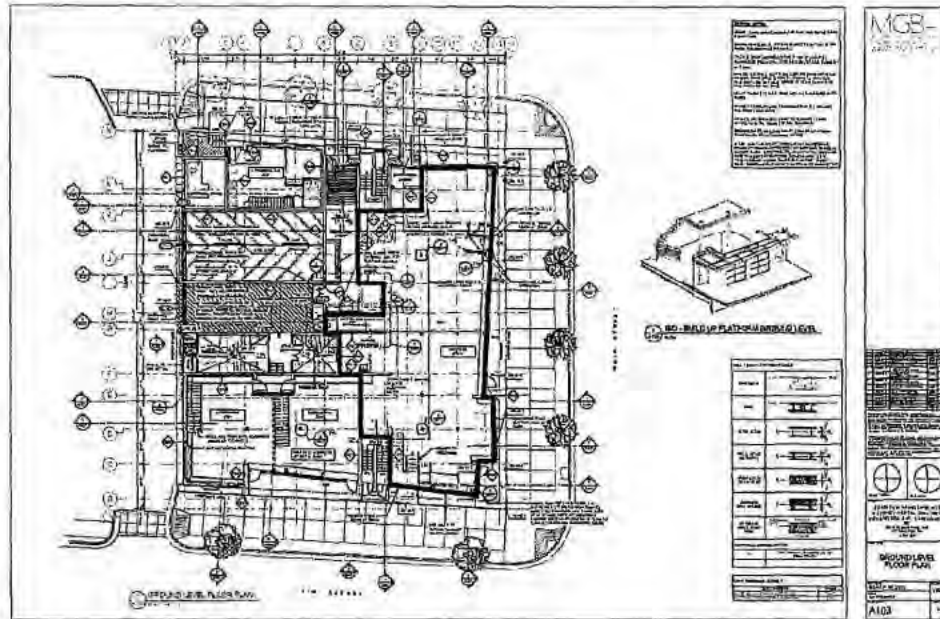
Legal Description: PID: 030-675-707
LOT 1 BLOCK L DISTRICT LOTS 639 AND 640 GROUP 1 NEW
WESTMINSTER DISTRICT
PLAN EPP86476

Civic Address: 188 East Woodstock Avenue, Vancouver, British Columbia. V5W 2S5

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SCHEDULE B
PLAN OF PREMISES



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SCHEDULE C

ADDITIONAL PROVISIONS

1. POSSESSION DATE

The date on which the Landlord delivers possession of the Premises to the Tenant, which shall be September 1, 2022 (the "Possession Date"). ~~Notwithstanding the foregoing but subject to an Unavoidable Delay or Tenant-caused delays, the Tenant may terminate this Lease by notice to the Landlord if the Possession Date has not occurred (such that the Tenant is able to undertake the Tenant's Work without material interference resulting from the conduct of the Landlord's Work) by March 31, 2023.~~

Possession of the Premises will not be provided prior to the execution of this Lease.

2. FIXTURING PERIOD

Provided the Tenant: (a) has executed this Lease; and (b) has provided the Landlord with proof that the Tenant has obtained the insurance required under the terms of this Lease, the Tenant will have access to the Premises for a period commencing on the Possession Date and ending upon later of: (i) the 30th day following the Possession Date; and (ii) the date upon which the Landlord provides legal public access to the Premises (the "Fixturing Period"). The Landlord may also have access to the Premises during the Fixturing Period in order to complete any Landlord's Work if necessary.

During the Fixturing Period, the Tenant will not be required to pay Basic Rent or the Tenant's Proportionate Share of Operating Costs and Taxes, but will abide by all other terms of the Lease including, without limitation, the Tenant's obligation to obtain and maintain insurance and to pay for utilities used in or for the Premises.

3. TENANT'S WORK

By no later than the Commencement Date, the Tenant will provide and complete, in a good and workmanlike manner, all fixtures, leasehold improvements and work beyond the Landlord's Work (if any) in order to make the Premises complete and suitable for the operation of the Tenant's business (collectively, the "Tenant's Work"). All Tenant's Work will be performed by workers approved by the Landlord in advance, in accordance with professionally prepared plans and specifications approved by the Landlord prior to the commencement of any Tenant's Work and otherwise in accordance with the Lease. The Tenant will be responsible for obtaining all necessary building permits and approvals required by any governmental authority in respect of any Tenant's Work, including any occupancy certificate in respect of the Premises. The Tenant will pay all fees charged by the Landlord or its representatives or consultants in connection with the Landlord's review of the Tenant's plans and specifications and/or the Landlord's supervision of the Tenant's Work. The Tenant will ensure that there are no liens registered or claimed with respect to any part of the Tenant's Work.

4. OPTION TO EXTEND

Provided:

- (a) The Tenant is not then in default under this Lease beyond any applicable cure period provided for in this Lease;

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- (b) The Tenant has not been late with the payment Rent on more than four (4) occasions during the Term as the same may be extended or renewed;
- (c) The Tenant gives the Landlord not more than twelve (12) months' nor less than nine (9) months' written notice prior to the expiry of the initial Term or preceding extension term, as the case may be, of its intention to extend the Term; and

then the Tenant will have the right to extend the Term upon the expiry of the then-expiring initial Term or Extension Term, as the context requires, for three (3) further periods of five (5) years each (each such period herein called an "Extension Term") upon the same terms and conditions as are set out in this Lease, except that:

- (i) there will be no further right to extend the term beyond the Third Extension Term. Should the Tenant not exercise any Extension Term, then that Extension Term and all subsequent Extension Terms shall be lost and deemed null and void;
- (ii) any fixturing period, basic free rent period, indemnities of the Landlord in favour of the Tenant or requirement on the Landlord's part to do any Landlord's Work, set out in this Lease, shall not apply to any Extension Term;
- (iii) the annual Basic Rent shall be mutually agreed upon between the Landlord and the Tenant based upon the then-prevailing fair market net rental for similar premises (taking into consideration the permitted use set forth Section 1.1(i)), and similarly located, provided that the Basic Rent shall in no event be less than the annual Basic Rent payable by the Tenant for the last twelve (12) months of the then-expiring initial Term or Extension Term, as the case may be, and provided further that if the parties are unable to agree on the Basic Rent rate by no later than three (3) months prior to the expiry of the then-expiring initial Term or Extension term, as the case may be, then the Basic Rent shall be determined by a single arbitrator in accordance with the *Arbitration Act* British Columbia as amended or replaced, the costs of which, including any and all ancillary costs, of which will be borne by the Tenant. Until the Basic Rent has been determined as provided herein, the Tenant will pay the Basic Rent requested by the Landlord, and upon the determination of the Basic Rent, the parties will make the appropriate adjustments, without interest.

