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CONSULTING LETTER

Mixed Use Land

**1444 Alberni Street & 740 Nicola
Street, Vancouver, BC**

Effective Date: October 31, 2024

Publication Date: January 17, 2025

PREPARED FOR

**The Board of Directors of
ITC Properties Group Limited**

**30th Floor, Bank of America Tower
12 Harcourt Road
Central, Hong Kong**



LEADERS IN REAL ESTATE SOLUTIONS

January 17, 2025

ITC Properties Group Limited
30th Floor, Bank of America Tower
12 Harcourt Road
Central, Hong Kong

**Re: Executive Summary to Appraisal Report of Property Under Development For Sale
1444 Alberni Street & 740 Nicola Street, Vancouver, BC**

In accordance with your instructions to value the subject property located at 1444 Alberni Street & 740 Nicola Street, Vancouver, BC (as more particularly described in the attached valuation summaries, “the Property”) in which ITC Properties Group Limited (the “Company”) together with its subsidiaries (collectively the “Group”) have interests, I confirm that I have inspected the Property, made relevant enquiries and obtained such further information as I consider necessary for the purpose of providing you with my opinion of the values of such Property as at October 31, 2024 (the “Valuation Date”). It is prepared as an executive summary, at the request of the addressee, for the sole purpose of asset valuation purposes and the conclusions are not to be conveyed to other parties, without prior reference to the letter’s signatory.

BASIS OF VALUATION

My valuation of the Property represents its market value, and the scope of the assignment was made in accordance with the intended use, the Ethics and Standard of Professional Practice, and the Canadian Uniform Standards of Professional Appraisal practice (CUSPAP) of the Appraisal Institute of Canada (AIC).

The AIC is a professional organisation established in 1938 which represents real estate appraisers in Canada. It is responsible for setting the standards for the real estate appraisal profession in Canada and is widely recognized by official authorities across Canada, including but not limited to (i) the Canada Revenue Agency, the federal department of the Canadian government responsible for administering tax laws and programs, for tax-related property appraisal, (ii) the Public Services and Procurement Canada, the federal department of the Canadian government with responsibilities including central purchasing and management of government real property holdings, for federal property valuations, and (iii) other provincial government departments and agencies for matters such as property assessments, land expropriations, and estate settlements. Further, AIC is a member of various international appraisal organisations, which include The International Valuation Standards Council (“IVSC”), an international organisation responsible for developing and setting the international technical and ethical standards for valuation. Both The Royal Institution of Chartered Surveyors (RICS) and The Hong Kong Institute of Surveyors (HKIS), which I understand are commonly accepted by the Securities and Futures Commission, are member organisations of the IVSC.

AIC and RICS have in place mutual recognition arrangements which allow for (i) persons with AACI designation from AIC to gain direct entry as MRICS and (ii) persons who is a Fellow of the RICS (“FRICS”) or MRICS to gain the AACI designation with AIC through completing a designated procedure.

In valuing the Property, I have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of The Hong Kong Limited (the “Listing Rules”) and The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors.

This executive summary has been prepared in conjunction with the previous appraisal report referenced as 2411-0024AA, which incorporates the value of the Property as of October 31, 2024. All pertinent information as to the highest and best

use, methods of valuation, definitions, neighbourhood descriptions, etc. are referenced in the full appraisal report and are to be considered concurrently with this letter.

In the course of my valuation of the Property, I have relied on the information and advice given by the Company.

EXECUTIVE SUMMARY

This summary forms part of a full appraisal report and should be read in conjunction with it.

CIVIC ADDRESS: 1444 Alberni Street & 740 Nicola Street, Vancouver, BC.

TYPE OF PROPERTY: 1444 Alberni Street and 740 Nicola Street reflects a high density residential redevelopment site. The Property is comprised of two separate legal lots that form the entire south side of the 1400 block of Alberni Street, between Broughton and Nicola Streets. The legal lots are currently improved to an older 129-unit, 19-storey rental apartment building, featuring a four-storey office component fronting Alberni Street. It is within an area on the City of Vancouver’s West End Community Development Plan that will allow for significantly increased density and building height.

SITE AREA: **1444 Alberni Street & 740 Nicola Street.**

43,282 sq.ft.

ZONING CLASSIFICATION: **1444 Alberni Street & 740 Nicola Street.**

CD-1 (Comprehensive Development).

The rezoning application was approved by City Council at Public Hearing on September 18, 2018.

REGISTERED OWNER: **1444 Alberni Street & 740 Nicola Street.**

Alberni Street Nominee Ltd., Inc. No. BC0993876.

