

Jawl Development Corporation



December 9, 2013

Colliers International
1110-1175 Douglas Street
Victoria, BC V8W 2E1

Attention: Michael Miller and Ty Whittaker

Re: Capital Park, Victoria, BC

Dear Sirs:

Jawl Development Corporation and Concert Real Estate Corporation are pleased to present the enclosed Offer to Purchase in respect to the Properties at a Purchase Price of \$25,500,000 with the closing of the transaction to occur on or before March 21, 2014. The Offer to Purchase is not subject to any due diligence or financing conditions. Further, we are pleased to offer the Province a new lease for 180,000 square feet of newly constructed class AA office premises for a 20 year term at an annual base rental rate of \$17. The Premises are proposed to be accommodated in two LEED Platinum office buildings featuring large and efficient floor plates, high performance building systems, and market leading amenities. These buildings will be sized so as to enable the accommodation of future Provincial expansion if so required.

Jawl and Concert, along with their design team, have extensive experience in developing and managing high quality office buildings. We are confident in our ability to provide the Province with Premises which meet or exceed all of the referenced technical and performance standards and do so in a manner which establishes new environmental efficiency benchmarks for the Victoria marketplace.

Also included with the Proposal is a site plan which indicates a strategy for the mixed use development of the portions of South Block and Q Lot included in the Properties. In recent months, Jawl and Concert have consulted with representatives from the City of Victoria, the James Bay Neighbourhood Association, and other stakeholders and these consultations have informed our development plan. The result is an integrated mixed use proposal which respects the core principles and land use strategies of the Victoria Accord. We believe that this proposal will be met with favourable response from the requisite stakeholders in the land use approvals process and feel it underpins a high quality project which has the potential to contribute meaningfully to the Downtown Victoria and James Bay communities.

Jawl and Concert have agreed to form an equal partnership to undertake all aspects of the Proposal. Both parties share a common long term outlook, prioritize high quality construction and customer service, and contribute an extensive track record of experience with similar development projects. Both parties regard the Proposal for Capital Park as an opportunity to create an unsurpassed long term hub for Provincial offices and recognize the significant community enhancement potential of this site. Enclosed you will find our formal response to the Province's Request for Proposals.

Sincerely,

Jawl Development Corporation

Concert Real Estate Corporation

Per: 

Robert Jawl

Per: 

David Podmore

Jawl Development Corporation



December 9, 2013

Colliers International
1110-1175 Douglas Street
Victoria, BC V8W 2E1

Attention: Michael Miller and Ty Whittaker

Re: Request for Proposals for the Development of Land and Lease of New Office Space on South Block, Victoria, BC

Dear Sirs:

In connection with the Request for Proposals issued on behalf of Shared Services BC of the British Columbia Ministry of Technology, Innovation and Citizens' Services, please find the following Proposal in regards to the New Build Agreement and the New Building Lease from Concert Real Estate Corporation ("Concert") and Jawl Development Corporation ("Jawl") (collectively the "Respondent"). Unless otherwise noted, all defined terms in the Proposal shall have the meanings set out in the RFP.

1. **Company Profile:** The Proposal reflects a joint submission from Concert Real Estate Corporation and Jawl Development Corporation. Concert and Jawl have extensive development experience in Victoria, BC and elsewhere with projects of similar scale and type to those proposed for the Province in connection with the RFP.

Concert Real Estate Corporation: Concert is a Vancouver-based, Canadian pension fund owned real estate enterprise that values long term growth over immediate returns. Guided by an investment philosophy that emphasizes building value over the long term, the Concert team is committed to innovative real estate developments, acquisitions, investments, sales and marketing programs, customer service and property management. At the same time, Concert seeks to meet the needs of the community and generate an attractive return on shareholders' invested capital.

Since 1989, Concert has developed into a diversified real estate company active in residential (rental, seniors and condominium), commercial, office and industrial projects throughout British Columbia, Alberta and Ontario. Concert has completed developments in excess of \$2 billion, built nearly 9,700 rental and condominium homes and developed or acquired more than 9.8 million square feet of income-producing property. Over the past 24 years Concert has received over 100 Gold and Silver Georgie awards and 11 SAM awards from the Canadian Home Builders Association, in addition to multiple awards from the Urban Development Institute and other associations. Concert is committed to sustainability having 7 residential projects currently targeted, in certification or certified LEED Gold. In addition, Concert has 4 projects in certification or certified Tier 2 for the Toronto Green Building Standards and 2 projects in certification or certified REAP Gold, the University of British Columbia's specific green building program.

Concert has developed, secured the financing and constructed several large-scale, multi-phased developments including:

- Collingwood Village, a 33-acre, 3,000 home, \$445 million master planned community in East Vancouver, BC.
- Arbutus Walk, a 6 acre, 654 home, \$164 million residential community development in the west side of Vancouver, BC.

- Village Gate West, a 3.7 acre, 947 home mixed use residential development of highrise rental and ground level retail and a seniors lifestyle community in the Etobicoke community of Toronto, Ontario.
- Motion on Bay, a 29 storey, 463 suite, \$110 million rental building at the intersection of Bay and Dundas in Toronto.
- Patina / YMCA, a 42 storey highrise with 256 condominium homes in addition to a 95,000 square foot state of the art YMCA in Vancouver, BC.
- In Victoria, Concert developed the "Y Lot" property located at Humboldt and Burdett. The completed development includes a Marriott hotel as well as two condominium developments, Astoria and Belvedere. Total project costs exceeded \$103 million.

Concert currently has assets in excess of \$1.8 billion, shareholder equity of \$778 million

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Images and brief descriptions of a selection of recent Concert projects are attached as Schedule A. Further information regarding Concert can be found at: www.concertproperties.com.

