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CONSULTING LETTER

Mixed Use Land

**1650 Alberni Street and 1444 Alberni
Street & 740 Nicola Street,
Vancouver, BC**

Effective Date: May 31, 2024

Publication Date: August 29, 2024

PREPARED FOR

**The Board of Directors of Asia Standard
Hotel Group Limited**

Asia Standard Hotel Group Limited

30/F, YF Life Tower

No. 33 Lockhart Road

Wanchai, Hong Kong



LEADERS IN REAL ESTATE SOLUTIONS

August 29, 2024

Asia Standard Hotel Group Limited
30/F, YF Life Tower
No. 33 Lockhart Road
Wanchai, Hong Kong

Attention: The Board of Directors of Asia Standard Hotel Group Limited

**Re: Executive Summary to Appraisal Reports of Property Under Development For Sale
1650 Alberni Street and 1444 Alberni Street & 740 Nicola Street, Vancouver, BC**

In accordance with your instructions for us to value the subject property located at 1650 Alberni Street and 1444 Alberni Street & 740 Nicola Street, Vancouver, BC (as more particularly described in the attached valuation summaries) in which Asia Standard Hotel Group Limited (the “Company”) together with its subsidiaries (collectively the “Group”) have interests, we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at May 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

Our valuation of the subject 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) 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 we 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 properties, we 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, Rule 11 of The Code on Takeovers and Mergers issued by the Securities and Futures Commission (“Takeovers Code”) 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 reports referenced as A2403-8066AA and A2404-8095AA, which incorporates the value of the subject property as of May 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 our valuation of the properties, we have relied on the information and advice given by the Board of Directors of the Company

EXECUTIVE SUMMARY

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

CIVIC ADDRESS: 1650 Alberni Street and 1444 Alberni Street & 740 Nicola Street, Vancouver, BC.

TYPE OF PROPERTY: 1650 Alberni Street reflects a high density residential redevelopment site located on the south side of the 1600 block of Alberni Street, mid-block between Cardero and Bidwell Streets. The legal lots are currently improved to an older 66-unit, 15-storey rental apartment building, featuring a three-storey office component facing Alberni Street. It is within an area on the City of Vancouver's West End Community Plan that will allow for significantly increased density and building height.

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: **1650 Alberni Street.**

17,296 sq.ft.

1444 Alberni Street & 740 Nicola Street.

43,282 sq.ft.

ZONING CLASSIFICATION: **1650 Alberni Street.**

CD-1 (Comprehensive Development).

Rezoning application was approved by City Council at Public Hearing on December 9, 2021.

1444 Alberni & 740 Nicola Street.

CD-1 (Comprehensive Development).

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

REGISTERED OWNER: **1650 Alberni Street.**

1650 Alberni Residential Ltd., Inc. No. BC1157968.

As to an undivided 90/100 interest.

1650 Alberni Commercial Ltd., Inc. No. BC1157959.

As to an undivided 10/100 interest.

The Company has an indirect ownership of 40% over 1650 Alberni Residential Ltd and 1650 Alberni Commercial Ltd.

1444 Alberni & 740 Nicola Street.

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

The Company has an indirect ownership of 40% over Alberni Street Nominee Limited.

VALUE SUMMARY:

1640-1650 Alberni Street- Value Conclusion			
Site Area (Sq.ft.)			17,296
	Density	Value (price per buildable)	Total Value
Gross Density	252,840	\$663	\$167,638,269
Floor Space Ratio (FSR):	14.62		
Gross Land Value			\$167,638,269
add Cost to Date			\$8,900,000
Less Community Amenity Contributions			(\$32,700,000)
Net Value			\$143,838,269
Rounded to:			CAD \$144,000,000

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	\$628	\$392,107,190
Floor Space Ratio (FSR)	14.42		
Gross Land Value			\$392,107,190
Add Cost to Date			\$20,920,096
Less Community Amenity Contributions			(\$65,032,700)
Net Value			\$347,994,586
Rounded to:			CAD \$348,000,000