The Company had an indirect ownership of 28% over Alberni Street Nominee Ltd.

VALUE SUMMARY:

1444 Alberni Street & 740 Nicola Street - Value Conclusion			
Site Area (sq.ft.)			43,282
	Density	Value (price per buildable)	Total Value
Gross Density	623,924	\$625	\$389,789,276
Floor Space Ratio (FSR) 14.42			
Gross Land Value			\$389,789,276
Add Cost to Date			\$21,076,874
Less Community Amenity Contributions			(\$65,032,700)
Net Value			\$345,833,450
Rounded to:			CAD \$346,000,000

Density is a term used in local development circles and relates to the ratio of total floor area of a proposed building to the area of the site.

FINAL VALUE CONCLUSION: **1444 Alberni Street & 740 Nicola Street.**

\$346,000,000 Canadian Dollars or *equivalent to approximately*

\$1,931,302,800 Hong Kong Dollars.

Unless otherwise stated, all sums stated in my valuation are in Canadian Dollars. The exchange rates adopted in my valuation are approximately 1 CAD (Canadian Dollar) = 5.5818 HKD (Hong Kong Dollars), which was approximately the prevailing exchange rate as at the Valuation Date.

EFFECTIVE DATE OF VALUE: October 31, 2024.

METHOD OF VALUATION

1444 Alberni Street & 740 Nicola Street.

At the valuation date, the Property represents two separate legal parcels that are improved with two separate developments. A high-rise, mixed use building comprised of a rental apartment component and multi-tenant office component located at Alberni and Broughton Streets and a multi-tenant low-rise class C office building located at Alberni and Nicola Streets. The highest and best use of the Property has been determined as redevelopment land and thus further detail regarding the current improvements has not been included within this report.

This report relates to the underlying land value based on the proposed development scheme and is compliant with the Listing Rules where in the case of land currently being developed or with immediate development potential, in addition to giving the open market value in the state existing at the valuation date.

- The estimated total construction cost of the proposed project is approximately CAD \$646,000,000 (*or equivalent to approximately* HKD \$3,605,842,800) of which approximately CAD \$21,000,000 (*or equivalent to approximately* HKD \$117,217,800) has been paid up to the valuation date.
- The market value of the real property as if completed as at the valuation date would be approximately CAD \$1,190,000,000 (*or equivalent to approximately* HKD \$6,642,342,000).
- Pursuant to the rezoning application approved by the City of Vancouver dated September 18, 2018, the proposed development of two high-rise residential towers is legally permissible.

The property owner has proposed to redevelop the Property with two high-rise residential towers atop a common podium. The development will offer a passive house design which will reduce the building's ecological footprint. The development will feature 622 market strata units, 116 market rental and 13 moderate income units (within podium) and a City-owned childcare facility.

In valuing a property, the Direct Comparison Approach is the generally preferred method of valuation. However, when valuing a development site with clear architectural plans and detailed proforma, the Residual Land Approach becomes a preferred and appropriate method of valuation. In the case of the Residual Land Approach, development costs are deducted from the as if completed end value of the project, with the remaining value representing the value component that a developer can pay for the underlying land.

I have adopted the Residual Land Approach as the primary approach to value, which have been cross-checked by the market sale comparables of development sites.

In undertaking my valuation for the Property, I have considered the Residual Land Approach and have been provided with a detailed hard cost estimate by the Company. Furthermore, I have also examined a number of land sales over the past two years and have undertaken discussions with agents with respect to investor expectations for properties such as the Property in the current market.

Set out below are the key assumptions used in my valuation:

Inputs for Residual Land Approach Analysis.

- (i) Residential Condominium For Sale (Strata): CAD \$1,059,062,750 or \$2,350 per sq.ft. based on market evidence of new presale and resale projects in Downtown Vancouver. (or equivalent to approximately HKD \$5,911,476,458 or \$13,117 per sq.ft.)
- (ii) Residential Market Rental: CAD \$128,152,100 or \$1,464 per sq.ft. based on rental evidence of new rental projects in Downtown Vancouver and sales of new purpose-built rental projects in Metro Vancouver. (or equivalent to approximately HKD \$715,319,390 or \$8,170 per sq.ft.)
- (iii) Moderate Income Rental: CAD \$3,778,979 or \$466 per sq.ft. (or equivalent to approximately HKD \$21,093,504 or \$2,600 per sq.ft.)
- (iv) Hard Cost: CAD \$402,789,941 or \$581 per sq.ft. plus contingency and servicing. (or equivalent to approximately HKD \$2,248,292,891 or \$3,244 per sq.ft.)

