DEPRECIATION REPORT & RESERVE FUND STUDY

NES2947 - 300 and 400 block - Forest Crowne Close

320 Forest Crown Close

Kimberley, BC V1C 0A2

as of January 1, 2014

aStratagy Reserve Fund Planning
801B Baker Street
Cranbrook, BC V1C 1A3

NES2947 - 300 and 400 block - Forest Crowne Close

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12/10/2013

NES2947 - 300 and 400 block - Forest Crowne Close
320 Forest Crown Close
Kimberley, BC V1C 0A2

Pursuant to your request and our subsequent agreement, Brad Cable has prepared the included Reserve Fund Study pursuant to the requirements of the British Columbia Strata Property Act pertaining to Depreciation Reports.

The purpose of this consultation appraisal report is to undertake and report a depreciation study of the improvements, as specified in this report, and to provide a reserve fund plan for the function of compliance with the British Columbia Strata Property Amendment Act 2009.

The appraiser has personally views the common areas of the subject site on 08/22/2013. The appraiser has gathered and analyzed all the data deemed necessary from this viewing, from the supplied Strata plans and documents, from the representative of the subject Strata Council, and from other available, appropriate, and applicable sources. The appraiser has further completed a depreciation analysis and a reserve fund analysis.

This consultation appraisal and this report have been completed in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

THIS REPORT CONTAINS AND IS SUBJECT TO specific terminology, descriptions, appraiser certifications, conditions, and special limitations which affect the stated opinions of value, the use, and the intended user of the report. PLEASE CAREFULLY READ, AND PAY PARTICULAR ATTENTION TO, all of these descriptions, appraiser certifications, conditions, and special limitations.

We appreciate the opportunity to perform this Reserve Fund Study for you and if you have any questions, or require any further information, please do not hesitate to contact the appraiser. We look forward to providing you with a complete review and updating of the reserve fund of your corporation, as required in the future.

Regards,

Brad Cable, DAR, DRP 0942-14

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Table of Contents

Summary and Conclusions

This summary is provided as a quick reference of pertinent facts and estimates of this reserve fund study. The client and readers are advised to refer to the full text of this reserve fund study in detail.

Contact: David Chorneyko

Forest Crowne Close

Client: NES2947 - 300 and 400 block - Forest Crowne Close

Date of Study: January 1, 2014

Property: NES2947 - 300 and 400 block - Forest Crowne Close

320 Forest Crown Close

Kimberley, BC V1C 0A2

Number of Lots: 25

Real Property Type: Bareland Strata

Date of inspection: 08/22/2013

A reserve fund analysis was performed for NES2947 - 300 and 400 block - Forest Crowne Close ("property") located at 320 Forest Crown Close, Kimberley, BC The property has 25 lots. The reserve study is for the fiscal year starting January 1, 2014, and ending December 31, 2014. The property is currently managed by Forest Crowne Close.

Purpose of Reserve Fund Study

This Reserve Fund Study is a financial document the purpose of which is to provide cost estimates for various reserve components that are subject to major repairs and/or replacement over the lifetime of the property, and to estimate the funding required for such major repairs and replacement in accordance with the provisions of Section 94 Strata Property Amendment Act 2009 & Regulation 43/2000.

This report presents the findings of the Reserve Fund Study, the qualifications of the analyst as well as a physical inventory of common property and assessment of the present condition and estimated life expectancy. The current status of the reserve fund is analyzed and three funding models are provided including a threshold funding model, a baseline funding model and a status quo funding model.

The purpose is to provide council and unit owners options to meet their objectives of creating a reserve fund plan which:

- minimizes required contributions to the reserve fund.

- provides funds for replacements and refurbishments as required.

- is stable and equitable meeting the needs of current and future owners.

- anticipates future system deterioration and failures through pro-active planning.

- provides an acceptable level of exposure to special assessments.

-meets owners expectations with respect to management style, property maintenance and appearance.

Funds for major repairs and replacements can be accumulated over time through regular contributions to the contingency reserve fund, or by way of special assessments for specific projects, or a combination of both. While some owners may prefer to manage their of own investments and fund major expenditures by way of special assessment when needed, others may not easily afford or be capable of managing their finances in this manner. The greater the number of units, the larger this issue becomes. In addition, lenders may not look favorably on this practice and the value of the security may be diminished which can impact market value of the property.

There is a careful balance between an attempt to keep strata fees to a minimum while planning for long term expenditures and conducting planned preventative maintenance while trying to reduce the risk of special assessments and premature failures.

Analysis of Reserve Fund Operations

In reviewing and analyzing the reserve fund operation of NES2947 - 300 and 400 block - Forest Crowne Close, we have examined the operating budget for the corporation provided by the property management company, Forest Crowne Close, prepared a 12 month budget for the period ending, January 1, 2014. The unaudited balance sheet and the general ledger were provided for the past two years and were reviewed.

The following calculations are based on the component funding model as of January 1, 2014:

Current Replacement Cost which are provisions for all major repairs and replacements at current prices	**$106,580**
Future Replacement Cost which are the provisions for all major repair and replacement cost in the future at the on the scheduled dates based on the inflation rate	**$153,748**
Reserve Fund Balance Required which would be the reserve fund balance required to be 100% as of January 1, 2014	**$31,542**
Current Reserve Fund Balance which is the actual balance of the reserve fund as of January 1, 2014	**$26,041**

As of January 1, 2014, the estimated reserve fund balance is $26,041. The estimated current replacement cost of the reserve items is $106,580.

In accordance with these projections the contingency reserve fund balance as of January 1, 2014 should be $31,542 to be 100% funded. There are no requirements in the Strata Property Act of B.C. to be 100% funded at any time. A survey of strata corporations indicates that a corporation can operate effectively with percent funded

levels ranging from 30% - 70%. These calculations are discussed in the Reserve Fund Study under the heading Methodology.

Funding Models

In the reserve fund planning industry there are generally two schools of thought when it comes to determining an adequate level of funding. The cash flow method or the component funding method. The data used in the two approaches is identical differing only in the mathematical method of calculating the reserve funds required. Component funding models allocate funds to specific reserve items and does not take into account pooling of funds. The cash flow method has been used in this report as it is transparent, most realistically represents the real world function of the reserve fund and is easily understood.

Plan A - Optimum Funding Plan (Threshold Funding)

A threshold reserve fund level is established by the planner and/or strata council. In B.C. the reserve fund balance is required to be at least 25% of the annual operating budget which is currently estimated at 0. This threshold establishes a minimum cash balance in order to avoid mandatory assessments. A threshold might also be established whereby the reserve balance never falls below a level of being less than 30% funded for extended periods, at which time the risk of a special assessment is high, and where it does not exceed 70% for extended periods, as contributions may then be excessive. Using the cash flow method numerous scenarios were tested and an optimum funding model was created.

As indicated in the cash flow tables labelled Plan A, the beginning balance as of the analysis date is $26,041. The reserve plan, based on all the assumptions, assures that funds for major repairs and replacement will be available when needed and that this method is equitable for charging current as well as future owners rather than just future owners with the cost of current and future use. In some circumstances it may be considered fair and equitable to plan for a special assessment in years of major repairs and replacements as those owners may benefit from increased property values resulting from the upgrades to the property.

The annual contribution for the initial year of this funding plan is $3,000, consisting of a the regular annual contribution of $250 on a monthly basis or an average of $10 per unit, per month.

There are no other special assessments or loans in the Optimal Plan and contributions in subsequent years are to increase by 8.00% per year from 2014-2026. The contributions will be stabilized after 2026.

It is impossible to predict with pin point accuracy all of the reserve expenditures and the reserve fund plan is provided as a guide for council to predict major expenditures. Unforeseen failures or premature replacements may still result in special assessments. If the cash flow funding plan is adhered to by the board of directors sufficient funds should be available as needed and the risk of a special assessment is significantly reduced. It is important to note that as the property ages the risk of failure of components increases and as such the threshold balance of the Reserve Fund should increase over time.

Plan A: Optimum Funding Plan Summary

Calculations and projections are based upon the following financial assumptions:

Annual Contribution Increase - 8.00% (years 2014-2026)
Interest Earned - 2.00%

Taxes on Interest Earned - 0.00%
Inflation on Reserve Items - 2.00%
Contingency - 0.00%

Plan A: Optimum Funding Plan Summary

	January 1, 2014	Year 2	Year 3
Beginning Balance	$26,041	$29,596	$33,466
Annual assessment per year	$3,000	$3,240	$3,499
Annual assessment per month	$250		
Average owners assessment per year	$120		
Annual Increase	8.00% (Year 2014-2016 only)		
Expenditures first year	$0		

*A 30 year projection is provided in the **Cash Flow - Annual - Plan A** report

The Strata Property Act requires 30 year funding model projections. While this report may contain projections beyond 30 years they are considered to provide little relevance after the 30 year time frame as many factors used in the analysis are estimated and change over time. Depending on the age of the improvements at the time of the analysis the 30 - 40 year cash flow can indicate major expenditures which may occur beyond the planning time frame and provide some insight in cases where future balances appear excessive.

Analysis: Percent funded ranges from a 30 year low of 64.38**%** in year 2028 to a high of 122.54% in year 2043. The fund balance never below 30%. The percent funded exceeds 70% in years 2014 to 2027 in preparation for a period of large expenditures, large in part to accommodate asphalt resurfacing. The fund balance reaches a 30 year low point of $16,958 in year 2027 and a 30 year high of $126,083 in year 2043**.** The date of 2027 is large in part assumed by the planner, the actual replacement of the asphalt will be decided upon by the strata corporation. The cash flow estimated by this plan is based on increasing the current contribution to approximately $3,300 (38% of the current operating annual budget). Annual increases of 8% are estimated after 2014. It is further assumed that contributions will be stabilized once the asphalt resurfacing takes place, with percentage increases on a reduced amount applied thereafter as deemed necessary.

