

Strata Property Act
SECTION 59 (Form B) INFORMATION CERTIFICATE

The Owners of Strata Plan BCS1265, certify that the information contained in this certificate with respect to Strata Lot 17 #209 - 2828 Yew Street VANCOUVER, BC is correct as of the date of this certificate.

(a)	Monthly Strata Fees payable by the Owner of the strata lot described above	\$400.25
(b)	Any amount owing to the Strata Corporation by the Owner of the strata lot described above (other than an amount paid into court, or to the Strata Corporation in trust under Section 114 of the Strata Property Act)	\$24.85
(c)	<p>Are there any agreements under which the Owner of the strata lot described above takes responsibility for expenses relating to alterations to the strata lot, the common property or the common assets?</p> <p style="text-align: center;">Not to the Best of Our Knowledge</p> <p>Since records may be unavailable or incomplete, purchaser should check bylaws, rules, and other documents registered at Land Titles Office and request the seller to disclose any applicable agreements</p>	
(d)	Any amount that the Owner of the strata lot described above is obligated to pay in the future for a Special Levy that has already been approved	\$0.00
(e)	<p>Any amount by which the expenses of the Strata Corporation for the current fiscal year are expected to exceed the expenses budgeted for the fiscal year.</p> <p style="text-align: center;">Final expenses may not be determined until the conclusion of the fiscal year</p> <p style="text-align: right;">\$0.00</p>	
(f)	Amount in the Contingency Reserve Fund minus any expenditures which have already been approved but not yet taken from the fund. This figure may not include emergency expenditures approved by the Strata Council.	\$126011.35
(g)	<p>Are there any amendments to the Bylaws that are not yet filed in the Land Title office?</p> <p style="text-align: center;">NO - Not to the best of our knowledge</p>	
(h)	<p>Are there any Resolutions passed by a ¾ vote or unanimous vote that are required to be filed in the Land Title office but that have not yet been filed in the Land Title office?</p> <p style="text-align: center;">NO - not to the best of our knowledge</p>	
(i)	<p>Has notice been given for any Resolutions, requiring a ¾ vote or unanimous vote?</p> <p style="text-align: center;">NO - Not to the best of our knowledge</p>	
(j)	<p>Is the Strata Corporation party to any court proceeding or arbitration, and/or are there any judgments or orders against the Strata Corporation?</p> <p style="text-align: center;">NO - Not to the best of our knowledge</p>	
(k)	<p>Have any notices or work orders been received by the Strata Corporation that remain outstanding for the strata lot, the common property or the common assets?</p> <p style="text-align: center;">NO - Not to the best of our knowledge</p>	
(l)	<p>Number of strata lots in the Strata Plan that are rented.</p> <p>This figure is to the best of our knowledge as reported to us.</p>	10
(m)	<p>Are there any parking stall(s) allocated to the strata lot?</p> <p>Yes -Stall is limited common property Stall(s):21, 22</p>	

Details:

(n) Are there any storage locker(s) allocated to the strata lot?

Yes -Locker is limited common property Locker(s):19

Details:

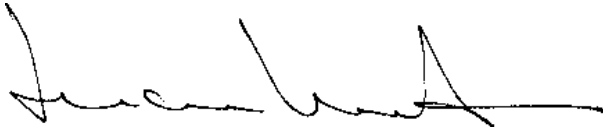
***Note: The allocation of a storage locker that is common property may be limited as short term exclusive use subject to section 76 of the *Strata Property Act*, or otherwise, and may therefore be subject to change in the future.**

Required Attachments

In addition to attachments mentioned above, section 59(4) of the Strata Property Act requires that copies of the following must be attached to this Information Certificate:

- The rules of the strata corporation;
- The current budget of the strata corporation;
- The owner developer's Rental Disclosure Statement under section 139, if any; and
- The most recent depreciation report, if any, obtained by the strata corporation under section 94.

Date: June 16, 2015



Signature of Strata Manager, if authorized by Strata Corporation

308 - 788 Beatty Street
Vancouver, BC, V6B 2M1
Tel: 604-221-8258
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Strata BCS 1265 Bel Air Depreciation Report

Presented to:

The Owners, Strata BCS 1265
Bel Air
2828 Yew Street
Vancouver, BC, V6K 4W5

c/o Mr. Lucian Naita, Property
Manager

Baywest Management Corporation
301-1195 West Broadway
Vancouver, BC, V6H 3X5

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March 25, 2014

The Owners, Strata BCS 1265

Bel Air
2828 Yew Street
Vancouver, BC, V6K 4W5

c/o Mr. Lucian Naita, Property Manager
Baywest Management Corporation
301-1195 West Broadway
Vancouver, BC, V6H 3X5

Thank you for the opportunity to produce your Strata's Depreciation Report (the "Report" or "DR"). The Report was prepared at the request of Strata BCS 1265—Bel Air ("Strata") or its representative, on behalf of the Owners.

The purpose of the Report is to help the Strata make informed decisions about managing the renewal of common property assets. The Report describes the reserve fund concepts and major reserve fund items. It provides current and future replacement costs and provides alternative funding plans. The financial model is a complex document and should be reviewed in detail and within the context of this report. A list of definitions is included in the appendices.

A draft financial model report was presented to members of the Strata Council and updates were made based on the feedback provided.

We recommend that a review of the Reserve Fund capital spending, income and funding assumptions be carried out annually by the Strata Corporation to monitor the Reserve Fund balance at or near the time of the Annual Budget meetings.

As the physical and financial state of the commonly owned assets change, the Report will require updating. We recommend that a new Report be carried out every 3 years as per the Strata Property Act. Normac Appraisals Ltd. ("Normac") would be pleased to continue as your provider in the future.

We appreciate the opportunity to prepare this report for you.

Respectfully submitted,

A handwritten signature in black ink that reads "Normac" followed by a horizontal line and "LTD." to the right.

NORMAC APPRAISALS LTD.

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1.0 INTRODUCTION

Normac Appraisals Ltd was retained by the owners of the Strata or their representative to prepare a Depreciation Report. The Strata constructed circa 2005, consists of thirty-five (35) suites, concrete underground parkade, and various site improvements.

The purpose of the Report is to help the Strata make informed decisions about managing the renewal of common property assets. We inspected the complex, discussed the complex with a representative of the owners and reviewed the documents made available to us. From these interviews, documents and visual review we prepared this report. A list of definitions is included in the appendices.

The report is prepared to meet the requirements of the BC legislation and follows established Reserve Fund Planning Standards of the Real Estate Institute of Canada that exceed the regulatory requirements. These standards, presented throughout this Report, consist of investigations, analyses and calculations that provide realistic and supportable reserve fund estimates.

This report outlines our review of the common assets and our estimates of the assets' life-cycle as well as the cost to replace these assets. As the common assets change and age, the Report will require updating.

1.1 STRATA OVERVIEW

All building components are subject to physical deterioration as a result of exposure to elements, general usage, impact damage, or due to technological advancements. This deterioration results in the requirement for maintenance and/or renewal strategies over time.

This report identifies the common asset components and assesses their quality, normal life span, and present condition. To further help with planning a time schedule for repairs and/or replacement is presented.

The property assets are considered to be in good condition overall. In preparing this report we noted that the Strata takes great pride in the property and is quite active in its management and maintenance. The table below provides a summary of the key property information

Property Overview	
Strata type	Residential
Usage	Residential Apartments
Date of construction	2005
Number of buildings	1
Number of strata lots	35
Number of stories above grade	4
Total site area (square feet)	18,700
Combined building area with garages/parkade (square feet)	61,140

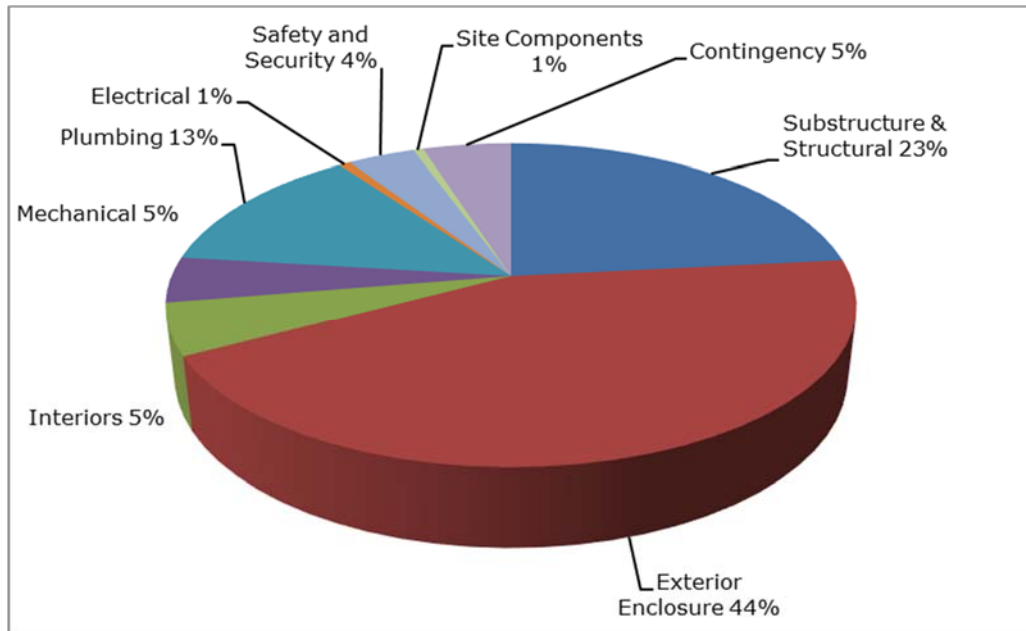
1.2 MAJOR RENEWAL AND REPAIR PLANNING

It is estimated that over the next 30 years, there will need to be an investment in renewing assets. Estimated costs have been calculated using cost guides, contractor quotations, historical repair costs, and our own programs and databases. The breakdown of estimated expenditures by major component is listed below.

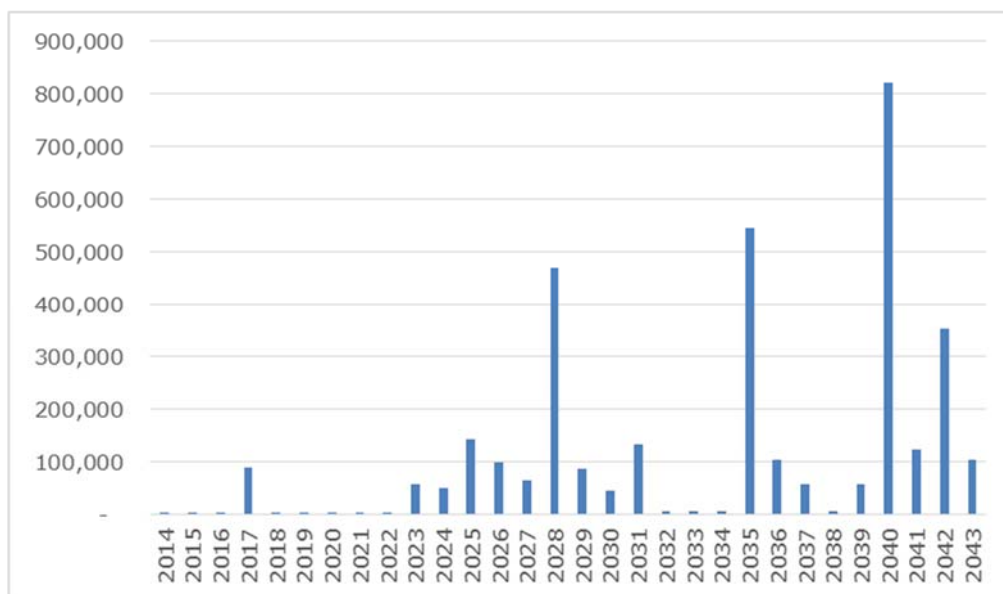
Major Expenditures	Replacement Costs in Current \$
Substructure and Structural	413,800
Exterior Enclosure	706,700
Interiors	69,700
Mechanical	95,000
Plumbing	206,600
Electrical	15,000
Safety and Security	48,200
Site Components	13,900
Contingency	3,500
	1,572,400

□ Note that the above expenditures are based on first occurrences only

The graph below shows the breakdown of expenditures by major component type over 30 years.



The chart below shows the value of expenditures by year



1.3 FINANCIAL REVIEW

A key part of preparing a Depreciation Report is the financial planning and review. We reviewed the documents available to determine the starting position of the Strata’s operating and renewal planning and historical expenditures.

Below are key financial figures that form the starting point for the financial model.

Financial Overview	
Last complete fiscal year end	May 31, 2013
Budgeted total strata fees	\$ 130,307
Budgeted fees for operating expenses/maintenance	\$ 110,307
Average maintenance fees per unit per month	\$ 263
Budgeted fees for contingency reserve fund contributions	\$ 20,000
Average CRF fees per unit per month	\$ 48
Reserve balance at end of last fiscal year	\$ 121,324
Material threshold	\$ 5,515

1.4 BENCHMARK

After physically reviewing the components, reviewing the documents, assessing the lifespan of the components a Benchmark Analysis was prepared. The Benchmark Analysis shows the reserve components, including the life cycle analysis and the cost estimates on a single spreadsheet. The Benchmark Analysis can be found in Section 6.0 of the report.

The estimates represent the optimum reserve fund contributions without regard to the current financial position of the Strata Corporation or the current reserve fund contributions by unit owners. Actual costs may vary depending on the time of tendering, the scope of work and the economic climate. However costs used assume quality construction and current standards.

A summary of the Benchmark Analysis figures is shown below:

Summary Benchmark Analysis Data	
Current replacement costs	\$ 1,572,400
Future replacement costs	\$ 2,876,280
Current reserve fund requirements	\$ 410,082
Future reserve fund accumulation	\$ 582,537
Future reserve fund requirements	\$ 2,297,243
Annual optimal reserve fund contributions	\$ 103,197
Average annual optimal reserve contribution per month per unit	\$ 246
Interest rate	2%
Inflation rate	3%

1.5 FUNDING OPTIONS

After reviewing the components, estimating costs and renewal dates for major building components, three funding scenarios are developed and presented. These variations of funding can help the Strata make informed decisions about funding levels, timing of funding, and different types of funding.

We noted that the Strata is currently meeting the statutory minimum balance required under the legislation. However the current legislation does not optimally determine the amount of funding required to maintain and renew assets in an optimal condition or present methods to avoid, minimize or plan for special levies.

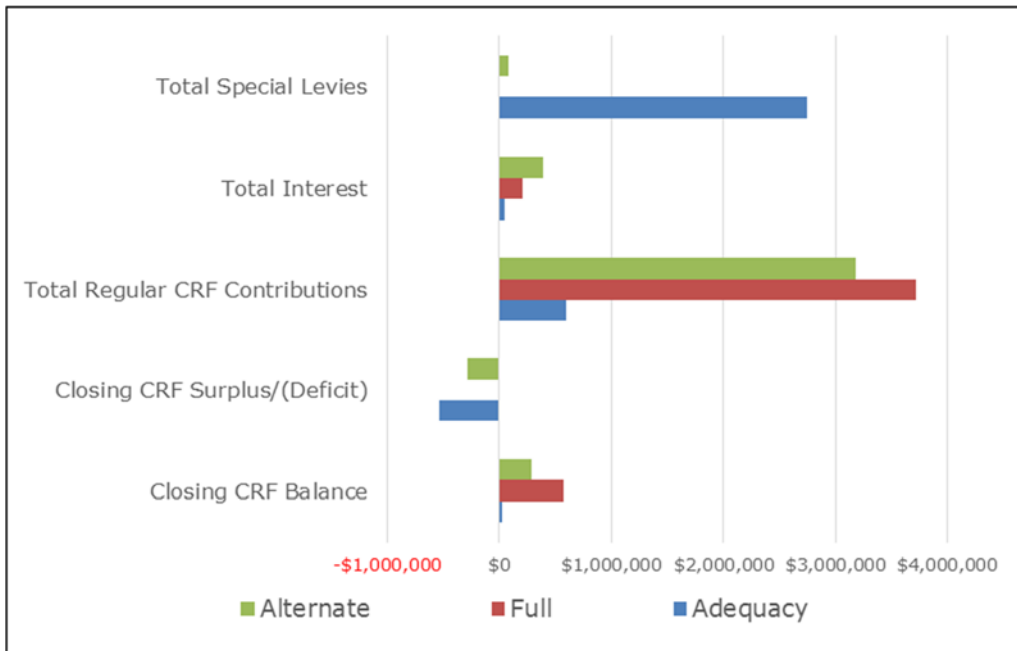
The three funding scenarios presented are described in more detail starting in Sections 8 & 10 but can be summarized as follows.

- **Adequacy**—this is a minimally funded model. The bottom line for this funding model is that sufficient funds are available for expenditures just as needed but no more.
- **Full Funding**—as the name describes this is a maximum funding model. Monthly Contingency Reserve Fund fees are increased early with minimal special levies.
- **Alternate Funding**—this funding model is a hybrid between the minimum and fully funded models. Monthly contributions are increased over time with a varying amount of special levies.

There are many different variations of funding that can be prepared. The table below shows a summary of the three funding options presented.