5. BASIC RENT FREE PERIOD

Provided the Tenant is in possession of the Premises, has executed this Lease in a form satisfactory to the Landlord and is not in default thereunder beyond any applicable cure period provided for in this Lease, the Tenant shall not be responsible for any Annual Basic Rent for the first three (3) full calendar months of the initial Term (which for clarity will occur immediately after the expiry of the Fixturing Period), provided the Tenant shall pay all other expenses and charges provided for in this Lease throughout such period. Notwithstanding anything to the contrary, if this Lease is repudiated or disclaimed pursuant to Section 65.2 of the *Bankruptcy and Insolvency Act*, as amended or replaced from time to time, the Tenant's obligation to pay Annual Basic Rent for the whole of the foregoing "Annual Basic Rent Free Period" shall be deemed to have been reinstated effective as of the day before the effective date of the repudiation or disclaimer of this Lease.

6. UNAVOIDABLE DELAY

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Whenever and to the extent that the Landlord or the Tenant shall be unable to fulfil, or shall be delayed or restricted in the fulfilment of any obligation hereunder by reason of strike, lock-out, war or acts of military authority, rebellion or civil commotion, fire or explosion, flood, wind, water, earthquake, act of God, virulent or communicable disease outbreak, public health emergency, epidemic, quarantine, pandemic, other casualty or by reason of being unable to obtain the material, goods, equipment, service, utility or labour required to enable it to fulfil such obligation or by reason of any statute, law or Order-in-Council or any regulation or order passed or made pursuant thereto or by reason of the order or direction of any administrator, controller or board, or any governmental department or officer or other authority, or by reason of not being able to obtain any permission or authority required thereby, or by reason of any other cause beyond its control or not wholly or mainly within its control, whether of the foregoing character or not, including without limitation, such failure occasioned by, or as a result or consequence of computer breakdown or malfunction caused by computer virus ("Unavoidable Delay"), such party shall be entitled to extend the time for fulfilment of such obligation by a time equal to the duration of such delay or restriction, and the other party shall not be entitled to compensation for any inconvenience, nuisance or discomfort thereby occasioned, and shall not be entitled to cancel or terminate this Lease.

Notwithstanding the occurrence or existence of any event or circumstance or the non-occurrence of any event or circumstance and so often and for as long as the same may occur or continue which, but for this Section 6 of Schedule C, would frustrate or void this Lease, the obligations and liabilities of the Landlord and the Tenant hereunder shall continue in full force and effect as if such event or circumstance had not occurred or existed. Notwithstanding the foregoing, this Section 6 of Schedule "C" shall not operate to permit non-payment of Rent by the Tenant nor will a lack of financial resources or ability on the part of the Tenant be considered an Unavoidable Delay, including any Tenant bankruptcy, insolvency or other creditor protection.

7. PARKING

The Tenant shall be entitled to the use of six (6) reserved parking spaces in the parking facilities of the Building, at one hundred and fifty dollars (\$150.00) plus GST per month, per stall, for the duration of the Term.

The Landlord may relocate the Tenant's parking spaces within the parking facilities of the Building at the Landlord's sole discretion provided the parking spaces remain reserved.

8. PERMITS

Notwithstanding anything to the contrary contained herein, should the Tenant fail to:

- (i) receive provincial and/or municipal approval to operate a liquor store from the Premises on or before July 31, 2022, and/or
- (ii) receive all permit(s) required by applicable laws for the Tenant's Work on or before July 31, 2022,

then the Landlord shall have the option to terminate this Lease by delivering written notice of the same to the Tenant, in which event neither party shall thereafter have any further obligation to the other hereunder, save for obligations arising prior to the termination date and remaining undischarged, and in the event of such termination, the deposit shall be immediately paid to the Tenant.

9. SIGNAGE

The Tenant shall have the right to install at the Tenant's cost, signage on the Building. All such signage will comply with the Landlord's design criteria for the Building and in accordance with the provisions of the Lease and all requirements of any governmental authority having jurisdiction. The exact location and design of the signage shall be subject to the Landlord's prior written approval. The Tenant shall be responsible for the costs to maintain the signage and to remove the signage at the end of the Term.

Any photograph, print, video or film taken during the Term of all or any part of the Building, the Premises or the Lands for use by the Landlord for the advertising or promotion of same, and which show the Tenant's trade names, trademarks, logos or other identifying marks (the "Trademarks") will be deemed not to infringe the Trademarks, will not require the Tenant's consent and will not entitle the Tenant to any compensation.

10. LETTER OF CREDIT

The Landlord and Tenant agree that it is a condition of the Landlord entering into this Lease that the Tenant, on or before the execution of this Lease by the Tenant, delivers to the Landlord, an irrevocable and unconditional letter of credit (the "Letter of Credit") in favour of Landlord issued by a Schedule 1 Canadian chartered bank in the amount of \$100,000.00 (the "Principal Amount"), for an initial term of one year and to be renewed annually until the end of the Term as the same may be extended or renewed, which shall collectively be the term of the Letter of Credit. The renewal of the Letter of Credit shall be delivered to the Landlord no later than fourteen (14) days prior to its expiry date and shall be in form acceptable to the Landlord.

The Letter of Credit shall be in a form acceptable to the Landlord and shall be, and shall state that it is transferable by the Landlord, which transfer shall be valid and effective upon notice thereof to the issuer of the Letter of Credit and the term "Landlord" shall be deemed to include any such transferee, from time to time.

The Letter of Credit shall be held as security for the full and faithful performance by the Tenant of all its obligations under this Lease (including, without limitation, any losses, costs, damages, expenses and liabilities which may be incurred or suffered by the Landlord as a result of a breach or default of the Tenant), and the Letter of Credit may be drawn upon to compensate the Landlord as may be required if the Tenant is in breach or default of any of the covenants, obligations, terms or conditions of the Lease without, however, restricting the Landlord's right to take any other action and to claim for any costs, expenses and damages suffered or incurred. For certainty, the Landlord will not be under any obligation to draw upon the Letter of Credit to satisfy the fulfilment or performance of any obligations of the Tenant under the Lease or in connection with any breach or default thereof, and shall be entitled to pursue all remedies it may have under the Lease, or at law, whether in combination with the drawing on the Letter of Credit or otherwise. The Tenant also confirms that the amount of the Letter of Credit shall in no way be construed as a limit or restriction on the amount which may be claimed by the Landlord (as damages or otherwise) in respect of the Lease.

The rights of the Landlord hereunder, in respect of the Letter of Credit, shall continue in full force and effect and shall not be waived, released, discharged, impaired or affected by reason of the release or discharge of the Tenant in any receivership, bankruptcy, insolvency, winding-up or other creditors' proceedings including, without limitation, any proceedings under the *Bankruptcy and Insolvency Act (Canada)* or the *Companies Creditors' Arrangement Act (Canada)*, or the surrender, disclaimer, repudiation or termination of the Lease in any such proceedings and shall continue with respect to the periods prior thereto and thereafter as if the Lease had not been surrendered, disclaimed, repudiated, or terminated.

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If the Letter of Credit has not been renewed or replaced by no later than fourteen (14) days prior to its expiry date, the Tenant shall be deemed to have defaulted and the Landlord may draw the Principal Amount of the Letter of Credit and retain the proceeds thereof as security for the repayment and indemnification obligations hereinbefore set out. The Tenant shall not be entitled to any interest earned thereon. If the Tenant subsequently provides to Landlord a letter of credit which complies with the provisions of this section, the Landlord will return the proceeds (or the balance after application as hereinbefore provided) without interest to Tenant or as it may direct.