Other Inputs

- (i) Cost Incurred to Date: CAD \$21,076,874. (or equivalent to approximately HKD \$117,646,895)
- (ii) Community Amenity Contribution Payable to City of Vancouver: CAD \$65,032,700. (or equivalent to approximately HKD \$362,999,525)

SOURCE OF INFORMATION

For 1444 Alberni Street and 740 Nicola Street, I have relied upon the information provided by the Company in terms of the most recent development statistics and density allocation among the various uses. The overall proposal is consistent with the general land use plan (West End Community Plan) adopted by the City of Vancouver while noting that the rezoning application has been approved by the City of Vancouver on September 18, 2018. In particular, the subject is identified within the Georgia Corridor subsection B of the West End neighbourhood which calls for increased density with a maximum height of 500 feet while maximum density is determined on a site by site basis. Overall, the subject's rezoning application was considered in accordance with the West End Plan and the overall proposed development conforms to the guidelines set in the general land use plan. I have relied upon the hard cost estimate provided by the Company dated June 22, 2023, which I have had no reason to doubt are not accurate nor current. The cost figures provided incorporate value engineering and have been relied upon in my residual land analysis. Overall, the hard cost figures provided are considered to be at market levels based on other proformas I have reviewed in Downtown Vancouver.

My client has provided me with a detailed breakdown of the total costs incurred to date with regards to various consultants, management, and municipal charges as well as other miscellaneous fees and interest. These costs are considered to be accurate and relied upon.

In respect of all properties, I have accepted advice given by the Company on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, pre-sale details, rental incomes and revenue, joint venture agreements, development or redevelopment schemes, development time schedules, construction costs, site and floor areas, interest attributable to the Company and all other relevant matters.

Dimensions, measurements, and areas included in the valuation report are based on the information provided to me and are therefore only approximations. I have had no reason to doubt the truth and accuracy of the information provided to me by the Company which is material to the valuations. I was also advised by the Company that no material facts have been omitted from the information provided.

TITLE INVESTIGATION

I have been shown copies of various documents including Real Estate Title Certificates, Sales and Purchase Contracts and other official permits relating to the property interests and have made relevant enquiries. Where possible, I have examined the original documents to verify the existing title to the property interests and any material encumbrance that might be attached to the property interests or any tenancy amendment.

SITE INSPECTION

The Property was viewed by the appraiser externally on September 16, 2024 and all photographs of the Property were taken on that date. Together with any pertinent information supplied by the client, the site and property description forms the basis for the property description contained herein.

CURRENCY

Unless otherwise stated, all sums stated in my valuation are in Canadian Dollars ("CAD").

CERTIFICATION

I certify that, to the best of my knowledge and belief that:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my impartial and unbiased professional analyses, opinions, and conclusions.
3. I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in and compensation is not contingent upon developing or reporting predetermined results, the amount of value estimate, a conclusion favouring the client, or the occurrence of a subsequent event.
6. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the CUSPAP.
7. I have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP.
8. Except as herein disclosed, no one has provided significant professional assistance to the person(s) signing this report.
9. As of the date of this report the undersigned has fulfilled the requirements of the AIC's Continuing Professional Development Program.
10. The undersigned is (are all) members in good standing of the Appraisal Institute of Canada.

CO-SIGNING AIC APPRAISER'S CERTIFICATION: If an AIC appraiser has co-signed this appraisal report, he or she certifies and agrees that "I directly supervised the appraiser who prepared this appraisal report and having reviewed the report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certification and am taking full responsibility for the appraisal and the appraisal report."

PROPERTY IDENTIFICATION

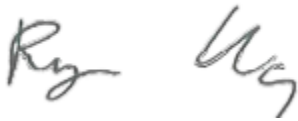
CIVIC ADDRESS	1444 Alberni Street & 740 Nicola Street, Vancouver, BC.
LEGAL DESCRIPTION	Lot 24 to 26 Block 55 Plan VAP92 Part1 E District Lot 185 Land District 36. PID #011-520-973, 012-357-545, 012-357-570.

Based upon the data, analyses and conclusions contained herein, the market value of the interest in the property described.

As at October 31, 2024,

As set out elsewhere in this report, this report is subject to certain assumptions and limiting conditions, the verification of which is outside the scope of this report.

APPRAISER:



Ryan H. Wong
B.Comm, AACI, P.App
Director, Valuation
AIC Membership # 901127
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Viewed Property: Yes
Date of Viewing: September 16, 2024.
Date Signed: January 17, 2025.

NOTE: For this appraisal to be valid, an original or a password protected digital signature is required.