	Funding Type		
	Adequacy	Full	Alternate
Average annual CRF contributions	\$ 20,000	\$ 123,953	\$ 105,993
Average CRF contributions per month per unit	\$ 48	\$ 295	\$ 252
Average annual special levies	\$ 91,400	\$ -	\$ 2,500
Average annual special levies per month per unit	\$ 218	\$ -	\$ 6
Average CRF and special levies per month per unit	\$ 265	\$ 295	\$ 258
Percent of full funding value	5%	100%	50%

The graph below shows a summary of the results of the three funding options, over 30 years.



2.0 RECOMMENDATIONS

Due to its past performance, the reserve fund for the Strata, with proper funding, will be in a good position.

Normac's recommendations, set out below and detailed in this report, will assist the Strata to achieve and maintain an appropriate reserve fund. The sufficiency of a reserve fund not only requires the test of an estimated fully funded reserve fund, but also requires a test as to sufficient cash resources to fund all potential repairs and replacements, including unforeseen events and contingencies. Therefore, a reserve fund deficiency or shortfall does not automatically mean that the reserve fund is not sufficient.

In our opinion, the current reserve fund balance, recommended annual contributions and earned investment income will sufficiently fund immediate and future reserve fund expenditures.

1. The Strata should continue to review and execute a long-term contingency reserve fund strategy.
2. Major repairs and replacements should continue to be recorded in, and funded from, a separate reserve fund account.
3. The reserve fund should be fully invested in guaranteed securities, yielding at least 2.0% per annum.
4. The Strata Corporation should make such expenditures as necessary to maintain the property in optimum condition.
5. If not done so already the Strata may wish to consider forming a sub-committee to the Strata Council for contingency reserve fund planning.
6. The Reserve Fund should be reviewed every year to ensure that the underlying assumptions are still valid and that the estimates remain current.
7. The Strata should update the Depreciation Report Plan every three (3) years.
8. Estimates from contractors should be obtained for repairs within 1-2 years of the component's expected major repair or replacement.
9. Approval for Reserve Fund spending is required. The accumulated funds in the Reserve Fund are available for any major repairs or replacements of a common asset, so long as prior Strata Corporation approval has been granted.

The Strata Property Act provides that the Strata Corporation prepares their own plan for future funding of the contingency reserve fund and that the Strata is not bound by the recommendations of the reserve fund planner. Subject to the requirements set out in the Strata Property Regulation, the Strata must determine the amount of the annual contribution to the contingency reserve fund.

3.0 CERTIFICATION

We hereby certify that we are prescribed persons empowered to conduct Depreciation Reports, as stipulated in Section 94 of the Strata Property Act, Revision 2009 and that Aaron Wittstock personally reviewed the property on February 18, 2014, and that they personally examined the building plans and/or documents as identified herein. To the best of our knowledge and belief, the information and data used herein are true and correct.

The Depreciation Report Plan was prepared in conformity with the Reserve Fund Study Standards, published by the Real Estate Institute of Canada, and it complies with the Strata Property Act 1998, Regulation 238/2011 (please refer to Appendix—C).

We have no interest, present or prospective, in the property or its management. Neither the employment to prepare this Depreciation Report Plan nor the compensation is contingent on the amount of the Reserve Fund estimates reported. We confirm that we are qualified persons under the Strata Act. Moreover, we are solely responsible for the Reserve Fund estimates reported herein. Those signing the report are covered by the Errors & Omissions Insurance of Normac.



Cameron Carter, B.Comm., RIBC, CRP | President



Gina Arsens, CA, CBV, CRP | Vice President



Aaron Wittstock, BBA, PGCV, CRP | Insurance Appraiser and Depreciation Report Planner

4.0 DEPRECIATION REPORT PROCESS

PURPOSE AND METHODOLOGY

A Depreciation Report is a financial planning tool used to establish long term planning for common property and common assets—and to establish a Contingency Reserve Fund (“CRF”) schedule for these assets.

The Report provides the following elements:

1. it identifies the common reserve components and assesses their quality, normal life span, and present condition;
2. it estimates the remaining serviceable years for each of the common reserve components and proposes a time schedule for repairs and/or replacement;
3. it provides current replacement cost estimates including the cost of removing worn-out items and special safety provisions;
4. it projects the future value of current replacement costs at an appropriate and compounded inflation rate;
5. it projects the future value of current reserve funds compounded at a long term interest rate;
6. it calculates current reserve fund contributions required, along with investment interest projected, in order to fund future reserve fund expenditures.

The Depreciation Report is a practical guide to assist the Strata Council in planning budgets, maintenance programs, and major repairs and replacements of assets.

REPORT ASSUMPTIONS

The Report is not intended to accurately predict the failure of building systems. The scheduling provided for capital projects is based on a number of factors—both technical and non-technical in nature—which may be interdependent with other work. The actual year during which the various items of work are carried out will depend on a number of factors that may not exist or be apparent at the time the Report was prepared.

Reviews in the Report are based on random sampling and a visual review of the surface conditions. Estimating reserves for major structural repairs, major mechanical components such as sewage, or common components not visible, are difficult to predict or quantify. As a result, the report provides estimates for these components.

This Report covers common expenses that usually occur less often than once a year or that do not usually occur. Expenses that usually recur are assumed to be covered by the Operating Fund and are not included in this report. There is also a material threshold test for common reserve expenses which is the greater of \$5,000 or 5% of the current operating budget. Items less than the material threshold are not included in the financial model for practical purposes. In some cases, an aggregate for an asset will be included in the report even though the individual components that form the assets have a replacement cost of less than the material threshold.

Reserve fund estimates have been prepared without regard to the current financial position of the Strata Corporation or the current reserve fund contributions by unit owners, and as such, they represent the optimum reserve fund operation, which assumes that the Strata Corporation has continuously assessed adequate reserve funding from the beginning.

NORMAC PLANNING STANDARDS

Regulation 238/2011 under the Strata Property Act, 1998, requires that a Depreciation Report Plan consist of a physical analysis of the building components and a financial analysis of the Strata's Contingency Reserve Fund (please refer to Appendix—C).

Normac Appraisals Ltd. follows established Reserve Fund Planning Standards of the Real Estate Institute of Canada that exceed the regulatory requirements and are now recognized and emulated across Canada. These standards, presented throughout this Report, consist of investigations, analyses and calculations that provide realistic and supportable reserve fund estimates.

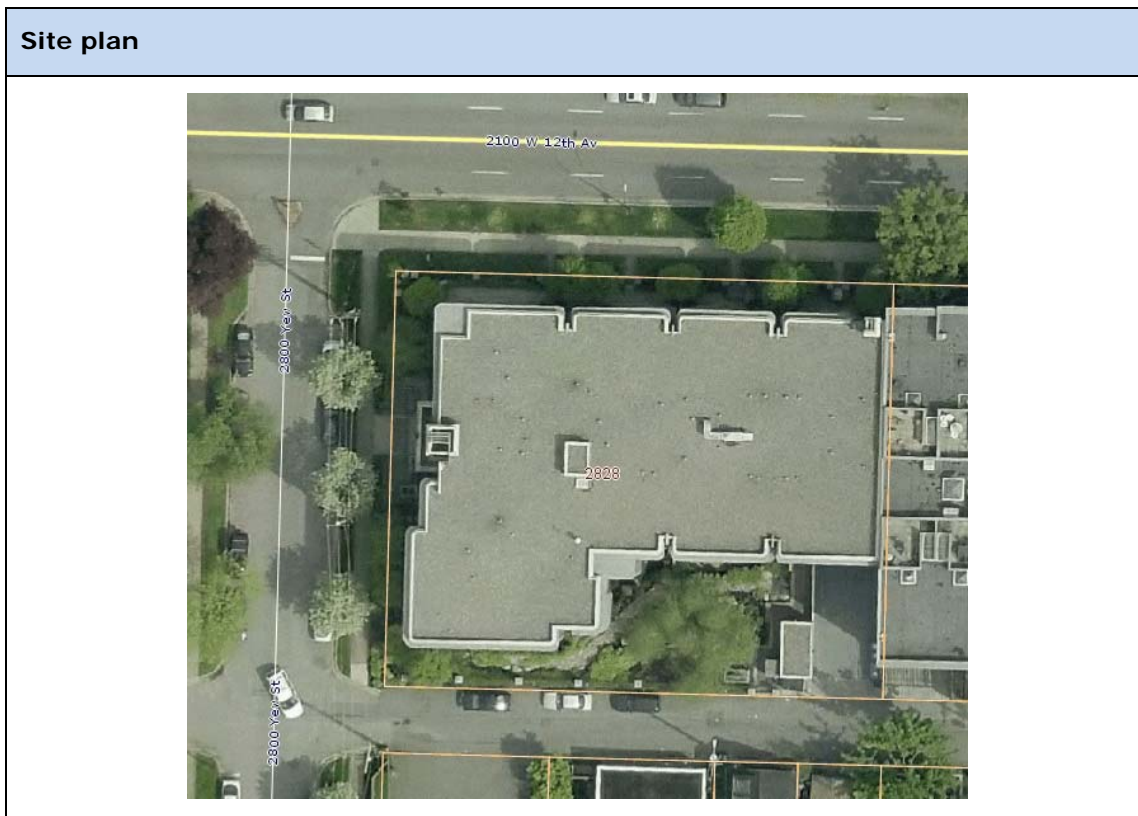
REVIEW OF RECORDS

Our review and analysis of the Strata's common assets is based on our visual review, the complex's data as well as on a review of the documents the Strata or its representative provided to Normac. These records may include:


- 1. Strata Plans and Architectural Drawings
- 2. Financial Records
- 3. Maintenance records
- 4. Past remediation work performed
- 5. Insurance appraisals
- 6. Bylaws

PROPERTY DESCRIPTION AND BUILDING COMPONENTS

The Strata, constructed circa 2005, consists of thirty-five (35) suites, concrete underground parkade, and various site improvements.



4.1 SUBSTRUCTURE & STRUCTURAL COMPONENTS

S 1 – Foundation & Structure		
Year Installed	2005	Description: The main structure of the building consists of cast-in-place concrete framing including columns, beams and suspended floor slabs. The interior walls have steel studs. The structure is supported on a reinforced cast-in-place concrete foundation. The parkade is primarily located below the footprint of the building. The perimeter foundation walls are likely protected with a damp-proofing or waterproofing membrane to mitigate water ingress. The footings are likely cast-in-place strip footings at foundation walls and concrete pad footings at columns. The flooring at the lowest level of the parkade consists of a reinforced concrete slab on grade with catch basins for drainage.
Expected Life Span	80+	
Observed Condition	8	
Repair or Replace	10	
		
<p>Financial Review: We understand that the foundation is part of the original construction. We are not aware of any replacements or significant repairs to this component.</p>		
<p>Visual Review: The concrete-framed structure of the building is typically concealed by exterior coatings and interior finishes. Portions of the foundation walls that extended above grade appeared to be protected with a damp-proofing or waterproofing membrane. The interior side of the foundation walls, viewed from within the parkade, are painted white and parking space numbers and lines are painted on the surface of the slab-on-grade. From the interior of the parkade, where checked, we did not note any serious cracking or other areas of concern beyond typical settling and one small isolated section in a stairwell that was pointed out to us by a Strata council member which will likely be addressed under general building maintenance.</p>		
<p>Recommendations: The foundation and structure can deteriorate due to several factors such as hydrostatic pressure, seismic activity, or water infiltration through the cracks in foundation walls and exterior wall cladding, as well as typical building settlement. Foundation walls located below grade are susceptible to leaks if cracks form along the walls allowing moisture to penetrate into the parkade area. Structural components typically last the life of the building, so full replacements have not been considered in this Report. However, there is potential for failure of some of the waterproofing.</p> <p>To mitigate water penetration, in the plan we have included an allowance for isolated concrete repairs to perimeter foundation walls below grade, starting in the year 2023 and every 20 years thereafter. Typically these repairs include the injection of waterproofing materials into cracks along the concrete foundation walls as well as concrete repairs.</p>		

S 2 — Parkade Roof Deck

Year Installed	2005	Description: There is a single storey parking garage located below the footprint of the building. The parkade has a reinforced suspended concrete roof slab that supports the above grade concrete superstructure of the building. Portions of the roof slab, extend beyond the exterior wall framing of the building creating a buried roof deck that is protected with a waterproofing membrane below hard and soft landscaping materials. Drainage at the suspended slabs is accomplished with internal bi-level roof drains.
Expected Life Span	20-30	
Observed Condition	8	
Repair or Replace	17 & 22	




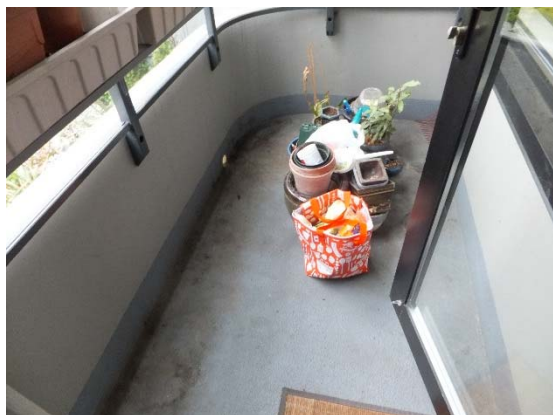
Financial Review: We understand that the parkade roof deck is part of the original construction. We are not aware of any replacements or significant repairs to this component.


Visual Review: The condition and visual review of the membrane of the buried parkade roof deck could not be determined due to the presence of overburden materials and landscaping. Our review was limited to the soffit (underside) of the suspended roof slab from within the parkade.

There were no noted areas of excessive cracking or active leaking through the foundation walls or soffit of the roof slab, where checked.


Recommendations: The reinforced concrete structure of the parkade is susceptible to typical deterioration that might be quickened due to prolonged exposure to excessive moisture and/or de-icing salts. If these substances come in contact with the reinforcing steel within the slabs it can potentially lead to oxidization of the steel and detachment from the concrete surrounding it. Periodic concrete repairs and replacement of the membrane on the surface of the roof deck are required to keep the structure protected.

We have included costs for re-waterproofing the buried roof deck including removal and replacement of the overburden materials in the year 2035 on a 25 year cycle. The plan also allows for isolated repair projects to address water ingress through the garage roof deck slab to occur on a 25 year cycle starting in 17 years. The repairs should involve removal and replacement of isolated areas of the waterproofing membrane on the garage roof deck, concrete repairs and routing and sealing of cracks in areas of concern where leakage may be evident. Periodic injection of waterproofing material into leaking cracks at the soffit of the exposed parkade roof deck can also be completed to mitigate water infiltration. These injections may assist in deferring replacement of the waterproofing membrane, but are not a permanent solution. These injections have been excluded from the Report because they are assumed to occur on an as needed basis at a cost below the Report threshold and will therefore likely be funded from the annual operating budget.

S 3 — Balconies		
Year Installed	2005	Description: Balcony assemblies consist of cantilevered extensions of the reinforced concrete floor slab that extend past the exterior walls. The top surfaces of the slabs are finished with an elastomeric membrane with a granular embedded top coat. The balcony slabs are sloped to the outer edges for drainage. The soffits and slab edges of the balconies are painted with an elastomeric paint finish.
Expected Life Span	20	
Observed Condition	8	
Repair or Replace	12	
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<p>Financial Review: We understand that the balconies are part of the original construction. We are not aware of any replacements or significant repairs to this component.</p>		
<p>Visual Review: We reviewed the balconies from grade, the roof level and the accessed suites and have assumed that all sections throughout the building are similar to the ones observed. We noted no significant cracking or deterioration of the membrane on the surface of the reviewed balconies, where checked.</p>		
<p>Recommendations: Over time and with exposure to weather and Ultra-violet (UV) rays the elastomeric membrane coating the surface of the balcony floors will start to deteriorate and fail. Cracks may also form along the concrete allowing for moisture ingress resulting in deterioration of the concrete similar to that described in the sections S1 and S2 of this report.</p> <p>The plan allows reapplication of the balcony surface coat plus allowances for localized repair to the concrete balcony slabs to occur every 20 years with the first occurrence starting in the year 2025. The repair costs also include allowances for concrete repairs, routing and sealing of cracks and installation of a new elastomeric waterproofing membrane.</p> <p>We recommend that the Strata perform annual inspections of the balconies to monitor their condition and ensure that there are no safety concerns.</p>		

S 4 – Balcony Guards		
Year Installed	2005	Description: The balconies have two different guard styles. One type is a full height, surface-mounted metal post and handrail assembly with safety glass inserts and the other type consists of shorter, side-mounted metal assemblies attached to concrete pony walls.
Expected Life Span	20-30	
Observed Condition	8	
Repair or Replace	12	
		
<p>Financial Review: We understand that the balcony guards are part of the original construction. We are not aware of any replacements or significant repairs to this component.</p>		
<p>Visual Review: We reviewed the balconies from grade, the roof level and the accessed suites and have assumed that all sections throughout the building are similar to the ones observed.</p> <p>We only performed a visual review of the assemblies and did not perform any physical testing as it was not in our scope. Where checked, guards appeared to be intact and secured.</p>		
<p>Recommendations: Aluminum guard assemblies have a typical life expectancy of 20-30 years. Some guards wear quicker than others due to a number of potential factors such as different exposures to external elements and fluctuating wear-and-tear based on different uses.</p> <p>The plan allows for removal and replacement of approximately 50% of the aluminum guards to occur in correspondence with every balcony repair project. The first instance of the guard replacement is planned to commence in the year 2025 and then every 20 years thereafter.</p> <p>We recommend that along with the annual inspection of the balcony assemblies the Strata take note and monitor the condition of the guards as well.</p>		

4.2 EXTERIOR ENCLOSURE COMPONENTS

EE 1 – Flat Roofing		
Year Installed	2005	Description: The flat roof is comprised of an inverted roof membrane which according to the building plans has gravel ballast, 2-ply waterproofing membrane, rigid insulation, and protection board all atop the sloped concrete roof slab. Drainage is accomplished at all roof areas via internal roof drains with metal grate covers and overflow scuppers along the perimeter parapet walls. Prefinished metal flashing is installed at roof perimeters and upturns.
Expected Life Span	20-25	
Observed Condition	8	
Repair or Replace	15	
		
<p>Financial Review: We understand that the flat roofing is part of the original construction. We are not aware of any replacements or significant repairs to this component although our review of the Strata documents detailed a few minor repair projects that have occurred sporadically since the building's construction.</p>		
<p>Visual Review: As stated in the description, our understanding of the roofing materials used is based heavily on the information provided by the building plans. We did not perform any tests to confirm the layers of roofing materials beneath the overburden gravel ballast. Where observed, we did not note any obvious signs of blistering or ridging along the parapet walls and there were no obvious signs of pooling or obvious damage along the flat sections.</p>		
<p>Recommendations: Flat roofing with inverted membranes have a typical life expectancy of 20 to 25 years. Failure of these assemblies can occur due to many factors such as poor installation, excessive ponding, or loss and/or movement of gravel ballast exposing the membrane to external elements like UV rays.</p> <p>The plan allows for replacement of the flat roof area in 15 years on a 20 year cycle. Additionally, we recommend the Strata perform or have a roofing contractor perform periodic, perhaps annual, inspections of all roofing types and complete any necessary maintenance and repairs to mitigate premature failures.</p>		

EE 2 — Exterior Walls - Paint & Sealants

Year Installed	2005	Description: According to the building plans provided, exterior walls consist of cast-in-place concrete walls with paint applied throughout with sealants adhered around doors and windows and at transitional joints.
Expected Life Span	10-12	
Observed Condition	8	
Repair or Replace	4	



Financial Review: We understand that the exterior walls and cladding are part of the original construction. We are not aware of any replacements or significant repairs to this component.