The Letter of Credit, provided it has not been exhausted, will be released as soon as reasonably practicable following the expiration of the Term and the Landlord agrees, at the Tenant's cost, to execute any documentation required by the issuer of the Letter of Credit or the Tenant in order to effect such release.

For clarity, the Landlord and the Tenant agree that the Letter of Credit is in addition to, and not lieu of, the Security Deposit.

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SCHEDULE D

RULES AND REGULATIONS

PUBLIC ORDER

1. The Tenant will at all times abide by all laws, rules, regulations, ordinances, provisions and requirements relating to the Complex or to the Premises, and will keep its employees, servants, agents and invitees under its control so as to prevent the performance of any acts or the carrying on of any practices which could damage the Complex or its reputation, or the Premises, or could injure or annoy other tenants in the Complex or their employees, servants, agents or invitees, or the public.

COMMON AREAS

2. The Tenant will not perform any acts or carry on any practice which may injure the common areas or common facilities or be a nuisance to any other tenants of premises situated in the Complex.
3. The entrances, lobbies, staircases and other facilities of the Complex are for use only for access to the Premises and other parts of the Complex, and the Tenant will not obstruct or misuse such facilities or permit them to be obstructed or misused by its agents, employees, invitees or others under its control.
4. No safe or heavy equipment will be moved by or for the Tenant unless the consent of the Landlord is first obtained and unless all due care is taken. Such equipment will be moved upon the appropriate steel bearing plates, skids or platforms and subject to the Landlord's direction, and at such times, by such persons as the Landlord will have approved. No fixtures, freight or bulky matter of any description will be moved in or out of the Premises or carried in the elevators of the Complex except during such hours as the Landlord will have approved by the Landlord, and will be used only by prior arrangement with the Landlord.
5. Any injury or damage caused to the common facilities or other areas of the Complex or heating and other appliances, or to any other tenant or to the premises occupied by any other tenant, by interference with or neglect of the heating appliances, or any other person or servant subject to it will be made whole by the tenant in whose premises the neglect, interference or misconduct arose.

REFUSE

6. All trash, rubbish, waste material and other garbage will be kept either within the Premises, or, if available, in designated common garbage areas located outside the Premises, until the day of removal, such removal to be at the expense of the Tenant on a regular basis as determined by the Landlord.
7. The Tenant will not burn any garbage in or about the Premises or anywhere within the Complex.
8. If the Tenant's garbage is of a deteriorating nature, creating offensive odours, the Tenant will utilize and maintain at its cost and expense refrigerated facilities as required by the Landlord.
9. In the event the Landlord considers necessary, or otherwise consents in writing to, the placing of the Tenant's garbage outside the Premises, such garbage will be placed by the Tenant in containers

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approved by the Landlord but provided at the Tenant's expense and kept at a location designated by the Landlord.

OVERLOADING, SUSPENSION

10. Business machines, filing cabinets, heavy merchandise or other articles liable to overload, injure or destroy any part of the Building will not be taken into it without the written consent of the Landlord and the Landlord will in all cases retain the right to prescribe the weight and proper position of all such articles and the ways, means and times and routes for moving them into or out of the Building; the cost of repairing any damage done to the Building by such moving or by keeping any such articles on any premises will be paid by the tenant causing such damage.
11. The Tenant will not hang or suspend from any wall or ceiling or roof, or any other part of the Building other than the Premises, any equipment, fixtures, signs or displays which are not first authorized by the Landlord.
12. The Tenant will not hang or suspend from any wall or ceiling of the Premises any equipment, fixture, sign or display which would overload such wall or ceiling, as the case may be.

ELECTRICAL EQUIPMENT

13. The Tenant will at its sole cost and expense, install and maintain all necessary lighting fixtures, electrical equipment and wiring therefor.
14. If the Tenant requires any electrical equipment which might overload the electrical facilities in the Premises, the Tenant will submit to the Landlord plans and specifications for works required to install and supply additional electrical facilities or equipment to prevent such overloading, and will obtain the Landlord's prior written approval to perform such works, which will meet all the applicable regulations of any government or other competent authority, the Association of Insurance Underwriters and the Landlord's insurers, all at the sole cost and expense of the Tenant.

PLUMBING

15. No plumbing facilities will be used for any purpose other than that for which they were designed, and no foreign substance of any kind will be thrown therein, and the expense of any breakage, stoppage or damage resulting from a violation of this provision by the Tenant or by any person for whom the Tenant is responsible will be borne by the Tenant. No garburators will be installed by the Tenant without the prior written approval of the Landlord.

HVAC OPERATION

16. The Tenant will operate or permit to be operated its own heating, ventilating or air-conditioning equipment, if any, in such manner that there will be no direct or indirect appropriation of heating or cooling from other portions of the Complex (except to the extent that such appropriation may be unavoidable).
17. The Tenant will not leave open any doors or windows to the exterior of the Complex which would adversely affect the performance of any heating, ventilating or air-conditioning equipment in the Complex.

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SIGNS, ADVERTISING, DISPLAY WINDOW

18. The Tenant will not erect or install any exterior signs or interior window or door signs or advertising media or window or door lettering or placards without the prior written consent of the Landlord.
19. The Tenant will not use any advertising media that the Landlord will deem objectionable to it or to other tenants, such as, without limiting the generality of the foregoing, loudspeakers, phonographs, televisions, public address systems, sound amplifiers, radios, broadcasts or telecasts within the Complex in a manner capable of being heard or seen outside the Premises.
20. The Tenant will not install any exterior lighting, exterior decorations or build any aerial or mast, or make any change to the exterior of the Premises, without the prior written consent of the Landlord.
21. The Tenant will indemnify and save harmless the Landlord from all claims, demands, loss or damage to any person or property arising out of any sign, mast, aerial or other installation, notwithstanding any consent by the Landlord thereto.
22. Any installation requiring the Landlord's consent which has not received such consent will be subject to immediate removal without notice at the Tenant's cost.
23. The lining of all window drapes facing the interior surface of exterior windows will be subject to the prior approval of the Landlord as to colour and material and a tenant will not hang and will remove any draperies which in the Landlord's opinion do not conform to any uniform scheme of window coverings established for the Complex.
24. In order to maintain the high character and uniqueness of the Complex, the Landlord will have the absolute right to designate the kind, type and colour of any interior drapes or wall coverings or hangings which the tenants desire to place on any wall or window and to designate the location, kind and colour of any partitions which are visible from outside the Premises.
25. The Tenant will not cover any windows and doors that reflect or admit light and air into the halls, passageways or other public places in the Complex.

