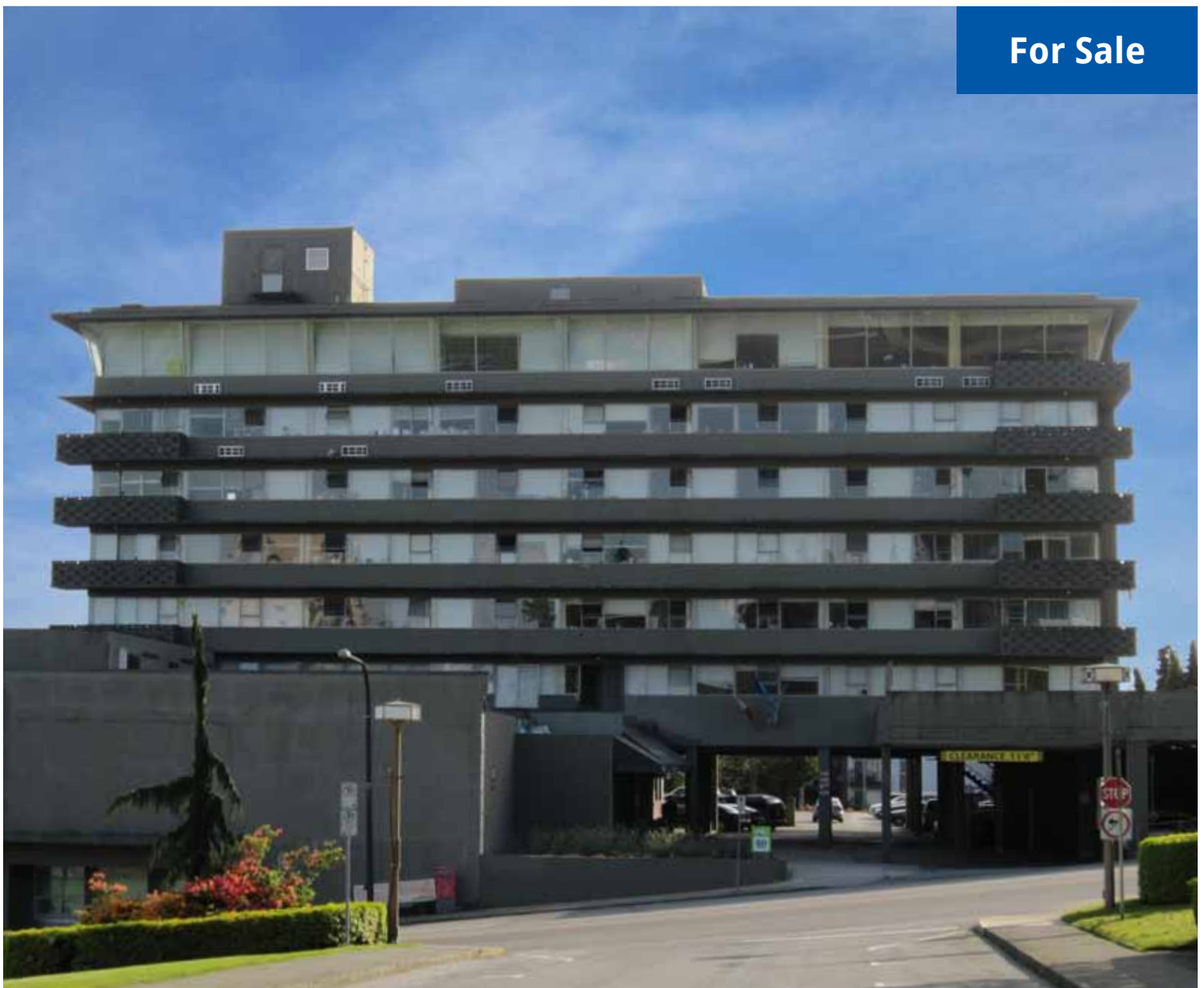


Royal Towers

Mixed-Used Complex comprised of:

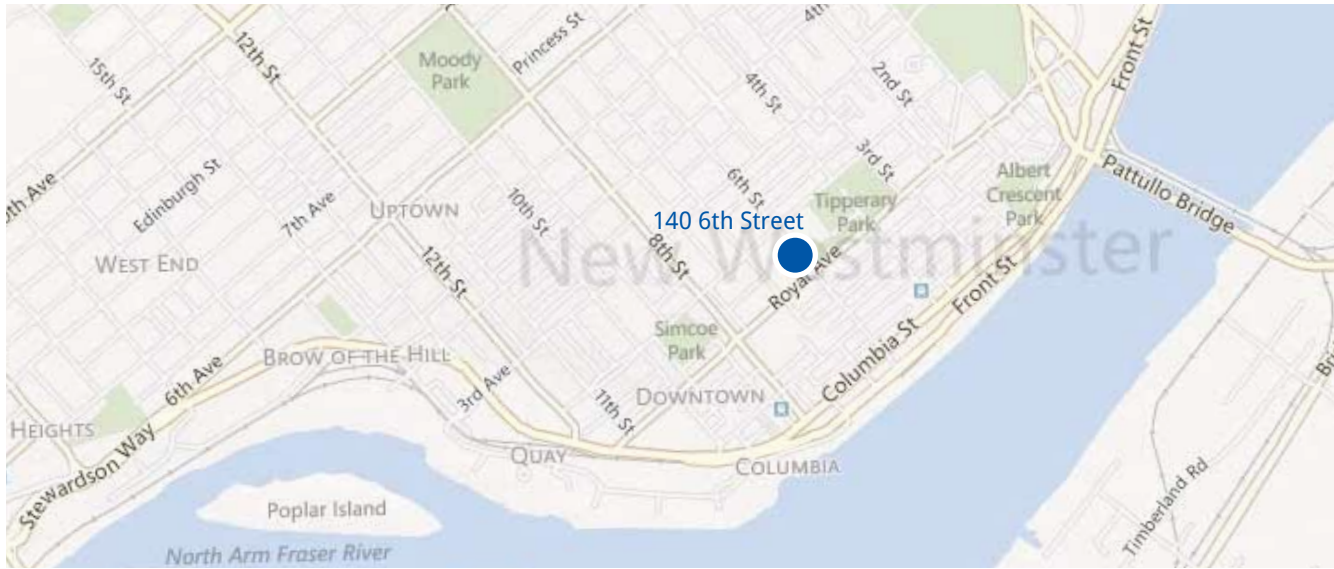
135 Suite Apartment Building
20,848 sf Commercial Component
1.1 Acre High-Density Development Site



Executive Summary

| Name of Complex | Royal Towers | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|---|-------------------------------|-------------------------------|--------------------------|------------|------------------|---|----|-----------|-----|-------|-------------|----|-----------|------------|-------|-------------|---|-----------|-------------|-------|-------|-----|--|-------------------------------|-------|--|--|--|-------|--------|
| Address | 140 Sixth Street, New Westminster | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Legal Description | Parcel "A" (Reference Plan 12892) of that parcel lying between Royal and Queens Avenues and Sixth and Seventh Streets shown marked "school" on Plan 2620 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PID | 004-346-203 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Zoning | C-5, Community Commercial District (5.2 FSR) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building Description | <p>Royal Towers is a recently renovated eight-storey plus basement, mixed-use commercial/residential structure that was originally purpose-built as a hotel in 1961 and converted to its existing use in 2010.</p> <p>The residential tower is comprised of 135 suites that vary from bachelor units to large two bedroom suites for a total livable area of 50,651 sf. The commercial component includes a pub, restaurant and beer and wine store with a total leasable area of 20,848 sf. The liquor licenses are attached to the subject property. The gross building area is 100,999 sf which represents a 0.89 FSR.</p> <p>The property is also improved with an above grade multi level parkade as well as significant grade level parking which comprise a total of 271 stalls.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Subdivision Plan | Approximately 47,899 sf (1.1 Acres) can be subdivided and developed for a 249,075 buildable sf mixed-use project under the C-5 Zoning guidelines. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Excess Development Potential | 490,000 sf buildable (includes development site and available excess density). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | Originally built in 1961. Completely renovated in 2010. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Site Size | The site is rectangular with a frontage of 288 feet along Sixth & Seventh Street and 395 feet along Royal Avenue for a total area of 113,990 sf (2.617 acres). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parking | 271 parking stalls (159 multi level parkade & 112 surface parking) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Unit Breakdown | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Residential Suite Mix</th> <th style="text-align: center;">Units</th> <th style="text-align: center;">Size Range (sf)</th> <th style="text-align: center;">Commercial</th> <th style="text-align: center;">Size (sf)</th> </tr> </thead> <tbody> <tr> <td>Bachelor</td> <td style="text-align: center;">97</td> <td style="text-align: center;">221 – 666</td> <td style="text-align: center;">Pub</td> <td style="text-align: center;">9,105</td> </tr> <tr> <td>One Bedroom</td> <td style="text-align: center;">31</td> <td style="text-align: center;">310 – 752</td> <td style="text-align: center;">Restaurant</td> <td style="text-align: center;">2,060</td> </tr> <tr> <td>Two Bedroom</td> <td style="text-align: center;">7</td> <td style="text-align: center;">763 – 924</td> <td style="text-align: center;">Beer & Wine</td> <td style="text-align: center;">2,600</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">135</td> <td></td> <td style="text-align: center;">Yoga Studio, Storage & Office</td> <td style="text-align: center;">7,083</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: center;">Total</td> <td style="text-align: center;">20,848</td> </tr> </tbody> </table> | Residential Suite Mix | Units | Size Range (sf) | Commercial | Size (sf) | Bachelor | 97 | 221 – 666 | Pub | 9,105 | One Bedroom | 31 | 310 – 752 | Restaurant | 2,060 | Two Bedroom | 7 | 763 – 924 | Beer & Wine | 2,600 | Total | 135 | | Yoga Studio, Storage & Office | 7,083 | | | | Total | 20,848 |
| Residential Suite Mix | Units | Size Range (sf) | Commercial | Size (sf) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bachelor | 97 | 221 – 666 | Pub | 9,105 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| One Bedroom | 31 | 310 – 752 | Restaurant | 2,060 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Total | 135 | | Yoga Studio, Storage & Office | 7,083 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | Total | 20,848 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NOI (2012) | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Normalized Income Residential</td> <td style="text-align: right;">\$742,888</td> </tr> <tr> <td>Actual Income Commercial</td> <td style="text-align: right;">\$396,100</td> </tr> <tr> <td>Total NOI</td> <td style="text-align: right;">\$1,138,988</td> </tr> </table> | Normalized Income Residential | \$742,888 | Actual Income Commercial | \$396,100 | Total NOI | \$1,138,988 | | | | | | | | | | | | | | | | | | | | | | | | |
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| Total NOI | \$1,138,988 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Existing Financing | Assumable \$11 million CMHC Insured first mortgage funded by People's Trust at 4.06%, effective July 1 2010, with 30 year amortization and 5-year term. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Pricing | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Mixed-Use Complex</td> <td style="text-align: right;">\$20,125,000</td> </tr> <tr> <td>Cap Rate</td> <td style="text-align: right;">5.7%</td> </tr> <tr> <td>Development Site</td> <td style="text-align: right;">\$5,950,000 (\$23.89/sf buildable based on 5.2 FSR)</td> </tr> </table> | Mixed-Use Complex | \$20,125,000 | Cap Rate | 5.7% | Development Site | \$5,950,000 (\$23.89/sf buildable based on 5.2 FSR) | | | | | | | | | | | | | | | | | | | | | | | | |
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Location