Visual Review: From our visual review, from grade and the accessed balconies, there did not appear to be any obvious signs of deterioration or delamination of the concrete along the exterior surface of the walls, where checked.

The walls appeared to be painted throughout and where checked the sealants at windows and transitional joints seemed to be adequately applied and still reasonably flexible.

Recommendations: Regular wall maintenance including cleaning and sealing will generally assist in mitigating premature deterioration and failure of the exterior cladding concrete walls. The coating will assist in mitigating water penetration at the exterior walls. Over time with weathering and aging the coating and sealants will begin to crack and break down requiring eventual replacement.

The plan allows for recoating the walls and replacement of the sealants to occur in 4 years and then every 12 years thereafter.

EE 3 — Windows & Balcony Doors		
Year Installed	2005	Description: The windows and balcony entry doors both consist of double-glazed aluminum-framed units. There are an assortment of fixed and operable style window assemblies along with sliding and pivoting door assemblies. Window units are typically inset within the concrete walls with metal flashing at the head and foot of each window unit. Weep holes are provided at the base of the windows to allow for drainage. Window and door assemblies at the main entrances are discussed in the Exterior Doors section of this Report.
Expected Life Span	30-40	
Observed Condition	8	
Repair or Replace	27	



Financial Review: We understand that the windows and sliding doors are part of the original construction. We are not aware of any replacements or significant repairs to this component.

Visual Review: From our visual review from grade and the accessed common areas we did not observe any major defects such as fogging or condensation between the glazing units. We did not conduct any performance tests on the operable window or door units but we have assumed that they are generally in good working condition based on the age of the building and the absence of any issues or complaints relayed to us.

Recommendations: Aluminum window frame assemblies typically have a life expectancy of 30-40 years. As the systems age and with exposure to the wet BC climate, seals may fail causing condensation and fogging between the glazing panes. Operable windows are susceptible to premature frame twisting as well as damaged or broken hardware and hinges. Over time the weather-stripping can become brittle and start to deteriorate.

We assume that periodic replacement of some windows will occur prior to full replacement of the window assemblies but they are assumed to be addressed on an as needed basis out of the operating budget. At the end of their expected life, the plan includes a replacement of the framed windows assemblies in 27 years and then every 35 years thereafter.

EE 4 – Exterior Doors		
Year Installed	2005	Description: The window and door assembly at the main entrance to the building consists of double-glazed aluminum-framed fixed window sections with an aluminum-framed glass door. Exterior service or secondary entrance doors are painted hollow core metal doors in metal frames. The garage is accessed by a prefinished aluminum sectional automatic overhead door.
Expected Life Span	20-30	
Observed Condition	8	
Repair or Replace	17	



Financial Review: We understand that the exterior doors are part of the original construction. We are not aware of any replacements or significant repairs to this component.

Visual Review: We are not aware of any performance issues with the exterior door assemblies. They are generally located in sheltered areas protecting them from most elements. Where checked, the doors operated smoothly.

Recommendations: Exterior doors of these types typically have a life expectancy of 20-30 years. Since the exterior doors at this property are generally sheltered we have assumed that replacement will be required in the later part of the life expectancy.

The plan allows for the replacement of the balcony entry doors to occur in 27 years on a 35 year cycle. Costs for their replacement are included in the Window Replacement project.

Replacement of the main entrance and overhead garage door is planned for in 17 years on a 25 year cycle.

Service room doors, such as electrical closets, are assumed to be replaced on an as needed basis at a cost less than the report threshold and have been excluded from the report.

4.3 INTERIOR COMPONENTS

I 1 – Lobby		
Year Installed	2005	Description: The main entrance lobby of the building is finished with tile flooring along with painted drywall ceilings and walls. There is a decorative panel and mirror section to one side. Lighting is accomplished via various fixtures and there is a mailbox area located at the opposite end of the lobby from the main entrance.
Expected Life Span	15-25	
Observed Condition	8	
Repair or Replace	4 & 13	



Financial Review: We understand that the lobby was finished as part of the original construction. We are not aware of any replacements or significant repairs to this component.

Visual Review: We noted no major damage to the interior finishes within the lobby areas. Generally the floor tiles are level, where checked. We also noted the light fixtures to be consistent and in working order. The lobby interior finishes appear to be in good condition, consistent with their age.

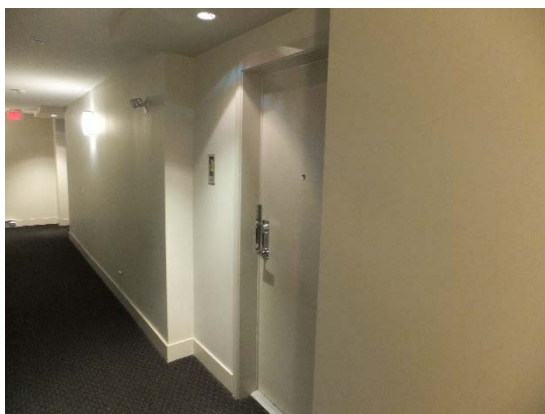
Recommendations: Lobbies experience higher foot traffic than any other location in the building. Furniture is also likely to be moved through the lobby. As a result, walls and floors often suffer faster deterioration.

We recommend continued maintenance of the lobby as existing practices are ensuring the longevity of these assets. As there is potential of failure or damages to some of the lobby components, or perhaps a future desire to change some of the components for aesthetic reasons, we have included an allowance in the report.

We have reserved for an allowance for the lobby painting in 2017 on a 10 year cycle and the flooring in 2026 on a 20 year cycle.

I 2 – Corridors & Stairwells

Year Installed	2005	Description: The corridors are finished with carpeted flooring and painted drywall for the walls and ceilings. Suite entrance and service closet doors are painted solid units in steel frames with standard locks and hardware. Lighting throughout the corridors is accomplished with a mixture of wall- and ceiling-mounted fixtures with standard bulbs. The stairwells consist of both painted and unpainted concrete walls, floors, and ceilings with metal handrails and fluorescent lights.
Expected Life Span	15-25	
Observed Condition	8	
Repair or Replace	4 & 13	



Financial Review: We understand that the corridors and stairwells were finished as part of the original construction. We are not aware of any replacements or significant repairs to this component.

Visual Review: We noted no major damage to the interior finishes within the corridors or stairwells. Any minor scuffs noted were attributed to owner/tenant moving of furniture or similar items but were not deemed to be serious or concerning.



Generally the carpeting was intact and all painted areas appeared to be clean and largely free of any noticeable damage. The light fixtures appear to be consistent and in working order. Overall the corridor and stairwell interior finishes appear to be in good condition.

Recommendations: Corridors and stairwells can be susceptible to damage caused by high traffic of people and furniture moving in and out. Items such as the floors and walls are the most at risk of being scraped or damaged and they should be routinely reviewed by the Strata to ensure that small issues do not escalate.

We have reserved for an allowance for the corridor and stairwell painting in 2017 on a 10 year cycle and the flooring in 2026 on a 20 year cycle.


We assume that the service life of suite entry doors and hardware to vary, but do not predict full replacement of all doors within the next 30 year term. The plan allows for replacement of 10% of the doors to occur with each cycle. Any replacement of individual fire-rated door assemblies within the corridors and stairs and periodic refurbishment of finishes within service and storage rooms are assumed to be an operating expense.

4.4 MECHANICAL COMPONENTS

M 1 – Elevator		
Year Installed	2005	Description: The building has a single hydraulic cylinder elevator that services all levels. The elevator is manufactured by Richmond Elevator Maintenance Ltd. The elevator room is located in the parkade level of the building and it houses the hydraulic equipment and the safety switch. The elevator cab is finished with tile flooring, wall panels and fluorescent lighting.
Expected Life Span	25-30	
Observed Condition	8	
Repair or Replace	18	
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<p>Financial Review: We understand that the elevator is part of the original construction. We are not aware of any replacements or significant repairs to this component.</p>		
<p>Visual Review: The Strata has a full elevator maintenance agreement with Richmond Elevator Maintenance. This means that parts replacement for regular wear and tear is covered. The Contractor performs full maintenance and inspections on a monthly basis and the cost is the contract price at the building.</p> <p>According to the service contractor the elevators are operating well and are in operable condition.</p>		
<p>Recommendations: Hydraulically driven elevators typically have a 25-30 year lifespan with proper ongoing maintenance and repairs. As mentioned, the elevator at this property is continuously serviced and repaired by the service contractor.</p> <p>Based on the age of the elevator and the typical expected lifespan for this component the plan allows for modernization of the elevators to occur in 18 years and then every 25 years thereafter. The modernizations include replacement of the controller and related equipment, door operators, upgrades to interior cab finishes and any required enhancements to allow the system to comply with current BC Building Code at the time of replacement.</p>		

M 2 – HVAC Systems		
Year Installed	2005	Description: A roof-mounted make-up air unit with heat exchangers, manufactured by Engineered Air, supplies fresh air and heat (when needed) to the corridors of each floor and the lobby. Supplemental heat in the common areas is provided by electric baseboard heater units. The parkade has individual fans that are automatically operated and designed to ventilate automobile exhaust.
Expected Life Span	20-25	
Observed Condition	8	
Repair or Replace	15	
		
<p>Financial Review: We understand that the heating systems and general HVAC are part of the original construction. We are not aware of any replacements or significant repairs to this component beyond a few isolated minor repairs made to the roof-top unit which are typical.</p>		
<p>Visual Review: Where visible the exterior of the unit shows some signs of anticipated rust, which is common for items exposed to the elements, but no obvious signs of concerning deterioration. To our knowledge, there has been no complaints or issues regarding the unit since its installation and is acknowledged to be in good working condition.</p> <p>The electrical baseboard heaters appeared to be in operable condition.</p>		
<p>Recommendations: We have included in the plan allowances for replacement of the roof-top make-up air unit in 15 years and then every 25 years thereafter.</p> <p>It is not expected that the individual fans and baseboard heaters will require replacement all at once. In addition, we assume that costs to replace individual fans and baseboard heaters in between our anticipated projects will be at a cost lower than the report threshold and therefore funded from the operations budget.</p>		

4.5 PLUMBING COMPONENTS

P 1 – Domestic Water System		
Year Installed	Various	Description: Domestic water enters the building via buried piping fed from the main municipal line connected to a combined incoming domestic water and suppression line supply line through the parkade wall. The domestic cold water then branches off into separate suppression and domestic water lines. The gas-fired heating boilers are manufactured by RBI Water Heaters and they each have an attached recirculation pump. Along with the boilers are two 119 US gallon storage tank manufactured by John Wood and an expansion tank.
Expected Life Span	Various	
Observed Condition	Various	
Repair or Replace	23 & 29	
		
<p>Financial Review: We understand that the distribution piping is original to the property and has not received any major repairs. The boilers are also original to the building but one of the two hot water storage tanks was replaced in 2013 at a cost of approximately \$3,000, from the operating budget, and the second is scheduled to be replaced sometime in 2014, also from the operating budget.</p>		
<p>Visual Review: The boilers, storage tanks, and other visible items in the mechanical room all appeared to be in good condition and functioning properly although we did not conduct any performance tests to confirm this. We have been made aware that one of the two tanks is set to be replaced in the short term but it is our understanding that it was still functional at the time of our inspection.</p> <p>Concealed components cannot be reviewed due to their location. Where visible, we noted no signs of damage or unusual deterioration. We are unaware of any current issues regarding the domestic water distribution system within the building.</p>		
<p>Recommendations: The domestic water in the lower mainland is typically free of most minerals which can cause an acceleration of pipe deterioration resulting in premature failure. The service life of piping in British Columbia tends to be less than other provinces for this reason. Domestic water piping can fail due a number of reasons including the thinning of pipe walls, settling of the building, or poor installation practices.</p> <p>We have included in the plan a full replacement of the distribution piping, anticipated to occur in 2042 on a 35 year cycle.</p> <p>Boilers, with regular continued maintenance, can have a life span that ranges from 25-35 years. We have included full replacement of the boilers, anticipated to occur in 23 years and then every 30 years thereafter.</p> <p>Domestic hot water tanks have a relatively short and volatile expected life that typically ranges 10-15 years. We have not included replacement costs for these tanks because their individual replacement costs are typically below the threshold of this Report and the Strata has already replaced one unit using funds from the annual operating budget.</p>		

P 2 — Drainage, Sanitary & Storm Sewer, Sump Pumps		
Year Installed	2005	Description: According to the building plans, the parkade has one duplex 1 ½ hp sump pump (storm) and one simplex ½ hp pump (sanitary) with level alarm systems. The alarm controls are located within the parkade. The concrete slab-on-grade floor slab is sloped toward the catch basin and out of the parkade area. There is sanitary and storm drainage piping connected to the site service lines and the municipal sewage system.
Expected Life Span	15-25	
Observed Condition	8	
Repair or Replace	11	



Financial Review: We understand that the drainage, sanitary & storm sewer, and sump pumps are part of the original construction. We are not aware of any replacements or significant repairs to this component.

Visual Review: Suite sanitary lines are assumed to last the life-of the building and have not been considered for this report. We assume that the alarms and sumps are monitored periodically. Due to their location we were not able to observe the sump pumps, drainage or storm sewer lines, however we are not aware of any reported issues with these components.


We did not note any excessive ponding or high water levels at the catch basins in the parkade at the time of our visit.

Recommendations: Sump pumps have typical life expectancies of 15-25 years. The plan allows for periodic replacement of the sump pumps starting in 2024 and then every 20 years thereafter.

We expect the catch basins to last the life of the buildings. Localized repair around catch basins, trench drains and steel grate covers may be required over the years and given their financial costs are expected to be covered by operating funds and allowances within the parkade components.

Buried drainage piping is further discussed under the Site Services section of this report. Repairs to any cracks along the slab-on-grade is addressed under the foundation repair projects.

