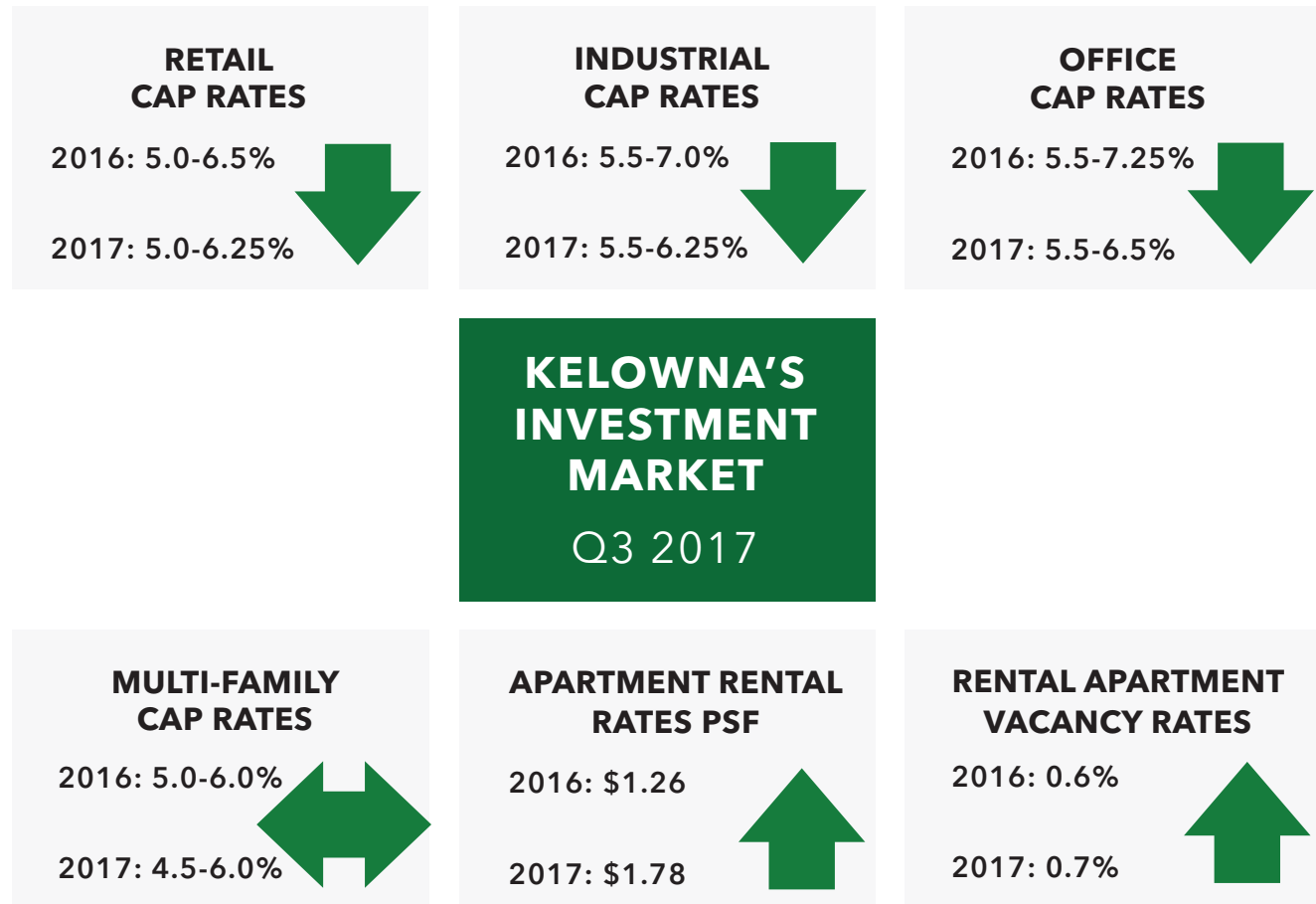


INVESTMENT REPORT



Just when experts thought capitalization rates couldn't go any lower...they did.

In the past year, Kelowna has seen cap rates compress by 0.25% to 0.50%, driving some commercial deals to sub 5% levels, though these sales are somewhat isolated.

Typically, cap rates for commercial transactions have ranged from 5.0% up to 6.0% with a handful of multi-family apartment sales in the 4.5% to 5.5% range.

A 27.7% increase in the average house price over the past two years has made buyers from around the world take notice of Kelowna. The 15% foreign investment tax introduced last year in the Lower Mainland is not applicable for the Okanagan, and this has garnered the attention of some

foreign investors.

Although interest rates have recently pushed up, bond yields remain low by historical standards and demand for income-producing assets remains at a premium. Existing owners are not seeing attractive alternatives and, as a result, inventory has remained incredibly tight.

Multi-family and retail strip centres are extremely popular, as are strata-industrial units, the latter of which is benefiting from a record low vacancy rate.

The bottom line is: people want to invest in Kelowna.

MARKET SECTOR	CAP RATE RANGE
Retail	5.0%-6.25%
Office	5.5%-6.5%
Industrial	5.5%-6.25%
Multi-Family	4.5%-6.0%

MAJOR INVESTMENT TRANSACTIONS - OKANAGAN VALLEY - 2016-2017

PROPERTY	SALE PRICE	GLA	TYPE	CAP RATE
Plaza 33 Shopping Centre	\$24.25 Million	84,654 SF	Retail	Not Disclosed
Carl's Jr Kelowna	\$2.43 Million	2,868 SF	Retail	5.31%
Carl's Jr Vernon	\$2.765 Million	2,987 SF	Retail	5.86%
Towne Centre Mall	\$8.55 Million	54,365 SF	Retail	7.0%
Commerce Centre	\$5.75 Million	28,500 SF	Office	6.50%
Winfield Plaza	\$4.477 Million	12,140 SF	Retail	4.77%

NOTABLE MULTI-FAMILY SALES - OKANAGAN VALLEY - 2016-2017

ADDRESS	SALE PRICE	# OF UNITS	CAP RATE	PRICE/UNIT
451 Harvey Avenue, Kelowna	\$950,000	9	5.90%	\$105,556
1863 Boucherie Road, West Kelowna	\$2.75 Million	18	Not Disclosed	\$152,778
1140 Hugh Allan Drive, Kamloops	\$9 Million	54	4.83%	\$166,667
1110 Lawrence Avenue (Kiwanis)*	\$10.2 Million	146	Not Disclosed	\$69,863

*Subsidized senior's housing



Towne Centre Mall