

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

January 15, 2024

Dear Valued Investors,

**Re: Churchill 10 Real Estate Limited Partnership (“Churchill 10”)
2023 – 4th Quarter Update**

Your fourth quarter cash distribution was made to your account electronically on January 15, 2024. 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 **\$978.50** in payments, representing **78.28%** 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.

REFINANCING NEGOTIATIONS

The current mortgage at 4.71% with Canadian Western Bank (CWB) matured on December 20, 2023. We told WFN in February 2023 that this was a major concern to us, and we recommended to WFN “Listing 100% of the Property For Sale” at that time. We expressed the view to WFN that in our opinion, the time to sell is now (February 2023) and “Timing in life is everything”. The WFN Council told us that they would consider selling their 50% interest, so that we could offer the market a 100% ownership.

We have been in discussions with our first mortgage Lender, CWB regarding various renewal options. The recent Wildfires in Kelowna and West Kelowna were brutal, and our choice of Lenders has been severely restricted. The latest negotiations with CWB, clearly point us to a One-Year (1) Term Renewal at an interest rate of 6.81%. To lower the monthly payment, we are negotiating to extend the Amortization from seventeen (17) years to twenty-five (25) years, in an attempt to keep the weekly payments similar to past payments.

POSSIBLE SALE

Since February 2023, we have been in discussions with Chief Robert Louie, the Chief of Westbank First Nation (“WFN”), who owns 50% of the shopping centre. We are making some progress on the possible disposition of the investment.

WFN are undertaking their due diligence and valuation of 100% of the shopping centre right now. However, as they are so slow, to be proactive, we have been working with JLL Capital Markets and intend to List 100% of the shopping centre for sale with them. We are having lunch on Saturday, January 20, 2023 with the Executive Vice President & National Practice Lead of JLL Capital Markets to finalize this listing. He is on his way to the International Council of Shopping Centers Conference (ICSC) at Whistler.

By the end of summer 2023 and after the disruptions of the severe wildfires, the Council also wanted to explore purchasing our (Churchill’s) 50% interest, of which this Partnership’s interest is 22.5%.

PHASE II - GROCERY STORE / SUPERMARKET DEVELOPMENT

We have been actively seeking offers from qualified grocery store/supermarket operators to construct 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 doubling of Shoppers Drug Mart’s 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 100% of OLSC.

A major Canadian Grocery Store (Co-Op) has submitted a **Non-Binding Letter of Intent**, at \$2,000,000 per acre to start undertaking their due diligence to build a 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, 125-year leasehold interest, which would all go to WFN. We have provided WFN with the Co-Op Non-binding Letter of Intent and are awaiting their signature. Churchill entities have no financial interest in the Phase II lands. This proposed development may also include constructing affordable rental housing, in a 4 - 5-storey wood frame building above the supermarket. Although the economics may not be feasible.

For additional clarity, the offer of \$2 Million an acre assumes the land is Rezoned (now Highway Commercial, but not residential), to allow for residential uses and also be fully serviced to the boundaries of the site.

We are in the process of obtaining an Appraisal to verify the value of the 2.5 acre grocery store site.

The lease with Shoppers Drug Mart has wording to the effect of when a grocery store/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 would double to \$32.00**. This would create an added value of approximately \$5,000,000, of which 22.5% benefits this Partnership.

LEASING UPDATE

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 opened for business in October 2023.

In the last five (5) to seven (7) years we have made concentrated efforts to lease to non-pure retail uses, instead concentrating on 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 tenants such as 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).

LANDMARK CINEMA UPDATE

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.

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 the first weekend in Canada and the United States.

In Churchill’s opinion, the recent success of the Taylor Swift, Concert Tour Movie has opened up another “profit centre” for movie theatres. Who might be next, the Rolling Stones, the Beatles?

Maturity Date of Debentures Extended to December 31, 2026

A Special Meeting was reconvened on November 21, 2023, and there was a majority of 90.56% in favour of the motion to approve the extension of the maturity date of the Series “A” Debentures from December 31, 2023 to December 31, 2026.

The next reporting letter is scheduled for April 15, 2024, for the period ending March 31, 2024. 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.

Philip Langridge

Philip J. Langridge, FRICS

President

Email: philip@churchillinvestments.com

Website: www.churchillinvestments.com