4.6 ELECTRICAL COMPONENTS

EL 1 – Electrical Systems		
Year Installed	2005	Description: Electrical service is supplied to the building from buried municipal service to the main electrical room at the parkade level. The room houses a 1200A switchgear unit and two 200A safety switches, a main distribution breaker and other related electrical system peripherals. The individual suite meters are located in separate electrical closets throughout the property.
Expected Life Span	50+	
Observed Condition	8	
Repair or Replace	14	
		
<p>Financial Review: We understand that the electrical systems are part of the original construction. We are not aware of any replacements or significant repairs to this component.</p>		
<p>Visual Review: The level of interior finish, heating, and lighting is minimal and has not been considered. All meters and telecommunication components are assumed to be the responsibility of the service provider and have not been considered.</p> <p>The electrical room appeared to be clean and well organized. The areas reviewed showed no sign of damage to the switches, panels, or any other equipment.</p> <p>Generally, the electrical room appears to be in good condition consistent with its chronological age.</p>		
<p>Recommendations: Major electrical equipment has an average service life of 50 years or more. Given the age of the electrical equipment, we do not anticipate full renewal within the report term.</p> <p>Although it is beyond the scope of this report term, the Strata should plan for the eventual replacement of the switchgear units, distribution panels, as well as the associated electrical equipment and wiring at the end of their expected operable life terms. We have planned allowances for periodic upgrades and or unforeseen repairs that may be needed to the electrical components starting in the year 2027, and then every 20 years thereafter. We assume that the meters in the electrical closets are responsibility of B.C. Hydro.</p>		

4.7 SAFETY AND SECURITY COMPONENTS

SS 1 – Fire Alarm System		
Year Installed	2005	Description: The property is equipped with an EST alarm system. There is an annunciator panel located in the common lobby area and other related items in the parkade-level mechanical room. There are pull stations, bells, heat and smoke detectors located throughout the building.
Expected Life Span	20-25	
Observed Condition	8	
Repair or Replace	13	



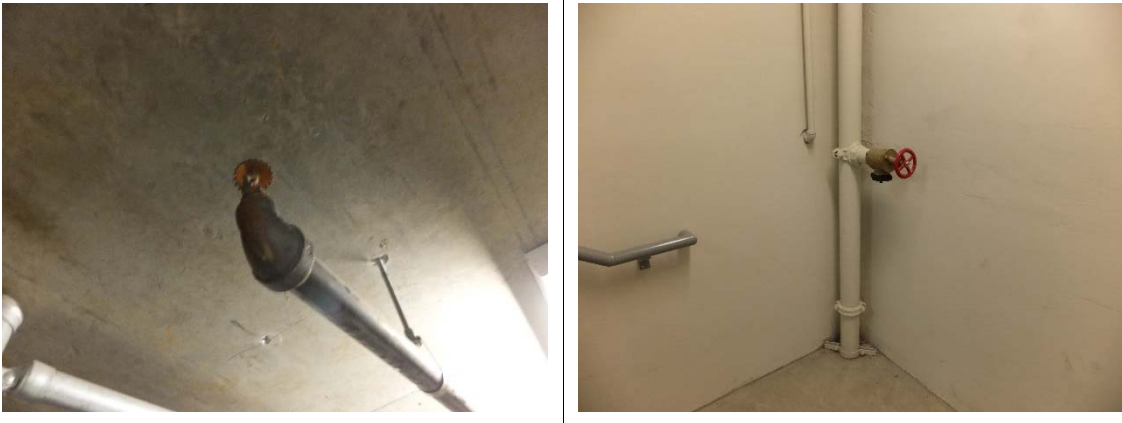
Financial Review: We understand that the fire alarm system is part of the original construction. We are not aware of any replacements or significant repairs to this component.

Visual Review: The fire alarm system is serviced by Voltech Fire Prevention and was last inspected in February 2014. We are unaware of any significant issues with the fire alarm system. The system appears to be in good condition and according to the service contractor the system is in operable condition.

Recommendations: Fire alarm systems typically have lifespans of 20-25 years. However, some replacement parts may remain available for several years beyond that, depending on the model. The fire alarm systems are critical in allowing sufficient time for occupants to escape, should an emergency arise. New, up-to-date systems are less vulnerable to false, nuisance alarms.

Over time, new technologies emerge and older systems become obsolete and become virtually impossible to find replacement parts. Under special circumstances, the system may require replacement earlier at the discretion of the local fire department if there is a significant change in code regulations. These code changes can trigger mandatory full-scale system upgrades, however, these scenarios are impossible to predict and have not been considered in our estimates or Report.

Based on the age of the system we have planned for replacement of the fire alarm system, including the annunciator panel and some devices in 13 years. We recommend the Strata engage their fire safety systems contractor prior to the replacement. Localized repairs may be required when and if units are being renovated and are assumed to be at the expense of the Unit Owner. We assume that replacements of individual devices are included as a part of the monthly service agreement with the service contractor.

SS 2 – Suppression		
Year Installed	2005	Description: There is a combined incoming water line that enters the building and branches into a suppression line that is protected with a backflow prevention valve. The building is equipped with a wet suppression system that supplies the standpipe risers within the stairwells and the above ground sprinkler system. The parkade has a dry suppression valve servicing a dry sprinkler system. There are also wall mounted fire extinguishers supplied throughout the building. There is a Siamese connection (fire department hose hookups) located at the exterior of the property.
Expected Life Span	60+	
Observed Condition	8	
Repair or Replace	11	
		
Financial Review: We understand that the fire suppression and service lines are part of the original construction. We are not aware of any replacements or significant repairs to this component.		
Visual Review: We were unable to determine the condition of the buried and concealed piping, but there was no visual damage to visible piping, sprinkler heads, standpipes or extinguishers at the time of our visit.		
Recommendations: Generally, we expect the components of the suppression system to last the life of the building. We assume that since the systems are maintained by the service contractor, individual components that require replacement throughout the years are covered under the contract. Although it is not expected that full replacement of the suppression system will be required within the next 30 years, we have budgeted allowances for periodic repairs including sprinkler head replacement and removal and replacement of some piping to occur every 15 years starting in 2024. The allowance in each cycle is about 20% of the full replacement cost as it is not typical that all components will fail at one time.		

SS 3 – Access Control & Security Systems		
Year Installed	2005	Description: The building is equipped with an Enterphone 2000 access control system with an access panel located at the main lobby entrance. Access to common areas is granted to residents with a Keyscan access control fob system. Additional equipment for both systems is located in the parkade electrical room. The building has a security system with a camera that is monitored on site. The digital recording and monitoring equipment is also located at the electrical room.
Expected Life Span	15-25	
Observed Condition	8	
Repair or Replace	10	
		
<p>Financial Review: We understand that the access control and security systems are part of the original construction. We are not aware of any replacements or significant repairs to this component.</p>		
<p>Visual Review: There are no known reported issues with the access or security systems. Our visual inspection did not uncover any signs of unusual or unexpected wear or deterioration.</p> <p>The access control and enterphone systems appear to be functioning well and are considered to be in good condition.</p>		
<p>Recommendations: The systems were considered to be modern at our inspection but over time new technologies emerge and these systems become functionally obsolete due to difficulty in finding replacement parts. New code requirements and new technologies are expected to emerge resulting in eventual replacement of the systems.</p> <p>The plan includes a project to upgrade the access control and security systems in 10 years and then every 20 years thereafter.</p>		

4.8 SITE SERVICES COMPONENTS

SRV 1 – Buried Site Services		
Year Installed	2005	Description: Site services include sanitary and storm piping, gas piping, and electrical wiring. They are supplied to the building via buried conduits and piping fed from main municipal lines below the adjacent roads.
Expected Life Span	60+	
Observed Condition	8	
Repair or Replace	n/a	



Financial Review: We understand that the buried site services are part of the original construction. We are not aware of any replacements or significant repairs to this component.

Visual Review: Buried site services were not visually inspected due to their concealed locations. Review of these systems was done by studying the available information from building plans in combination with the limited amount seen.


Where checked, there were no signs of pooling water. We noted various catch basins throughout the site and they appear to be properly placed to serve the building site.

Recommendations: We assume that the underground services and drainage have a remaining life that extends beyond the scope of this DR, so full replacements have not yet been considered. Over time it is expected that repairs and localized replacement of sections of the piping will be required due to unplanned damage from occurrences such as natural settlement above and below the buried piping, soil erosion, and seismic activity.

Allowances to adjust settled areas around the catch basins and some buried piping are budgeted in the repair projects of the foundations and structure section. Drainage at the parkade roof slab is further discussed under the parkade section of this report. The sanitary drainage systems within the building, including the risers to the suites, are expected to last beyond the scope of the DR so they have not been included.

4.9 SITE COMPONENTS

Site 1 – Fencing & Site Guards		
Year Installed	2005	Description: The property has metal fencing site guards throughout the property. Fencing sections are typically positioned between concrete pillars and there are operable metal gates that allow access to limited common property patios for some ground level suites. The site guards are surface-mounted around walkways and staircases.
Expected Life Span	20-40	
Observed Condition	8	
Repair or Replace	12	
		
<p>Financial Review: We understand that the site and staircase guards are part of the original construction. We are not aware of any replacements or significant repairs to this component.</p>		
<p>Visual Review: The individual fencing and guard connections to the ground and concrete retaining walls appeared to be intact, although we did not perform any physical testing regarding strength and code compliance. We assume that the necessary safety procedures including physical testing was performed after the initial installation of the fencing and guards.</p>		
<p>Recommendations: Exposed metal components are susceptible to rust and general deterioration over time. As time progresses the fasteners connecting the guards to their concrete bases may begin to rust or loosen due to natural expansion and contraction of the materials due to climate changes, exposure to elements and age.</p> <p>Periodic monitoring and maintenance including painting and replacement of corroded metal fasteners will assist in premature replacement. We assume that isolated repair and replacement of sections of fencing will be covered under regular maintenance and the operating budget. As a major project, the plan includes general allowances for partial replacement of the fencing and site guards starting in 2025 and then every 20 years thereafter.</p>		

Site 2 – Landscaping (Hard & Soft)		
Year Installed	2005	Description: Site landscaping consists of various hard and soft landscaping components. Trees, shrubbery, flowerbeds and sodded areas are incorporated throughout the site with some areas being held up with the aide of relatively low concrete retaining walls. Hard landscaping surfaces including the concrete parkade entrance and walkways are discussed in foundation and parkade roof deck sections of this report and therefore excluded from this component. All landscaped areas above the parkade roof deck have been included in component S2 and therefore excluded from this component.
Expected Life Span	25+	
Observed Condition	8	
Repair or Replace	n/a	
		
<p>Financial Review: We understand that the landscaping is part of the original construction, and is currently maintained by an independent landscaping contractor. We are not aware of any replacements or significant repairs to this component.</p>		
<p>Visual Review: The site landscaping is generally well maintained. We noted minor isolated moss growth that can likely be addressed during general landscaping maintenance.</p>		
<p>Recommendations: Due to the fact that the landscaped areas are regularly maintained by a professional landscaper and that a full replacement of the sections above the buried parkade roof deck area are already scheduled and included as part of the roof deck replacement projects, we have not included any additional allowances for upgrades or other projects for the landscaped areas.</p>		

5.0 FINANCIAL ANALYSIS

5.1 BENCHMARK ANALYSIS, OVERVIEW AND EXPLANATION

We have prepared a Benchmark Analysis, found in Section 6.0, which forms the foundation for the financial part of the Report. The Benchmark shows the reserve components, including the life cycle and cost estimates. The estimates follow reserve fund practices, which provide for inflationary cost increases over time and interest income from reserve fund investments.

COMPONENT CLASSIFICATION

Reserve fund components are classified in terms of building groups, common element facilities and site improvements.

LIFESPAN ANALYSIS

Each reserve component has been analyzed in terms of life cycle condition and expected remaining useful life. The lifespan analysis considers the following factors:

1. Type of Component
2. Utilization
3. Material
4. Workmanship
5. Quality
6. Exposure to Weather Conditions
7. Functional Obsolescence
8. Environmental Factors
9. Regular Maintenance
10. Preventive Maintenance
11. Observed Condition

The critical aspect of a Life Span Analysis is the observed condition of each reserve component, which includes:

1. Actual age of the component
2. Maintenance of the component
3. Observed deficiencies of the component
4. Repair and replacement experience
5. Probability of hidden conditions

The Lifespan analysis culminates in component life span estimates, as follows:

1. **Expected Life Span**—each reserve component is analyzed in terms of component type, quality of construction, statistical records and normal life experience.
2. **Observed Condition Analysis**—this is the critical analysis of a reserve component and consists of determining the effective age of the reserve component within its normal life cycle based on the observed condition of the reserve component. The validity of this analysis depends on the experience of the Depreciation Report planner or analyst, as this is a subjective estimate rather than an objective assessment.
3. **Repair or Replacement Analysis**—this refers to an estimate of the number of years before the first instance of major repair or full replacement. When the first instance is a full replacement the number years is simply the expected lifespan minus the observed condition. In the event of a repair, the number presented indicates the estimated remaining life before a major repair should be done. Reserve expenditures should and must be made during the remaining life span to maintain building components and facilities in good condition.

A lifespan analysis is a subjective, or empirical, assessment of the life cycle status of a reserve component. The lifespan of a reserve component is subject to change due to numerous factors. The actual date of repair or replacement can only be viewed as an approximation; we believe that the larger goal is to understand that funds should be reserved for these components so that they can be maintained in optimum condition, thereby maximizing their lifespan.

COST ESTIMATES

Reserve fund component assessments and current cost estimates are based on our investigation, observation, analyses and our experience.

Estimated costs have been calculated using construction cost services including RS Means, National Construction Estimator, Get-A-Quote, Marshall & Swift Valuation System, modified as to time, location and quality of construction. We also verified estimates by quotations from contractors, fabricators and suppliers. Moreover, we have used our own programs and cost compilations and databases.

All costs are estimates and are subject to confirmation at the time competitive bids are obtained from contractors specializing in the repair or replacement work required. Actual costs may vary depending on the time of tendering, the scope of work and the economic climate. Major repair and replacement of components requires detailed design, preparation of tender documents as well as tendering and quality assurance during construction.

Reducing standards of renewal/repairs for Contingency Reserve Fund items or deferring items would result in lower required annual contributions, but may also result in collateral deterioration and/or damage— which may end up inflating remedial costs considerably.

The following factors have been considered in calculating the Major Repair and Replacement Costs Estimates:

1. **Quality of construction**—replacement cost estimates are based on the assumption of using quality materials, as specified or built, or in the case of older developments, as required under current building code regulations, at contractors' prices, using union labour and current construction techniques, and including contractors' overhead and profit. The costs of repairs and/or replacements of many reserve components are invariably higher than original building costs when contractors have considerable latitude in planning their work and can utilize economies of scale to keep costs within construction budgets. In contrast, repair work must frequently be performed in an expedient manner with proper safety precautions and within certain constraints. Cost estimates take into account such additional costs as special construction, safety installations, limited access, noise abatements, and the convenience of the occupants.
2. **Demolition and Disposal Costs**—the estimates herein include provisions for demolition and disposal costs including dumping fees. These costs have been rising in recent years. Particularly, dumping of certain materials has become problematic and very costly. It appears that certain codes and environmental regulations will become more stringent in future years, all of which will further increase disposal costs.
3. **Taxes**—the Goods and Services Tax ("GST") and where applicable the Provincial Sales Tax ("PST") applies to all repairs and replacements including disposal costs. Therefore, these costs are included in the reserve fund estimates hereinafter.

RENEWAL STRATEGIES

In implementing a renewal of an asset, the Strata can consider different implementation strategies namely:

Localized Renewal—these are projects that are localized to a particular part of the building or property. Different areas of the building or property may be subject to accelerated wear and tear due to different weather exposure or different usage.

Phased Repairs—these are projects where a repair or a renewal of a component is undertaken in a phased approach. They are carried out over multiple periods. The financial toll, in a particular year, on Owners is reduced when the work occurs, but overall, due to remobilization costs and the fluctuations of inflation and market conditions the total completion costs may be higher.

Complete Replacements—these are projects that are implemented as one complete repair. Owners can leverage economies of scale and thereby reduce the overall cost but the financial burden for a particular year is often high.

Co-ordinating—this is when more than one project is completed all at once to take advantage of economies of scale or favorable market conditions. The Owners shorten the duration of the burden as well as lowering their overall costs.

5.2 FINANCIAL ASSUMPTIONS

LONG TERM INFLATION RATE

Inflation measurement in reserve fund projections must be based on construction indices rather than the widely quoted Consumer Price Index (CPI), which measures the cost of a basket of consumer goods, not construction costs.

The most widely recognized construction cost service providing periodic cost indices is Statistics Canada.

Overall Average Annual Cost Changes , last 23 years (1989 – 2012)	2.93%
Average Annual Cost Changes, last 10 years (2003 – 2012)	4.04%
Average Annual Cost Changes, last 5 years (2006-2011)	-0.5%
Annual Change Data, 4th quarter 2011 to 4th quarter 2012	3.1%
<i>Source: Statistics Canada</i>	

We have selected an inflation rate of **3.0%** for calculating the future major repairs and replacement of assets' cost for the Strata Corporation's Reserve Fund.

LONG TERM INTEREST RATE

Investment income can be a significant source of reserve fund revenue and it is important that reserve funds are continuously and prudently invested.

Reserve fund investments must be directly or indirectly guaranteed by governments. Bank deposits and various investment instruments are insured by the Canada Deposit Insurance Corporation up to a maximum of \$100,000, covering principal and interest. Of note, British Columbia Credit Unions have no limits on amounts insured in their regular accounts.

The ability of Strata Corporations to earn the highest rate of interest available in the marketplace, given the restricted conditions of investments, depends on the expertise of financial management and the amount of available funds for investment. The benchmark calculations and the Reserve fund projections are based on the assumption that reserve fund contributions are constantly and continuously invested.

Prudent reserve fund investment practices require that investments are reasonably matched with anticipated expenditures, ensuring liquidity. Therefore funds should be invested in a laddered portfolio, which ensures that reserve funds are available when needed.

