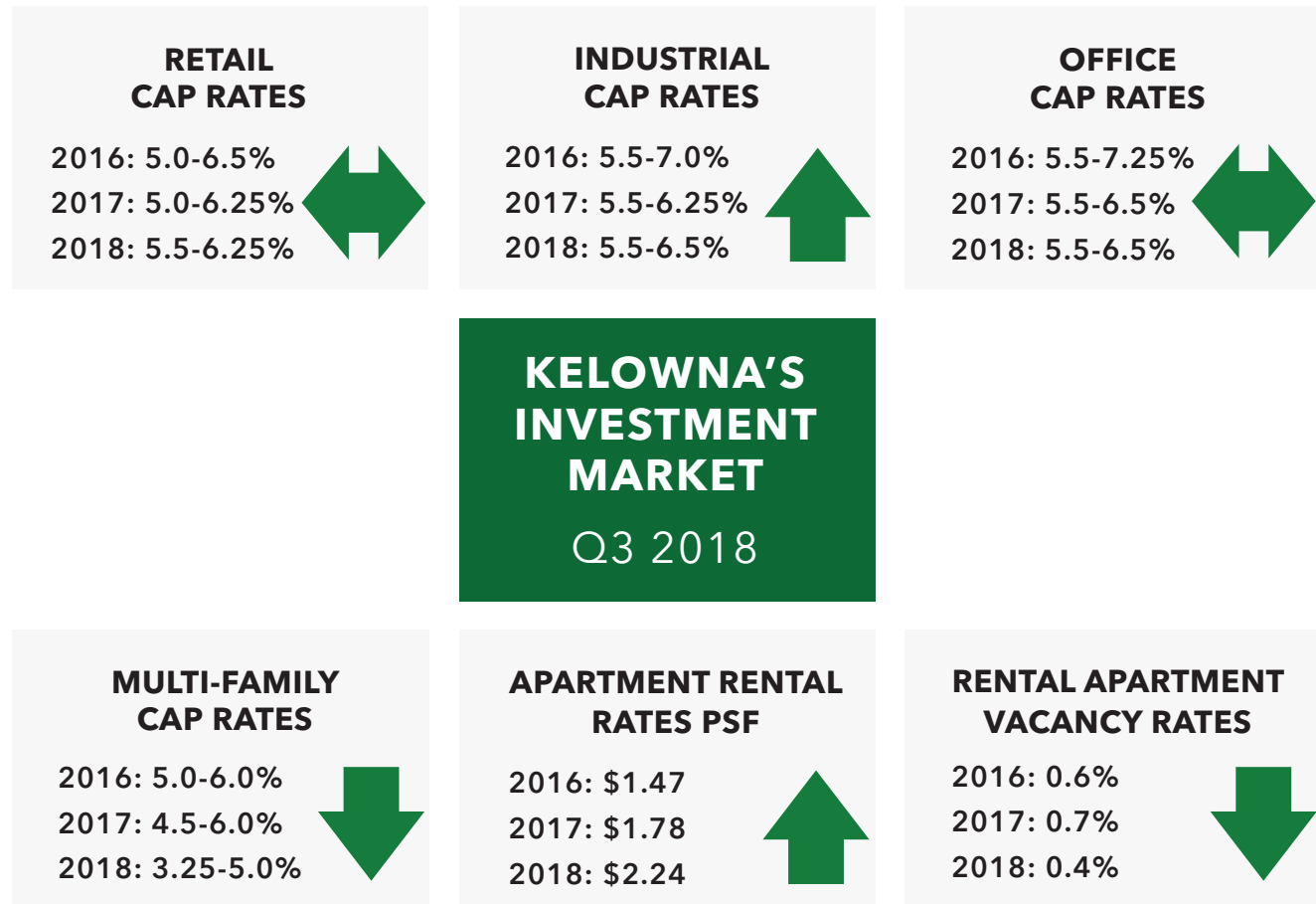


INVESTMENT REPORT



The investment market remains incredibly tight, largely due to a constricted supply and continued demand. Of all the markets in the Okanagan Valley, Kelowna is seen as a safe haven for investment, one that will weather the economic cycles.

Investment opportunities remain limited for a number of reasons:

1. Capital gains payable on dispositions
2. Weaker ROI from alternative investments like GIC's
3. A handful of landlords who had the foresight to acquire and build commercial properties for the past 40 years, and have typically maintained a hold-forever philosophy

Estate planning has proven to be the biggest niche for opportunities as some investors do not have families wanting to take over the family assets.

Over the past year, the rise in interest rates had started to nudge cap rates up, this despite a lack of investment offerings.

Investors are now heavily considering retail centres with increased density in mind. A Vancouver group recently bought Dilworth Centre and Vernon Square for \$85 million, with plans to densify the site with future residential towers.

MARKET SECTOR	CAP RATE RANGE
Retail	5.5-6.25%
Office	5.5-6.5%
Industrial	5.5-6.5%
Multi-Family	3.25-5.0%

MAJOR INVESTMENT TRANSACTIONS - OKANAGAN VALLEY - 2017-2018

PROPERTY	SALE PRICE	GLA	TYPE	CAP RATE
515 Harvey Avenue	\$4,100,000	12,222	Retail	6.10%
376 Totom Avenue	\$3,250,000	21,320	Industrial	5.75%
1456 St Paul Street	\$2,400,000	8,184	Retail/Office	5.58%
Fruit Union Plaza	\$17,500,000	35,988	Retail	5.50%
8860 Jim Bailey Crescent	\$5,090,000	42,768	Industrial	6.52%
Plaza 33 Shopping Centre	\$24,250,000	84,654	Retail	5.53%
Dilworth Centre / Vernon Square	\$85,000,000	295,465	Retail	5.45%

NOTABLE MULTI-FAMILY SALES - OKANAGAN VALLEY - 2017-2018

ADDRESS	SALE PRICE	# OF UNITS	CAP RATE	PRICE/UNIT
1469 Bertram Street	\$4,950,000	26	4.00%	\$190,385
888 Fairview Road, Penticton	\$5,800,000	46	5.00%	\$126,087
1310-1314 Lawson Avenue	\$10,500,000	64	4.00%	\$164,063
1979 Pandosy Street	\$4,475,000	27	4.83%	\$165,741



1469 & 1451 Bertram Street