

CHURCHILL 10 REAL ESTATE LIMITED PARTNERSHIP
CHURCHILL 10 DEBENTURE CORP.

July 15, 2023

Dear Valued Investors,

**Re: Churchill 10 Real Estate Limited Partnership (“Churchill 10”)
2023 – 2nd Quarter Update**

Your second quarter cash distribution was made to your account electronically on July 15, 2023. This represents the quarterly portion of **an annualized 8% interest payment** on the remaining principal balance (**\$725/unit**) of the Debenture. The distribution was **\$14.30** per Debenture unit.

Consequently, from the properties previously sold and cash flow from operations, for each **\$1,250** investment unit in this fund, investors have received a total of **\$949.26** in payments, representing **75.94%** of your original investment unit. 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.

LEASING UPDATE

We are pleased to report we are now 100% leased.

The last vacant unit (1,277 sq. ft.) leased to Dr. Karli Kilkus, an Optometrist. The new lease to Pet Valu operating as Bosley’s/Pet Valu (4,196 sq ft.), started to pay net rental payments, plus proportionate share of the property taxes and operating expenses on January 10, 2023. In the last five (5) years we have made concentrated efforts to lease to medical uses and services. We have tried to avoid pure retail uses in the days of Amazon.

POSSIBLE SALE

Regarding Okanagan Lake Shopping Centre, under Chief Robert Louie’s leadership, we are making some progress on the possible disposition of the investment.

On February 28, 2023, we met with the Chief and Council and senior officers of WFN at a “Policy Meeting” where we were asked to update them on the financial and operational position of the shopping centre. This we did with diagrams, charts and plans. At the end of the briefing, we recommended both partners of the shopping centre (Churchill entities 50% and WFN 50%) to explore a possible sale of 100% of the centre. It is now 100% leased, and no vacancy. The current mortgage at 4.71% with Canadian Western Bank matures on December 20, 2023. This could easily jump to the 6% to 6.5% range with today’s high interest rates. This is a major concern to us, and we recommended to WFN listing the property For Sale. We expressed the view to WFN that in our opinion, the time to sell is now and “Timing in life is everything”.

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WFN will be required to hold a Formal Referendum for Band Members to vote on this issue, which Chief Robert Louie said could take six (6) months.

We are also actively seeking offers from qualified supermarket operators to construct a 20,000 – 23,000 square feet new supermarket on the Phase II land, which would benefit Phase I enormously, with a substantial increase in Shoppers Drug Mart, Net Rent. This may require a Formal Referendum for Band Members also.

The next reporting letter is scheduled for October 15, 2023, for the period ending September 30, 2023. 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 10 REAL ESTATE LIMITED PARTNERSHIP
BY ITS GENERAL PARTNER, CHURCHILL 10 PARTNERS INC.

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