Percent funded as of January 1, 2014	82.64%
Percent funded year 2	81.26%
Percent funded year 3	80.97%
Percent funded year 4	81.48%
Percent funded year 5	82.02%

*A 30 year projection is provided in the **Percent Funded - Annual - Plan A** report

Plan B – Baseline Funding Plan

This plan provides a 30 year cash flow projection in which the fund balance does not fall below $0. This represents a bare minimum contribution and does not provide any contingency for unforeseen or premature replacements or repairs.

Plan B: Baseline Funding Plan Summary

Beginning Balance	$26,041
Annual Assessment Year 1-5	$4,000
Annual Assessment Year 1-5 Monthly	$333
Annual Increase	33.3% (from current)
Annual Assessment Year 6-10	$4,500
Annual Increase Year 6-10	12.75% (from Year 5)
Special Assessments	$0

Analysis: The fund balance reaches a 30 year low point of $5,056 in year 2027 and a 30 year high of $89,302 in year 2026. Although the annual increases within the first ten years are significant, the annual increases from Year 10-30 will offset the estimated inflation rate. Overall the planner considers this plan to be somewhat adequate given that the balance of the fund will never fall below $0 however the risk of special assessments is increased compared to that of Plan A.

*A 30 year projection is provided in the **Cash Flow - Annual - Plan B** report.

Plan C - Status Quo Plan

This funding plan provides a 30 year cash flow in accordance with the current and historical level of funding.

Plan C: Status Quo Plan Summary

Beginning Balance	$26,041
Annual Assessment Year 1	$3,000
Annual Assessment Year 1 Monthly	$250
Annual increase	2%

Analysis: The annual increase of 2% has been utilized to offset the estimate inflation however it should be noted that there are no immediate plans to increase the annual contributions to the reserve fund have been indicated. This funding plan is considered inadequate. If contributions to the contingency reserve fund continue at the

present level a special assessment or loan is likely in year 2027 and will require numerous future special assessments and or loans. It is not recommended to continue funding at this level as it places the burden of current and past use on the future owners.

*A 30 year projection is provided in the **Cash Flow - Annual - Plan C** report

Conclusions

Plan A is considered the fairest method of funding future expenditures. The contributions remain stable increase only to keep pace with inflation and the risk of a special assessment due to a premature failure is reduced. The funding models and component life expectancy should be reviewed annually and a new Full Reserve Fund Study should be completed within three years as required by the Strata Property Act of B.C.

Recommendations

The reserve fund planners recommendations are set out below to assist the corporation to achieve and maintain an adequate reserve fund. In our opinion, given the current reserve fund balance, the recommended annual contributions & increases along with earned investment income will adequately fund immediate and future reserve fund expenditures.

1. The corporation should prepare and implement a long term reserve fund strategy. Review the expenditure schedule and address planned expenditures as stated in this report. Conduct regular inspections and log condition reports of all component items listed in the inventory.

2. Major repairs and replacements should be recorded, tracked and funded from reserve fund account. Tracking these expenditures as they occur will assist the planner in providing an accurate and meaningful plan by which the corporation can operate effectively.

3. The reserve fund contribution and increases as recommended and detailed in the cash flow table entitled Cash Flow – Annual – Plan A should be adhered to.

4. The reserve fund should be fully invested in guaranteed securities, yielding at least 2.00% per annum. Investments may have to be laddered to attain this level over the long term however with attention to cash flow requirements as indicated should be attainable

5. The corporation should make such expenditures, as necessary to maintain the property in optimum condition.

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 Act requires the corporation to update the Reserve Fund Study every three years.

Analysis Reports

The following reports have been generated using the Reserve Fund Analysis software, RFA Pro and consist of:

Financial - Analysis Summary - provides the analysis of the optimal funding plan or Plan A

Cash Flow - Annual - Plan A - 30 year projected cash flow of the optimal funding plan or Plan A

Cash Flow - Chart - Plan A - graphic presentation of projected cash flow of Plan A

Percent Funded - Annual - Plan A - 30 projection of percentage funded on an annual basis of Plan A

Expenditures Annual - Lists planned expenditures year by year.

Cash Flow - Annual - Plan B - 30 year projected cash flow of the baseline funding plan or Plan B

Cash Flow - Chart - Plan B - graphic presentation of projected cash flow of Plan B

Percent Funded - Annual - Plan A - 30 projection of percentage funded on an annual basis of Plan A

Cash Flow - Annual - Plan C - 30 year projected cash flow of the status quo funding plan or Plan C

Cash Flow - Chart - Plan C - graphic presentation of projected cash flow of Plan C

Item Parameters - Full Detail - detailed description of each component item and analysis of reserves required

Property Information

Property Description

The following Reserve Fund Study was performed for NES2947 - 300 and 400 block - Forest Crowne Close ("property") located at 320 Forest Crown Close, Kimberley, BC, V1C 0A2. The property has 25 lots. The reserve study is for the fiscal year starting January 1, 2014, and ending December 31, 2014. The property was inspected on August 22, 2013.

For the purposes of this report the initial date of the subdivision has been estimated at June 1, 2007 and registered as a Strata Corporation on December 5, 2005, the development consists of 25 strata lots.

The subdivision is located at 320 Forest Crown Close in the city of Kimberley, in the province of British Columbia.

The overall construction, materials and workmanship are of standard subdivision quality. The property is in average condition comparative to the date of construction.

Subdivision Plans

Plans were used for quantifying site improvements as well as on site measurements. The site improvements were viewed in person. Various construction details, facilities, equipment installations and improvements have been noted for consideration in the cost estimates herein.

Property Data and Basic Construction

The following data and information have been compiled from the available plans, and the inspection of the improvements. The data have been calculated using dimensions taken from the plans.

Assumed date of first occupancy	June 1, 2007
Fire protection	Fire hydrant

Site Improvements

Soft landscaping	Trees & shrubs
Hard landscaping	Concrete curbing minimal
Roadways and parking	Asphalt
Site Services	Hydro, water, telephone

Basic Construction Components

The subject is a Bareland Strata strata development encompassing 25 lots. For the purposes of this report the date of construction or initial date has been estimated at June 1, 2007. The subdivision was constructed in accordance with applicable building codes, fire codes, regional district by-laws, and construction practices in existence at that time. The quality of construction, materials and workmanship is considered to be good.

The strata is responsible for the common areas including roadways, underground services, site landscaping, perimeter fencing as well as common amenities.

Electrical

Incoming metered service to individual lots. All incoming utilities are underground.

Underground Services

Approximately 500 linear meters of underground services include hydro and telephone. There is approximately 265 linear meters of water line. All underground services were installed in 2006.

Roadways

Approximately 2,875 square meters of paved roadways with concrete near the main access point. The asphalt was installed in the summer of 2007

Reserve Fund Study

Client: NES2947

Effective date: January 1, 2014

Intended Use

This report has been completed for the exclusive use of the Strata Council of NES 2947. No other party may rely on the report without specific written approval of Council. Any party who does not comply with the procedure to become entitled to rely on this report shall not be entitled to rely on any aspect of it and should proceed at their own risk. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part. (See Certification & Limiting Conditions)

Scope of Work

The Reserve Fund Plan is intended ot include expenses for the repair or replacement of common assets. We include items which typically require replacement because their service life is shorter than the service life of the site improvements. We also include items which would not have been anticipated to be required when the subdivision was new, but have become necessary due to specific deterioration such as poor durability of concrete or window seal failure. There may be expenses which arise which have not been anticipated, related to concealed condition or unexpected deterioration. As long as these relate to the repair or replacement of the common assets, they can often be paid out of the Reserve Fund provided the study is updated to account for the impact of these expenditures.

The planner has personally viewed the common areas of the site. The planner has gathered and analyzed all the data deemed necessary from this viewing, from the supplied Strata plans and documents, from the representative of the subject Strata Council, and from other available, appropriate, and applicable sources. The planner has further completed a depreciation report including reserve fund status and analysis. Three funding models have been prepared.

The viewing of the improvements and site included:

a) A visual only sampling and surface review of the development.

b) None of the components were dismantled and no invasive testing was conducted.

c) No technical audits or condition surveys were conducted.

d) The interior of the homes was not viewed by the appraiser, unless otherwise stated in this report.

e) An examination of the following documents was made:

- the condominium plan which was provided by the Land Titles Office

- the condominium bylaws for the property which were provided by the client

- the maintenance contracts for the property which were provided by the client

f) Information sources include the following, unless otherwise indicted in the report:

- the client

- maps and or plans provided by third parties

- in house information files and computer records

- Marshall & Swift Commercial Building Valuation Manual

- R.S. Means Repair and Remodelling Cost Data

- quotations from contractors, fabricators, and suppliers

- the planners files

Site measurements have been provided by the BC Land Titles office.

The performance and durability of many building components is often dependant upon the condition of concealed elements. These can not be evaluated by visual review. Dis-asembly and/or testing would be required. Expected future performance and the scope and timing of repairs or replacements are based on judgement influenced by visual appearance, experience with performance of similar components at other buildings, and the performance history at this property as discussed with property management and/or service contractors.

