

CHURCHILL 11 REAL ESTATE LIMITED PARTNERSHIP
CHURCHILL 11 DEBENTURE CORP.

January 15, 2023

Dear Valued Investors,

**Re: Churchill 11 Real Estate Limited Partnership (“Churchill 11”)
2022 – 4th Quarter Update**

Your second quarter cash distribution was made to your account electronically on January 15, 2023. This represents the quarterly portion of **an annualized 8% interest payment** on the remaining principal balance (**\$690/unit**) of the Debenture. The distribution was \$13.91 per Debenture unit.

Consequently, from the three (3) properties previously sold and cash flow from operations, for each \$1,250 investment in this fund investors have received a total of **\$1,037.84** in payments, representing **83.03%** of your original investment. This amount is a combination of income distributions and a return of capital. In addition, investors have been allocated their proportionate share of tax-deductible expenses from the fund.

Property Operations Update

Ranch Market Shopping Centre, Strathmore, AB

The property combined with its shadow anchors, Walmart, Sobeys grocery store and RONA, keeps the centre relatively busy and continues to be the dominant shopping centre in Strathmore. Some of our more notable tenants are Royal Bank, Alberta Treasury Bank, Shoppers Drug Mart and Dollarama.

As everyone knows, the Alberta Economy is still in very bad shape and the ongoing pandemic waves have added to the continuation of health and financial issues for the community. We intend to paint the buildings, patch and repair the parking lot and the access road, re-stripe the white marking lines and have the property looking its best for a potential sale.

Leasing Update

We have had three (3) recent renewals at Ranch Market as follows:

- We renewed the Royal Bank containing 5,746 sf for another term of five (5) years commencing on January 1, 2023. Base Net Rent is \$35.00 per square foot for the five (5) year term.
- We have also renewed Quesada Burritos for another five (5) year term. Their premises contain 1,200 square feet and base net rents are \$21.00 per square foot for the first year; \$22.00 per square foot for year 2; \$22.50 per square foot for year 3; \$23.00 per square foot for year 4 and \$24.00 per square foot for the final year of the term.

- Warehouse One has also been renewed for one (1) additional year. Gross Rent payable will continue to be 12% of Gross Sales. Once this term is complete, they have assured us they will be in a position to start paying base rent again.

We are pleased to report we have now completed renewals with the following Tenants since January 2022:

| | | |
|-------------------------|---|---------------------------|
| ATB Financial | - | 6,609 square feet |
| Western Financial Group | - | 4,457 square feet |
| The Ranch Dental Centre | - | 1,800 square feet |
| Booster Juice | - | 1,300 square feet |
| CIR Realty | - | 1,053 square feet |
| Opa! of Greece | - | 1,453 square feet |
| Original Joes | - | 3,582 square feet |
| M & M Meats | - | 1,487 square feet |
| Total Renewals | | 21,741 square feet |

Cushman & Wakefield, Vancouver and Calgary offices have been working together on the “For Sale Listing”. We believe that the desire for “Hard Assets” will increase, as inflation continues to rise and the stock markets in 2022 have spooked many investors. The residential development is still growing in Strathmore and hopefully the recent interest rate and mortgage rate hikes will not kill the residential market.

The Strathmore Resident Market is still strong with more new homes being developed. However, rising interest rates have slowed home sales.

Please note: Commencing July 15, 2022, we will be posting our quarterly update on our website, please click on the following link to access our online report.

<https://churchillinvestments.com/reporting/churchill-11-real-estate-limited-partnership/>

We are hoping that the natural resources sectors will strengthen.

Our next update letter is scheduled for April 15, 2023 for the period ended March 31, 2023. In the interim, if you have any questions regarding the property and/or your investment, please do not hesitate to contact us at any time.

Yours sincerely,

CHURCHILL 11 REAL ESTATE LIMITED PARTNERSHIP
BY ITS GENERAL PARTNER, CHURCHILL 11 PARTNERS INC.

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