Jawl Development Corporation: Jawl, along with its affiliates, is Victoria's largest developer, owner and manager of premium office space. Jawl has been an active participant in the Victoria marketplace for over 40 years and has consistently provided its clients with market-leading office space solutions through a long-term commitment to high quality construction and maintenance practices and responsive management services. Jawl has constructed in excess of one million square feet of office premises, a significant proportion of which was designed to accommodate the long term office space needs of the Province. Jawl is highly experienced in developing projects which meet or exceed the Province's technical standards for newly constructed buildings and leasehold improvements. Jawl has also become a sustainability leader through adopting environmental efficiency measures into building construction and management practices including the development of two LEED Gold office buildings and the attainment of BOMA Best Level 2 or BOMA Best Level 3 ratings on sixteen buildings within its existing portfolio.

Jawl's recent development experience includes a number of projects with specific relevance to the buildings being requested by the Province for the New Build Premises.

- The Atrium Building at 800 Yates Street is a seven storey, 200,000 square foot, class AA, LEED Gold office building in the heart of Downtown Victoria with lead tenants including BC Ferries Corporation and the BC Land Title and Survey Authority.
- 2950 Jutland Road is a six storey, 67,000 square foot, class AA, LEED Gold office building in the Selkirk Waterfront being constructed specifically for BC Investment Management Corporation.
- 1112 Fort Street is a six storey, 52,000 square foot, class A office building in Downtown Victoria that was recently comprehensively renovated and upgraded and includes Elections BC as a primary tenant.
- In addition to these discrete office projects, Jawl also has experience with the design and development of large scale mixed use communities including the 24 acre Selkirk Waterfront Community which today accommodates over 500,000 square feet of office space, 254 residential units, 253 senior housing units, and extensive retail and amenity spaces.

Images and brief descriptions of a selection of recent Jawl projects are attached as Schedule A. Further information regarding Jawl can be found at: www.jawlproperties.com.

We believe that the extensive precedent project experience of both Concert and Jawl along with the companies' shared orientation towards high quality construction practices, superior customer service and long term stewardship offers a skill set and value proposition that is well suited to the successful execution of the New Build Building.

2. **Management of Developer / Owner:** Concert and Jawl will be the developer and owner of the project and the New Build Building. Each party will hold a 50% ownership interest. Jawl and Concert intend to

remain the long term owners of the New Build Building. The intended property manager for the New Build Building is Jawl Properties Ltd., an affiliate of Jawl Development Corporation. Jawl Properties Ltd. is the management company responsible for all of the office buildings controlled by the Jawl Group and currently manages approximately 1.2 million square feet of commercial office space in Victoria, BC. Jawl Properties Ltd. has over 40 years of property management experience and has a comprehensive track record of high quality and responsive property management services. Clients currently served by Jawl Properties Ltd. include a wide selection of public sector, private sector and retail tenants. Current government and government related clients served by Jawl Properties Ltd. total approximately 800,000 square feet and include Shared Services BC (~500,000 square feet of client space), BC Ferries Corporation, BC Land Title and Survey Authority, Elections BC, BC Investment Management Corporation, BC Assessment Authority and several Federal Government organizations. For more information on Jawl Properties Ltd., refer to the company's website at www.jawlproperties.com.

3. **Team Members:** Concert and Jawl each have extensive relationships with experienced and professional designers, consultants, and contracting groups. Although a more comprehensive project team will be assembled in the event that the Respondent's Proposal is accepted by the Province, the confirmed team members to date include:

- Developer: Jawl Development Corporation (www.jawlproperties.com) and Concert Real Estate Corporation (www.concertproperties.com)
- Architect: Endall Elliot Associates (www.endallelliott.com) and CEI Architecture (www.ceiarchitecture.com)
- Landscape Architect: Sharp & Diamond Landscape Architecture (www.sharpdiamond.com)
- General Contractor: Campbell Construction Ltd (www.campbellconstruction.ca)

The website for each project team member is noted above and all parties involved have extensive experience in designing and constructing first class office properties and large scale master planned communities. Jawl and Concert have worked with the parties identified on multiple projects in the past and regard them as able to contribute to a first class project team. In addition to the project team members noted above, Ryzuk Geotechnical (geotechnical consulting), Genivar (civil engineering), Read Jones Christoffersen (structural engineering), Ralmax (demolition and hazmat contracting), AES (electrical engineering), Integral Group (mechanical engineering), Hemmera (environmental consulting) and Keay & Associates Architecture (heritage architecture) have been consulted in connection with preparing the Respondent's Proposal and affirming the Respondent's confidence in its ability to meet or exceed the Province's requirements for the New Build Building.

4. **Financing:** The Respondent intends to complete the purchase of the Properties on an all equity basis. Further, the Respondent intends to fund all pre-construction costs (including but not limited to all planning and design related costs applicable to the New Build Building) on an all equity basis. The Respondent may elect to utilize a combination of debt and equity to fund construction costs of the New Build Building. Both Concert and Jawl have excellent and long term relationships with major Canadian chartered banks and other tier one lending institutions. Bank references can be provided upon request to confirm the Respondent's borrowing record and financial capacity to complete a project of the scale contemplated under the New Build Building. Jawl and Concert currently have cash on hand or equivalent reserves to meet the equity requirements envisioned for the project. It should further be noted that no aspect of the Proposal whatsoever is conditional upon financing.
5. **Project Timeline:** The Respondent's consultations with the City of Victoria, James Bay Neighbourhood Association and other stakeholders indicate that the current regulatory framework governing the land use of the Properties needs to be updated to reflect current conditions and community aspirations. Although the central themes of the Master Development Agreement will remain a governing priority for the Respondent's planning, as a minimum, amendments are necessary to reflect the exclusion from the offering of some of the original precinct lands which impacts the development sequence identified in the Master Development Agreement. An update would also facilitate the inclusion of ideas regarding the current needs of the community in terms of amenities and new thinking on how the potential of the site might be more fully realized. If the Respondent's Offer to Purchase is accepted we will immediately

commence preparation of an application for the necessary amendments. The consultations that the Respondent has undertaken to date along with the Respondent's track record of operations in Victoria will expedite this process.