USE OF PREMISES

26. No tenant, employee or invitee of any tenant will go up on the roof of the Complex.
27. No cooking will be done or permitted in the Premises except by the use of CSA approved equipment for brewing coffee, tea, hot chocolate and similar beverages. The use of CSA approved microwave ovens for heating (but not for cooking foods) will be permitted, provided that such use is in accordance with all applicable federal, provincial and municipal laws, codes, ordinances, rules and regulations and provided that such use will not result in any odours emanating from the Premises.
28. No tenant will use its Premises for:
 - (a) lodging or sleeping or for any other residential purposes,
 - (b) storage of personal effects or articles other than those required for business purposes; or

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- (c) manufacturing purposes.
29. The Tenant must place and maintain business machines and other equipment in settings sufficient, in the Landlord's reasonable judgment, to absorb and prevent unreasonable vibration and prevent noise and annoyance.
30. The Tenant, its employees and agents will not:
- (a) cause or permit any machines selling merchandise, rendering services or providing entertainment, however operated, to be present on the Premises unless consented to in advance in writing by the Landlord;
 - (b) solicit business and display merchandise except in the Premises, nor distribute handbills or other advertising matter, nor permit anything to be done in or on the common areas or common facilities that hinders or interrupts the flow of traffic to, in or from the Complex or obstructs the free movement of persons in, to or from the Complex; and
 - (c) use any part of the Premises which is not entirely enclosed by floor-to-ceiling walls of glass or other material approved by the Landlord which delineate the perimeter of the store located on the Premises for the storage, display, sale or other utilization of any merchandise or other articles.
31. The Tenant will:
- (a) keep the inside and outside of all glass in the windows and doors of the Premises clean;
 - (b) keep all exterior storefront surfaces of the Premises clean;
 - (c) replace promptly, at its expense, any cracked or broken window glass of the Premises with glass of like kind and quality;
 - (d) comply with and adopt all recycling measures adopted by the Landlord from time to time; and
 - (e) take all steps as reasonably required by the Landlord from time to time to ensure that no employees of the Tenant or others on the Premises from time to time use any common facilities or common areas for the purpose of smoking.
32. No parcels or other articles will be placed on interior or exterior window sills.
33. No animals or pets are allowed in the Complex at any time, except for dogs assisting the disabled.
34. Canvassing and peddling in the Complex is prohibited and each tenant will co-operate to prevent the same.
35. It will be the duty of the Tenant to assist and co-operate with the Landlord in preventing injury to the Premises and premises demised to other tenants.
36. No inflammable oils or other inflammable, dangerous or explosive materials will be kept on the outside of window sills or projections.

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37. Furniture, effects and supplies will not be taken into or removed from any premises, except at such time and in such manner as may be previously approved by the Landlord.

SAFETY

38. The Tenant will not do or permit anything to be done in the Building or the Complex, or bring or keep anything therein which is in any way hazardous or obstruct or interfere with the rights of other tenants or in any way injure or annoy them or the Landlord, or violate or act contrary to the requirements of the Landlord's insurers.
39. The Tenant will not keep in the Premises or the Complex any dangerous or explosive or corrosive materials or fluids or batteries or other goods containing dangerous, explosive or corrosive materials or fluids or Hazardous Substances. The Tenant will not use or keep in the Premises or the Complex any inflammable or combustible fluid or material other than limited quantities thereof reasonably necessary for the operation of the Tenant's business.
40. The Tenant will not, without the Landlord's prior written approval, use any method of heating or air-conditioning other than that supplied or approved by the Landlord.
41. The Tenant will co-operate with the Landlord in the holding of fire drills and in practising building evacuation procedures.

SECURITY

42. The Tenant will ensure that the doors of the Premises are closed and locked and that all water faucets, water apparatus and powered equipment are shut off before the Tenant or the Tenant's employees leave the Premises, so as to prevent waste or damage, and the Tenant will make good all injuries sustained by the Landlord or other tenants or occupants of the Complex due to any default or carelessness in this regard.
43. The Tenant will keep the doors to the Building corridors closed and locked at all times when not in use, except that the main entrance door to the Premises may be kept open during ordinary business hours.
44. The Tenant must, upon the termination of its tenancy, return to the Landlord all keys and/or access cards either furnished to, or otherwise procured by, such Tenant, and in the event of the loss of any keys so furnished, the Tenant will pay to the Landlord the cost of replacement keys.
45. The Landlord will have the right:
- (a) to require all persons entering or leaving the Building during such hours as the Landlord may reasonably determine, to identify themselves to a watchperson or security officer by registration or otherwise establish their right to enter or leave; and
 - (b) to exclude or expel any peddler or beggar at any time from any premises or the Building.
46. Tenants will not place any additional lock upon any door of the Building without the written consent of the Landlord (except in the case of vaults or other security areas which the Tenant may reasonably designate).

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PARKING

47. The Tenant will not permit the parking of delivery vehicles so as to interfere with the use of any driveway, walkway, parking area, mall or other area of the Complex.
48. Bicycles and vehicles are to be parked or left or secured only in areas designated by the Landlord.

DELIVERY

49. The Tenant will receive, ship, take delivery of, and allow and require suppliers and others to deliver or to take delivery of, merchandise, supplies, fixtures, equipment, furnishings and materials only through the appropriate service and delivery facilities designated by the Landlord, at such times as the Landlord may reasonably specify and in accordance with the reasonable directives and further rules and regulations of the Landlord.
50. The Tenant will inform the suppliers of such times and rules and regulations respecting delivery so as to accommodate the ease of delivery to and from the Complex.
51. The Tenant will remove all such merchandise and other delivered items from the loading area or other common areas of the Complex immediately upon such delivery or will pay such costs as may be determined by the Landlord for any hourly, daily or weekly temporary storage permitted by the Landlord.

PESTS

52. The Tenant will maintain the Premises at its expense, in a clean, orderly and sanitary condition and free of insects, rodents, vermin and other pests.
53. Should the Premises become infested with insects, rodents, vermin or other pests, the Tenant will forthwith remedy the same and will use, at the Tenant's cost, such pest extermination contractor as the Landlord may direct and at such intervals as the Landlord may require as being necessary by reason of the conditions in the Premises.

NOTICE OF ACCIDENT, DEFECTS

54. The Tenant will give immediate notice to the Landlord in case of fire or accident in the Premises or of defects therein or to any fixtures or equipment thereon including, without limitation, any defect in the plumbing, heating, air-conditioning, mechanical or electrical apparatus.
55. The Tenant will give prompt notice of any accident to or any defect in the plumbing, heating, air-conditioning, mechanical or electrical apparatus in the Premises or any other part of the Complex.

EMERGENCY CONTACTS

56. The Tenant will provide the Landlord with the names, addresses and telephone numbers of two (2) authorized employees of the Tenant who may be contacted by the Landlord in the event of an emergency relative to the Premises. The Tenant will not place any additional locks or other security devices upon any doors of the Premises without the prior written approval of the Landlord and subject to any conditions imposed by the Landlord for the maintenance of necessary access.

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ENTRY AFTER HOURS

57. The Tenant and its employees, servants, agents and contractors may enter the Premises when the Complex is closed to the public but only by way of such entrances as the Landlord may designate from time to time and subject to such means as the Landlord may require to control the presence of persons within the Complex when so closed.