Investment opportunities are widely advertised, ranging from bank deposits, term deposits and guaranteed investment certificates (GICs) to money market instruments and government bonds. The following are investment returns achievable for Strata Corporations, given various reserve fund balances:

GIC's, up to \$99,999 balance		Gov. Canada Bonds Yield	
Term (years):		Term (years):	
1 – 1.5	1.13%	1 – 3	1.25%
1.5 – 2	1.28%	3 – 5	1.77%
5	2.08%	5 – 10	2.38%
10	2.30%	10+	3.03%

Source: RBC, BoM, TD Canada Trust, Bank of Canada

Considering the investment opportunities available, a policy of investing in secured guaranteed investments, and having examined the historical rate of return, we have selected a **2.0%** interest rate in the Report. Actual rates of return will vary according to minimum balances, term, and financial instruments chosen.

ROUNDING

Due to rounding of calculations, there may be minor discrepancies in the data, which are not deemed significant.

5.3 CASH FLOW FUNDING MODELS AND PROJECTIONS

CASH FLOW MODELS

Three cash flow models along with their respective graphs, cash-flow tables, and projections are presented for review as detailed below. The Cash Flow Models are similar to the projections except that they only present cash inflows and outflows by year. The three different funding scenarios run for the Strata are described as follows:

Adequacy—this is a minimum financial model. It is a summary of the cash flow and projections if minimum efforts are made. Any shortfalls in the Contingency Reserve Fund against needed expenditures are funded with one yearly contribution increase and the rest via special levies. The bottom line for this funding model is that sufficient funds are available for expenditures as needed but no more.

Full Funding—this financial model works towards getting the Strata to a full funding position by the end of 30 years whereby the amount of asset that's depreciated is reflected the Contingency Reserve Fund balance. Monthly contributions to the Contingency Reserve Fund are increased at the beginning of the cycle and then level off over time with minimal special levies.

Alternative Funding—this financial model works towards getting the Strata to 50% of the Full Funding model position by the end of 30 years, whereby the amount of asset that's depreciated is reflected the Contingency Reserve Fund balance. Monthly contributions to the Contingency Reserve Fund are increased over time and level off over time with a varying amount of special levies.

PROJECTIONS

The projections are similar to the cash flow models except they show additional detail. In particular the projections show the reserve fund requirement relative to the reserve fund balance and determines a surplus or a deficit. Like the cash flow models, the projections show cash positions, cash inflows, cash available, cash expenditures and a calculated reserve deficiency or surplus. You will find the following terms in the projections:

Reserve Fund – Opening Balance—this is the reserve fund position at the beginning of each and year which consist of 1) bank deposits, 2) qualified investments, and 3) accrued interest earned.

Annual CRF Contributions—these are total regular reserve fund contributions.

Annual Special Levies—these are total special levies raised in that particular year.

Annual Reserve Fund Interest Income—this is calculate interest on the opening cash balance.

Total Cash Resource—these represent the total cash resources available in any fiscal year and include the current year's cash flow.

Expenditures—these are annual expenditures listed in the categories established by the Depreciation Report.

Reserve Fund Closing Balance—this is the reserve fund position at the end of each and every fiscal year, which is carried forward to the next year.

Reserve Fund Requirement— this is the amount required to be in the reserve fund assuming full funding as adjusted and calculated each year.

Reserve Surplus (Deficiency)—this figure shows the difference between the actual Reserve Fund Closing Balance and the Reserve Fund Requirements, as calculate from year to year.

THE RESERVE SURPLUS (DEFICIENCY) EXPLAINED

A sufficient Contingency Reserve Fund may be defined as the reserve fund balance together with regular contributions and investment income, which constitutes sufficient cash resources available for reserve fund expenditures, required repairing or replacing common elements or assets of the corporation when needed.

The most direct and stringent measure of the sufficiency of the reserve fund is the Reserve fund deficiency analysis, whereby the actual Reserve Fund Closing Balance is compared with the Reserve Fund Requirement. The most lenient measure of the sufficiency is that sufficient funds are available for an expenditure just before its needed but no more without regard to the deficiency analysis.

Any significant difference between the actual reserve fund balance and the required balance will show as a surplus or deficiency (shortfall).

A reserve fund surplus, particularly when such surplus is increased by excessive Reserve fund contributions, means that unit owners have contributed too much to the reserve fund too quickly. A reserve fund deficit indicates that owners have not contributed enough to a fully funded reserve

fund, causing the difference between a fully funded reserve fund and the actual reserve fund balance.

Therefore the sufficiency of a reserve fund not only requires the test of an estimated fully funded reserve fund, but also requires a test as to sufficient cash resources to fund potential repairs and replacements, including unforeseen events and contingencies. Therefore, a reserve fund deficiency or shortfall does not automatically mean that the reserve fund is not sufficient.

5.4 STATUTORY MINIMUM FUNDING

We have reviewed the statutory minimum funding reserve requirements of the Strata Regulation en. B.C. Reg. 238/2011, Sch. 1, s. 2., which states that:

6.1 For the purposes of section 93 of the Act, the amount of the annual contribution to the contingency reserve fund for a fiscal year, other than the fiscal year following the first annual general meeting, must be determined as follows:

(a) if the amount of money in the contingency reserve fund at the end of any fiscal year after the first annual general meeting is less than 25% of the total amount budgeted for the contribution to the operating fund for the fiscal year that has just ended, the annual contribution to the contingency reserve fund for the current fiscal year must be at least the lesser of

(i) 10% of the total amount budgeted for the contribution to the operating fund for the current fiscal year, and

(ii) the amount required to bring the contingency reserve fund to at least 25% of the total amount budgeted for the contribution to the operating fund for the current fiscal year;

(b) if the amount of money in the contingency reserve fund at the end of any fiscal year after the first annual general meeting is equal to or greater than 25% of the total amount budgeted for the contribution to the operating fund for the fiscal year that has just ended, additional contributions to the contingency reserve fund may be made as part of the annual budget approval process after consideration of the depreciation report, if any, obtained under section 94 of the Act.

We have assumed 25% of the current operating budget to be the minimum statutory funding.

6.0 THE BENCHMARK ANALYSIS

Benchmark Analysis									
Strata BCS 1265		35							
Inflation Rate		3.00%							
Interest Rate		2.00%							
		Replacement Cost				Reserve Fund			
Reserve Components		Origin	Years To Repair/ Replace	Current	Future	Current Requirement	Future Accumulation	Future Requirement	Annual Requirement
S1	Foundations, Repair	2005	10	34,600	46,500	17,300	21,089	25,411	2,321
S2a	Parkade Roof Deck, Replace	2005	22	281,100	538,617	33,732	52,149	486,468	17,820
S2b	Parkade Roof Deck, Repair	2005	17	14,100	23,305	4,512	6,318	16,987	849
S3	Balconies, Repair	2005	12	60,100	85,688	24,040	30,489	55,200	4,116
S4	Balcony Guard, Replace	2005	12	23,900	34,076	9,560	12,124	21,951	1,637
EE1	Flat Roofing, Replace	2005	15	278,700	434,206	69,675	93,773	340,432	19,686
EE2	Exterior Paint & Sealants, Replace	2005	4	51,200	57,626	34,133	36,947	20,679	5,017
EE3	Windows & Balcony Doors, Replace	2005	27	366,800	814,769	83,840	143,105	671,663	19,003
EE4	Exterior Doors, Replace	2005	17	10,000	16,528	3,200	4,481	12,048	602
I1a	Lobby - Walls & Ceiling, Refurbishment	2005	4	6,500	7,316	3,900	4,221	3,094	751
I1b	Lobby - Flooring, Replace	2005	13	6,000	8,811	2,100	2,717	6,095	415
I2a	Corridors & Stairwells - Walls & Ceilings, Refurbishment	2005	4	18,100	20,372	10,860	11,755	8,616	2,091
I2b	Corridors & Stairwells - Flooring & Misc, Replace	2005	13	39,100	57,420	13,685	17,703	39,717	2,705
M1	Elevator, Modernization	2005	18	75,000	127,682	21,000	29,993	97,689	4,562
M2	HVAC Systems, Replace	2005	15	20,000	31,159	8,000	10,767	20,392	1,179
P1a	Domestic Water - Piping, Replace	2005	29	146,600	345,473	25,131	44,630	300,843	7,755
P1b	Domestic Water - Boilers, Replace	2005	23	50,000	98,679	11,667	18,397	80,282	2,783
P2	Sump Pumps, Replace	2005	11	10,000	13,842	4,500	5,595	8,247	678
EL1	Electrical Systems, Repair	2005	14	15,000	22,689	4,500	5,938	16,751	1,049
SS1	Fire Alarm - Annunciator & Panel, Replace	2005	13	20,000	29,371	7,000	9,055	20,315	1,384
SS2	Suppression, Repair	2005	11	23,200	32,114	6,187	7,692	24,422	2,007
SS3	Access & Security Systems, Replace	2005	10	5,000	6,720	2,500	3,047	3,672	335
Site 1	Fencing & Site Guards, Replace	2005	12	13,900	19,818	5,560	7,051	12,767	952
	Contingency		0	3,500	3,500	3,500	3,500	3,500	3,500
	Totals			\$ 1,572,400	\$ 2,876,280	\$ 410,082	\$ 582,537	\$ 2,297,243	\$ 103,197

7.0 CASH FLOW SUMMARIES

7.1 ADEQUACY CASH FLOW

Adequacy-Cash flow Summary												
Strata BCS 1265, 35 Units												
Total Contingency Reserve Fund Contributions Collected												
Total Avg per Unit per Month**												
Year	CRF Opening Balance	Regular Annual	% CRF Change ***	Special Levy	Total	Regular	Special Levy	Total	Interest Earned	Total Cash Inflow	Estimated Expenses	CRF Closing Balance
2014	\$ 115,824	\$ 20,000	n/a	\$ -	\$ 20,000	\$ 48	\$ -	\$ 48	\$ 2,316	\$ 22,316	\$ 3,605	\$ 134,535
2015	134,535	20,000	0%	-	20,000	48	-	48	2,691	22,691	3,713	153,513
2016	153,513	20,000	0%	-	20,000	48	-	48	3,070	23,070	3,825	172,759
2017	172,759	20,000	0%	-	20,000	48	-	48	3,455	23,455	89,253	106,961
2018	106,961	20,000	0%	-	20,000	48	-	48	2,139	22,139	4,057	125,043
2019	125,043	20,000	0%	-	20,000	48	-	48	2,501	22,501	4,179	143,364
2020	143,364	20,000	0%	-	20,000	48	-	48	2,867	22,867	4,305	161,927
2021	161,927	20,000	0%	-	20,000	48	-	48	3,239	23,239	4,434	180,732
2022	180,732	20,000	0%	-	20,000	48	-	48	3,615	23,615	4,567	199,780
2023	199,780	20,000	0%	-	20,000	48	-	48	3,996	23,996	57,923	165,853
2024	165,853	20,000	0%	-	20,000	48	-	48	3,317	23,317	50,801	138,368
2025	138,368	20,000	0%	11,000	31,000	48	26	74	2,767	33,767	144,572	27,564
2026	27,564	20,000	0%	80,000	100,000	48	190	238	551	100,551	100,741	27,374
2027	27,374	20,000	0%	45,000	65,000	48	107	155	547	65,547	65,193	27,728
2028	27,728	20,000	0%	450,000	470,000	48	1,071	1,119	555	470,555	470,818	27,465
2029	27,465	20,000	0%	67,000	87,000	48	160	207	549	87,549	87,777	27,237
2030	27,237	20,000	0%	25,000	45,000	48	60	107	545	45,545	45,619	27,163
2031	27,163	20,000	0%	113,000	133,000	48	269	317	543	133,543	133,641	27,066
2032	27,066	20,000	0%	-	20,000	48	-	48	541	20,541	6,137	41,470
2033	41,470	20,000	0%	-	20,000	48	-	48	829	20,829	6,321	55,978
2034	55,978	20,000	0%	-	20,000	48	-	48	1,120	21,120	6,511	70,586
2035	70,586	20,000	0%	480,000	500,000	48	1,143	1,190	1,412	501,412	545,323	26,675
2036	26,675	20,000	0%	86,000	106,000	48	205	252	533	106,533	105,587	27,621
2037	27,621	20,000	0%	36,000	56,000	48	86	133	552	56,552	57,122	27,052
2038	27,052	20,000	0%	-	20,000	48	-	48	541	20,541	7,328	40,265
2039	40,265	20,000	0%	24,000	44,000	48	57	105	805	44,805	57,581	27,489
2040	27,489	20,000	0%	802,000	822,000	48	1,910	1,957	550	822,550	822,543	27,496
2041	27,496	20,000	0%	105,000	125,000	48	250	298	550	125,550	125,150	27,896
2042	27,896	20,000	0%	333,000	353,000	48	793	840	558	353,558	353,720	27,734
2043	27,734	20,000	0%	85,000	105,000	48	202	250	555	105,555	104,615	28,673

* Note: figures presented are rounded.

**Note: Avg per Unit per Month is calculated as the total divided by the number of units. Entitlement unit calculations will differ.

***Note: The % change relates to the change in CRF contributions, not the % change of all strata fees.

7.2 FULL FUNDING CASH FLOW

Full Funding-Cash flow Summary*												
Strata BCS 1265, 35 Units												
Total Contingency Reserve Fund Contributions Collected												
Total												
Avg per Unit per Month**												
Year	CRF Opening Balance	Regular Annual	% CRF Change ***	Special Levy	Total	Regular	Special Levy	Total	Interest Earned	Total Cash Inflow	Estimated Expenses	CRF Closing Balance
2014	\$ 115,824	\$ 20,000	n/a	\$ -	\$ 20,000	\$ 48	\$ -	\$ 48	\$ 2,316	\$ 22,316	\$ 3,605	\$ 134,535
2015	134,535	24,000	20%	-	24,000	57	-	57	2,691	26,691	3,713	157,513
2016	157,513	28,800	20%	-	28,800	69	-	69	3,150	31,950	3,825	185,639
2017	185,639	34,560	20%	-	34,560	82	-	82	3,713	38,273	89,253	134,659
2018	134,659	41,472	20%	-	41,472	99	-	99	2,693	44,165	4,057	174,766
2019	174,766	45,619	10%	-	45,619	109	-	109	3,495	49,115	4,179	219,702
2020	219,702	50,181	10%	-	50,181	119	-	119	4,394	54,575	4,305	269,972
2021	269,972	55,199	10%	-	55,199	131	-	131	5,399	60,599	4,434	326,137
2022	326,137	60,719	10%	-	60,719	145	-	145	6,523	67,242	4,567	388,812
2023	388,812	66,791	10%	-	66,791	159	-	159	7,776	74,567	57,923	405,457
2024	405,457	73,470	10%	-	73,470	175	-	175	8,109	81,579	50,801	436,235
2025	436,235	80,817	10%	-	80,817	192	-	192	8,725	89,542	144,572	381,205
2026	381,205	88,899	10%	-	88,899	212	-	212	7,624	96,523	100,741	376,986
2027	376,986	97,789	10%	-	97,789	233	-	233	7,540	105,329	65,193	417,122
2028	417,122	107,568	10%	-	107,568	256	-	256	8,342	115,910	470,818	62,215
2029	62,215	118,324	10%	-	118,324	282	-	282	1,244	119,569	87,777	94,006
2030	94,006	130,157	10%	-	130,157	310	-	310	1,880	132,037	45,619	180,424
2031	180,424	142,956	10%	-	142,956	340	-	340	3,608	146,564	133,641	193,348
2032	193,348	154,002	8%	-	154,002	367	-	367	3,867	157,869	6,137	345,079
2033	345,079	161,702	5%	-	161,702	385	-	385	6,902	168,604	6,321	507,362
2034	507,362	169,787	5%	-	169,787	404	-	404	10,147	179,935	6,511	680,785
2035	680,785	178,277	5%	-	178,277	424	-	424	13,616	191,892	545,323	327,355
2036	327,355	187,190	5%	-	187,190	446	-	446	6,547	193,738	105,587	415,505
2037	415,505	196,550	5%	-	196,550	468	-	468	8,310	204,860	57,122	563,244
2038	563,244	206,377	5%	-	206,377	491	-	491	11,265	217,642	7,328	773,558
2039	773,558	216,696	5%	-	216,696	516	-	516	15,471	232,168	57,581	948,145
2040	948,145	227,531	5%	-	227,531	542	-	542	18,963	246,494	822,543	372,095
2041	372,095	238,908	5%	-	238,908	569	-	569	7,442	246,350	125,150	493,295
2042	493,295	250,853	5%	-	250,853	597	-	597	9,866	260,719	353,720	400,294
2043	400,294	263,396	5%	-	263,396	627	-	627	8,006	271,402	104,615	567,081

* Note: figures presented are rounded.

**Note: Avg per Unit per Month is the result of dividing the total by the number of units. Entitlement unit calculations will differ.

