

Property Report

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League Assets principals Adam Gant, left, and Emanuel Arruda plan to redevelop a non-descript strip plaza into an asset worth holding on to. DEDEDA STEMLER FOR THE GLOBE AND MAIL

In League with a long-term outlook

Victoria-area strip plaza to get a \$1-billion makeover into a suburban city centre – but it will take 20 years

BY PETER MITHAM

Colwood Corners is an aging, unassuming strip plaza on the fringe of Greater Victoria with an exciting future – but it will take some time to come to full fruition.

Colwood city council gave its final stamp of approval last week for a land rezoning that paves the way for a planned \$1-billion redevelopment of the 13-acre site on the western shore of Vancouver Island. Four single-storey buildings that are now there will be replaced with 11 buildings totalling 3.5 million square feet. City Centre Colwood, as the development will be called, will include new office and residential buildings, a shopping, dining and entertainment district, and substantial underground parking.

Construction is expected to begin early next year but the 20-year timeline for the project means the much-anticipated – and sometimes hotly contested – transformation won't happen overnight.

"If you're looking for instant gratification, you're not going to get it with this project," said Les Bjola, principal of Turner Lane Development Corp. of Victoria. But that's partly why Mr. Bjola partnered with Adam Gant and Emanuel Arruda of Victoria-based League Assets Corp. for the project.

"They understand that it's

not an overnight event, it's a long-term relationship," Mr. Bjola said. "They've got a very solid understanding of how they have to go about it. ... They have done smaller projects that show me they understand it's a work in progress, it's not a one-time thing."

Colwood Plaza marked an evolution for League, however. The company's long-term approach to commercial property investment traditionally has focused on rejuvenating assets through wise management – identifying strategies to improve the use of space and securing tenants willing to pay higher rents at sites that League has remade into desirable destinations.

"We don't like to buy an asset that we'll sell again the next year," said Mr. Gant, chief executive officer of League. "We're looking at ways of creating value and at the end of the day having an asset we can hold on to."

This was the case in Campbell River, a growing community on Vancouver Island where League acquired Tye Plaza in June, 2007, for \$14.25-million. Campbell River's recovery from economic hard times made it an attractive location for Shoppers Drug Mart, which has agreed to develop a 17,000-square-foot store at the shopping centre.

The new construction will make better use of the prop-

erty and add appeal for local shoppers as well, all of which increase the property's value. Current company estimates peg the appreciation at \$5-million by the end of this year.

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Les Bjola,
Turner Lane Development

What makes the Colwood project different is that it moves League from being a mere investor to being a development partner on a project that capitalizes on the growing desirability of Victoria's West Shore among developers.

"Even though we're a REIT, we're actually becoming more of a real estate development finance company than just a straight asset manager," Mr. Gant explained.

The partnership with Mr. Bjola allows League to capitalize on the redevelopment potential of a 14.1-acre site in the heart of an area that's seeing some lift from its proximity to the 1,500-acre Bear Mountain Resort development. The rapid growth at Bear Mountain has

cast adjacent neighbourhoods in a favourable light, Mr. Gant believes, making nearby Colwood a good bet for League.

Founded in 2004, League also applies its long-term approach to the management of IGW Real Estate Investment Trust, a fast-growing private trust that League launched in January, 2007.

Since then, IGW has acquired nearly \$200-million in assets, mostly commercial properties, in British Columbia, Alberta and Ontario.

League, as manager, limits its interest in IGW's properties to a 20-per-cent stake in the appreciation of the properties' value on their sale. This ties the principals' compensation to the performance of the assets within IGW's portfolio.

Marvin Quiring, a resident of Chase, B.C., and an early investor in League's portfolio, said the firm's approach commands a respect he believes not many other real estate investment companies enjoy.

"Their [philosophy] is always based on us getting our money first, and that is totally unique," said Mr. Quiring, a professional counsellor by training who has been active in several businesses and most recently served as a vice-president of Saskatoon-based Cover-All Building Systems Inc.

It's an approach Mr. Gant and Mr. Arruda didn't learn in business school.

Raised in Kelowna, B.C., Mr. Gant studied engineering at the University of British Columbia and was a competitive rower, representing Canada at the under-23 world rowing championships in Italy in 2002.

Mr. Arruda studied science at the University of Toronto and, after graduating, ran his own international marketing firm for 10 years.

Both men resist further prodding about their backgrounds, preferring a low profile (disclosing not even their ages) and letting League's performance speak for itself. When a Victoria newspaper wanted to recognize them among the city's rising business leaders, they declined because the profile would have been more about themselves than about League.

But their principled approach to investing and savvy about what investors are looking for – and how to deliver it – bodes well for their future, Mr. Quiring said, especially because they aren't afraid to seek outside help or partnerships, such as the one with Mr. Bjola, to achieve their goals.

"Why they're going to continue to be successful is they don't feel they've got all the answers," Mr. Quiring said. "These guys are not proud. They're not beyond asking: 'What do you think?'"

Special to The Globe and Mail

Realty stock mon

Biggest one-week gain
 May 30 V close c

Dundee REIT \$33.59 +
 Amica Mature Lifestyles \$6.84 +

Biggest one-week decline
 Morguard REIT \$13.20 -

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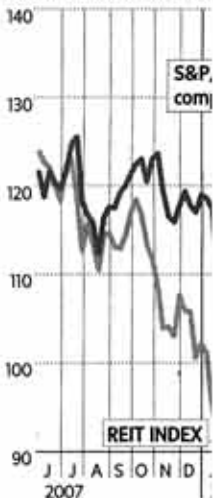
REIT watch*
 May 30 close

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 Calloway \$21.08
 CAP \$17.17
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 Cominar \$20.84
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 Crombie \$11.20
 Dundee \$33.59
 Extencicare \$9.74 +
 H&R \$19.70
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 Huntingdon \$2.09 +
 InnVest \$9.95 +
 InterRent \$2.65
 InStorage \$4.76 +
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 Morguard \$13.20
 Northern Property \$23.80
 Primaris \$17.50
 Retrocom Mid-Mkt \$4.45 +
 RioCan \$21.36
 Royal Host \$6.61 +
 Scott's \$6.00 +
 Whiterock \$10.70 +

* All REIT unit values and calculations are on a fully paid-up basis.

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