**Density refers to the total buildable area of the proposed development. Gross density includes both condominium and rental density which are revenue generating. Community Amenity Contributions (CACs) is a policy tool used by the City to negotiate with developers to provide community benefits as part of rezoning applications and represent a direct cost to the developer. The CACs are deducted from our valuation to derive the net land value as these costs have not been paid as at the valuation date.*

FINAL VALUE CONCLUSION:

1650 Alberni Street.

\$144,000,000 Canadian Dollars or equivalent to approximately

\$822,571,200 Hong Kong Dollars.

1444 Alberni Street & 740 Nicola Street.

\$348,000,000 Canadian Dollars or equivalent to approximately

\$1,987,880,400 Hong Kong Dollars.

Unless otherwise stated, all sums stated in our valuations are in Canadian Dollars. The exchange rates adopted in our valuations are approximately 1 CAD (Canadian Dollar) = 5.7123 HKD (Hong Kong Dollars), which were approximately the prevailing exchange rates as at the Valuation Date.

EFFECTIVE DATE OF VALUE: May 31, 2024.

METHOD OF VALUATION

1650 Alberni Street.

At the valuation date, the subject represents a consolidation of three separate legal parcels that are improved with a 15-storey high-rise mixed use building comprised of 66 rental apartment units and a three-storey multi-tenant office component fronting Alberni Street; however, as the highest and best use of the site relates to redevelopment, a detailed viewing of the improvements has not been undertaken.

This report relates to the underlying land value based on the proposed development scheme and is compliant with Rule 11.2 (d) of the Takeovers Code 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 \$234,000,000 (or equivalent to approximately HKD \$1,336,678,200) of which approximately CAD \$9,000,000 (or equivalent to approximately HKD \$51,410,700) 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 \$456,000,000 (or equivalent to approximately HKD \$2,604,808,800).
- Pursuant to the rezoning application approved by the City of Vancouver dated December 9, 2021, the proposed development of a high-rise residential tower is legally permissible.

The proposed development represents a 43-storey residential building. The development will feature 211 market strata units plus 66 secure rental units of which 20% of the total rental units will be leased at below market rates.

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 Method 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.

We 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 our valuations for the properties, we have considered the Residual Land Approach and have been provided with a detailed hard cost estimate by the Company. Furthermore, we 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 subject in the current market.

Set out below are the key assumptions used in our valuations.

Inputs for Residual Land Approach Analysis

- (i) Residential Condominium For Sale (Strata): CAD \$396,661,200 or \$2,350 per sq.ft. based on market evidence of new presale and resale projects in Downtown Vancouver. (or equivalent to approximately

HKD \$2,265,847,773 or \$13,424 per sq.ft.)

- (ii) Residential Rental: CAD \$59,675,000 or \$1,250 per sq.ft. based on rental evidence of new rental projects in Downtown Vancouver and sales of new purpose-build rental projects in Metro Vancouver. (or equivalent to approximately HKD \$340,881,503 or \$7,140 per sq.ft.)
- (iii) Hard Cost: CAD \$130,726,240 or \$500 per sq.ft. plus contingency and servicing. (or equivalent to approximately HKD \$746,747,501 or \$2,856 per sq.ft.)

Other Inputs

- (i) Cost Incurred to Date: CAD \$8,900,000. (or equivalent to approximately HKD \$50,839,470)
- (ii) Community Amenity Contribution Payable to City of Vancouver: CAD \$32,700,000. (or equivalent to approximately HKD \$186,792,210)

1444 Alberni Street & 740 Nicola Street.

At the valuation date, the subject 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 subject properties 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 Rule 11.2 (d) of the Takeovers Code 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 \$656,000,000 (or equivalent to approximately HKD \$3,747,268,800) of which approximately CAD \$21,000,000 (or equivalent to approximately HKD \$119,958,300) 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 \$6,797,637,000).
- 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 subject 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 Method 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.