The New Build Lease requirement of approximately 180,000 square feet of office space will be accommodated in two buildings. The First New Build Building, the location of which is identified on the Site Plan attached as Schedule C to this Proposal, will contain approximately 110,000 square feet of office space. Its construction will require the relocation of the heritage house at 521 Superior Street and the demolition of 525 Superior Street, one of the buildings comprising the Leaseback Premises. The Second New Build Building, also shown on the Site Plan and located east of the First New Build Building, will contain approximately 124,000 square feet of office space. It will require the relocation of the heritage houses at 539 and 545 Superior Street, the demolition of 541 and 553 Superior Street, and the removal of a small portion of 544 Michigan Street, three other buildings comprising the Leaseback Premises.

The timing and sequence of the overall development will be a matter of discussion with the City of Victoria and the James Bay Neighbourhood Association, but it has been acknowledged by all parties we have engaged with that the office space requirements of the Province will be given priority. The Respondent proposes to proceed with the construction of the First New Build Building as the first stage of the project with the construction of the Second New Build Building proceeding immediately following completion and delivery of the First New Build Building.

The working drawings for the Finished Base Building Shell for the First New Build Building will begin during the application process at the moment when the Respondent has reasonable confidence that the land use applications applicable to the First New Build Building will be approved. If the Respondent's Offer to Purchase is accepted we will immediately commence the process of selecting and engaging the balance of the engineering and design team so that working drawing production can commence without delay when the appropriate milestones have been reached. Following receipt of all requisite land use approvals applicable to the First New Build Building, the Respondent anticipates the completion of working drawings for the Finished Base Building Shell for the First New Build Building will take no longer than six (6) months.

Commencement of construction of the Finished Base Building Shell of the First New Build Building will begin immediately upon receipt of the requisite permits from the City of Victoria and the completion of the working drawings for the Finished Base Building Shell for the First New Build Building. The Respondent will apply for demolition and excavation permits in advance of the building permit so that commencement of construction can be accelerated. The Respondent anticipates that construction of the Finished Base Building Shell for the First New Build Building will take no longer than eighteen (18) months from the date of construction commencement.

For clarity, the Respondent anticipates the substantial completion of the Finished Base Building Shell of the First New Build Building no later than twenty four (24) months following receipt of all requisite land use approvals from the City of Victoria applicable to the First New Build Building. In the event the Respondent is unable to achieve substantial completion of the Finished Base Building Shell of the First New Build Building within this time schedule, the Respondent will provide the Province with one (1) day of free base rent applicable to the portion of the Premises located in the First New Build Building for every one (1) day the completion of the Finished Base Building Shell of the First New Build Building is delayed.

On the completion date of the Finished Base Building Shell of the First New Build Building, a six (6) month Fixturing Period will commence during which the Province's leasehold improvements will be constructed within the Premises. Upon the completion of the Fixturing Period, the portion of the Premises located in the First New Build Building shall be delivered to the Province. Following delivery the Respondent will proceed with the Second New Build Building.

The Respondent will complete the working drawings for the Finished Base Building Shell and secure all necessary permits for the Second New Build Building during the construction period of the First New Build Building. Accordingly, following delivery of the portion of the Premises located in the First New Build Building to the Province, the Respondent will immediately commence construction of the Finished Base Building Shell of the Second New Build Building. The Respondent anticipates that construction of the Finished Base Building Shell for the Second New Build Building will take no longer than eighteen (18) months from the date of construction commencement.

For clarity, the Respondent anticipates the substantial completion of the Finished Base Building Shell of the Second New Build Building no later than eighteen (18) months following delivery of the portion of the Premises located in the First New Build Building. In the event the Respondent is unable to achieve substantial completion of the Finished Base Building Shell of the Second New Build Building within this time schedule, the Respondent will provide the Province with one (1) day of free base rent applicable to the portion of the Premises located in the Second New Build Building for every one (1) day the completion of the Finished Base Building Shell of the Second New Build Building is delayed.

On the completion date of the Finished Base Building Shell of the Second New Build Building, a six (6) month Fixturing Period will commence during which the Province's leasehold improvements will be constructed within the Premises. Upon the completion of the Fixturing Period, the portion of the Premises located in the Second New Build Building shall be delivered to the Province.

The Respondent commits to proceed diligently and efficiently to deliver the Premises to the Province at the earliest possible date. A monthly reporting mechanism shall be implemented to keep the Province informed of the Respondent's progress immediately upon acceptance of the Offer to Purchase and continue until the New Build Premises are delivered in full to the Province.

6. **New Build Building:** The Respondent has engaged CEI Architecture and Endall Elliot Associates to assist in the preparation of a comprehensive development plan for the Properties. The Respondent has undertaken consultations with the City of Victoria, James Bay Neighbourhood Association and other stakeholders and thoroughly analyzed the existing land use governance framework applicable to the Properties to inform this work. The Respondent and its design team have also drawn on their respective precedent project experience and knowledge of urban design and architectural best practices in formulating the concept.

The development plan for the South Block portion of the Properties (the "Site Plan") that has resulted from these efforts provides for a comprehensive mixed use development incorporating 234,000 square feet of office space, 15,050 square feet of retail / commercial space, and 121,650 square feet of residential space. These densities and allocations are consistent with those set out in the Victoria Accord. The Site Plan accommodates these uses in a manner which facilitates a high quality network of open spaces and gathering spots designed to engage with the surrounding community. Each building shown on the Site Plan has been conceived to complement and support the surrounding context and have resonance with the patterns, scale, and usage patterns of the adjacent buildings and streets: in particular the Provincial Legislature. Building forms have been sculpted to define street edges where appropriate, optimize connectivity at the ground level, and minimize the impact of building massing on the surrounding streets and buildings while continuing to meet the parameters of current leading standards for high quality office and residential premises.

