

**CHURCHILL 10 REAL ESTATE LIMITED PARTNERSHIP  
CHURCHILL 10 DEBENTURE CORP.**

October 15, 2023

Dear Valued Investors,

**Re: Churchill 10 Real Estate Limited Partnership (“Churchill 10”)  
2023 – 3rd Quarter Update**

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Your third quarter cash distribution was made to your account electronically on October 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 **\$14.26** 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 **\$963.88** in payments, representing **77.11%** 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 – OKANAGAN LAKE SHOPPING CENTRE (“OLSC”)**

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

The last vacant unit (1,277 sq. ft.) has been leased to Dr. Karli Kilkus, an Optometrist. Rent commenced September 1, 2023. The tenant improvements have been completed and she will open for business this month.

In the last five (5) years we have made concentrated efforts to lease to medical uses, entertainment uses and services. We have tried to avoid pure retail uses in the days of “Amazon” and on-line shopping. Today, the shopping centre is 100% leased to a strong variety of credit retail tenants (Shoppers Drug Mart), strong medical uses, and entertainment uses. (Landmark Cinemas, Pins and Pints Bowling to name some of the entertainment uses, mostly on long term leases). If you recall, Landmark Cinemas were mandated closed for about one and a half years for COVID reasons, , during which time we have to forgo all net rent. However, we did negotiate them paying all operating costs and property taxes. Frankly, we were very glad that they stayed in business.

Landmark Cinemas are now paying all their lease obligations and seem to be happy now that normal business has resumed after COVID.

In the last six (6) months, we have witnessed some big block buster, sold out movies like “Mission Impossible”, “Barbie” and now “Taylor Swift – the Eras Tour concert film”, which made \$96 Million Dollars this weekend in Canada and the United States. Landmark Penticton was sold out Friday, Saturday and Sunday.

**POSSIBLE SALE**

We are in discussions with Chief Robert Louie, the Chief of Westbank First Nation (“WFN”), who own 50% of the shopping centre. 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, with no vacancy.

WFN will be required to hold a Formal Referendum for Band Members to vote on this issue, which Chief Robert Louie said this process could take up to six (6) months or longer. This is one reason we are asking investors to vote to extend the Debenture Maturity Date beyond the current date of December 31, 2023.

The current mortgage at 4.71% with Canadian Western Bank matures on December 20, 2023. This could easily jump to the 7.0% to 8.0% range with today’s high interest rates. This is a major concern to us, and we recommended to WFN “Listing 100% of 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”. We are now in discussions with our first mortgage Lender, Canadian Western Bank regarding various renewal options. The recent Wildfires in Kelowna and West Kelowna were brutal and our choice of Lenders has now been severely restricted.

We are also actively seeking offers from qualified supermarket operators to construct a 21,000 square feet plus, new supermarket on the adjoining Phase II lands, which would add Substantial Value to Phase I. We are trying to effect a substantial increase in Shoppers Drug Mart net rent. This will require a Formal Referendum for Band Members also. A new supermarket on the Phase II lands has the potential of adding \$5 Million of value to OLSC.

A major Canadian Grocery Store (Co-Op) has signed a **Non-Binding Letter of Intent**, at \$2,000,000 per acre to start undertaking their due diligence to build 21,000 sq. ft. supermarket, gas bar and convenience store. To justify the \$2 Million per acre price, a total of \$5,000,000 for a prepaid 2½ acres, 99-year leasehold interest, which would all go to WFN as Churchill entities have no financial interest in the Phase II lands. This development would also include constructing affordable rental housing, in a 5-storey wood frame building above the Co-Op supermarket.

For additional clarity, the offer of \$2 Million an acre assumes the land is Rezoned (now Highway Commercial) to allow for residential uses and also be fully serviced to the boundaries of the site.

The lease with Shoppers Drug Mart (“SDM”) has wording to the effect of when a supermarket in excess of 20,000 sq. ft. opens for business, **Shoppers Drug Mart’s Net Rent** would double. They are currently paying **\$16.00 psf, which will double to \$32.00**. This would create an added value of approximately \$5,000,000, of which 22.5% goes to Churchill 10 Real Estate Limited Partnership.

#### **Debenture Maturity Date Extension to December 31, 2026**

Citing the above, we intend to seek approval from the unitholders to extend the maturity date of the Debentures by three (3) years, from December 31, 2023 to December 31, 2026.

The Special Meeting is now scheduled for November 6, 2023. An Information Circular with all of the details will be mailed to the unitholders for their perusal and consideration by mid-October. We encourage you to complete and return the proxy form in order to facilitate a timely process.

The next reporting letter is scheduled for January 15, 2024, for the period ending December 31, 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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