We 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 our valuations for the properties, we have considered the Residual Land Approach and have been provided with a detailed hard cost estimate by the Company. Furthermore, we 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 subject in the current market.

Set out below are the key assumptions used in our valuations:

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 \$6,049,684,147 or \$13,424 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-build rental projects in Metro Vancouver. (or equivalent to approximately HKD \$732,043,241 or \$8,363 per sq.ft.)
- (iii) Moderate Income Rental: CAD \$3,778,979 or \$466 per sq.ft. (or equivalent to approximately HKD \$21,586,662 or \$2,662 per sq.ft.)
- (iv) Hard Cost: CAD \$402,789,941 or \$581 per sq.ft. plus contingency and servicing. (or equivalent to approximately HKD \$2,300,856,980 or \$3,319 per sq.ft.)

Other Inputs

- (iii) Cost Incurred to Date: CAD \$20,920,000. (or equivalent to approximately HKD \$119,501,316)
- (iv) Community Amenity Contribution Payable to City of Vancouver: CAD \$65,032,700. (or equivalent to approximately HKD \$371,486,292)

SOURCE OF INFORMATION

For 1650 Alberni Street we have relied upon the information provided by the Company. It is noted that a gross density of 14.95 FSR is proposed for the subject including 11.77 market strata, 2.85 rental density and 0.33 of excess balcony space. For consistency purposes and the fact that exterior balcony space is not considered as saleable area, the subject is evaluated based on an anticipated density of 14.62 FSR (11.77 market strata and 2.85 market rental) as per the development statistics provided to us dated October 26, 2023. 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 December 9, 2021. The West End Plan was adopted by the City of Vancouver in 2013 which relates to a comprehensive policy framework designed to guide the growth and development of Vancouver's West End neighbourhood over a 30-year period. In particular, the subject is identified within the Georgia Corridor subsection A of the West End neighbourhood which calls for increased density with a maximum height of 385 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.

For 1650 Alberni Street a CAC (Community Amenity Contribution) will be payable to the City of Vancouver upon rezoning. We understand a cash CAC package of CAD \$32.7 million has been negotiated with the City based on the information provided to us. CAC in Vancouver is policy tool used by the City to negotiate with developers to provide community benefits as part of rezoning applications. When a developer seeks to rezone a property, which often allows for increased density or changes in land use, the City will require a CAC which is intended to offset the impacts of new development on local infrastructure and services. We have relied upon the hard cost estimate provided by the Company dated October 26, 2023. The cost figures provided incorporate value engineering and have been relied upon in our residual land analysis. Overall, the hard cost figures provided are considered to be at market levels based on other proformas we have reviewed in Downtown Vancouver.

For 1444 Alberni Street and 740 Nicola Street we 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. We have relied upon the hard cost estimate provided by the Company dated June 22, 2023, which we have had no reason to doubt are not accurate nor current. The cost figures provided incorporate value engineering and have been relied upon in our residual land analysis. Overall, the hard cost figures provided are considered to be at market levels based on other proformas we have reviewed in Downtown Vancouver.

Our client has provided us 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, we 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 us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We were also advised by the Company that no material facts have been omitted from the information provided.

TITLE INVESTIGATION

We 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, we 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 May 31, 2024 and all photographs of the subject 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 our valuations are in Canada Dollar ("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	1650 Alberni Street and 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 May 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:



Tony Liu
B.Comm, AACI, P.App
Manager, Valuation
AIC Membership # 910154

Direct Line: (604) 646-4542

Email: tony.liu@ryan.com

SUPERVISORY APPRAISER:



Ryan H. Wong
B.Comm, AACI, P.App
Director, Valuation
AIC Membership # 901127

Direct Line: (604) 788-7720

Email: ryan.wong@ryan.com

Viewed Property: Yes
Date of Viewing: May 31, 2024.
Date Signed: August 29, 2024.

Viewed Property: No

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