The Site Plan provides for residential uses along the Michigan Street frontage consistent with the adjacent land use patterns to the South. Building positioning and massing has been carefully considered to account for contextual sensitivities and to facilitate pedestrian and visual permeation of the site from Parry Street and Powell Street. Towards the east end of Michigan Street near Government Street, a heritage building enclave is provided which will see existing heritage homes elsewhere on the Site relocated, upgraded and positioned in complementary proximity to the two existing heritage homes in that location. The Menzies Street frontage consists of continuous retail uses between Michigan Street and Superior Street interrupted in select locations with vehicular parking access and pedestrian passageways offering access into the open spaces within the site. Residential

use has been provided for over a portion of these retail premises. In the centre of the Site Plan, a large and well appointed feature plaza is envisioned which is sited on an axial relationship with the fountain of the Legislature gardens and which expands and reinforces the high quality public space provided on the north side of Superior Street. This plaza is surrounded by animating commercial spaces which will facilitate its use as a community gathering spot and a notable amenity for residents and office workers in the area. Finally, two high quality office buildings have been provided for along the Superior Street frontage.

The western office building ("Phase I" or the "First New Build Building") is designed to accommodate 110,000 square feet of class AA office space. Phase I features 25,150 square foot floor plates on floors 1 through 4 and 9,400 square feet on floor 5. The eastern office building ("Phase II" or the "Second New Build Building") is designed to accommodate 124,000 square feet of class AA office space. Phase II features 28,650 square foot floor plates on floors 1 through 4 and 9,400 square feet on floor 5. Both buildings have been designed to provide large, flexible, and efficient floor plates which are optimized for the office requirements of the Province. Floor plate dimensioning has been designed to provide for abundant natural light penetration and for building cores and service areas located towards interior areas. Cutting edge mechanical, electrical, and glazing systems will be utilized for the Phase I and Phase II buildings to ensure optimal occupant comfort and environmental efficiency. The Respondent shall design, construct, and certify the Phase I and Phase II buildings to a LEED Platinum standard. Market leading amenities shall be provided to the buildings including but not limited to: shower, changing, and locker rooms, secured bike storage facilities, and a fully equipped fitness facility. The buildings will also benefit from the retail amenities provided for in South Block and elsewhere in the James Bay community. Parking for the Phase I and Phase II buildings is provided in a secured underground lot beneath the two buildings. The parking area is currently envisioned to accommodate approximately 290 secure underground stalls offering abundant parking capacity for office occupants and their visitors.

The layout of the Site Plan and the Phase I and Phase II buildings has also taken into account efficient phasing of construction with respect to the Leaseback Premises. Phase I has been designed such that its construction will only impact the portion of the Leaseback Premises at 525 Superior Street. The construction of Phase II will impact 541 and 553 Superior Street and will have only minor impact on a small portion of 544 Michigan Street so as to ensure the retention of office capacity on the site until the Phase II building is ready for occupancy. The retail and residential buildings fronting onto Menzies Street will likely proceed at a similar time to the Phase I building however the balance of the residential buildings will be delayed until completion of the Phase I and Phase II buildings so as to minimize the disruption to the Leaseback Premises and accordingly Provincial operations.

The Respondent confirms that the Phase I and Phase II buildings envisioned in the Site Plan will be in compliance with the lease specifications and building requirements set out in Appendices C, D, E and F of the RFP except as explicitly noted, or as may otherwise be agreed to between the parties. Further details regarding the Respondent's response to the New Build Lease Requirements is indicated in Schedule B to this Proposal. Particulars regarding the Respondent's Site Plan including site layouts, building elevations, and massing studies are included in Schedule C to this Proposal.

7. **New Build Lease:** The Respondent acknowledges and accepts that the lease for the New Build Premises will be substantially in the form attached as Schedule D to the Offer to Purchase. Following acceptance of the Proposal, the form of lease shall be amended as necessary to incorporate the terms of the Proposal and to reflect the standard terms and conditions that have been negotiated and mutually agreed to in the lease agreements executed between Jawl Properties Ltd. and SSBC since 2011. All amendments to the form of lease shall be subject to the mutual agreement of the Province and Respondent, each acting reasonably.

At the Province's option and request, the Respondent agrees to provide the Province with a Tenant Improvement Allowance of up to \$90.00 / rentable square foot of the New Build Premises and amortize that amount fully over the 20 year Term of the Lease at an interest rate of 5.00% per annum. Further details pertaining to the Tenant Improvement allowance are indicated in Schedule B to this Proposal.

The Respondent is proposing an annual triple net base rental rate for the New Build Premises of \$17 per square foot of rentable area for the Term. As an option for the Province, the Respondent would alternatively be prepared to enter into a stepped rent structure at an annual triple net rental rate for the New Build Premises of \$17 per square foot of rentable area for years 1-5, \$17 per square foot of rentable area for years 6-10, \$17 per square foot of rentable area for years 11-15, and \$17 per square foot of rentable area for years 16-20.

The combined office area of the Phase I and Phase II buildings is approximately 234,000 square feet. As this amount is in excess of the 180,000 square feet contemplated in the New Build Premises, the Respondent is able to offer the Province a number of points of flexibility beyond those requested in the RFP. Provided the Province has given the Respondent at least one (1) year's written notice prior to the Fixturing Date of the Phase II building, the Province may at its option, increase the Rentable Area of the New Build Premises by any amount up to the total remaining capacity of the cumulative office area of the Phase I and Phase II buildings. Any expansion of the New Build Premises shall be on the same terms and conditions as the lease contemplated herein. Following delivery of the New Build Premises, the Province shall have an on-going right of first offer with respect to any available office space in the Phase I and Phase II buildings.

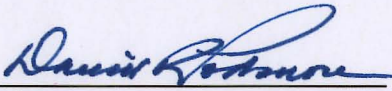
Further detail regarding the Respondent's response to the New Build Lease requirements is indicated in Schedule B to this Proposal.