***Note: The % change relates to the change in CRF contributions, not the % change of all strata fees.

7.3 ALTERNATIVE CASH FLOW

Alternate -Cash flow Summary*												
Strata BCS 1265, 35 Units												
Total Contingency Reserve Fund Contributions Collected												
Total												
Avg per Unit per Month**												
Year	CRF Opening Balance	Regular Annual	% CRF Change ***	Special Levy	Total	Regular	Special Levy	Total	Interest Earned	Total Cash Inflow	Estimated Expenses	CRF Closing Balance
2014	\$ 115,824	\$ 20,000	n/a	\$ -	\$ 20,000	\$ 48	\$ -	\$ 48	\$ 2,316	\$ 22,316	\$ 3,605	\$ 134,535
2015	134,535	23,000	15%	-	23,000	55	-	55	2,691	25,691	3,713	156,513
2016	156,513	26,450	15%	-	26,450	63	-	63	3,130	29,580	3,825	182,269
2017	182,269	30,418	15%	-	30,418	72	-	72	3,645	34,063	89,253	127,079
2018	127,079	34,980	15%	-	34,980	83	-	83	2,542	37,522	4,057	160,543
2019	160,543	40,227	15%	-	40,227	96	-	96	3,211	43,438	4,179	199,802
2020	199,802	44,250	10%	-	44,250	105	-	105	3,996	48,246	4,305	243,743
2021	243,743	48,675	10%	-	48,675	116	-	116	4,875	53,550	4,434	292,859
2022	292,859	53,542	10%	-	53,542	127	-	127	5,857	59,400	4,567	347,692
2023	347,692	58,897	10%	-	58,897	140	-	140	6,954	65,850	57,923	355,620
2024	355,620	64,786	10%	-	64,786	154	-	154	7,112	71,899	50,801	376,717
2025	376,717	71,265	10%	-	71,265	170	-	170	7,534	78,799	144,572	310,944
2026	310,944	78,391	10%	-	78,391	187	-	187	6,219	84,610	100,741	294,813
2027	294,813	86,230	10%	-	86,230	205	-	205	5,896	92,127	65,193	321,747
2028	321,747	94,854	10%	75,000	169,854	226	179	404	6,435	176,288	470,818	27,217
2029	27,217	104,339	10%	-	104,339	248	-	248	544	104,883	87,777	44,323
2030	44,323	114,773	10%	-	114,773	273	-	273	886	115,659	45,619	114,364
2031	114,364	126,250	10%	-	126,250	301	-	301	2,287	128,537	133,641	109,260
2032	109,260	138,875	10%	-	138,875	331	-	331	2,185	141,060	6,137	244,183
2033	244,183	151,547	9%	-	151,547	361	-	361	4,884	156,431	6,321	394,293
2034	394,293	159,125	5%	-	159,125	379	-	379	7,886	167,011	6,511	554,792
2035	554,792	167,081	5%	-	167,081	398	-	398	11,096	178,177	545,323	187,646
2036	187,646	175,435	5%	-	175,435	418	-	418	3,753	179,188	105,587	261,247
2037	261,247	184,207	5%	-	184,207	439	-	439	5,225	189,432	57,122	393,557
2038	393,557	193,417	5%	-	193,417	461	-	461	7,871	201,288	7,328	587,517
2039	587,517	203,088	5%	-	203,088	484	-	484	11,750	214,838	57,581	744,774
2040	744,774	213,242	5%	-	213,242	508	-	508	14,895	228,138	822,543	150,369
2041	150,369	223,904	5%	-	223,904	533	-	533	3,007	226,912	125,150	252,131
2042	252,131	235,100	5%	-	235,100	560	-	560	5,043	240,142	353,720	138,553
2043	138,553	246,855	5%	-	246,855	588	-	588	2,771	249,626	104,615	283,564

* Note: figures presented are rounded.

**Note: Avg per Unit per Month is the result of dividing the total by the number of units. Entitlement unit calculations will differ.

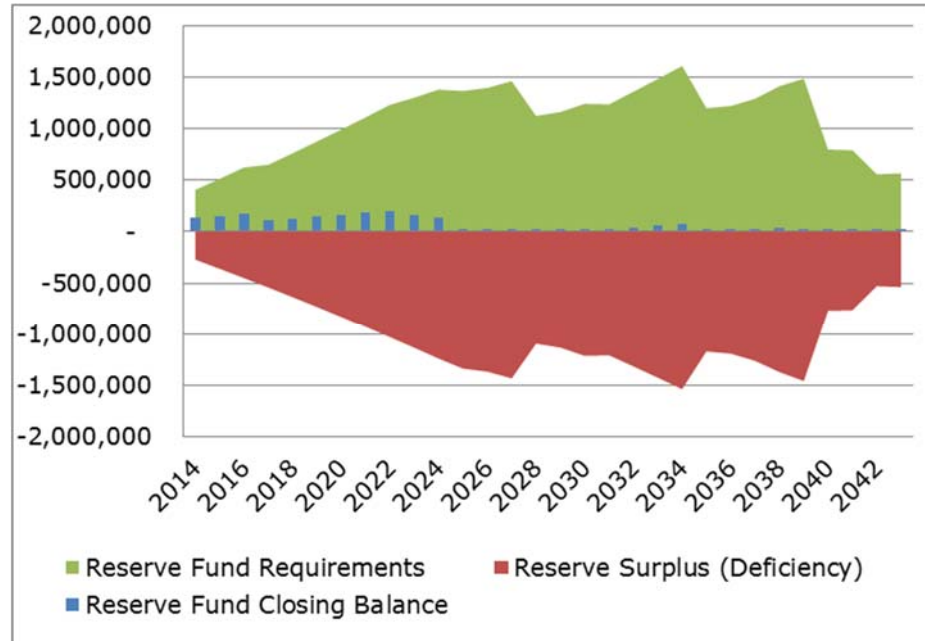
***Note: The % change relates to the change in CRF contributions, not the % change of all strata fees.

8.0 EXPENDITURE TABLE

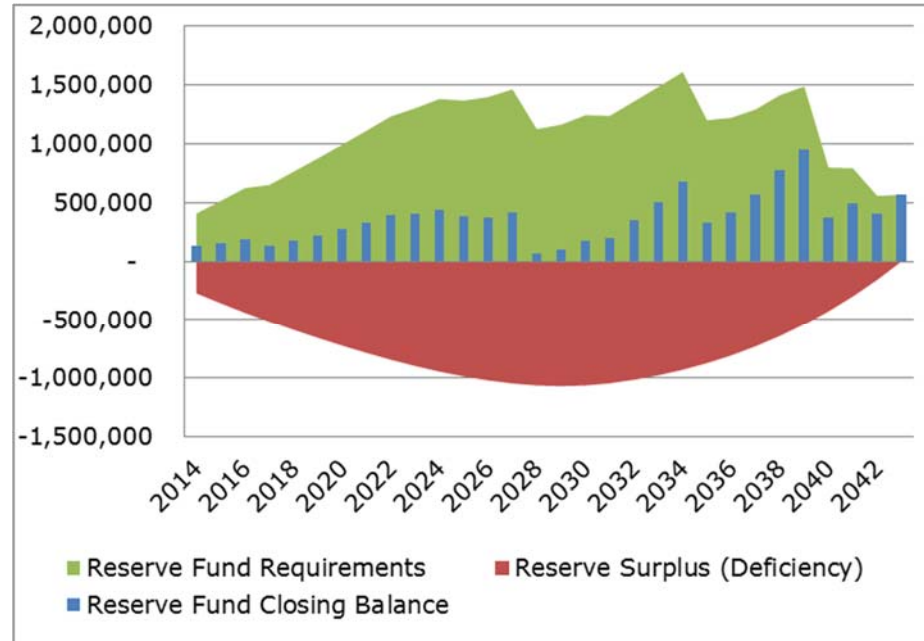
Strata BCS 1265, 35 Units																																		
Last fiscal year end, May 31, 2013																																		
Inflation Rate 3%; Interest Rate 2%																																		
				2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Expenditures	First Yr	Repeat X Yrs																																
S1	Foundations, Repair	2023	20	-	-	-	-	-	-	-	-	-	46,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83,983	
S2a	Parkade Roof Deck, Replace	2035	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	538,617	-	-	-	-	-	-	-	-	
S2b	Parkade Roof Deck, Repair	2030	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
S3	Balconies, Repair	2025	20	-	-	-	-	-	-	-	-	-	-	-	85,688	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
S4	Balcony Guard, Replace	2025	20	-	-	-	-	-	-	-	-	-	-	-	34,076	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
EE1	Flat Roofing, Replace	2028	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	434,206	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
EE2	Exterior Paint & Sealants, Replace	2017	12	-	-	-	57,626	-	-	-	-	-	-	-	-	-	-	-	82,161	-	-	-	-	-	-	-	-	-	-	-	117,142	-	-	
EE3	Windows & Balcony Doors, Replace	2040	35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	814,769	-	-	-	
EE4	Exterior Doors, Replace	2030	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
I1a	Lobby - Walls & Ceiling, Refurbishment	2017	10	-	-	-	7,316	-	-	-	-	-	-	-	-	-	-	9,832	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
I1b	Lobby - Flooring, Replace	2026	20	-	-	-	-	-	-	-	-	-	-	-	-	8,811	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
I2a	Corridors & Stairwells - Walls & Ceilings, Refurbishment	2017	10	-	-	-	20,372	-	-	-	-	-	-	-	-	-	-	27,378	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
I2b	Corridors & Stairwells - Flooring & Misc, Replace	2026	20	-	-	-	-	-	-	-	-	-	-	-	-	57,420	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
M1	Elevator, Modernization	2031	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
M2	HVAC Systems, Replace	2028	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,159	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
P1a	Domestic Water - Piping, Replace	2042	35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
P1b	Domestic Water - Boilers, Replace	2036	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	98,679	-	-	-	-	-	-	-	-
P2	Sump Pumps, Replace	2024	20	-	-	-	-	-	-	-	-	-	13,842	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EL1	Electrical Systems, Repair	2027	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,689	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SS1	Fire Alarm - Annunciator & Panel, Replace	2026	20	-	-	-	-	-	-	-	-	-	-	-	-	29,371	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SS2	Suppression, Repair	2024	15	-	-	-	-	-	-	-	-	-	-	32,114	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SS3	Access & Security Systems, Replace	2023	20	-	-	-	-	-	-	-	-	-	6,720	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,033	-	-
Site 1	Fencing & Site Guards, Replace	2025	20	-	-	-	-	-	-	-	-	-	-	-	19,818	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Contingency	n/a	n/a	3,605	3,713	3,825	3,939	4,057	4,179	4,305	4,434	4,567	4,704	4,845	4,990	5,140	5,294	5,453	5,616	5,785	5,959	6,137	6,321	6,511	6,706	6,908	7,115	7,328	7,548	7,775	8,008	8,248	8,495	
	Total Expenditures			\$ 3,605	\$ 3,713	\$ 3,825	\$ 3,939	\$ 4,057	\$ 4,179	\$ 4,305	\$ 4,434	\$ 4,567	\$ 4,704	\$ 4,845	\$ 4,990	\$ 5,140	\$ 5,294	\$ 5,453	\$ 5,616	\$ 5,785	\$ 5,959	\$ 6,137	\$ 6,321	\$ 6,511	\$ 6,706	\$ 6,908	\$ 7,115	\$ 7,328	\$ 7,548	\$ 7,775	\$ 8,008	\$ 8,248	\$ 8,495	

10.0 GRAPHS AND ILLUSTRATIONS

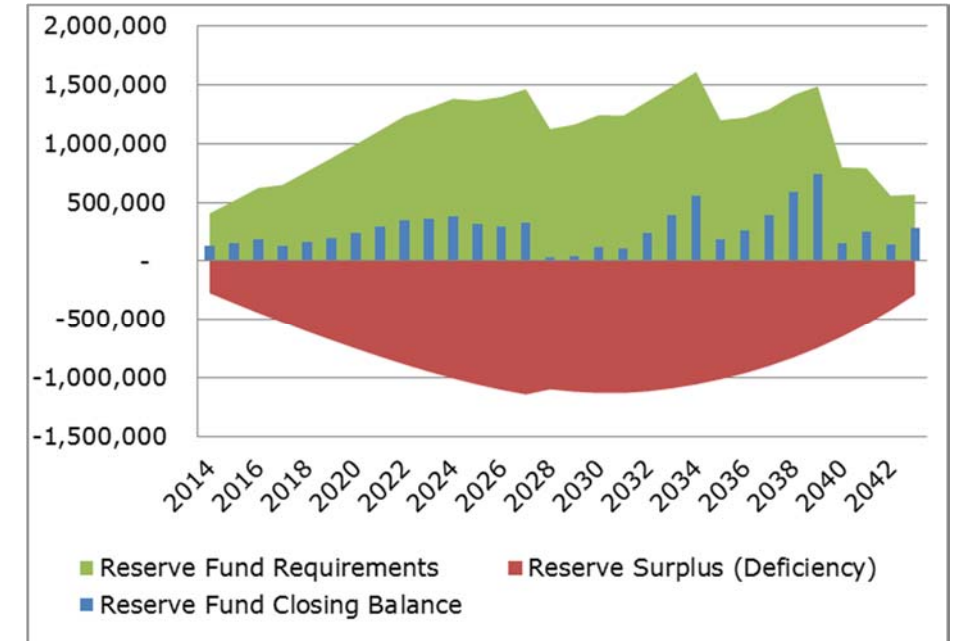
ADEQUACY – RESERVE REQUIREMENTS, SURPLUS (DEFICIT) AND FUND BALANCE



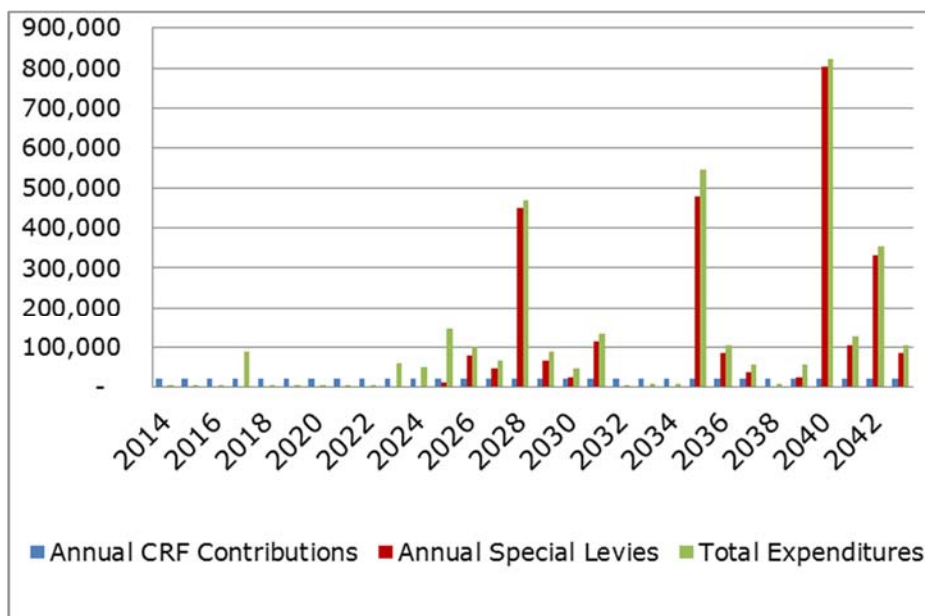
FULL FUNDING – RESERVE REQUIREMENTS, SURPLUS (DEFICIT) AND FUND BALANCE



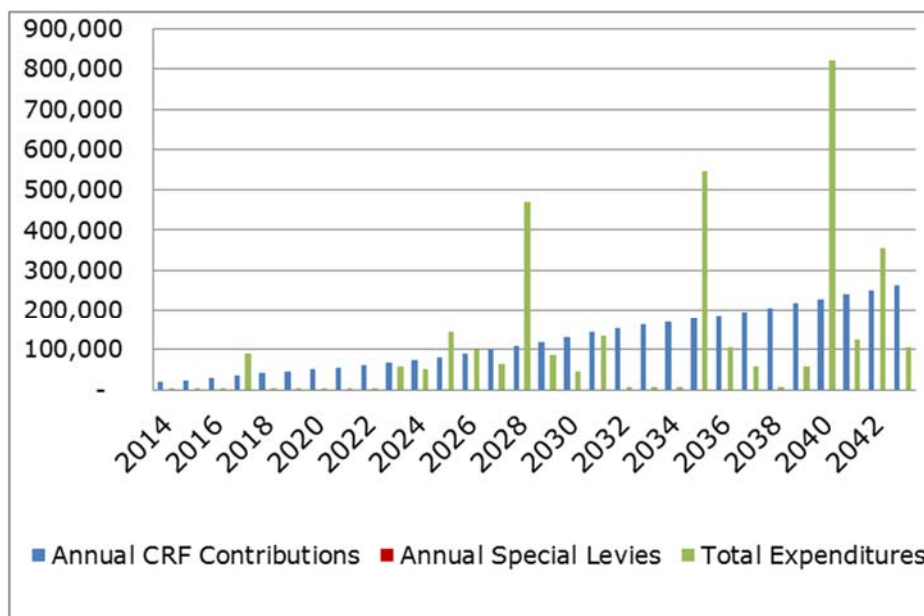
ALTERNATIVE – RESERVE REQUIREMENTS, SURPLUS (DEFICIT) AND FUND BALANCE



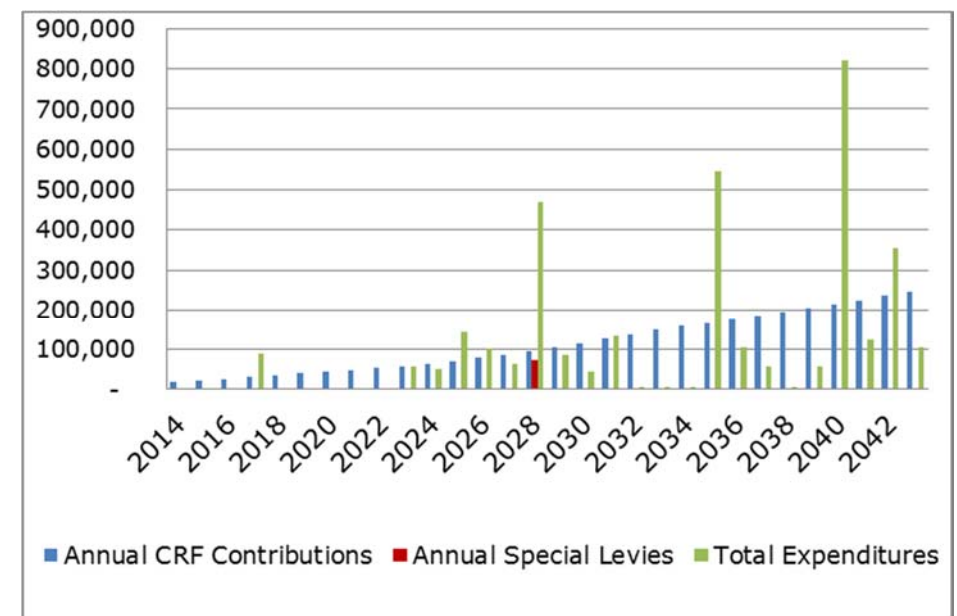
ADEQUACY – CONTRIBUTIONS COMPARED TO EXPENDITURES



FULL FUNDING – CONTRIBUTIONS COMPARED TO EXPENDITURES



ALTERNATIVE – CONTRIBUTIONS COMPARED TO EXPENDITURES



11.0 APPENDIX A — TERMS OF REFERENCE

The Client to whom this Depreciation Report is addressed may use it in deliberations affecting the subject property only, and in doing so, the report must not be extracted—it must be read and used in its entirety for the specific property.