PERMITS, LICENCES

58. The Tenant alone will be responsible for obtaining, from the appropriate governmental authority or other regulatory body having jurisdiction, whatever permits, licences or approvals as may be necessary for the occupancy of the Premises and the operation of its business, prior to its opening for business, and will provide a copy to the Landlord substantiating compliance with this requirement, the whole to the entire exoneration of the Landlord.

TENANT'S WORK

59. Any work to be performed in the Premises by the Tenant or its contractors must be first approved by the Landlord and then made strictly in accordance with the rules and regulations set out in this Schedule D and any other rules and regulations of the Landlord which apply to work by tenants of the Complex.

FURTHER RULES AND REGULATIONS

60. The foregoing Rules and Regulations, are for the general benefit and welfare of the Complex and the tenants therein, as from time to time amended, are not necessarily of uniform application, but may be waived in whole or in part in respect of other tenants without affecting their enforceability with respect to the Tenant and the Premises, and may be waived in whole or in part with respect to the Premises without waiving them as to future application to the Premises and the imposition of such Rules and Regulations will not create or imply any obligation of the Landlord to enforce them or create any liability of the Landlord for their non-enforcement. The Landlord may, acting reasonably, amend these rules and regulations, by alteration or addition, for the better operation of the Premises and such amended rules and regulations will be binding on the Tenant.

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SCHEDULE E
INDEMNITY AGREEMENT

THIS INDEMNITY is dated for reference this ●st day of ●, 2022.

BETWEEN:

RENDITION (E41) DEVELOPMENTS INC.

(the "Landlord")

AND:

WEST COAST LIQUOR COMPANY LTD.
(B.C. Incorporation No. BC0700065)

(the "Indemnifier")

IN ORDER to induce the Landlord to enter into the lease (the "Lease") dated for reference ●, 2022 between the Landlord and WEST COAST LIQUOR COMPANY (YVR) LTD. (the "Tenant"), as tenant, in respect of the premises (the "Premises") described therein located in the Building at 188 East Woodstock Avenue, Vancouver, British Columbia, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Indemnifier, the Indemnifier hereby unconditionally covenants and makes the following indemnity and agreement (the "Indemnity") with and in favour of the Landlord:

1. The Indemnifier, as principal debtor or obligor and not as surety, hereby directly and unconditionally covenants with the Landlord that at all times during the Term and any extension or renewal thereof or any period of overholding (and including any period prior to the commencement of the Term during which the Tenant is entitled to access and/or occupy the Premises), that it will, upon demand:
 - (a) make the due and punctual payment of all rent, money, charges and other amounts of any kind whatsoever payable under the Lease, and whether payable to the Landlord or otherwise and whether the Lease has been disaffirmed or disclaimed;
 - (b) effect prompt and complete performance and observance of all terms, covenants, agreements and conditions contained in the Lease on the part of the Tenant to be observed and performed; and
 - (c) indemnify and save harmless the Landlord from any loss, cost or damage (including consequential loss and legal costs on a full indemnity basis) arising out of any failure by the Tenant to pay rent, money, charges and other amounts of any kind whatsoever payable under the Lease, or to observe or perform any of the obligations of the Tenant under the Lease or arising out of the failure by the Tenant to complete performance of its obligations under the Lease as a result of the disclaimer, disaffirmation or other extinguishment of the Lease obligations prior to the expiration date of the Lease.
2. This Indemnity is absolute, unconditional and irrevocable and, without limiting the generality of the foregoing, the liability of the Indemnifier will not be, and will not be deemed to be, released, discharged, mitigated, impaired, waived or in any way affected by:
 - (a) any extension of time, indulgences or modifications which the Landlord extends to or makes with the Tenant in respect of the performance of any of the obligations of the Tenant under the Lease;
 - (b) any waiver by or failure of the Landlord to enforce any of the terms, covenants and conditions contained in the Lease;
 - (c) any subletting or parting with or sharing of possession of all or part of the Premises, or conferring on any person or corporation any right enjoyed by the Tenant under the Lease in any other manner by the Tenant or by any subtenant, trustee, receiver or liquidator, or any consent which the Landlord gives to any such subletting or parting with or sharing of possession of all or part of the Premises, or conferring on any person or corporation any right enjoyed by the Tenant under the Lease in any other manner;
 - (d) any transfer or assignment of the Lease by the Tenant (whether voluntary or by operation of law) or by any trustee, receiver or liquidator, or any change in control of the Tenant or

amalgamation of the Tenant with another entity or entities, or any consent which the Landlord gives to any such transfer or assignment;

- (e) the termination of the Lease or expiration of the Term;
- (f) any amendment to or modification of the Lease or any waiver by the Tenant of any of its rights under the Lease, whether known by or consented to by the Indemnifier;
- (g) the release or discharge of the Tenant in any receivership, bankruptcy, winding-up or other creditors' proceedings;
- (h) the disclaimer, disaffirmation or termination (including, without limitation, termination by the Landlord) of the Lease in any proceeding, and the obligations of the Indemnifier will continue with respect to the periods prior thereto and thereafter, for and with respect to the Term as if the Lease had not been disclaimed, disaffirmed or terminated, and in furtherance hereof, the Indemnifier agrees, upon any such disclaimer, disaffirmation or termination that the Indemnifier will, at the option of the Landlord, become the tenant of the Landlord for the balance of the Term upon the same terms, covenants and conditions as are contained in the Lease, applied *mutatis mutandis*, and, if required by the Landlord, the Indemnifier will execute and deliver a new lease of the Premises between the Landlord, as lessor, and the Indemnifier, as lessee, for a term equal to the residue of the Term remaining unexpired at the time of such disclaimer, disaffirmation or termination, and on the same terms, conditions and agreements as are contained in the Lease save for the term, which will be as aforesaid;
- (i) any repossession of the Premises by the Landlord, provided, however, that the net payments received by the Landlord after deducting all costs and expenses of repossessing and reletting the Premises will be credited from time to time by the Landlord against the indebtedness of the Indemnifier hereunder and the Indemnifier will pay any balance owing to the Landlord from time to time immediately upon demand; or
- (j) any act or omission by the Landlord with respect to the matters contained in the Lease.

For greater certainty, the Indemnifier agrees that its obligations hereunder will be no less if the Lease is terminated by any means whatsoever (including, without limitation, disclaimer, disaffirmation or surrender) than its obligations would be if the Lease were not terminated.

- 3. The Indemnifier hereby expressly waives notice of the acceptance of this Indemnity and all notice of non-performance or non-observance on the part of the Tenant of any of the terms, covenants, and conditions contained in the Lease. Without limiting the generality of the foregoing, any notice which the Landlord desires to give to the Indemnifier will be sufficiently given if delivered to the Indemnifier in person or to the Premises addressed to the Indemnifier or to the Indemnifier's registered office in British Columbia or any other jurisdiction and, if mailed, by prepaid registered post addressed to the Indemnifier at the Premises or at the Indemnifier's registered office in British Columbia or any other jurisdiction, and every notice is deemed to have been given upon the day it was so delivered, or if mailed, upon the second day following the date of mailing. If two or more persons are named as Indemnifier, any notice given hereunder or under the Lease will be sufficiently given if delivered or mailed in the foregoing manner to any one of such persons.
- 4. In the event of a default or breach under the Lease, or under this Indemnity, the Indemnifier hereby waives any right to require the Landlord to:
 - (a) proceed against the Tenant or pursue any rights or remedies against the Tenant with respect to the Lease; or
 - (b) proceed against or exhaust any security of the Tenant held by the Landlord; or
 - (c) pursue any other remedy whatsoever which may be available to the Landlord,

and the Landlord will have the right to enforce this Indemnity regardless of the acceptance of additional security from the Tenant, or the release of any security, and regardless of any release or discharge of the Tenant by the Landlord or by others or by operation of any law.