Changes to the plan may be required to incorporate findings from future testing and/or repair programs. We recommend further investigation or testing where identified to be necessary to develop an appropriate management strategy. Resulting changes to budgets will need to be incorporated into Reserve Fund Study updates.

Methodology

The physical analysis is comprised of the component inventory, condition assessment, and life and valuation estimates.

The financial analysis is made up of a determination of the strata's current reserve fund status measured in cash or as percent funded.

Component funding models are widely used in the industry. The deficiency analysis calculated in this model provides estimates of the reserve fund requirements without regard to the current financial position of the corporation or the current reserve fund contributions by unit owners, and as such, these estimates represent a reserve fund operation which assumes that the corporation has continuously assessed adequate reserve funding from the beginning. This is often not the case.

The component method is based on the principle that each component is an individual line item. Under this method the monies allocated for one component cannot be used to pay for a different component.

The essential goal of the Component Funding Method is to individually fund each line item in the budget so that each item is fully funded by the time that item requires replacement.

The cash flow method is predicated on the principle that an “aggregate pool” of funds exists into which monies are paid, and from which the reserve expenditures are drawn when needed.

The essential goal of the Cash Flow Funding Method is to make sure that funds are contributed so that the aggregate pool is sufficient to pay for all future replacements.

It is important to understand that both methods use exactly the same data, i.e., an identical inventory of commonly owned components for which the condominium corporation is required to set aside a reserve fund, the same replacement costs and the same replacement years. The difference is not arising from the data, but rather from the mathematical model used to calculate the necessary funding contributions for those replacements and maintenance. Percent funded measures the status of the reserve fund at a point in time and varies in years of high expenditures. A survey of corporations indicates that a strata Corporation can operate successfully between 30% and 70%.

Component Funding models calculate the funds required to be 100% funded and the first years required contribution. While this method is simplistic it creates problems applying it in the real world. Using straight line methods and allocated accounts for each component it is not only in-flexible, it does not allow for the pooling of funds and therefore does not represent reality. These models are often calculated within a spread sheet and are far from transparent and highly susceptible to human error. They can often result in contribution levels which are much greater than actually required to meet the financial needs as they occur.

The Cash Flow model on the other hand provides complete transparency and flexibility which is limited only by the abilities and analysis tools of the user/planner. Spread sheet applications are only as good as the competency of the planner and his/her programming skills. All DRP designated reserve planners utilize the Reserve Fund Analysis software RFA Pro. This is not a spreadsheet but rather a user friendly analysis and reporting system. It is available to all planners and individual strata corporations. Strata’s can also obtain a read only version in which they can create unlimited “what if” scenarios. The system has been independently audited for logic and accuracy by a national accounting firm and is used by some of the largest developments in the world in over 30 countries.

The unlimited flexibility of this system allows the planner to design a funding plan which is smoother and more equitable than those using straight line calculations which only directs the strata toward a 100% funded position often, arguably, too rapidly.

The planner has worked through numerous contribution levels. Strata council has been involved with planning process in an effort to create the most achievable plan possible. The ultimate goal is to achieve the minimum, stable contribution so that funds are available as required and a threshold balance is maintained. A 30 year cash flow projection is developed indicating the timing of contributions and expenditures taking inflation and interest earned into account. This will provide council with the ability to plan for large expenditures and maximize returns on invested funds.

Owners must continuously contribute their equitable share toward major repairs and replacements of the major components of the corporation. These contributions should be consistent over time increasing approximately by the long term rate of inflation.

This Reserve Fund Study comprises the following elements:

COMPONENT INVENTORY: The task of identifying and quantifying reserve Components. This task can be accomplished through on-site visual observations, review of the Corp.’s design and organizational documents, a

review of established corporation precedents, and discussions with appropriate corporation representative(s).

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

LIFE SPAN AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and repair or Replacement Costs for the Reserve Components.

FUNDING PLAN: A strata corporation's plan to provide contributions to a reserve fund to offset anticipated expenditures from that fund.

The Reserve Fund Study is a practical guide to assist the Strata Council to plan budgets and maintenance programs. It is important to note that premature failures can occur and some components may fail due to poor workmanship or faulty materials and equipment.

Reserve Fund Planning Standards

The Canadian National Association of Real Estate Appraisers, (CNAREA) has established Reserve Fund Planning Standards utilized by Designated Reserve Planner, (DRP) members 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. DRP designated planners are also required to hold the DAR or DAC appraisal designations.

The planner utilizes the RFA Pro reporting and analysis software to analyze the current financial health of the reserve fund and project future cash flows. A Quality Assurance Evaluation has been performed by a Certified Public Accounting firm and verified the systems logic and accuracy.

Financial Assumptions

The reserve planner has reviewed cash flow projections over a 40 year period however the reserve fund study presents three funding plans including 30 year cash flow projection tables and charts. Numerous other reports are provided such as percent fund annually, expenditures annually and component item detail reports.

Calculations and projections are based upon the following financial assumptions:

Annual Contribution Increase	8.00% (stabilized after 2027)
Interest Earned	2.00%
Taxes on Interest Earned	0.00%
Inflation on Reserve Items	2.00%
Contingency	0.00%

Reserve Fund Projection Factors

In our opinion, the notion of an "assumed" annual inflation rate and an "assumed" interest rate in the Regulation is not realistic, as assumptions are personal perceptions or judgments, and therefore, subjective.

What is required is an objective basis for any estimates of inflation factors and interest rates. Inflation factors and interest rates must be derived from an economic analysis of the marketplace.

The estimated inflation factor and the selected interest rate are powerful factors in projecting reserve fund contributions and requirements. They can vary dramatically over time and must be periodically reviewed to ensure their relevance and accuracy.

Although the Regulations require a reserve fund plan to be projected over a period of at least 30 consecutive years, a long-term horizon in every respect, reserve fund projection factors can only be based on short-term economic conditions because of their volatility over time.

The reserve fund projection factors must be periodically reviewed and adjusted in accordance with changing economic conditions as part of the reserve fund updating process, as mandated by the Regulations.

Inflation Factors

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 services providing periodic cost indices are R.S. Means and Marshall & Swift / Boeckh.

While useful as an overall indication of the construction inflation trend in North America these rates are too broadly based, and as such, they do not accurately reflect the inflationary impact on local construction costs.

Marshall & Swift / Boeckh (MSB) Time-Location Multiplier

MSB publishes it's Time-Location Multipliers quarterly for principal Canadian cities (markets).

"These multipliers are computer-compiled by combining currently researched wage rates and material prices with "weighted schedules" that specify how much of each basic cost is in the models."

Each building has its own unique combination of basic costs. MSB uses 83 basic types of costs necessary to build workable weighted schedules, comprising 19 building trades and 64 material types.

We have adopted the median rate of 2.00 for annual inflation in calculating the future replacement costs hereinafter.

Interest Rates

Investment income can be a significant and increasing source of revenue for reserve funds, and therefore, it is imperative 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.

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.

Therefore, the reserve fund planner must consider management policies, the historical investment performance and the size of the reserve fund available for investment.

In selecting an appropriate interest rate for reserve fund investments for a particular condominium corporation, the balance of the reserve fund is the most critical consideration as it dictates investment options and their corresponding interest rates.

Investment opportunities are widely advertised, ranging from bank deposits, term deposits and guaranteed investment certificates (GICs) to money market instruments and government bonds.

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

Some management firms use their “purchasing power” by directing business to a particular financial institution to negotiate favorable interest rates for all their clients. This approach may benefit the smaller corporations and is an important consideration when selecting an appropriate interest rate.

The calculations and the reserve fund projections are based on the assumption that reserve fund contributions are constantly and continuously invested.

Considering the investment opportunities available in the subject instance, and a recommended management policy of investing in secured guaranteed investments, we have selected a 2.00% interest rate in calculating the future investment performance of the Corporation’s reserve fund.

Reserve Component Analysis and Cost Estimates

Property Inspection

The property was visited for the purposes of preparing this report on 08/22/2013, by Brad Cable.

Component Classification

Reserve Fund Components are classified in terms of building groups such as site improvements, mechanical, electrical, and plumbing.

Each component is reviewed in detail in the item parameters schedule.

Life Span Analysis

Every development is unique. The need for maintenance, repairs and asset renewals varies depending on many factors including quality of construction, design details, exposure conditions and the standard of care given by the owners and management team.

Many subdivisions follow a similar pattern as they pass through different stages of their life cycle. Five general life cycle stages have been identified.

Stage 1 - (Under 2 years) The assets are new and largely covered under warranties. Focus is on maintenance, cleaning and inspections.

Stage 2 (2-16 years) - Owners are fully responsible for the assets. Reserves are set aside for repairs and replacements and a long range plan is established. Some small renewal projects are addressed.

Stage 3 (17-29 years) - Owners may find that the maintenance budgets established may not be adequate to address the impending replacements as required and there is a noticeable increase in the number of capital renewal projects.

Stage 4 - (30-49 years) - The largest and most expensive renewals generally take place during this 4th life cycle stage. Owners and management are now dealing with assets of varying ages as some have been replaced. The task of tracking these assets becomes very important.

Stage 5 - (50 plus years) - All major assets have likely been through one renewal cycle. This stage is essentially a return to stage 2. Owners prepare for the next cycle of renewals as the building embarks upon the next 50 years of operations.

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

Type of Component

Utilization

Material

Workmanship

Quality

Exposure to Weather Conditions

Functional Obsolescence

Environmental Factors

Regular Maintenance

Preventive Maintenance

Observed Condition

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

Actual age of the component

Maintenance of the component

Observed deficiencies of the component

Repair and replacement experience

Probability of hidden conditions

Normal Life Span

Each reserve component is analyzed in terms of component type, quality of construction, statistical records and normal life experience.