Located between Downtown and Uptown New Westminster, Royal Towers offers tenants easy access to public transportation, community services, popular parks, academic facilities and major shopping centres.

The subject is located on the northwest corner of 6th Street and Royal Avenue, in the heart New Westminster. Situated directly across from City Hall on Sixth Street with Douglas College located a block away at the southeast corner of Royal Avenue and Eight Street. A few minutes' walk to Queen's Park and conveniently located close to both the Columbia and New Westminster SkyTrain Stations.

The property offers convenient access to the City of Surrey via the Pattullo Bridge and the Port Mann Bridge via Highway 1. The City of Burnaby is easily accessible via Canada Way and the Queensborough Bridge connecting to Richmond and Surrey via the Alex Fraser Bridge.



Building Highlights

- Landmark mixed-use property with excellent commercial exposure on a prominent 2.6 acre corner site
- Spectacular views of the Fraser River and Lower Mainland
- Over \$5 million spent in extensive renovation
- Excess development potential of approximately 490,000 sf
- Directly across from City Hall and one block to Douglas College
- 271 on-site parking stalls
- Excellent access to SkyTrain and major transportation routes
- Supplementary retail income includes new liquor store, pub and restaurant

Building Upgrades

Over \$5 million was spent in 2010/2011 rejuvenating the property and converting from a hotel to a residential/commercial complex:

- Full upgrades to the elevators, common areas and retail/residential units
- Complete rewiring for high speed internet, cable & telephone
- New sprinkler, fire, and security systems
- New roof
- A/C units in over 1/3 of the units
- New appliances for residential units



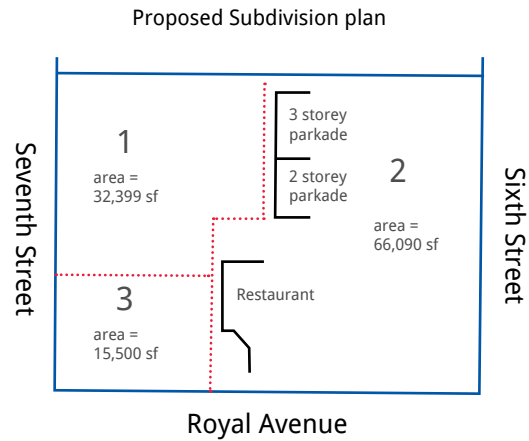
The Site



The site is rectangular with a frontage of 288 feet along Sixth & Seventh Street and 395 feet along Royal Avenue for a total area of 113,990 sf (2.617 acres).

Excess Development Potential

The proximity to City Hall and Douglas College position the property as a focal point within the community and as such, the City of New Westminster has stated a willingness to consider a comprehensive development of the subject property. The present C-5 zoning permits mixed use development on the property to a maximum floor space ratio of 5.2. Given the present improvements only comprise approximately 101,000 sf, there is an excess development potential associated with the property of approximately 490,000 sf. A preliminary subdivision plan has been approved by the City of New Westminster to subdivide approximately 1.1 acres of the undeveloped portion of the site (see diagram above). As an alternative to development, this potential subdivision presents the opportunity to sell the excess lands thereby significantly improving the overall return on the investment.



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