- 5. ~~As a general and continuing security for the performance of the Indemnifier's obligations under this Indemnity, the Indemnifier hereby mortgages and charges to and in favour of the Landlord and grants to the Landlord a security interest in all of the Indemnifier's present and after-acquired personal property including, without limiting the generality of the foregoing, all accounts, chattel paper, documents of title, equipment, fixtures, goods, instruments, intangibles (including, without limitation, all goodwill, patents, trademarks, copyrights, telephone and fax numbers, internet~~

domain names, business names and other intellectual property), inventory, licences, money and investment property (as such terms are defined in the *Personal Property Security Act* (British Columbia)) wherever situated (collectively, the "Collateral"). In connection with the mortgages, charges and security interest granted hereby in favour of the Landlord (collectively, the "Security Interest"), the Indemnifier hereby agrees as follows:

- (a) The Indemnifier represents and warrants that the Collateral is, and the Indemnifier will ensure that the Collateral will at all times be, free of any mortgage, charge, security interest or other encumbrance except for the Security Interest and any mortgage, charge or security interest created with the Landlord's prior written consent which will be given only if the holder of the charge subordinates its charge to the Security Interest.
 - (b) The Indemnifier will advise the Landlord promptly, in writing, of any motor vehicles, trailers, mobile and manufactured homes, aircraft, boats and outboard motors ("Serial Numbered Goods") that are held as equipment and provide the Landlord with full and complete descriptions of such Serial Numbered Goods.
 - (c) The Indemnifier will forthwith pay and satisfy the amount secured by any other mortgage, charge or security interest upon the Collateral or any part thereof which is not so approved.
 - (d) If the Indemnifier defaults under any covenant, agreement, indemnity or other obligation contained in this Indemnity, the Landlord may itself, or by its agents or employees, or by a receiver or any replacement thereof approved in writing by the Landlord, take possession of the Collateral in such manner as the Landlord or such receiver determines; and realize upon the Collateral and enforce its rights under the Security Interest by any remedy or proceeding authorized or permitted hereby or at law including, without limitation, all rights and remedies available to a secured party under the *Personal Property Security Act* (British Columbia) and other similar statutes. Included in such rights of the Landlord is the right to recover the reasonable expenses of retaking, holding, repairing, processing, preparing for disposition of the Collateral and all other reasonable expenses (including, without limitation, legal costs) incurred by the Landlord.
 - (e) This Security Interest shall not be deemed to have been satisfied, discharged or redeemed by reason of the Indemnifier not being indebted to the Landlord at any time or from time to time and no payment shall reduce the amount secured by this Security Interest except to the extent expressly approved by the Landlord in writing.
 - (f) To the fullest extent permitted by law, the Indemnifier waives all of the rights, benefits and protection given by the provisions of any existing or future statute which imposes limitations upon the rights, remedies or powers of a Landlord or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.
 - (g) The Indemnifier will from time to time, immediately upon the Landlord's request, take such action (including, without limitation, the signing of further documents) as the Landlord may require or consider necessary in connection with the Collateral or to give effect to the Security Interest. The Indemnifier will pay all costs of perfecting the Security Interest and all costs associated with the granting and perfection of security interests pursuant to this Lease.
 - (h) The Indemnifier agrees that, to the extent necessary to give full effect to this section, this Indemnity is intended to constitute a security agreement as defined in the *Personal Property Security Act*. This security agreement is separate from and will survive the termination, expiry or disclaimer of this Indemnity. The Security Interest is given in addition, and not as an alternative, and may be exercised by the Landlord without prejudice, to any other rights of the Landlord under this Indemnity or at law including, without limitation, the Landlord's right of distress.
 - (i) The Tenant waives all rights to receive from the Landlord a copy of any financing statement or financing change statement registered or verification statement issued at any time in respect of this Indemnity.
6. The Indemnifier hereby acknowledges and agrees that the Landlord may apply any security deposit or other credit in favour of the Tenant as the Landlord determines in its sole discretion. The Indemnifier further acknowledges that the Landlord will not be obligated to apply any such deposit or credit to cure any default or offset any damages incurred by the Landlord under the Lease before bringing any actions or pursuing any remedy available to the Landlord through the Indemnifier. The Indemnifier's obligations and liability will not be affected in any manner whatsoever by the


Landlord's application or non-application, as the case may be, of any such deposit or credit under the Lease.

7. No action or proceeding brought or instituted under this Indemnity and no recovery in pursuance thereof will be a bar or defence to any further action or proceeding which may be brought hereunder by reason of any further default hereunder or in the performance and observance of any of the terms, covenants and conditions contained in the Lease.
8. No modification hereof will be effective unless the same is in writing and is executed by both the Indemnifier and the Landlord.
9. Any assignment by the Landlord of any of its interest in the Lease operates automatically as an assignment to the same party of the benefit of this Indemnity and the Security Interest.
10. If two or more individuals, corporations, or other legal entities (or any combination of two or more thereof) execute this Indemnity as Indemnifier, the liability of each such individual, corporation, or other legal entities hereunder is joint and several. If the Indemnifier named in this Indemnity is a partnership or other legal entity, the members of which are (by virtue of statute or general law) subject to personal liability, the liability of each such member is joint and several.
11. All the terms, covenants and conditions of this Indemnity extend to and are binding upon the Indemnifier, his or its heirs, executors, administrators, successors and assigns, as the case may be, and enure to the benefit of and may be enforced by the Landlord, its successors and assigns, as the case may be, any mortgagee, chargee, trustee under a deed of trust or other encumbrancer of all or any part of the lands and buildings referred to in the Lease. Wherever in this Indemnity reference is made to the Indemnifier, the Landlord or the Tenant, the reference is deemed to apply also to their respective heirs, executors, administrators, successors and assigns and permitted assigns and transferees.
12. The Indemnifier will, without limiting the generality of the foregoing, be bound by this Indemnity in the same manner as though the Indemnifier were the Tenant named in the Lease and as if the Indemnifier had executed the Lease and had a primary obligation under the Lease. The Indemnifier acknowledges to the Landlord that it is not a surety and that it will have no rights as a surety, whether at law, in equity, or otherwise, which are contrary to the provisions of this Indemnity or the Lease. The Landlord acknowledges to the Indemnifier that it is relying upon the acknowledgement of the Indemnifier set out in this Section 12.
13. Any term contained in this Indemnity will also apply, with any necessary changes in detail, to any extension, modification or renewal of the Lease, and any reference in this Indemnity to "Lease" will include the Lease as it may be extended, modified and renewed.
14. The Indemnifier acknowledges and confirms that the Indemnifier has received a copy of the Lease and that the Indemnifier has read the Lease and understands the Lease and all of the terms, covenants and conditions contained in the Lease to be observed and performed by the Tenant.
15. The Indemnifier represents, warrants and agrees that it understands the nature and effect of this Indemnity and, if the Indemnifier is a corporation, that the giving of financial assistance by it to the Tenant is in the best interest of the Indemnifier and is not contrary to any law governing the Indemnifier nor to any agreement by which the Indemnifier is bound.
16. All capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Lease. Words used in the singular include the plural and vice versa. Words indicating the masculine gender include the feminine and neuter and vice versa. Reference to persons herein includes corporations and other legal entities. The expression "Term" where used herein will mean the term originally granted by the Lease, as the same may be extended or renewed from time to time, notwithstanding the termination thereof by any means whatsoever (including, without limitation, disclaimer and surrender) prior to the expiry of the term originally granted.
17. This Indemnity will be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.
18. The Indemnifier acknowledges and agrees that the Landlord, its property manager or its agent may periodically obtain from one or more credit reporting agencies a report respecting the Indemnifier's credit history and the Indemnifier hereby consents to the Landlord, its property manager or its agent obtaining same from time to time, in its sole discretion, without further notice to the Indemnifier. The Indemnifier further acknowledges and agrees that the Landlord reserves the right to report to relevant authorities, credit agencies and similar institutions in the event that the Indemnifier defaults in the payment of any amounts owing hereunder.