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 reserve fund planner or analyst, as this is a subjective estimate rather than an objective assessment.

Remaining Life Span

Given a normal life span estimate and a sound estimate of the effective age, the remaining life span of a reserve component is determined by subtracting the observed condition estimate from the normal life span estimate. This does not mean that reserve expenditures should only be made at the end of the remaining life. Reserve expenditures should and must be made during the remaining life span to maintain building components and facilities in good condition.

A life span analysis is a subjective, or empirical, assessment of the life cycle status of a reserve component, and as such, it is only as good as the considered opinion of the reserve fund planner. Furthermore, the life span of a reserve component is subject to change due to numerous factors.

Comprehensive service contracts can promote proper maintenance and require the service contractor to replace the specific components as is necessary to restore the service to the specified level. This report identifies components which are expected to be replaced outside of the Reserve Fund based on reviewing the Contract scope, and discussion with Property Management to check the history of previous replacements undertaken by the service contractor. We do not complete a legal review of the service contract to evaluate the conditions and limitations associated with the replacement under the contract.

It has been our experience that even where a service contract does exist there is still a need for budgeting for major programs of repair or replacement.

Prior to the time of an identified program of renewal, local repairs, replacements and maintenance are necessary as part of the operating budget. These are assumed ot be diligently completed to assure that the expected remaining service life is achieved. If performance is poorer than expected, increased levels of repair or an earlier

time for renewal may need be accommodated by the Reserve Fund. Replacement from the Reserve Fund than becomes necessary.

Current Cost Estimates

Reserve fund component assessments and current cost estimates are based on our investigation, observation, analysis and experience in performing reserve fund studies.

Cost data have been calculated using construction cost services, including Marshall & Swift/Boeckh Commercial Building Valuation System, the Means Repair & Remodelling Cost Data, and the Hanscomb's Yardstick for Costing, modified as to time, location and quality of construction. We also verified some estimates by seeking quotations from contractors, fabricators and suppliers. Moreover, we have used our own computer programs and extensive cost compilations and databases.

All costs are strictly estimates and are subject to confirmation at the time competitive bids are obtained from contractors specializing in the repair or replacement work required.

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

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 labor 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.

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.

Goods & Service Tax

The Goods and Service Tax ("GST") applies to all repairs and replacements including disposal costs. Therefore, these costs are included in the reserve fund estimates hereinafter.

Contingency Reserves

It is frequently impossible to forecast the incidence of repairs or replacements of various reserve components, particularly, major components, such as road pavement, sewer and water systems. Therefore, reserve estimates

are of a contingency nature, and as such, they are subject to changing conditions and repair experience over time.

Reserve Component Descriptions and Analyses

See “Item Parameters Detail” which lists each reserve fund components and provides the following information:

Description, Reserve Fund expenditure history, Potential Deterioration, Life Span Analysis, Current Repair or Replacement Costs, Financial Analysis

Financial Analysis and Funding Models

The Reserve Fund Study details the physical aspects of the various reserve components, including the life span analysis, current condition and the cost estimates. The cost estimates are pursuant to prudent reserve fund practices, which provide for inflationary cost increases over time and interest income from reserve fund investments.

The Strata Council has to ensure its ability to maintain the assets for which it is obligated. The contributions to the Reserve Fund should be evenly distributed among past, present and future owners. A decision by Council to adopt a Funding Plan which would disproportionately burden future owners in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future owners. The Council is responsible to the community (Strata) as a whole. Funding repairs and replacements is much less financially straining when funds are accumulated over time and earned interest as part of that contribution.

When funds are not available options include acquiring a loan, pass a special assessment or simply defer the required repair or replacement. All of these options can create an environment of declining property values due to an expanding list of deferred maintenance items. This in turn can seriously impact owners/sellers and potential purchasers by making it difficult to obtain financing from lenders. Increasingly, lenders are requesting a copy of the most recent Reserve Fund Study before granting loans to purchasers, current owners or the strata corporation itself.

The status of the Strata Corporation's reserve balance or fund status (measured in cash or percent funded) to determine a recommendation for the appropriate reserve contribution rate in the future, a plan to follow or a, Reserve Fund Plan.

The Strata Property Amendment Act 2009 requires the Reserve Fund Planner to provide three funding models. Three funding models are presented in this Reserve Fund Study as Plan A, the Optimum plan. This plan may also be referred to as the Threshold Plan requiring the reserve balance never falls below a predetermined level expressed as either cash or percent funded.

Each reserve, which includes the funds and the items, has a certain profile or character. This profile is based upon the reserve history, how the current funds were derived (contributions made, interest earned, expenditures, etc.), the individual items accuracy (tracking, cost, months until replacement) and whether inflation and investment have been considered in determining contribution amounts and future replacement costs. All of these items affect the profile of the reserves, and the affect can be positive or negative depending on how the items

have been treated in the past. The final concerns in determining the reserve profile are; if the reserve funds as of the analysis date are too high or too low, and the materiality and timing of the projected expenditures. The ideal situation is not to contribute more funds than necessary, but have a planned schedule of contribution which will provide for sufficient funds when necessary over the life of the project.

Optimizing the Analysis Results:

Once it has been determined what factors will be used for inflation, investment, taxes, cost of living increases and contingencies, the Weighted Average Life, (WAL) of the portfolio would be noted and a 30 year cash flow would be run. One of two scenarios will become apparent upon reviewing the cash flow:

Positive Reserve Funds (positive fund balances are projected for the whole analysis period) - Which could mean that the beginning reserve fund balance might be too high, and / or materiality of expenditures in the immediate years are projected too low. This assumes that year end reserve funds for the analysis period are material (probably more than 10,000 at end of any year).

Negative Reserve Funds (negative fund balances are projected during the analysis period) - Which could mean that the beginning reserve fund balance might be too low, and or materiality of expenditures in the immediate years are projected too high.

Funding Principles

Sufficient funds when required.

Stable contribution rate over the years.

Evenly distributed contributions over the years.

Fiscally responsible

Schedule Reserve Fund Assumptions and Estimates – Component Method

Assumptions: Long-term inflation rate: 2.00 %

Long-term interest rate: 2.00%

Summary of Reserve Fund Analysis

The reserve fund position and estimated requirements of NES2947 - 300 and 400 block - Forest Crowne Close calculated using the component method are as follows:

Current Cost of Replacements	$106,580
Current Fund Balance	$26,041
100% Funded Balance required	$31,542

Adequacy of the Reserve Fund

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

The most direct and stringent measure of the adequacy of reserve fund is the reserve fund deficiency analysis, whereby the actual closing reserve fund balance is compared with the currently required reserve fund balance, as estimated by a competent reserve fund planner.

Any significant difference between the actual reserve fund balance and the required reserve fund balance will show the amount of a reserve fund surplus or reserve fund 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, a situation which should be corrected to eliminate such reserve fund surplus.

A reserve fund deficit or shortfall indicates that unit owners have not contributed enough to the reserve fund, causing the discrepancy between a fully funded reserve fund and the actual reserve fund balance.

The test as to the adequacy of a reserve fund should be sufficient cash resources to fund all potential repairs and replacements, including unforeseen events and contingencies. Funds which are less than 100% fund are simply at a greater risk of a special assessment. A strata can operate successfully at levels between 30% and 70% funded. At levels below 30% funded the strata is exposed to a significant risk of special assessments. A reserve fund deficiency or shortfall does not automatically mean that the reserve fund is not adequate. It is the judgment of the reserve fund planner to conclude whether the reserve fund is adequate or not.

Contributions should be regular and increasing slightly over time as to offset the effects of inflation. A funding plan can be designed to minimize the contributions required and still meet the corporations objectives.

In our opinion, the current reserve fund and proposed contributions as outlined in Plan A for NES2947 - 300 and 400 block - Forest Crowne Close require adherence to the recommendations listed in this report to remain adequate for future reserve fund expenditures.

Reserve Fund Management

The Cash Flow Annual report and charts presents a 30 year reserve fund projection showing cash positions, cash flows and cash expenditures in a form and detail, which conforms to financial statement presentation of reserve fund operations. Our analysis checks to ensure the critical years which govern the required reserve fund contributions have been identified. While only 30 years is presented in this report our analysis may have projected cash flows beyond 30 years.

Beginning Balance - This is the reserve fund position at the beginning of each and every fiscal year showing the cash resources available, which consist of (1) bank deposits, (2) qualified investments, and (3) accrued interest earned.

Contributions - the regular reserve fund contributions loans and special assessments.

Interest Earned - the interest income based on 2.00% of the opening balance.

Expenditures – the annual expenditures listed in the categories established by the Reserve Fund Study. Records or ledger accounts of these expenditure categories should be kept showing reserve fund allocations and charges in a chronological order for control and reference.

Ending Balance - the total cash resources available in any fiscal year and include the current year's cash flow.

Strata Property Amendment Act 2009 – Depreciation Report

Section 6.2

(1) For the purpose of section 94 of the Act, a depreciation report must include the following:
- (a) a physical component inventory and evaluation that complies with subsection (2);
- (b) a summary of repairs and maintenance work for common expenses respecting the items listed in subsection (2) (b) that usually occur less often than once a year or that do not usually occur;
- (c) a financial forecasting section that complies with subsection (3);
- (d) the name of the person from whom the depreciation report was obtained and a description of
  - (i) that person's qualifications,
  - (ii) the error and omissions insurance, if any, carried by that person, and
  - (iii) the relationship between that person and the strata corporation;
- (e) the date of the report;
- (f) any other information or analysis that the strata corporation or the person providing the depreciation report considers appropriate.