The Respondent acknowledges and accepts the terms and conditions of the RFP process as communicated by the Province and Colliers. We trust the information provided in this Proposal and the associated submission documentation provides sufficient information to facilitate your consideration of the Proposal. Should additional information or clarification be required on any of the topics herein, please do not hesitate to contact the undersigned.

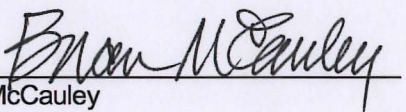
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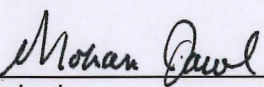
Concert Real Estate Corporation

Jawl Development Corporation

Per: 
David Podmore

Per: 
Robert Jawl

Per: 
Brian McCauley

Per: 
Mohan Jawl

Schedule A**Jawl Development Corporation: Precedent Project Information****Selkirk Waterfront Community**

Jawl Holdings Ltd. acquired this 24 acre site in 1991 and immediately commenced work on a redevelopment plan which resulted in a comprehensive rezoning and master development agreement with the City of Victoria. Today this mixed use neighborhood is nearing completion with over 500,000 square feet of office space, 254 residential units, a senior's care facility, a wide array of service and retail businesses and a number of community oriented amenities. 80% of the office space at Selkirk is occupied by government and government related tenants. The



Selkirk Waterfront Community has received numerous awards for design and environmental leadership. The Selkirk Master Development Agreement written by Jawl Holdings Ltd. and its design team was the first of its kind in the City of Victoria and set the precedent for future master development agreements including the Victoria Accord.

Atrium - 800 Yates Street

The Atrium is a seven storey, 200,000 square foot class AA office building with a retail podium located in the heart of Victoria's central business district and was completed by Jawl Investment Corporation in 2010. The building features forward thinking architecture, cutting edge systems and dynamic public areas including a large central atrium. On-site amenities include a fitness facility, shower and change rooms, 24-hour security, underground parking and secure bicycle storage. The Atrium was designed for optimized energy efficiency and



environmentally sensitive operations and is certified LEED Gold by the Canada Green Building Council. Major tenants at Atrium include BC Ferries Corporation and the BC Land Title and Survey Authority. The ground floor retail is characterized by locally owned independent businesses.

Jawl Development Corporation: Precedent Project Information

2950 Jutland

2950 Jutland Road is currently under construction by Jawl Holdings Ltd. and is the last phase in the master planned Selkirk Waterfront Community. The six-storey building features 67,000 square feet of class AA office space, 8 residential rental units and ground floor retail space. The building will feature curved architecture, a robust and high quality materials palette and an expansive glass curtain wall which showcases stunning views of the Gorge Waterway. The office component of the building is being purpose built for BC Investment Management Corporation, a current tenant at Selkirk who required additional space. This project is targeting LEED Gold certification through the Canada Green Building Council.



1515 Douglas Street

Jawl Enterprises Ltd. is in the process of submitting a comprehensive rezoning and development permit application to the City of Victoria for a 287,000 square foot two phased project that features a retail podium, open space, and urban plazas at ground level and high quality office premises on the upper floors. The overall development proposal represents a tailor-made design integrating two mixed use commercial office buildings and a network of high quality open spaces into this prominent Downtown Core location. The building forms ensure connectivity at the ground floor, well defined street edges and the provision of welcoming public spaces. Massing has been thoughtfully sculpted throughout the site with sensitivity given to integrating the project into the context of the surrounding streets and buildings. The project is targeting LEED Platinum certification through the Canada Green Building Council.



Concert Real Estate Corporation: Precedent Project Information**Era**

Concert's fifth Victoria condominium project, Era is a 16-storey development with 157 homes in the heart of downtown. Located in the 700 block of Yates Street, Era is within walking distance of Victoria's Inner Harbour in addition to a wide range of shops, restaurants, entertainment and other services. Much like Victoria itself, Era harmoniously blends new with old by seamlessly integrating the existing historic brick façade with modern concrete and glass architecture. Era homes offer studios to 2 bedroom and den penthouses ranging from 480 square feet to 1,048 square feet. Era is slated for completion at the end of 2014.

**365 Waterfront**

365 Waterfront is located in Victoria's award-winning Selkirk Waterfront Community and is Concert's fourth residential development in Victoria. This stunning collection of 84 homes features solid concrete and steel construction in a contemporary, terraced six-storey low rise condominium. Three stepping sections of 4, 5 and 6 storeys bring large scale density down to a 'human scale' and results in extensive terraces and balconies. A canopy colonnade of stained timbers and glass provides an intimately scaled entrance. The building form is contextually sensitive to the waterfront setting through stepped massing and the use of monochromatic natural tones that allow the building to blend into its surroundings. Large terraces at grade provide easy access to the adjacent Galloping Goose Trail network and the waterfront of the Gorge Waterway in Victoria's Upper Harbour. Suites range from one-bedroom and den to two-bedroom and den and rooftop terrace penthouses, all taking advantage of waterfront views and the inner harbour urban seaside setting.



Concert Real Estate Corporation: Precedent Project Information

Chelsea

A luxury concrete six-storey low rise, Chelsea is situated in Victoria's tranquil and picturesque Fairfield neighborhood only blocks away from the inner harbour and downtown Victoria. At just 66 homes, Concert's third residential development in Victoria was built with solid concrete construction in a form contextually sensitive to the character of the neighbourhood. Historic elements of the site are integrated and preserved including numerous wrought iron gates, exterior lanterns, a stone and brick perimeter wall and a 100-year old black walnut tree. Chelsea homes offer two bedrooms plus den or two bedrooms plus den and family room and range in size from 1,072 – 1,552 square feet. A limited number of penthouse suites encompassing up to 1,759 square feet are also included.