IN WITNESS WHEREOF the Indemnifier has executed this Indemnity under seal as of the day and year first above written.

WEST COAST LIQUOR COMPANY LTD.:

By:

Authorized Signatory 

LANDLORD'S WORK

1. paint ready Gyroc walls;
2. broom swept concrete floors;
3. HVAC unit with no distribution;
4. sprinkler to be distributed by Tenant;
5. base lighting; and
6. 400 amp electrical.

CLEAN & LEVEL BK

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Moved cell	
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Statistics:	
	Count
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Deletions	21
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	41

Appendix "G"

**Physiolab Clinic 41 Ltd. Indemnity Agreement
(The Lease documents is protected
and could not be inserted)**

INDEMNITY AGREEMENT

THIS INDEMNITY is dated March 27, 2023,

BETWEEN:

RENDITION (E41) DEVELOPMENTS INC.

(the “**Landlord**”)

AND:

**JACKSON BO-CHUEN LAM, KENNETH KING HANG LO,
ALLISON MEGAN YU and LISA KUNIKO BEBLO NAKAGAWA**

(together, the “**Indemnifier**”)

IN ORDER to induce the Landlord to enter into the lease (the “**Lease**”) dated for reference March 27, 2023 between the Landlord and Physiolab Clinic 41 Ltd. (the “**Tenant**”), as tenant, in respect of the Premises described therein and known as CR Unit Nos. 103 and 104 and located in a building at 188 East Woodstock Avenue, Vancouver, BC, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Indemnifier, the Indemnifier hereby unconditionally covenants and makes the following indemnity and agreement (the “**Indemnity**”) with and in favour of the Landlord:

1. The Indemnifier, as principal debtor or obligor and not as surety, hereby directly and unconditionally covenants with the Landlord that at all times during the Term and any extension or renewal thereof or any period of overholding (and including any period prior to the commencement of the Term during which the Tenant is entitled to access and/or occupy the Premises), that it will, upon demand:
 - (a) make the due and punctual payment of all rent, money, charges and other amounts of any kind whatsoever payable under the Lease, and whether payable to the Landlord or otherwise and whether the Lease has been disaffirmed or disclaimed;
 - (b) effect prompt and complete performance and observance of all terms, covenants, agreements and conditions contained in the Lease on the part of the Tenant to be observed and performed; and
 - (c) indemnify and save harmless the Landlord from any loss, cost or damage (including consequential loss and legal costs on a full indemnity basis) arising out of any failure by the Tenant to pay rent, money, charges and other amounts of any kind whatsoever payable under the Lease, or to observe or perform any of the obligations of the Tenant under the Lease or arising out of the failure by the Tenant to complete performance of its obligations under the Lease as a result of the disclaimer, disaffirmation or other extinguishment of the Lease obligations prior to the expiration date of the Lease.

2. This Indemnity is absolute, unconditional and irrevocable and, without limiting the generality of the foregoing, the liability of the Indemnifier will not be, and will not be deemed to be, released, discharged, mitigated, impaired, waived or in any way affected by:
- (a) any extension of time, indulgences or modifications which the Landlord extends to or makes with the Tenant in respect of the performance of any of the obligations of the Tenant under the Lease;
 - (b) any waiver by or failure of the Landlord to enforce any of the terms, covenants and conditions contained in the Lease;
 - (c) any subletting or parting with or sharing of possession of all or part of the Premises, or conferring on any person or corporation any right enjoyed by the Tenant under the Lease in any other manner by the Tenant or by any subtenant, trustee, receiver or liquidator, or any consent which the Landlord gives to any such subletting or parting with or sharing of possession of all or part of the Premises, or conferring on any person or corporation any right enjoyed by the Tenant under the Lease in any other manner;
 - (d) any transfer or assignment of the Lease by the Tenant (whether voluntary or by operation of law) or by any trustee, receiver or liquidator, or any change in control of the Tenant or amalgamation of the Tenant with another entity or entities, or any consent which the Landlord gives to any such transfer or assignment for the then current term of the Lease;
 - (e) the termination of the Lease or expiration of the Term;
 - (f) any amendment to or modification of the Lease or any waiver by the Tenant of any of its rights under the Lease, whether known by or consented to by the Indemnifier;
 - (g) the release or discharge of the Tenant in any receivership, bankruptcy, winding-up or other creditors' proceedings;
 - (h) the disclaimer, disaffirmation or termination (including, without limitation, termination by the Landlord) of the Lease in any proceeding, and the obligations of the Indemnifier will continue with respect to the periods prior thereto and thereafter, for and with respect to the Term as if the Lease had not been disclaimed, disaffirmed or terminated, and in furtherance hereof, the Indemnifier agrees, upon any such disclaimer, disaffirmation or termination that the Indemnifier will, at the option of the Landlord, become the tenant of the Landlord for the balance of the Term upon the same terms, covenants and conditions as are contained in the Lease, applied mutatis mutandis, and, if required by the Landlord, the Indemnifier will execute and deliver a new lease of the Premises between the Landlord, as lessor, and the Indemnifier, as lessee, for a term equal to the residue of the Term remaining unexpired at the time of such disclaimer, disaffirmation or termination, and on the same terms, conditions and agreements as are contained in the Lease save for the term, which will be as aforesaid;
 - (i) any repossession of the Premises by the Landlord; provided, however, that the net payments received by the Landlord after deducting all costs and expenses of repossessing and reletting the Premises will be credited from time to time by the Landlord against the indebtedness of the Indemnifier hereunder and the Indemnifier will pay any balance owing to the Landlord from time to time immediately upon demand; or

- (j) any act or omission by the Landlord with respect to the matters contained in the Lease.