(2) For the purposes of subsection (1) (a) and (b) of this section, the physical component inventory and evaluation must
- (a) be based on an on-site visual inspection of the site and, where practicable, of the items listed in paragraph (b) conducted by the person preparing the depreciation report,
- (b) include a description and estimated service life over 30 years of those items that comprise of 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:
  - (i) the building's structure
  - (ii) the building's exterior, including roofs, roof decks, doors, windows and skylights;
  - (iii) the building's systems, including the electrical, heating, plumbing, fire protection and security systems;
  - (iv) common amenities and facilities;
  - (v) parking facilities and roadways;
  - (vi) utilities, including water and sewage
  - (vii) landscaping, including paths, sidewalks, fencing and irrigation;
  - (viii) interior finishes, including floor covering and furnishings;
  - (ix) green building components;
  - (x) balconies and patios, and
- (c) identify common property and limited common property that the strata lot owner, and not the strata corporation, is responsible to maintain and repair.

(3) For the purposes of subsection (1)(c), the financial forecasting section must include
- (a) the anticipated maintenance, repair and replacement costs for the 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 (2)(b),
- (b) a description of the factors and assumptions, including interest rates and rates of inflation, used to calculate the costs referred to in paragraph (a).
- (c) a description of how the contingency reserve fund is currently being funded,
- (d) the current balance of the contingency reserve fund minus any expenditures that have been

approved but not yet taken from the fund, and

(e) 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)(b).

(4) For the purposes of subsection (3)(e), the cash-flow funding models may include any one or more of the following:

(a) balances of, contributions to and withdrawals from the contingency reserve fund;
(b) special levies;
(c) borrowings.

(5) 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) For the purposes of section 94 (1) of the Act, "**qualified person**" means 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 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 subsections (1) to (4).

(7) The following periods are prescribed

(a) for the purposes of section 94(2)(b) of the Act, 3 years:
(b) for the purposes of section 94(2)(c) of the Act, 18 months;
(c) for the purposes of section 94 (3)(a) of the Act, the one year period immediately preceding the date on or before which the depreciation report os required to be obtained.

(8) A strata corporation is prescribed for the purposes of section 94 (3)(b) of the Act if and for so long as there are fewer than 5 strata lots in the strata plan.

Professional Affiliations & Certifications

- Canadian National Association of Real Estate Appraisers (CNAREA)
- Professional Designation, DAR (Designated Appraiser Residential) 2010
- Professional Designation, DRP (Designated Reserve Planner) 2012

Professional Experience:

- Residential appraiser since 2007, appraising various types of residential properties including strata units
- Designated reserve fund planner since 2012
- Accredited Mortgage Professional 2005-2007

Professional Liability (Errors and Omissions insurance)

- $2,000,000 professional liability insurance provided by The Prolink insurance Group

Certification and Statement of Limiting Conditions

This consultation appraisal report has been prepared for the exclusive and sole use and benefit of NES 2947 (hereinafter referred to as the client). Any use of the report by anyone other than the client or for any purpose or function other than the original intent, invalidates the findings and voids all results and/or conclusions.

Reserve fund estimates are subjective, and they are based on an understanding of the life cycle of building components and our experience gained from observing buildings as they age and their components deteriorate. The client should understand and be cognicent that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies, if and as when they arise. Reserve fund requirements are subject to change and must be reviewed and modified over time, not less than every three years. It is important to note that the timing of such expenditures, a distance in the future, might likely not occur as indicted in the report and depend upon a contingency reserve for the eventual repair or replacement.

CERTIFICATION: The appraiser certifies and agrees that:

1. The appraiser has no present or contemplated future interest in the real property appraised, and that neither the employment to make the appraisal nor the compensation for it is contingent upon the appraised value of the property.

2. The appraiser has no personal interest in, or bias with, respect to the subject matter of the appraisal report or in the owners of the subject property. The opinion(s) of value in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the real property appraised, or upon the race, color, or national origin of the present or future owners or occupants of the properties in the vicinity of the property appraised.

3. The appraiser has personally viewed the subject improvements. To the best of the appraiser's knowledge and belief, all related statements and information in this report are true and correct, and the appraiser has not knowingly withheld and significant information.

4. All contingent and limiting conditions are contained herein (imposed by the terms of the assignment or by the undersigned, affecting the analysis, opinions, and conclusions contained in the report).

5. All conclusions and opinions concerning the real property that are set forth in this appraisal report were prepared by the appraiser whose signature appears on the appraisal report, unless otherwise indicated. No change of any item in the appraisal report shall be made by anyone other than the appraiser, and the appraiser shall have no responsibility for any unauthorized change.

Date: December 8, 2013 Appraiser: 

Brad Cable, DAR, DRP 0942-14

Certification and Statement of Limiting Conditions

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1. The appraiser assumes no responsibility for matters of a legal nature affecting the real property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable. The real property is appraised as though under responsible ownership.
2. Any sketch in the report may show approximate dimensions and is to assist the reader in visualizing the real property. The appraiser has made no survey of the real property.
3. The appraiser is not required to give testimony in court because of having made the appraisal with reference to the real property in question, unless arrangements have been previously made therefore.
4. If indicated in this report, any distribution of the valuation in the report, between land and improvements applies only under the existing program of utilization. If included in this report any separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
5. The appraiser assumes that there are no hidden or unapparent conditions of the real property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
6. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraiser can be assumed by the appraiser.
7. Disclosure of the contents of the appraisal report is governed by the bylaws and regulations of the professional appraisal organizations with which the appraiser is affiliated.
8. Neither all, nor any part of, the content of the report, or copy thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser is connected), shall be used for any purposes by anyone but the client specified in the report without the previous expressed written consent of the appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the expressed written consent and approval of the appraiser.

Date: December 8, 2013

Appraiser: 

Brad Cable, DAR, DRP 0942-14

Certification and Statement of Limiting Conditions

This consultation appraisal report has been prepared for the exclusive and sole use and benefit of NES 2947 (hereinafter referred to as the client). Any use of this report by anyone other than the clients or for any purpose or function other than the original intent, invalidates the findings and voids all results and/or conclusions.

All analysis, opinions, and conclusions were developed, and this consultation appraisal report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice. (USPAP)

The statement of facts in this consultation appraisal report are true and correct.

The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the appraiser's personal, impartial, and unbiased professional analysis, opinions, conclusions, and recommendations.

Unless otherwise specified in this consultation appraisal report, the appraiser has no present or prospective interest in the property that is the subject of this report and has no personal interest with respect to the parties involved.

Unless otherwise specified in this report, the appraiser has performed no services, as an appraiser on in any other capacity, regarding the property that is the subject of this report within a three year period immediately preceding acceptance of this assignment.

The appraiser has no bias with respect to the property that is the subject of this consultation appraisal report or to the parties involved with this assignment.

The appraiser's engagement in this consulting appraisal assignment was not contingent upon developing or reporting predetermined results.

The appraiser's compensation for completing this appraisal consultation assignment is not contingent upon the development or reporting of a predetermined value or direction in value or result that favors the case of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal consulting assignment.

As specified in this consulting appraisal report, the appraiser has or has not made a personal viewing of the property that is the subject of this appraisal report.

Unless otherwise stated in this consultation appraisal report, no other person provided significant professional assistance to the person who has signed this appraisal report.

During the viewing of the subject property included in this consultation appraisal report, the existence of potentially hazardous materials used in the site preparation, construction, and or maintenance of the improvements, or the existence of toxic waste which may or may not be present, was not observed by the appraiser. However, the appraiser is not qualified in any way through education or experience, to detect such substances, the presence of which could effect the value of the subject property. The appraiser is not a building inspector. The client is urged to retain the services of an expert in this field if such a determination is desired.

Date: December 11, 2013 Appraiser: 

Brad Cable, DAR, DRP 0942-14

Special Limitations

It is assumed that the utilization of the subject land and any improvements thereon, are within the boundaries of the subject property lines of the described property and that there is no encroachment or trespass, unless otherwise stated in the appraisal report.

It is assumed that all required licenses, consents, or any required legislative or administrative authority from any local, State/Provincial, Federal, or private entity or organization, have been acquired and or renewed for any use which the value estimate in the appraisal report is based.

No investigation has been undertaken with the local zoning office, the fire department, the building inspectors, the health department, or any other municipal or government regulatory agencies. It is assumed that the subject property is in full compliance with all applicable current government codes, regulations, bylaws, and legislation. If the subject property does not comply, in any respect, the data, analyses, and conclusions stated in this report may require adjustment. The determination of such compliance is beyond the scope of this report and would require further investigations by appropriate qualified experts.

This report is based upon the assumption that the existing service providers for natural gas, electrical power, cable television, and telephone are responsible for the maintenance, repair, and replacement of their respective infrastructures on the condominium property.

It is assumed that any lease encumbrances pertaining to the subject property, are legally binding contracts between the lessee and the lessor and that all information transmitted to the appraiser concerning these lease contracts is accurate and correct.