Y Lot (Marriott, Astoria & Belvedere)

Concert purchased Y Lot in Downtown Victoria from the Province of British Columbia in 2001 and went on to build an award winning master planned mixed use commercial and residential community including a Marriott Hotel and 241 condominium homes in two towers, Astoria and Belvedere. Concert's acquisition and redevelopment of Y Lot was trend setting for the City of Victoria. The Marriott is a 16-storey, 236-room hotel on Humboldt Street co-developed by Concert and Ocean Properties Ltd. Hotels and Resorts. Astoria is a 20-storey, mixed-use concrete tower that includes 164 suites and ground level retail along Humboldt Street. Belvedere is a 16-storey, mixed-use concrete tower that consists of 77 suites and ground level retail space. These projects are ideally located within walking distance to the Inner Harbour, shopping, restaurants and entertainment and have garnered gold CARE (Construction Achievements and Renovations of Excellence) awards including Best Overall Marketing Campaign and Best Condominium/Mixed-Use Development.



Schedule B

Purchaser Confirmation of New Build Lease Requirements

Details of the Province's New Build Lease Requirements are noted in Appendix C of the RFP. This section of the Proposal addresses the Purchaser's response to each of the points raised. Responses have been provided in a numerical order which corresponds to Appendix C of the RFP.

1. **Premises:** The Purchaser acknowledges and agrees that the area of the Premises shall be approximately 180,000 rentable square feet, subject to planning and efficiencies and completion of final space plans. The Purchaser proposes to accommodate the Premises in the Phase I and Phase II buildings as follows:

Project Phase	Rentable Area of Premises	Rentable Area of Total Building
Phase I	110,000 Square Feet	110,000 Square Feet
Phase II	70,000 Square Feet	124,000 Square Feet
Total	180,000 Square Feet	234,000 Square Feet

The cumulative office space capacity of the Phase I and Phase II buildings is 234,000 square feet. As this amount exceeds the estimated size of the Premises, the Purchaser shall work with the Province and its space planners to confirm the exact location of the Premises within the Phase I and Phase II buildings so as to ensure optimization of the Province's space plan and functional programming.

The Purchaser acknowledges and agrees that the New Build Building and the Premises will be measured in accordance with 1996 BOMA standards. Based on initial calculations, the Purchaser and its design team estimate the Phase I and Phase II buildings to have a rentable / usable factor of 1.1x.

A detailed description of the design and features of the Phase I and Phase II buildings is included in Section 6 of the Proposal above and conceptual drawings, parking diagrams, and a site plan are included in the attached Schedule C.

2. **Lease Term:** The Purchaser acknowledges and agrees that the Term for the lease or leases, as the case may be, shall be twenty (20) years.
3. **Commencement & Occupancy Date:** A comprehensive description of anticipated construction and occupancy timing for the Phase I and Phase II buildings is described in Section 5 of the Proposal above. To summarize, the Purchaser anticipates commencement and occupancy dates for the respective buildings as follows:

Phase I

Starting on the date of receipt of all requisite land use approvals from the City of Victoria applicable to the Phase I building, the following construction and Premises delivery schedule is anticipated:

- Finalization of Phase I base building working drawings: six (6) months.
- Substantial completion of the Phase I Finished Base Building Shell: eighteen (18) months.
- Fixturing Period for the Province to complete its leasehold improvements in Phase 1: six (6) months.
- The occupancy and commencement date for the Phase I portion of the Premises (110,000 square feet) shall occur on the date the Fixturing Period expires.

Phase II

Starting on the occupancy and commencement date applicable to the Phase I building, the following construction and Premises delivery schedule is anticipated:

- Substantial completion of the Phase II Finished Base Building Shell: eighteen (18) months.
- Fixturing Period for the Province to complete its leasehold improvements in Phase 1: six (6) months.

- The occupancy and commencement date for the Phase II portion of the Premises (70,000 square feet) shall occur on the date the Fixturing Period expires.
4. **Base Rental Rate:** The Base Rental Rate for the entire twenty (20) year Term shall be \$17 per square foot of rentable area per annum plus applicable taxes. As an option for the Province, the Purchaser is alternatively prepared to enter into a stepped rent structure at a Base Rental Rate of \$17 per square foot of rentable area for years 1-5, \$17 per square foot of rentable area for years 6-10, \$17 per square foot of rentable area for years 11-15, and \$17 per square foot of rentable area for years 16-20.
5. **Fixturing Period:** Commencing on the date of substantial completion by the Purchaser of the Finished Base Building Shell of the Phase I and Phase II buildings respectively, the Purchaser shall provide the Province with a period of One Hundred and Eighty (180) days (the "Fixturing Period") for the completion of the Province's work including the completion of the Province's leasehold improvements and the readying of the Premises for conducting its business. During the Fixturing Period, no base rent or additional rent (property taxes and operating costs) shall be payable.
6. **Tax and Operating Expenses:** The Purchaser projects that Operating Costs and Property Taxes for the Premises for the 2017 calendar year shall be \$17 per square foot of rentable area. This estimate is comprised of the following categories:
- Common Area Janitorial & Window Cleaning:
 - Grounds Maintenance
 - HVAC Repair & Maintenance
 - Elevator Repair & Maintenance
 - Common Lamp & Tube Replacement
 - Tenant Improvement Maintenance
 - Other Maintenance (includes security and safety)
 - Garbage Removal
 - Water & Sewage
 - Common Fuels & Electricity
 - Insurance (Includes TI's)
 - Property Tax
 - Management & Admin

\$17

These estimates are based on precedent building comparisons amended as appropriate to account for both anticipated inflation to 2017 and anticipated cost savings in the hydro and water consumption categories due to the high efficiency building systems contemplated under the Purchaser's LEED Platinum performance specifications.