For greater certainty, the Indemnifier agrees that its obligations hereunder will be no less if the Lease is terminated by any means whatsoever (including, without limitation, disclaimer, disaffirmation or surrender) than its obligations would be if the Lease were not terminated.

3. The Indemnifier hereby expressly waives notice of the acceptance of this Indemnity and all notice of non-performance or non-observance on the part of the Tenant of any of the terms, covenants, and conditions contained in the Lease. Without limiting the generality of the foregoing, any notice which the Landlord desires to give to the Indemnifier will be sufficiently given if delivered to the Indemnifier in person or to the Premises addressed to the Indemnifier or to the Indemnifier's registered office in British Columbia or any other jurisdiction and, if mailed, by prepaid registered post addressed to the Indemnifier at the Premises or at the Indemnifier's registered office in British Columbia or any other jurisdiction, and every notice is deemed to have been given upon the day it was so delivered, or if mailed, upon the second day following the date of mailing.
4. In the event of a default or breach under the Lease, or under this Indemnity, the Indemnifier hereby waives any right to require the Landlord to:
 - (a) proceed against the Tenant or pursue any rights or remedies against the Tenant with respect to the Lease; or
 - (b) proceed against or exhaust any security of the Tenant held by the Landlord; or
 - (c) pursue any other remedy whatsoever which may be available to the Landlord,

and the Landlord will have the right to enforce this Indemnity regardless of the acceptance of additional security from the Tenant, or the release of any security, and regardless of any release or discharge of the Tenant by the Landlord or by others or by operation of any law.
5. The Indemnifier hereby acknowledges and agrees that the Landlord may apply any security deposit or other credit in favour of the Tenant as the Landlord determines in its sole discretion. The Indemnifier further acknowledges that the Landlord will not be obligated to apply any such deposit or credit to cure any default or offset any damages incurred by the Landlord under the Lease before bringing any actions or pursuing any remedy available to the Landlord through the Indemnifier. The Indemnifier's obligations and liability will not be affected in any manner whatsoever by the Landlord's application or non-application, as the case may be, of any such deposit or credit under the Lease.
6. No action or proceeding brought or instituted under this Indemnity and no recovery in pursuance thereof will be a bar or defence to any further action or proceeding which may be brought hereunder by reason of any further default hereunder or in the performance and observance of any of the terms, covenants and conditions contained in the Lease.
7. No modification hereof will be effective unless the same is in writing and is executed by both the Indemnifier and the Landlord.
8. Any assignment by the Landlord of any of its interest in the Lease operates automatically as an assignment to the same party of the benefit of this Indemnity.

9. If two or more individuals, corporations, or other legal entities (or any combination of two or more thereof) execute this Indemnity as Indemnifier, the liability of each such individual, corporation, or other legal entities hereunder is joint and several. If the Indemnifier named in this Indemnity is a partnership or other legal entity, the members of which are (by virtue of statute or general law) subject to personal liability, the liability of each such member is joint and several.
10. All the terms, covenants and conditions of this Indemnity extend to and are binding upon the Indemnifier, his or its heirs, executors, administrators, successors and assigns, as the case may be, and enure to the benefit of and may be enforced by the Landlord, its successors and assigns, as the case may be, any mortgagee, chargee, trustee under a deed of trust or other encumbrancer of all or any part of the lands and buildings referred to in the Lease. Wherever in this Indemnity reference is made to the Indemnifier, the Landlord or the Tenant, the reference is deemed to apply also to their respective heirs, executors, administrators, successors and assigns and permitted assigns and transferees.
11. The Indemnifier will, without limiting the generality of the foregoing, be bound by this Indemnity in the same manner as though the Indemnifier were the Tenant named in the Lease and as if the Indemnifier had executed the Lease and had a primary obligation under the Lease. The Indemnifier acknowledges to the Landlord that it is not a surety and that it will have no rights as a surety, whether at law, in equity, or otherwise, which are contrary to the provisions of this Indemnity or the Lease. The Landlord acknowledges to the Indemnifier that it is relying upon the acknowledgement of the Indemnifier set out in this Section 11.
12. Any term contained in this Indemnity will also apply, with any necessary changes in detail, to any extension, modification or renewal of the Lease, and any reference in this Indemnity to "Lease" will include the Lease as it may be extended, modified and renewed.
13. The Indemnifier acknowledges and confirms that the Indemnifier has received a copy of the Lease and that the Indemnifier has read the Lease and understands the Lease and all of the terms, covenants and conditions contained in the Lease to be observed and performed by the Tenant.
14. The Indemnifier represents, warrants and agrees that it understands the nature and effect of this Indemnity and, if the Indemnifier is a corporation, that the giving of financial assistance by it to the Tenant is in the best interest of the Indemnifier and is not contrary to any law governing the Indemnifier nor to any agreement by which the Indemnifier is bound.
15. All capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Lease. Words used in the singular include the plural and vice versa. Words indicating the masculine gender include the feminine and neuter and vice versa. Reference to persons herein includes corporations and other legal entities. The expression "Term" where used herein will mean the term originally granted by the Lease (as extended or renewed from time to time), notwithstanding the termination thereof by any means whatsoever (including, without limitation, disclaimer and surrender) prior to the expiry of the term originally granted (as extended or renewed from time to time).
16. This Indemnity will be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

IN WITNESS WHEREOF the Indemnifier has executed this Indemnity under seal as of the day and year first above written.

SIGNED, SEALED AND DELIVERED by
JACKSON BO-CHUEN LAM

in the presence of:

Jackson Lam

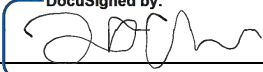
Print Name

2728 Turner Street
Vancouver, B.C. V5K 2G4

Address

Physiotherapist

Occupation

DocuSigned by:

JACKSON BO-CHUEN LAM (seal)

SIGNED, SEALED AND DELIVERED by
KENNETH KING HANG LO

in the presence of:

Kenneth Lo

Print Name

1802 - 530 Whiting Way
Coquitlam, B.C. V3J 0J4

Address

Physiotherapist

Occupation

DocuSigned by:

KENNETH KING HANG LO (seal)

SIGNED, SEALED AND DELIVERED by
ALLISON MEGAN YU

in the presence of:

Allison Yu

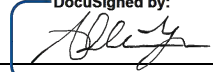
Print Name

44 - 3728 Thurston Street
Burnaby, B.C. V5H 0E6

Address

Physiotherapist

Occupation

DocuSigned by:

ALLISON MEGAN YU (seal)

Appendix "H"

Qualifications of the Appraiser

Qualifications



STEVEN CALDECOTT
B. COMM, AACI,
P. APP.

s.22(3)(d)

Avison Young Valuation & Advisory Services, LP

#2900 - 1055 West Georgia Street,

Box 11109, Royal Centre, Vancouver, BC V6E 3P3

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