We assumed that the subject property is structurally sound, complies with all environmental standards, and is void of any condition that may affect this report. We provided sufficient information to aid the Strata in selecting suitable renewal and maintenance strategies while endeavouring to limit the cost of obtaining this information.

Conclusions are based on a visual review of a sample of each component. No permanent finish or fixture will be removed for the purpose of inspecting components. No building envelope condition assessment, exploratory openings, testing, structural audit, destructive testing, moisture-test, legal survey, soil tests, environment assessment, detailed quantity survey compilations, engineering or exhaustive physical examinations were conducted as these are not within the Scope of the Report.

The condition of visible components was observed and the status of maintenance in general was reported, but there was no comment on functional operation. Our employees were not required to operate any shut down heating or air conditioning system or operate any such system during periods of weather which could possibly damage that system. They were not required to clear snow or ice, foliage, furniture or any other obstacle which prevents visual inspection of any component, finish or fixture. Our employees may report on, but were not obligated to report hazardous substances or other contaminants.

Our employees were not required to light or extinguish any gas pilot light or solid fuel fire. Our employees were not required to enter any area of the building: 1. where head room is less than three (3) feet, 2. where the access opening is less than thirty (30) inches square, 3. where access could possibly cause damage to the structure or finish and 4. where there is a possible threat of personal injury.

We prepared the Depreciation Report using our best efforts with the information and practices that are available to us at the time of preparing the report. We further used our best efforts to make assumptions as to future costs and interest rates to predict future funding however these assumptions are based on future events that may not be foreseeable at the time of the report.

This report is considered a Restricted Report. The use of this document is restricted to the Strata named in this proposal for the assessment and planning their capital funding. It cannot be used for any other purpose. Possession of this report, or a copy thereof, does not carry with it the right of publication. Notwithstanding the foregoing, the applicant herein has permission to reproduce the report in whole or in part for the legitimate purposes of providing information to the Strata Council or unit owners such as attaching the report to a Form B. The Client agrees that Normac Appraisals Ltd. ("Normac") does not assume any responsibility or liability for any losses suffered by the Strata or any other parties as a result of any use of this report contrary to the provisions of this paragraph. This report is not intended to be used for mortgage nor for insurance purposes or for use as a pre-purchase inspection for potential buyers.

We reserve the right, but will be under no obligation, to review our calculations referred to in the report and, if we consider it necessary, to revise our conclusions in the light of any information existing at the date of the report which becomes known to us after the date of the report.

The Client agrees that any and all claims, whether such claims sound in contract or tort, which the Client has or hereafter may have against Normac (including all staff), in any way arising out of or related to Normac's duties and responsibilities pursuant to this Contract, shall be limited to three times the fee charged under this Contract. In addition to the limitation of liability listed above, Normac will not assume any liability for any consequential loss, injury or damages suffered by the client, including, but not limited to, loss of use, earnings and business interruption.

The Client expressly agrees that Normac's officers, directors, employees, agents and sub-consultants shall have no personal liability to the client in respect of a claim, whether in contract, or tort. The Strata expressly agrees that it will bring no proceedings and take no action in any court of law against any of Normac's officers, directors, employees, agents, and sub-consultants in their personal capacity.

Information used in the creation of the report furnished by others such as explanations, surveys, building plans, and strata plans are assumed to be correct. However, Normac assumes no liability for the accuracy of such information. Reference to a sketch, blueprint, or strata plan appearing in the report is only for the purpose of assisting the reader to visualize the property.

The Report does not intend to record all existing deficiencies. It is likely that these deficiencies—or conditions not uncovered during the Report—may affect the costs, timing or effectiveness of the provided recommendations.

The recommendations in this Report are based on our experience and on generally accepted practise. The long-term effectiveness of these recommendations cannot be assessed beyond present knowledge and experience. A detailed assessment of previous financial records, studies and reports has not been made to substantiate the Strata Corporation's current financial position. The recommendations in this Report are based on the information available at the time of carrying out the DR. Should associated repair/restoration/renewal work reveal additional information; the recommendations may have to be revisited.

Cost estimates presented in this Report are based on approximate quantities and our judgement and experience with similar projects. The cost estimates are to be interpreted as an order of magnitude budget estimate, subject to confirmation by competitive tendering. The cost estimates are also subject to change and are dependent upon some factors over which we have no control, namely market condition, contractor availability, methods and bidding practices, and the cost of labour, materials, and equipment etc.

In issuing this Report, Normac Appraisals Ltd. does not assume any of the duties or liabilities of the designers, builders or past or present owners of the subject property. Owners, prospective purchasers, tenants or others who use or rely on the contents of the report do so with the understanding as to the limitations of the cursory field review undertaken and the understanding that the Consultant cannot be held liable for damages they may suffer in respect to the purchases, ownership, or use of the subject property.

12.0 APPENDIX B—STRATA FEEDBACK

Strata Comments	
No comments.	

13.0 APPENDIX C—B.C.'S STRATA PROPERTY ACT—DEPRECIATION REPORT

With respect to the Strata Property Act, [SBC 1998] CHAPTER 43, Part 1 — Definitions and Interpretation

"bare land strata plan" means

(a) a strata plan on which the boundaries of the strata lots are defined on a horizontal plane by reference to survey markers and not by reference to the floors, walls or ceilings of a building, or

(b) any other strata plan defined by regulation to be a bare land strata plan;

"common property" means

(a) that part of the land and buildings shown on a strata plan that is not part of a strata lot, and

(b) pipes, wires, cables, chutes, ducts and other facilities for the passage or provision of water, sewage, drainage, gas, oil, electricity, telephone, radio, television, garbage, heating and cooling systems, or other similar services, if they are located

(i) within a floor, wall or ceiling that forms a boundary

(A) between a strata lot and another strata lot,

(B) between a strata lot and the common property, or

(C) between a strata lot or common property and another parcel of land, or

(ii) wholly or partially within a strata lot, if they are capable of being and intended to be used in connection with the enjoyment of another strata lot or the common property;

For the purposes of section 94 of the Act, a depreciation report must include all of the following:

1.0 A physical component inventory and evaluation that complies with section 2 and includes:

1.1 A summary of repairs and maintenance work for common expenses respecting the items listed in section 2.2 that usually occur less often than once a year or that do not usually occur

1.2 A financial forecasting section that complies with section 3

1.3 The name of the person from whom the depreciation report was obtained and include:

1.3.1 That person's qualifications

1.3.2 The error and omission insurance, if any, carried by that person

1.3.3 The relationship between that person and the strata corporation

1.4 The date of the report

1.5 Any other information or analysis that the strata corporation or the person providing the depreciation report considers appropriate

2.0 For the purposes of sections 1.1 and 1.2, the physical component inventory and evaluation must:

2.1 Be based on an on-site visual inspection of the site and, where practicable, of the items listed in section 2.2

2.2 Include a description and estimated service life over 30 years of those items that comprise the common property, the common assets and those parts of a strata lot or limited common property, or both, that the strata corporation is responsible to maintain or repair under the Act, the strata corporation's bylaws or an agreement with an owner, including, but not limited to, the following items:

2.2.1 The building's structure

2.2.2 The building's exterior, including roofs, roof decks, doors, windows and skylights

2.2.3 The building's systems, including the electrical, heating, plumbing, fire protection and security systems

2.2.4 Common amenities and facilities

2.2.5 Parking facilities and roadways

2.2.6 Utilities, including water and sewage

2.2.7 Landscaping, including paths, sidewalks, fencing and irrigation

2.2.8 Interior finishes, including floor covering and furnishings

2.2.9 Green building components

2.2.10 Balconies and patios

- 2.3 Identify common property and limited common property that the strata lot owner, and not the strata corporation, is responsible to maintain and repair
- 3.0 For the purposes of subsection 1.2 the financial forecasting section must include:
 - 3.1 The anticipated maintenance, repair and replacement costs for common expenses that usually occur less often than once a year or that do not usually occur, projected over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection
 - 3.2 A description of the factors and assumptions, including interest rates and rates of inflation, used to calculate the costs referred to in 3.1
 - 3.3 A description of how the contingency reserve fund is currently being funded
 - 3.4 The current balance of the contingency reserve fund minus any expenditures that have been approved but not yet taken from the fund
 - 3.5 At least 3 cash-flow funding models for the contingency reserve fund relating to the maintenance, repair and replacement over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection 2.2
- 4.0 For the purposes of section 3.5, the cash-flow funding models may include any one or more of the following:
 - 4.1 Balances of, contributions to and withdrawals from the contingency reserve fund
 - 4.2 Special levies
 - 4.3 Borrowings
- 5.0 If a strata corporation contributes to the contingency reserve fund based on a depreciation report, the contributions in respect of an item become part of the contingency reserve fund and may be spent for any purpose permitted under section 96 of the Act
- 6.0 A qualified person is:
 - 6.1 Any person who has the knowledge and expertise to understand the individual components, scope and complexity of the strata corporation's common property, common assets and those parts of a strata lot or limited common property, or both, that the strata corporation is responsible to maintain or repair under the Act, the strata corporation's bylaws or an agreement with an owner and to prepare a depreciation report that complies with sections 1.0 to 4.0.
- 7.0 The following periods are prescribed to obtain a Depreciation Report:
 - 7.1 3 years after the strata corporation has obtained a Depreciation Report
 - 7.2 18 months after the strata corporation has waived the requirement with a $\frac{3}{4}$ resolution passed at an AGM or special general meeting
 - 7.3 12 months within the prescribed period after the strata corporation, by a $\frac{3}{4}$ resolution passed at an AGM or special general meeting has waived the requirement

Strata Property Regulation:

http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/12_43_2000#section6.2

Strata Property Act:

http://www.bclaws.ca/EPLibraries/bclaws_new/document/LOC/freeside/--%20S%20--/Strata%20Property%20Act%20SBC%201998%20c.%2043/00_Act/98043_06.xml

14.0 APPENDIX D—DEFINITIONS

Adequacy—refers to a term used to describe one of the financial models presented. It is a summary of the cash flow and projections if current funding levels continue and minimum efforts are made. Any shortfalls in the Contingency Reserve Fund against needed expenditures are funded with one yearly contribution increase and the rest via special levies. The bottom line for this funding model is that sufficient funds are available for expenditures as needed but no more.

Alternative Funding— refers to one of the financial models presented. This financial model works towards getting the Strata to an alternative funding position by the end of 30 years. Annual Contingency Reserve Fund Contributions to the Contingency Reserve Fund are increased early in the cycle and level off over time with minimal special levies.

Annual Contingency Reserve Fund Contributions— refers to the annual payments made by owners towards the contingency reserve fund.

Annual Reserve Fund Requirement—refers to the hypothetical ideal amount of annual Contingency Reserve Fund Contributions made by the owners to fund major repair or replacement of the Building Component at the end of their life.

Building Component—refers to the various parts of the Strata's assets under discussion. For example the Strata's roof, exterior cladding or domestic hot water system is a building component.

Change in Monthly Contributions—refers to the percentage rate at which the Annual Contingency Reserve Fund Contribution is increased or decreased when compared to the prior year.

Complete Replacements—refers to projects that are implemented as one complete repair. Owners can leverage economies of scale and thereby reduce the overall cost but the financial burden for a particular year is often high.

Co-ordinating—refers to projects when more than one repair is completed all at once to take advantage of economies of scale or favorable market conditions. The Owners thus shorten the duration of the burden as well as lowering their overall costs.

Current Replacement Costs—refers to the total amount for all major repairs and replacements for all building components at current prices.

Current Reserve Fund Requirements—refers to a hypothetical ideal balance of the Contingency Reserve Fund at the current date, if full funding of the Contingency Reserve Fund had taken place since the first day of the Strata's inception. It is a notion of a "pay a portion for usage" contribution to the Contingency Reserve Fund, based on the effective age of building components and their repair or replace date. This is used in the Benchmark as part of the calculation to determine a hypothetical ideal annual Contingency Reserve funding amount.

Expected Lifespan—refers to the anticipated life span of a Building Component, starting from the date of original construction/installation until the date of replacement of the component. The life-cycle is usually discussed in terms of frequency.

Full Funding—refers to one of the financial models presented. This financial model works towards getting the Strata to a full funding position by the end of 30 years whereby the Contingency Reserve Balance equals the Reserve Fund Requirements. Regular contributions to the Contingency Reserve Fund are increased at the beginning of the cycle and then level off over time with minimal special levies.

Future Replacement Cost—refers to the amount for major repair and replacement of a Building Component in the future at the end of its expected life span.

Future Reserve Fund Accumulation—refers to the hypothetical amount that would be in the future Contingency Reserve Fund at the end of the components' life, by adding the Current Reserve Fund Requirement plus compound interest on the Current Reserve Fund Requirement. This is used in the Benchmark as part of the calculation to determine a hypothetical ideal annual Contingency Reserve funding amount.

Future Reserve Fund Requirements—refers to the amount of future funding of the Contingency Reserve Fund required to pay for major repair or replacements of Building Components at the end of their life, assuming the current Contingency Reserve Fund balance equalled the Current Reserve Fund Requirement or the hypothetical ideal contributions was made. It is the mathematical difference between the Future Replacement Cost and the Future Reserve Fund Accumulation. This is used in the Benchmark as part of the calculation to determine an ideal annual Contingency Reserve contribution.

Inflation Rate—refers to the annual inflation rate, used to reflect assumed increases to current cost estimates, and used to arrive at future expenditure predictions. For this Report we use Statistics Canada's Construction Price Index as it reflects more closely construction materials and services fluctuations.

Interest Rate—refers to the assumed annual interest earned on the Contingency Reserve Fund Balance. Any interest gained is added to the Contingency Reserve Fund.

Localized Renewal—refers to repair or replacement projects that are localized to a particular part of the building or property. Different areas of the building or property may be subject to accelerated wear and tear due to different weather exposure or different usage.

Minimum Contingency Reserve Balance—refers to statutory minimum required Contingency Reserve Fund balance.

Operating Fund—refers to a Strata's regular annual budget where regular annual repair and maintenance costs are funded and where we assume costs of repairs of less than \$5,000 are funded.

Phased Repairs—refers to projects that present a repair or a renewal of a component in a phased approach. They are carried out over multiple periods. The financial toll in a particular year to Owners is reduced when the work occurs, but overall, due to remobilization costs and fluctuations in inflation and market conditions, the total completion costs may be higher.

Reserve Fund Opening Balance—refers to the balance in the Reserve Fund at the start of the Strata's fiscal year.

Years Remaining Until Repair or Replacement—refers to the anticipated life span of a component, starting from the date of original construction/installation until major repair or full replacement of the component is required. This estimate is based on apparent conditions and not limited to the time remaining for the component's "standard" expected life. The actual service life achieved of a building component is dependent on a number of factors and assumes that regular maintenance is carried out.

15.0 APPENDIX E—TEAM BIOGRAPHIES (PROVIDED AS REQUIRED BY THE STRATA ACT)

Cameron Carter, B. Comm., RI (BC), CRP

President, Normac Appraisals Ltd.

Cameron Carter is a seasoned professional in the real estate industry. He is the founder and president of Normac and has been successfully serving Strata Corporation clients for 15 years, having completed thousands of replacement cost appraisals. His knowledge and experience with strata construction costs, building code upgrades, and municipal bylaws is significant. A member of the Real Estate Institute of Canada (REIC), Cameron is a designated Certified Reserve Planner (CRP).