Although this consultation appraisal report may contain information concerning the physical improvements being appraised, including their adequacy, and or condition, it should be understood that this information is only for use as a general guide in the valuation of the subject property and is not to be construed as a complete or detailed physical report. The observed condition of the roof, exterior walls, foundation, interior walls, floors, heating system, plumbing, insulation, electrical system, and any other of the mechanical system or physical component of the improvements, is based solely on a viewing level consistent with normal appraisal procedures and practice only. The appraiser is not a building inspector. The improvements were not checked for current building code violations unless otherwise noted in the appraisal report. If such an inspection is required, the client is advised to retain the services of an expert in this field. Any architectural, structural, mechanical, electrical, or other plans and specifications of the subject improvements, that were considered by the appraiser in the valuation assignment, are assumed to be correct. In addition, all improvements are assumed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted. No legal surveys, soil, air, or water quality tests, building code reviews, technical audits, condition surveys, engineering investigations, environmental investigations, detailed quantity surveys have been made and therefore no responsibility is assumed for these matters.

No responsibility is assumed for any inherent, latent, or hidden defects, damages, or conditions of the property. The subject valuation analysis assumes that the structural components within the improvements will last the physical life of the improvements unless otherwise specified in this report. The replacement of such components was not accounted for in the valuation analysis.

The appraiser reserves the right, at his or her sole discretion, at any time, to alter statements, analysis, conclusions, or any estimates contained in this report if the appraiser becomes aware of facts pertinent to the valuation process which were unknown to the appraiser at the time this report was prepared.

The reserve fund estimates contained in this report should be reviewed on a regular basis, particularly in the context of repairs and problem investigations including but not limited to, water damage, building envelope failures, structural problems, cracks in the walls and foundations, post tension construction concerns, waterproofing membranes, and environmental issues.

Reserve fund estimates are subjective and are based on the appraiser's understanding of the life cycle of building components and personal experience. The level of maintenance for any component addressed in this report may alter the estimated remaining life of that component. A detailed review should be made prior to considering any major repair or replacement. The client must understand and accept that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies if, as, and when they might arise. Industry costs of labour and materials are dependent upon competition, supply, and demand cycles. The cost projections stated in this report are approximate, using the most accurate costs ascertained at the time any particular component is to be actually replaced. The client should adopt a long term policy regarding reserve fund allocations.

If within the condominium complex, certain components require replacement within the parameters of the reserve fund study, it is assumed that all such components will be replaced or repaired with components that are similar in design, quality, and with appropriate workmanship and materials.

Any architectural, structural, mechanical, electrical, or other plans and specifications of the subject improvements, that were considered by the appraiser in the valuation assignment, are assumed to be correct. In addition, all improvements are assumed to have been constructed and finished in accordance with such plans and specifications, unless otherwise no

I declare that I am a licensed member in good standing of the Canadian National Association of Real Estate Appraisers (Member # 0941-24) and hold the professional designations of Designated Appraiser Residential (DAR) and Designated Reserve Planner (DRP). The Canadian National Association of Real Estate Appraisers is a professional association, requiring that designated members adhere to a continuing education program. I am presently in compliance with that program and have completed all present requirements and regulations.

Date: December 11, 2013 Appraiser: 

Brad Cable, DAR, DRP 0942-14

General Conditions and Assumptions

Reserve fund estimates are subjective, and they are based on an understanding of the life cycle of building components and our experience gained from observing buildings as they age and their components deteriorate. It must be appreciated that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies, if, as and when they arise. Reserve fund requirements are subject to change and must be reviewed and modified over time, not less than every three years. It is important to note that the timing of such expenditures a distance in the future will likely not occur as indicted in the report but rather a contingency reserve for the eventual repair or replacement.

The legal and survey descriptions of the property as stated herein are those which are recorded by the Registrar of the requisite Land Titles Office and are assumed to be correct.

The architectural, structural, mechanical, electrical and other plans and specifications of the building or buildings and improvements were not provided for this study. Furthermore, all buildings and improvements are deemed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

Sketches, drawings, diagrams, photographs, if any, presented in this report are included for the sole purpose of illustration. No legal survey, soil tests, engineering investigations, detailed quantity survey compilations, nor exhaustive physical examinations have been made. Accordingly, no responsibility is assumed concerning these matters or other technical and engineering techniques, which would be required to discover any inherent or hidden condition of the property.

In order to arrive at supportable replacement cost estimates, it was found necessary to utilize both documented and other cost data. A concerted effort has been put forth to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct, and it has been gathered to standard professional procedures, but no guarantee as to the accuracy of the data is implied.

The distribution of cost and other estimates in this report apply only under the programme of utilization as identified in this report. The estimates herein must not be used in conjunction with any other appraisal or reserve fund study and may be invalid if so used.

The client to whom this report is addressed may use it in deliberations affecting the subject property only, and in so doing, the report must not be abstracted; it must be used in its entirety.

Possession of this report or any copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone but the applicant without the written consent of the author, and in any event, only with the proper qualifications.

The agreed compensation for services rendered in preparing this report does not include fees for consultations and/or arbitrations, if any. Should personal appearances be required in connection with this report, additional fees will have to be negotiated. Unless otherwise noted, all estimates are expressed in Canadian currency.

NES2947 - 300 and 400 block - Forest Crowne...

Analysis Date - January 1, 2014

Inflation:2.00% Investment:2.00% Contribution Factor:8.00% Calc:Future

Financial - Analysis Summary

Global Factors		
Rate of Inflation		2.00 %
Net Rate of Investment		2.00 %
Weighted Average Life		19:01 YY:MM
Contribution Factor		8.00 %
Adjustment Factor		0.00 %
Contingency Factor		0.00 %
Contingency Time		0:00 YY:MM
Replacement Costs		
Current Cost	$	106,580.00
Future Cost	$	153,748.03
Fund Balances		
Current Balance	$	26,041.00
Future Balance	$	38,156.70
Funds Required		
Funds Required	$	115,591.33
Monthly Contribution	$	250.00

NES2947 - 300 and 400 block - Forest Crowne Close

Analysis Date - January 1, 2014

Inflation:2.00% Investment:2.00% Contribution Factor:8.00% Calc:Future

Cash Flow - Annual

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/14 - 12/14	$ 26,041.00	$ 3,000.00	$ 555.79	$ 0.00	$ 29,596.79
01/15 - 12/15	29,596.79	3,240.00	629.98	0.00	33,466.77
01/16 - 12/16	33,466.77	3,499.20	710.70	0.00	37,676.67
01/17 - 12/17	37,676.67	3,779.16	776.32	1,146.10	41,086.05
01/18 - 12/18	41,086.05	4,081.44	870.34	0.00	46,037.83
01/19 - 12/19	46,037.83	4,407.96	973.61	0.00	51,419.40
01/20 - 12/20	51,419.40	4,760.64	1,062.24	1,216.26	56,026.02
01/21 - 12/21	56,026.02	5,141.52	1,149.28	1,723.03	60,593.79
01/22 - 12/22	60,593.79	5,552.76	1,278.91	0.00	67,425.46
01/23 - 12/23	67,425.46	5,997.00	1,396.31	1,290.70	73,528.07
	$ 26,041.00	$ 43,459.68	$ 9,403.48	$ 5,376.09	$ 73,528.07

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/24 - 12/24	73,528.07	6,476.76	1,549.28	0.00	81,554.11
01/25 - 12/25	81,554.11	6,994.92	1,716.48	0.00	90,265.51
01/26 - 12/26	90,265.51	7,554.48	1,871.44	1,369.70	98,321.73
01/27 - 12/27	98,321.73	7,554.48	1,081.04	89,998.39	16,958.86
01/28 - 12/28	16,958.86	7,554.48	418.30	0.00	24,931.64
01/29 - 12/29	24,931.64	7,554.48	551.11	1,453.54	31,583.69
01/30 - 12/30	31,583.69	7,554.48	713.48	0.00	39,851.65
01/31 - 12/31	39,851.65	7,554.48	880.36	0.00	48,286.49
01/32 - 12/32	48,286.49	7,554.48	1,020.79	1,542.51	55,319.25
01/33 - 12/33	55,319.25	7,554.48	1,192.57	0.00	64,066.30
	$ 73,528.07	$ 73,907.52	$ 10,994.85	$ 94,364.14	$ 64,066.30