7. **LEED Certification:** The Purchaser acknowledges that the Province requires the buildings comprising the New Build Building to be built to a LEED Gold standard, at a minimum, and achieve, at a minimum, LEED Gold certification under the Canada Green Building Council's LEED Canada-CS. The Purchaser is proposing to exceed this minimum standard and shall design and construct both buildings comprising the New Build Building to a LEED Platinum standard and achieve LEED Platinum certification under the Canada Green Building Council's LEED Canada-CS. Jawl is experienced in constructing and certifying LEED rated office buildings. In 2010, Jawl completed construction and certification of the Atrium building at 800 Yates Street to a LEED Gold standard. Jawl is currently constructing 2950 Jutland Road, a 67,000 square foot office building, which will be constructed and certified to a LEED Gold standard. Jawl is also currently engaged in the detailed design process of a major office project in Downtown Victoria which is targeting LEED Platinum construction and certification. Concert benchmarks all projects against industry leading environmental standards including LEED ratings. Concert has 7 residential projects currently targeted, in certification or certified LEED Gold. Endall Elliot Associates and CEI Architecture both have extensive project experience with the design of LEED Gold, LEED Platinum, and Living Building certified office and residential buildings, have won numerous awards for green building design excellence, and offer large teams of LEED AP certified professionals.

The Purchaser acknowledges and agrees that the Province will assign a SSBC Development Manager to participate in any integrated design process during the design and construction documents stages to contribute, as applicable, to LEED performance-outcomes of the final design.

The Purchaser acknowledges and agrees that to qualify for a LEED credit, the Province will not pay the premium cost to purchase Green Power, due to carbon neutral government obligations that are currently in place.

The Purchaser acknowledges and agrees that the Purchaser will be required to provide the Province with a LEED checklist that identifies the targets and strategies relative to the LEED CS certification following the draft development of the aforementioned LEED checklist.

The Purchaser acknowledges and agrees that a copy of the LEED checklist will be submitted by the Purchaser to the Province at completion of the schematic design, design development, and construction documents phases and also at the time of the final submission to the LEED certification body for the Phase I and Phase II buildings respectively.

The Purchaser acknowledges and agrees that at each stage, the LEED checklist must indicate sufficient credits to meet Platinum under the LEED Canada for Core and Shell rating system.

- 8. Access / Operating Hours:** The Purchaser acknowledges and agrees that the building standard operating hours will be 7:00 a.m. to 6:00 p.m. Monday through Friday and 8:00 a.m. to 1:00 p.m. on Saturday. Access and use of the buildings will be permitted on a 24 hour, 7 day a week basis for the full term of the lease and any renewal thereof.

The Purchaser acknowledges and agrees that the main access to each building shall be visible from the street and shall have direct public access at grade, designed and landscaped in such a manner as to promote the safety and security of personnel and clients entering and leaving the facility at any hour. The main public entrances must be clearly identifiable and signed.

The Purchaser acknowledges and agrees that elevator access is to be provided to all floors, suitable for the disabled, constructed and equipped in accordance with current industry standards and the British Columbia Building Code.

- 9. Building Security:** All building access points and elevators will be equipped with digital card readers to restrict access to tenants and invited guests of the building only. Further, the base building card access system will be specified such that it is capable of being integrated with any further restricted access points that the Province may wish to create within its Premises. The building will also incorporate security cameras monitoring main building entrances and access points to the underground parking garage which will be monitored on a 24 hour a day, 7 day a week basis. The lobby area of each building will allow for a location for the Province to install a security / reception desk should the Province choose to do so. Should the Province request it, the Purchaser shall staff the security desk with a full time attendant to provide dedicated on-site services including security services for the Province and guest registration all as part of operating costs.
- 10. After Hours HVAC / Electricity:** The Purchaser acknowledges and agrees that the Province shall have the ability to control the temperature for their Premises after normal building operating hours and at the Purchaser's actual cost without a mark-up. A metering system, or charge system, for after-hours HVAC and electrical consumption shall be provided for the Province's Premises by the Purchaser.
- 11. Tenant Improvement Costs / Allowance:** The Purchaser acknowledges and agrees that at the Province's written request, the Purchaser shall provide the Province with a Tenant Improvement Allowance of up to \$17 per rentable square foot of the Premises, plus GST, towards the Province's cost of the Province's leasehold improvements within the Premises.

The Province shall notify the Purchaser no later than three (3) months prior to the commencement of the Fixturing Period for each respective building, of the required amount of the Tenant Improvement Allowance (up to \$17 per rentable square foot of the Premises).

The Province agrees that it will repay to the Purchaser in full the final amount of Tenant Improvement Allowance over the Term of the Lease with interest at the rate of 5.00% per annum. No further payments in regard to the amortization of the Tenant Improvement Allowance will be owing by the Province following the expiration of the Term of the Lease.

The Province may prepay at any time or times during the Term of the Lease all or a part of the Tenant Improvement Allowance as noted above without notice, bonus or penalty excepting only if the Purchaser is subject to a penalty for prepayment from its lender for any loan taken out by the Purchaser to fund the Tenant Improvement Allowance, in which case the Province will reimburse the Purchaser for actual costs of the prepayment penalty paid by the Purchaser to its lender for the portion of the Tenant Improvement Allowance prepaid by the Province.

- 12. Base Building Technical Standards:** The Purchaser acknowledges and agrees that the Purchaser will provide written acknowledgement that it will deliver the Finished Base Building Shell in a manner substantially consistent with the Base Building Technical Standards (except as may otherwise be agreed to between the parties) for each building containing the New Build Premises at the Purchaser's expense prior to commencement date of the Fixturing Period for each respective building (which shall be the date that the Purchaser anticipates substantial completion of the Finished Base Building Shell and which may be adjusted from time to time in a manner consistent with the provisions of this Proposal).
- 13. Finished Base Building Shell:** The Purchaser acknowledges and agrees that it shall turn over the Premises to the Province in a Finished Base Building Shell condition pursuant to Appendix F of the RFP and informed by mutually agreed upon space plans. Said space plans shall be subject to the Purchaser's reasonable review and approval and shall be made available to the Purchaser no later than six (6) months prior to the commencement of the Fixturing Period for each respective building.