Gina Arsens, CA, CBV, CRP

Vice President, Normac Appraisals Ltd.

Gina Arsens has 20 years of business and financial experience. She has prepared and reviewed hundreds of financial plans and models during her career. She's held various financial and leadership roles in her career starting with a successful articling period with PricewaterhouseCoopers where she became a Chartered Accountant (CA) and a Chartered Business Valuator (CBV). She has significant experience as a CFO and a CEO. In 2009, Gina had the distinction of being named one of BC's Top 40 under 40 by Business in Vancouver. A member of the REIC, she is a designated CRP.

Aaron Wittstock, BBA, PGCV, CRP

Insurance Appraiser and Depreciation Report Planner

After completing his Post-Graduate Certificate in Real Property Valuation (PGCV) at the Sauder School of Business at UBC, Aaron started his appraisal career at the BC Assessment Authority in their Vancouver-North Shore office where he was an integral team member of a pilot GIS-based appraisal initiative. He joined Normac at the beginning of 2011 carrying out numerous property inspections, municipal bylaw research, and replacement cost estimates for both residential and commercial properties. Aaron is a member of the REIC and is a CRP. He is also a Candidate Member of the Appraisal Institute of Canada working toward the AACI – P.App. Designation.

Alfred HY Lam, BAsC in Civil Engineering, IIT

Depreciation Report Planner

Alfred joined Normac in 2013 with experience designing and inspecting residential and commercial buildings. He started his career in the UBC Department of Civil Engineering in 2003 performing concrete strength tests, compared steel reinforcements. After working in operations and in an engineering firm he joined Normac. He obtained his degree in Civil Engineering from the University of BC in 2005 and completed the Home Inspection Program from BCIT in 2011. Alfred is currently enrolled the CRP program of the REIC.

Amanda McIntyre, Dipl. Arch. Tech.

Depreciation Report Planner

Amanda McIntyre has a deep level of knowledge of building systems, condition assessments, costing, planning and construction. She has conducted hundreds of building condition assessments and depreciation reports. Hailing from Ontario, Amanda started her career at a well-respected building engineering company. After opening a new office for her engineering firm in BC in 2009 she established a strong reputation in her field by successfully managing high-rise development projects, building inspections, condition surveys, depreciation reports, envelope investigations, and site analyses. In 2013 Amanda joined Normac. She holds a Diploma of Architectural Technology from St. Clair College in Ontario. She is currently enrolled in the CRP courses of the REIC.

Herman Kwok, BAsC in Materials Engineering, MEng in Building Science

Depreciation Report Coordinator

A recent addition to the Normac team, Herman has assumed the role of Depreciation Report Coordinator. Herman has a Bachelor of Applied Science from UBC with a specialization in Materials Manufacturing and Performance. In 2013, Herman obtained his Master of Engineering degree from BCIT in the field of Building Science. His final dissertation was titled "Experimental Investigation of Moisture Transfer between Concrete Foundation and Sill Plate."

James Woodall, BSc. (Hons), MSc. In Energy and Sustainable Building Design

Depreciation Report Coordinator

James recently emigrated from the UK to Vancouver, bringing vast technical expertise and professional experience to the Normac team. James worked as an Architectural Technologist for five years during which time he completed his Bachelor of Science (Honours) degree in Architectural Design, Technology & Production in addition to his Master of Science degree in Energy and Sustainable Building Design, both conferred by De Montfort University. His most recent position prior to joining Normac was as an Environmental Assessment Method Technical Consultant for a global corporation. Additionally, James is a member of the Chartered Institute of Building Services Engineers (CIBSE.)

Kelvin Liu, BAsC Civil Engineering, MAsC. Building Science (Candidate)

Depreciation Report Coordinator

Kelvin is a recent addition to the Normac team having previously worked for Engineering Consultant and Contracting firms both locally and internationally. After completing his Bachelor of Science in Civil Engineering with a Structural Emphasis at Purdue University, Kelvin enrolled in the Master of Applied Science in Building Science program at BCIT where he is in the final stages of obtaining his degree. In addition, Kelvin is a member of the Association of Professional Engineers and Geoscientists of British Columbia as well as the Sustainable Building Advisor Institute Program.

Liam Bailey, BSc. (Hons) in Construction Engineering and Management

Depreciation Report Coordinator

Liam has recently joined the team at Normac as a Depreciation Report Coordinator. Liam is beginning his career here at Normac after recently moving to Vancouver from Ireland. In 2008 he obtained his Diploma in Construction from Southern Regional College and in 2012 a Bachelor of Science Degree in Construction Engineering and Management from the University of Ulster.

Lynda Davies, CRP

Client Services Manager

Lynda joined Normac 10 years ago and has been an integral part of the company's growth ever since. Formerly a successful real estate agent, Lynda joined Normac from GE Capital in 2003. Lynda is responsible for all client service interaction and satisfaction. Lynda is highly skilled and knowledgeable having performed thousands of administrative reviews on cost appraisals. She ensures all processes are followed, reports meet the criteria set by the company, proposals are issued and co-ordinates all office activity. Lynda is a member of the REIC and is a CRP.

16.0 APPENDIX F—MAINTENANCE ACTIVITIES

Below are some maintenance activities that the Strata can undertake to promote longevity of some of the Strata's common assets:

For the outside envelope or enclosure

- Inspect for cracks, leaks, broken items, staining, efflorescence
- Report water ingress
- Regularly undertake sealing & painting, including touch ups
- Remove vegetation or any matter away from the building(s)
- Review downspouts & flashing for water being directed away from the building and there are no clogs or build up
- Watch out that cleaning doesn't affect the quality of the product or sealants or seals
- Review for corrosion of metal fasteners, joints, downspouts & flashing

For the roof

- Inspect for missing granules, shingle quality (curled, broken, cracked or missing), excessive moss growth
- Remove foreign objects from the roof
- Check for missing or damaged flashing, eavestroughs, downpipes, caulking or sealing
- Check for standing or pooling water
- Check for overflowing eavestroughs or downspouts
- Check for staining

For decks, balconies, or terraces

- Remove dirt, leaves, twigs and moss regularly
- Report water ponding
- Keep vents clear of dirt and debris
- Report and inspect for peeling of deck or balcony membrane from the wall
- Report and inspect for seams of the membranes coming apart
- Check strength of guard rails
- Check and report and concrete spalling, cracking and rust marks
- Keep barbeques away from the building's enclosure

Windows and Exterior Doors

- Clean any accumulation of dirt at the window or door sills
- Clean glass regularly with soap and water. Use a professional to wash your windows, be careful of pressure washing as water may be driven into the building envelope
- Report any worn out weather stripping
- Report loose or missing seals
- Report black staining inside walls, in corners
- Report any condensation between the layers of glass
- Keep humidity inside the house to a minimum
- Promote good air circulation and ventilation in each home (use exhaust fans, open windows, humidifiers)

More information can be found on BC Housing, Homeowner Protection Office. For more in-depth information of maintenance activities go to <http://www.hpo.bc.ca/homeowners>.

Normac Adds Value:

- ✓ Unparalleled Experience
- ✓ Exceptional Service
- ✓ Independent and unbiased
- ✓ Clear reporting
- ✓ Value Added Benefits

normac
appraisals ltd.

308 - 788 Beatty Street, Vancouver, BC V6B 2M1
phone: 604-221-8258 fax: 604-224-1445
E-mail: info@normac.ca

Annual Budget

Period = Jun 2015

Book = Accrual

06/2015 - 05/2016**REVENUE**

Owners' Contributions

154,944.00**TOTAL REVENUE****154,944.00****OPERATING EXPENSES****ADMIN EXPENSES**

Statutory Review of Trust Accounts

315.00

Additional Services

315.00

Bank Charges

276.00

Insurance Premium

20,200.00

Legal Fees

1,500.00

Management Fees

13,768.00

Postage/Copies/Office Exp.

500.00**TOTAL ADMIN EXPENSES****36,874.00****UTILITY EXPENSES**

Electricity

13,900.00

Gas

12,000.00

Utilities - General

1,800.00

Water & Sewer

10,500.00**TOTAL UTILITY EXPENSES****38,200.00****CONTRACT & BUILDINGS EXPENSES**

Alarm Monitoring

2,100.00

Elevator & License

2,800.00

Fire Protection

1,300.00

Garage Door

200.00

Garbage Collection (Organic Debris)

1,200.00

Garbage Collection (Non-Organic Debris)

4,000.00

Janitorial

10,220.00

Landscaping

4,750.00

Mechanical

2,300.00

Roof

2,000.00**TOTAL CONTRACT & BLDG EXPENSES****30,870.00****REPAIRS & MTCE EXPENSES**

Repairs & Maintenance

22,000.00**TOTAL REPAIRS & MTCE EXPENSES****22,000.00****CRF & OTHER BUDGETED RESERVES**

Contingency Reserve Fund

26,500.00

Deficit Recovery

500.00**TOTAL CRF & BUDGETED RESERVES****27,000.00****TOTAL EXPENSES / RESERVES****154,944.00**

EXHIBIT E

STRATA PROPERTY ACT

FORM J

RENTAL DISCLOSURE STATEMENT
(Section 139)

Re: Strata plan to be filed with respect to lands legally described as:
Parcel Identifier: 025-781-502, Lot 1, Block 404, District Lot 526, Group 1, New
Westminster District, Plan BCP8004.

- 1. The development described above includes 35 residential strata lots.
- 2. The residential strata lots described below are rented out by the owner developer as of the date of this statement and the owner developer intends to rent out each strata lot until the date set out opposite its description.

Nil.

- 3. In addition to the number of residential strata lots rented out by the owner developer as of the date of this statement, the owner developer reserves the right to rent out a further 35 residential strata lots indefinitely.

- 4. There is no bylaw of the strata corporation that restricts the rental of strata lots.

Date: Dec 29, 2003

TRUONGHIN ENTERPRISES LTD.

Per: [Signature]
CHRISTINA SAU Y CHAU
DIRECTOR

Per: [Signature]
FOCK NGOI CHAU
DIRECTOR

Per: [Signature]
SUSANA SAUL CHAU
DIRECTOR

PCI BEL AIR HOLDINGS CORP.

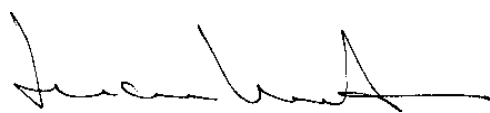
Per: [Signature]
ANDREW GRANT
DIRECTOR

Per: [Signature]
KEN WOODHOUSE
DIRECTOR

Balance Sheet
 Bel Air (bcs1265)
 April 30, 2015

Friday, May 1, 2015

	April 2015	March 2015	Change
ASSETS			
CURRENT ASSETS			
Bank - Operating	5,292.99	4,653.92	639.07
Bank - Shares	5.01	5.01	0.00
Accounts Receivable	560.93	(172.79)	733.72
TOTAL CURRENT ASSETS	\$ 5,858.93	4,486.14	1,372.79
OTHER ASSETS			
Prepaid - Insurance	4,840.74	6,454.32	(1,613.58)
TOTAL OTHER ASSETS	\$ 4,840.74	6,454.32	(1,613.58)
RESERVES			
Reserve Bank - Depreciation Report	0.00	191.79	(191.79)
Reserve Bank - Painting	0.00	3,337.75	(3,337.75)
TOTAL RESERVES	\$ 0.00	3,529.54	(3,529.54)
CRF BANK			
CRF Bank - General	49,638.56	41,999.75	7,638.81
CRF Bank - Envision	100,000.00	100,000.00	0.00
TOTAL CRF BANK	\$ 149,638.56	141,999.75	7,638.81
TOTAL ASSETS	\$ 160,338.23	156,469.75	3,868.48
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts Payable	1,048.95	0.00	1,048.95
TOTAL CURRENT LIABILITIES	\$ 1,048.95	0.00	1,048.95
RESERVES			
Reserve - Depreciation Report	0.00	191.79	(191.79)
Reserve - Painting	0.00	3,337.75	(3,337.75)
TOTAL RESERVES	\$ 0.00	3,529.54	(3,529.54)
CONTINGENCY RESERVE FUND			
CRF - General	149,638.56	141,999.75	7,638.81
CRF Loan - Insurance	2,151.44	4,302.88	(2,151.44)
TOTAL CONTINGENCY RESERVE FUND	\$ 151,790.00	146,302.63	5,487.37
OPERATING FUND			
Operating Surplus/(Deficit) Current Year	7,961.37	7,099.67	861.70
Operating Surplus/(Deficit) Prior Years	(386.08)	(386.08)	0.00
Prior Year Operating Surplus - Adjustment	(76.01)	(76.01)	0.00
TOTAL OPERATING SURPLUS/(DEFICIT)	\$ 7,499.28	6,637.58	861.70
TOTAL LIABILITIES AND EQUITY	\$ 160,338.23	156,469.75	3,868.48



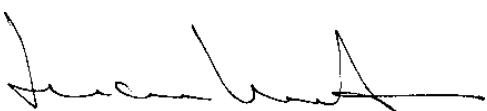
Lucian Naita

May 1, 2015

Date

Bel Air (bcs1265)
Statement of Operations
 For the 11th Month Ending April 30, 2015

	Current Actual	YTD Actual	YTD Budget	YTD Variance	Annual Budget
5000-0000 REVENUE					
5285-0000 Interest Income	8.41	135.81	0.00	135.81	0.00
5290-0000 Fobs/Keys/Remotes	0.00	350.00	0.00	350.00	0.00
5385-0000 MoveIn/Out Fee	100.00	600.00	0.00	600.00	0.00
5500-0000 Owners' Contributions	12,110.32	133,213.52	133,213.08	0.44	145,323.40
5999-9999 TOTAL REVENUE	12,218.73	134,299.33	133,213.08	1,086.25	145,323.40
6000-0000 OPERATING EXPENSES					
6001-0000 ADMIN EXPENSES					
6004-0000 Statutory Review of Trust Accounts	0.00	315.00	288.75	-26.25	315.00
6008-0000 Additional Services	0.00	315.00	288.75	-26.25	315.00
6028-0000 Bank Charges	23.00	230.00	253.00	23.00	276.00
6080-0000 Insurance Premium	1,613.58	17,613.58	17,875.00	261.42	19,500.00
6088-0000 Legal Fees	386.40	386.40	183.37	-203.03	200.00
6098-0000 Management Fees	1,113.95	12,253.43	12,253.45	0.02	13,367.40
6128-0000 Postage/Copies/Office Exp.	32.40	406.70	366.63	-40.07	400.00
6199-9999 TOTAL ADMIN EXPENSES	3,169.33	31,520.11	31,508.95	-11.16	34,373.40
6300-0000 UTILITY EXPENSES					
6308-0000 Electricity	2,222.94	11,142.30	11,916.63	774.33	13,000.00
6316-0000 Gas	1,048.95	9,514.50	11,000.00	1,485.50	12,000.00
6334-0000 Utilities - General	0.00	1,018.50	1,466.63	448.13	1,600.00
6336-0000 Water & Sewer	0.00	6,888.89	9,625.00	2,736.11	10,500.00
6399-9999 TOTAL UTILITY EXPENSES	3,271.89	28,564.19	34,008.26	5,444.07	37,100.00
7000-0000 CONTRACT & BUILDINGS EXPENSES					
7002-0000 Alarm Monitoring	95.49	2,391.49	2,612.50	221.01	2,850.00
7048-0000 Elevator & License	206.85	3,371.97	3,208.37	-163.60	3,500.00
7069-0000 Fire Protection	1,887.85	2,029.60	1,375.00	-654.60	1,500.00
7076-0000 Garage Door	0.00	178.50	183.37	4.87	200.00
7080-0000 Garbage Collection	449.10	3,725.68	3,483.37	-242.31	3,800.00
7096-0000 Janitorial	0.00	8,265.30	9,093.37	828.07	9,920.00
7100-0000 Landscaping	394.45	3,883.94	4,381.63	497.69	4,780.00
7126-0000 Mechanical	0.00	1,628.00	2,108.37	480.37	2,300.00
7178-0000 Roof	0.00	399.00	1,833.37	1,434.37	2,000.00
7499-9999 TOTAL CONTRACT & BLDG EXPENSES	3,033.74	25,873.48	28,279.35	2,405.87	30,850.00
7500-0000 REPAIRS & MTCE EXPENSES					
7660-0000 Repairs & Maintenance	-34.60	19,296.81	18,333.37	-963.44	20,000.00
7999-9999 TOTAL REPAIRS & MTCE EXPENSES	-34.60	19,296.81	18,333.37	-963.44	20,000.00
8900-0000 CRF & OTHER BUDGETED RESERVES					
8920-0000 Contingency Reserve Fund	1,916.67	21,083.37	21,083.37	0.00	23,000.00
8999-9999 TOTAL CRF & BUDGETED RESERVES	1,916.67	21,083.37	21,083.37	0.00	23,000.00
9997-9999 TOTAL EXPENSES / RESERVES	11,357.03	126,337.96	133,213.30	6,875.34	145,323.40
SURPLUS / (DEFICIT)	861.70	7,961.37	-0.22	7,961.59	0.00



Lucian Naita