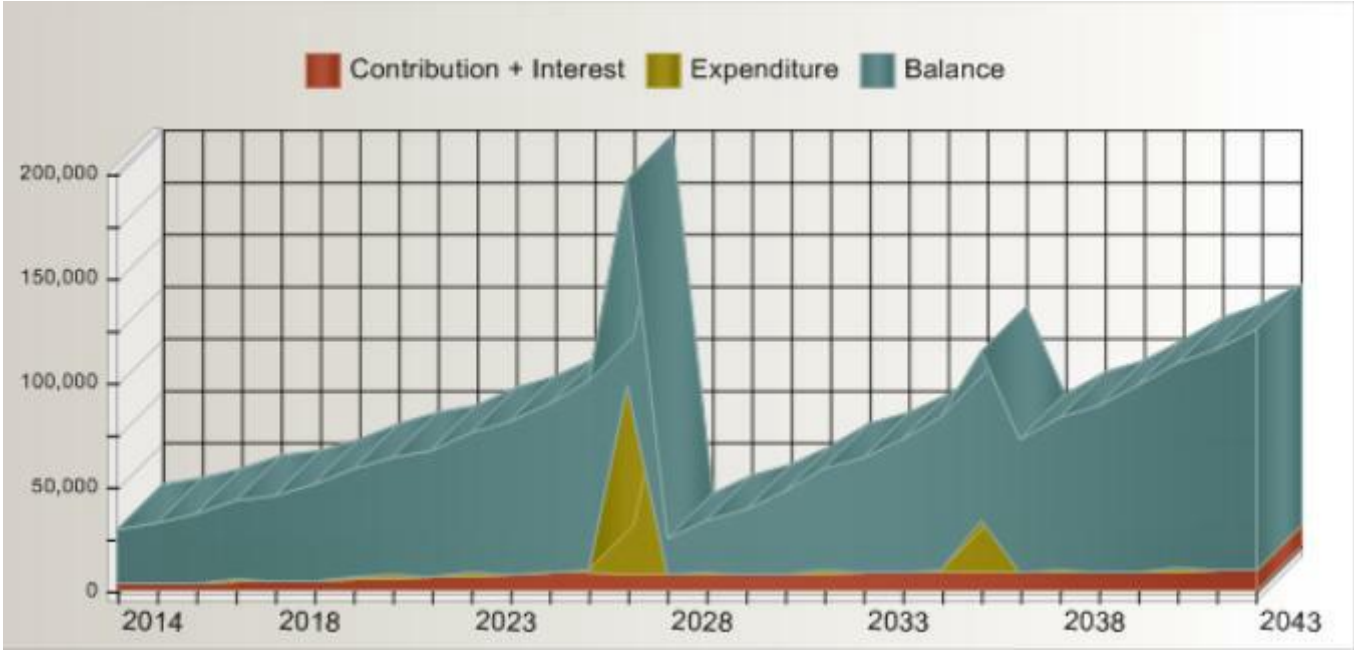
Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/34 - 12/34	64,066.30	7,554.48	1,369.11	0.00	72,989.89
01/35 - 12/35	72,989.89	7,554.48	1,517.59	1,636.92	80,425.04
01/36 - 12/36	80,425.04	7,554.48	1,206.08	25,508.67	63,676.93
01/37 - 12/37	63,676.93	7,554.48	1,361.27	0.00	72,592.68
01/38 - 12/38	72,592.68	7,554.48	1,507.64	1,737.11	79,917.69
01/39 - 12/39	79,917.69	7,554.48	1,689.08	0.00	89,161.25
01/40 - 12/40	89,161.25	7,554.48	1,875.65	0.00	98,591.38
01/41 - 12/41	98,591.38	7,554.48	2,030.34	1,843.44	106,332.76
01/42 - 12/42	106,332.76	7,554.48	2,222.25	0.00	116,109.49
01/43 - 12/43	116,109.49	7,554.48	2,419.60	0.00	126,083.57
	$ 64,066.30	$ 75,544.80	$ 17,198.61	$ 30,726.14	$ 126,083.57

NES2947 - 300 and 400 block - Forest Crowne Close

Analysis Date - January 1, 2014

Inflation:2.00% Investment:2.00% Contribution Factor:8.00% Calc:Future

Cash Flow - Chart



NES2947 - 300 and 400 block - Forest Crowne...

Analysis Date - January 1, 2014

Inflation:2.00% Investment:2.00% Contribution Factor:8.00% Calc:Future

Percent Funded - Annual

Beginning Date	100 % Funded Current Cost	Beginning Balance	Percent Funded	Contribution	Interest	Expenditure Future Cost
01/01/2014	$ 31,542	$ 26,041	82.64 %	$ 3,000	$ 555	$ 0
01/01/2015	36,422	29,596	81.26	3,240	629	0
01/01/2016	41,332	33,466	80.97	3,499	710	0
01/01/2017	46,242	37,676	81.48	3,779	776	1,146
01/01/2018	50,094	41,086	82.02	4,081	870	0
01/01/2019	55,026	46,037	83.66	4,407	973	0
01/01/2020	59,958	51,419	85.76	4,760	1,062	1,216
01/01/2021	63,767	56,026	87.86	5,141	1,149	1,723
01/01/2022	67,238	60,593	90.12	5,552	1,278	0
01/01/2023	72,208	67,425	93.38	5,997	1,396	1,290
01/01/2024	75,987	73,528	96.76	6,476	1,549	0
01/01/2025	80,982	81,554	100.71	6,994	1,716	0
01/01/2026	85,977	90,265	104.99	7,554	1,871	1,369
01/01/2027	89,708	98,321	109.60	7,554	1,081	89,998
01/01/2028	26,342	16,958	64.38	7,554	418	0
01/01/2029	32,413	24,931	76.92	7,554	551	1,453
01/01/2030	37,143	31,583	85.03	7,554	713	0
01/01/2031	43,242	39,851	92.16	7,554	880	0
01/01/2032	49,341	48,286	97.86	7,554	1,020	1,542
01/01/2033	54,017	55,319	102.41	7,554	1,192	0
01/01/2034	60,146	64,066	106.52	7,554	1,369	0
01/01/2035	66,275	72,989	110.13	7,554	1,517	1,636
01/01/2036	70,893	80,425	113.45	7,554	1,206	25,508
01/01/2037	60,643	63,676	105.00	7,554	1,361	0
01/01/2038	67,116	72,592	108.16	7,554	1,507	1,737
01/01/2039	71,985	79,917	111.02	7,554	1,689	0
01/01/2040	78,492	89,161	113.59	7,554	1,875	0
01/01/2041	84,998	98,591	115.99	7,554	2,030	1,843
01/01/2042	89,803	106,332	118.41	7,554	2,222	0
01/01/2043	96,345	116,109	120.51	7,554	2,419	0
01/01/2044	102,887	126,083	122.54	7,554	2,583	1,956
01/01/2045	107,624	134,264	124.75	7,554	2,786	0
01/01/2046	114,203	144,605	126.62	7,554	2,265	37,690
01/01/2047	101,225	116,735	115.32	7,554	1,060	135,808
01/01/2048	17,608	-10,458	0.00	7,554	0	0
01/01/2049	26,856	-2,904	0.00	7,554	28	0
01/01/2050	36,105	4,678	12.96	7,554	127	2,203
01/01/2051	43,320	10,158	23.45	7,554	220	3,121
01/01/2052	50,345	14,812	29.42	7,554	374	0
01/01/2053	59,689	22,741	38.10	7,554	489	2,337

NES2947 - 300 and 400 block - Forest Crowne Close

Analysis Date - January 1, 2014

Inflation:2.00% Investment:2.00% Contribution Factor:8.00% Calc:Future

Expenditures - Annual

Date	Description	Code	Service Date	Est Life	Future Cost	Salvage Value	Net Expenditure
Year --2017							
01/01/2017	z-Reserve Fund Study Update	910-000-0015	01/01/2014	3:00	$ 1,146.10	$ 0.00	$ 1,146.10
					$ 1,146.10	$ 0.00	$ 1,146.10
Year --2020							
01/01/2020	z-Reserve Fund Study Update	910-000-0015	01/01/2017	3:00	1,216.26	0.00	1,216.26
					$ 1,216.26	$ 0.00	$ 1,216.26
Year --2021							
01/01/2021	Fire Protection & Safety	910-000-0005	01/01/2006	15:00	1,723.03	0.00	1,723.03
					$ 1,723.03	$ 0.00	$ 1,723.03
Year --2023							
01/01/2023	z-Reserve Fund Study Update	910-000-0015	01/01/2020	3:00	1,290.70	0.00	1,290.70
					$ 1,290.70	$ 0.00	$ 1,290.70
Year --2026							
01/01/2026	z-Reserve Fund Study Update	910-000-0015	01/01/2023	3:00	1,369.70	0.00	1,369.70
					$ 1,369.70	$ 0.00	$ 1,369.70
Year --2027							
06/01/2027	Asphalt Drives	910-000-0001	06/01/2007	20:00	89,998.39	0.00	89,998.39
					$ 89,998.39	$ 0.00	$ 89,998.39
Year --2029							
01/01/2029	z-Reserve Fund Study Update	910-000-0015	01/01/2026	3:00	1,453.54	0.00	1,453.54
					$ 1,453.54	$ 0.00	$ 1,453.54
Year --2032							
01/01/2032	z-Reserve Fund Study Update	910-000-0015	01/01/2029	3:00	1,542.51	0.00	1,542.51
					$ 1,542.51	$ 0.00	$ 1,542.51
Year --2035							
01/01/2035	z-Reserve Fund Study Update	910-000-0015	01/01/2032	3:00	1,636.92	0.00	1,636.92
					$ 1,636.92	$ 0.00	$ 1,636.92
Year --2036							
01/01/2036	Fire Protection & Safety	910-000-0005	01/01/2021	15:00	2,318.97	0.00	2,318.97
01/01/2036	Underground/Water/Sewer	910-000-0011	01/01/2006	30:00	23,189.70	0.00	23,189.70
					$ 25,508.67	$ 0.00	$ 25,508.67
Year --2038							
01/01/2038	z-Reserve Fund Study Update	910-000-0015	01/01/2035	3:00	1,737.11	0.00	1,737.11
					$ 1,737.11	$ 0.00	$ 1,737.11
Year --2041							
01/01/2041	z-Reserve Fund Study Update	910-000-0015	01/01/2038	3:00	1,843.44	0.00	1,843.44
					$ 1,843.44	$ 0.00	$ 1,843.44