The Purchaser acknowledges and agrees that all work to be performed in connection with the completion of the Finished Base Building Shell shall be constructed by the Purchaser except as may otherwise be agreed to between the parties.

The Purchaser acknowledges and agrees that the Province must provide reasonable approval of any working drawings before they are made part of the lease and shall give final authorization to the Purchaser prior to the commencement of any construction, not to be unreasonably withheld. In addition, all subsequent change orders which have material impact to the Premises shall have copies sent directly to the Province's designated project manager's attention prior to approval and incorporation into the construction plans by the Purchaser.

The Purchaser acknowledges and agrees that the Purchaser will provide, at its expense, full construction cleaning of the Premises, common areas and grounds after construction of the Finished Base Building Shell is completed for each respective building.

- 14. Development Liaison:** The Purchaser acknowledges and agrees that SSBC will appoint a Development Manager who will monitor the project on behalf of the Province. Notwithstanding such appointment, if named the successful respondent to the RFP, the Purchaser shall remain totally and solely liable for ensuring that the design and construction substantially conform to the requirements as set out in the Province's RFP or as otherwise agreed to between the parties.
- 15. Generator:** The New Build Building will be equipped with a back up power generator providing a minimum standby power rating of 80 kW 60Hz / 80 KVA 50 Hz which is in excess of typical capacity for similarly sized buildings.

- 16. Satellite Dish:** The Purchaser acknowledges and agrees that the Province shall have the right to install and maintain a Satellite Dish subject to all local codes and government approvals.
- 17. Signage:** The Purchaser shall provide standard building directory and suite entry signage at the Purchaser's cost. In addition, the Province shall be permitted at the Province's cost, to install an exterior illuminated podium / pylon sign indicating its name and/or logo at street level proximate to the main entrance to the Phase I and Phase II buildings respectively subject to the reasonable approval as to location and design by the Purchaser's architect and the appropriate authorities having jurisdiction including the City of Victoria.
- 18. Parking:** The Purchaser acknowledges and agrees that the New Build Building will include secured underground parking in a quantity which meets or exceeds capacity requirements as described in the City of Victoria zoning regulations applicable to the New Build Building in effect at the time. The Purchaser shall offer such secured underground parking stalls to the Province on a pro rata basis based on the area of the New Build Premises divided by the area of the New Build Building. The aforementioned stalls shall be offered to the Province at market rents, as may be adjusted from time to time, for secured, underground parking in the vicinity of the New Build Building. The Province shall have use of its designated secured underground parking stalls on a 24 hour, 7 day a week basis for the full Term of the Lease and any renewal thereof. The Province may allocate a portion of its secured underground parking stalls to be used for visitor vehicle parking at its discretion.
- 19. Security Deposit:** The Purchaser acknowledges and agrees that no security deposit shall be required.
- 20. Renewal Options:** The Purchaser acknowledges and agrees that the Province shall have the option to renew the New Build Lease, or Leases, as the case may be, inclusive of any expansion space, with no later than two hundred and seventy (270) days prior written notice to the Purchaser for two (2) additional lease terms of ten (10) years each at a Base Rental Rate for similar unimproved premises in a similar building, in a similar location in Victoria ("Fair Market Rent"). If the parties do not agree on Fair Market Rent at the time of renewal, then the determination of Fair Market Rent would be subject to arbitration.
- 21. Interruption of Essential Services:** The Purchaser acknowledges and agrees that during the Term, in the event that there is a material interruption of essential building services (i.e., fire and life safety, vertical transportation systems, utilities, HVAC, etc.) for a period in excess of three (3) business days, the Province's basic rent and additional rent, if any, shall be abated until such services are reasonably restored, unless such material interruption of essential building services is due to the fault or action of the Province.
- 22. Building Risers:** The Purchaser acknowledges and agrees that the Province, at its expense, shall have the right to use the risers in the Phase I and Phase II buildings respectively, as applicable, in order to run its telephone, data and satellite transmission cabling to equipment located in the New Build Premises subject to space availability within the risers.
- 23. Amenities:** The Purchaser acknowledges and agrees that the buildings which accommodate the New Build Premises will contain or share, at minimum, the following amenities:
- Women's and Men's shower and changing facilities including locker facilities with aggregate capacity for 0.5% or more of full-time equivalent occupants.
 - One or several dry and secure bicycle storage facilities exclusively for building occupants with aggregate capacity for 5% or more of full-time equivalent occupants in each building.
 - One or several bike racks and/or storage facilities with aggregate capacity for 5% or more of estimated peak transient users.
 - One fully provisioned common area fitness facility.
 - An off street loading area to support deliveries and services to the New Build Building.

- 24. New Build Lease:** The Purchaser acknowledges and agrees that the New Build Lease, or leases, as the case may be, will be substantially in the form attached as Schedule D to the Offer to Purchase. Following acceptance of the Purchaser's Proposal, the form of lease shall be amended as necessary to incorporate the terms of the Proposal and to reflect the standard terms and conditions that have been negotiated and mutually agreed to in the lease agreements executed between Jawl Properties Ltd. and SSBC since 2011. All amendments to the form of lease shall be subject to the mutual agreement of the Province and Respondent, each acting reasonably. In the event that the New Build Premises is accommodated in more than one building, there shall be a discrete lease document applicable to the portion of the Premises in each building amended accordingly to reflect any building specific terms and conditions.
- 25. Regulatory Requirements:** The Purchaser acknowledges and agrees that to satisfy government accounting requirements, the Purchaser will be required to disclose to the Province, prior to the completion of the purchase and sale of the Properties, an estimate of all construction and development costs of the New Build Premises, including, but not limited to, hard costs and soft costs but excluding the cost of the land.

Schedule C

Site Plan and Conceptual Design Drawings