NES2947 - 300 and 400 block - Forest Crowne Close

Analysis Date - January 1, 2014

Inflation:2.00% Investment:2.00% Contribution Factor:8.00% Calc:Future

Expenditures - Annual

Date	Description	Code	Service Date	Est Life	Future Cost	Salvage Value	Net Expenditure
Year --2044							
01/01/2044	z-Reserve Fund Study Update	910-000-0015	01/01/2041	3:00	$ 1,956.27	$ 0.00	$ 1,956.27
					$ 1,956.27	$ 0.00	$ 1,956.27
Year --2046							
01/01/2046	U'grnd/Hydro/Cable/Wiring	910-000-0009	01/01/2006	40:00	37,690.81	0.00	37,690.81
					$ 37,690.81	$ 0.00	$ 37,690.81
Year --2047							
01/01/2047	z-Reserve Fund Study Update	910-000-0015	01/01/2044	3:00	2,076.01	0.00	2,076.01
06/01/2047	Asphalt Drives	910-000-0001	06/01/2027	20:00	133,732.87	0.00	133,732.87
					$ 135,808.88	$ 0.00	$ 135,808.88
Year --2050							
01/01/2050	z-Reserve Fund Study Update	910-000-0015	01/01/2047	3:00	2,203.08	0.00	2,203.08
					$ 2,203.08	$ 0.00	$ 2,203.08
Year --2051							
01/01/2051	Fire Protection & Safety	910-000-0005	01/01/2036	15:00	3,121.03	0.00	3,121.03
					$ 3,121.03	$ 0.00	$ 3,121.03
Year --2053							
01/01/2053	z-Reserve Fund Study Update	910-000-0015	01/01/2050	3:00	2,337.92	0.00	2,337.92
					$ 2,337.92	$ 0.00	$ 2,337.92

NES2947 - 300 and 400 block - Forest Crowne Close

Analysis Date - January 1, 2014

Inflation:2.00% Investment:2.00% Contribution Factor:8.00% Calc:Future

Cash Flow - Annual

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/14 - 12/14	$ 26,041.00	$ 3,996.00	$ 565.83	$ 0.00	$ 30,602.83
01/15 - 12/15	30,602.83	3,996.00	657.91	0.00	35,256.74
01/16 - 12/16	35,256.74	3,996.00	751.85	0.00	40,004.59
01/17 - 12/17	40,004.59	3,996.00	825.50	1,146.10	43,679.99
01/18 - 12/18	43,679.99	3,996.00	921.84	0.00	48,597.83
01/19 - 12/19	48,597.83	4,505.52	1,026.24	0.00	54,129.59
01/20 - 12/20	54,129.59	4,505.52	1,114.37	1,216.26	58,533.22
01/21 - 12/21	58,533.22	4,505.52	1,193.46	1,723.03	62,509.17
01/22 - 12/22	62,509.17	4,505.52	1,307.01	0.00	68,321.70
01/23 - 12/23	68,321.70	4,505.52	1,399.40	1,290.70	72,935.92
	$ 26,041.00	$ 42,507.60	$ 9,763.41	$ 5,376.09	$ 72,935.92

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/24 - 12/24	72,935.92	4,595.64	1,518.39	0.00	79,049.95
01/25 - 12/25	79,049.95	4,687.56	1,642.73	0.00	85,380.24
01/26 - 12/26	85,380.24	4,781.28	1,744.96	1,369.70	90,536.78
01/27 - 12/27	90,536.78	4,876.92	896.98	89,998.39	6,312.29
01/28 - 12/28	6,312.29	4,974.48	177.45	0.00	11,464.22
01/29 - 12/29	11,464.22	5,073.96	254.35	1,453.54	15,338.99
01/30 - 12/30	15,338.99	5,175.36	361.68	0.00	20,876.03
01/31 - 12/31	20,876.03	5,278.92	474.46	0.00	26,629.41
01/32 - 12/32	26,629.41	5,384.52	561.84	1,542.51	31,033.26
01/33 - 12/33	31,033.26	5,492.16	681.62	0.00	37,207.04
	$ 72,935.92	$ 50,320.80	$ 8,314.46	$ 94,364.14	$ 37,207.04

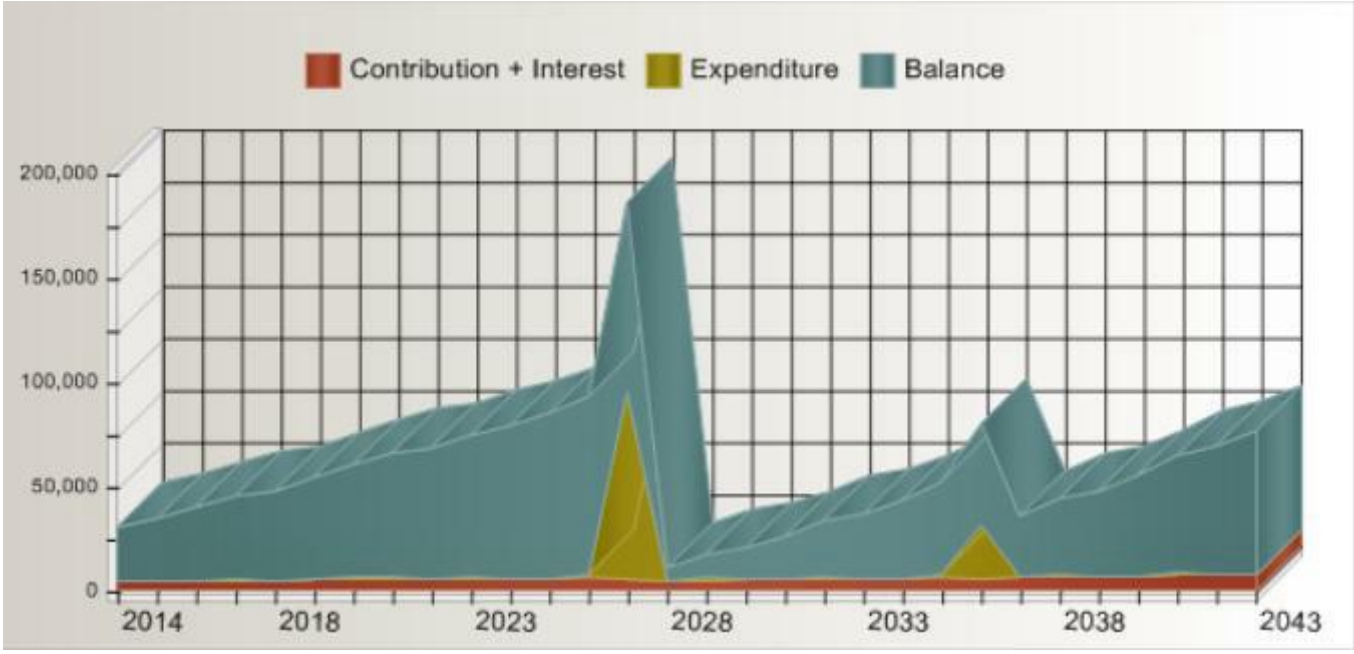
Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/34 - 12/34	37,207.04	5,601.96	807.36	0.00	43,616.36
01/35 - 12/35	43,616.36	5,714.04	906.19	1,636.92	48,599.67
01/36 - 12/36	48,599.67	5,828.28	546.35	25,508.67	29,465.63
01/37 - 12/37	29,465.63	5,944.92	654.53	0.00	36,065.08
01/38 - 12/38	36,065.08	6,063.84	755.36	1,737.11	41,147.17
01/39 - 12/39	41,147.17	6,185.04	892.74	0.00	48,224.95
01/40 - 12/40	48,224.95	6,308.76	1,036.84	0.00	55,570.55
01/41 - 12/41	55,570.55	6,435.00	1,150.73	1,843.44	61,312.84
01/42 - 12/42	61,312.84	6,563.64	1,303.59	0.00	69,180.07
01/43 - 12/43	69,180.07	6,694.92	1,463.71	0.00	77,338.70
	$ 37,207.04	$ 61,340.40	$ 9,517.40	$ 30,726.14	$ 77,338.70

NES2947 - 300 and 400 block - Forest Crowne Close

Analysis Date - January 1, 2014

Inflation:2.00% Investment:2.00% Contribution Factor:8.00% Calc:Future

Cash Flow - Chart



NES2947 - 300 and 400 block - Forest Crowne...

Analysis Date - January 1, 2014

Inflation:2.00% Investment:2.00% Contribution Factor:8.00% Calc:Future

Percent Funded - Annual

Beginning Date	100 % Funded Current Cost	Beginning Balance	Percent Funded	Contribution	Interest	Expenditure Future Cost
01/01/2014	$ 31,542	$ 26,041	82.64 %	$ 3,996	$ 565	$ 0
01/01/2015	36,422	30,602	84.02	3,996	657	0
01/01/2016	41,332	35,256	85.30	3,996	751	0
01/01/2017	46,242	40,004	86.51	3,996	825	1,146
01/01/2018	50,094	43,679	87.20	3,996	921	0
01/01/2019	55,026	48,597	88.32	4,505	1,026	0
01/01/2020	59,958	54,129	90.28	4,505	1,114	1,216
01/01/2021	63,767	58,533	91.79	4,505	1,193	1,723
01/01/2022	67,238	62,509	92.97	4,505	1,307	0
01/01/2023	72,208	68,321	94.62	4,505	1,399	1,290
01/01/2024	75,987	72,935	95.98	4,595	1,518	0
01/01/2025	80,982	79,049	97.61	4,687	1,642	0
01/01/2026	85,977	85,380	99.31	4,781	1,744	1,369
01/01/2027	89,708	90,536	100.92	4,876	896	89,998
01/01/2028	26,342	6,312	23.96	4,974	177	0
01/01/2029	32,413	11,464	35.37	5,073	254	1,453
01/01/2030	37,143	15,338	41.30	5,175	361	0
01/01/2031	43,242	20,876	48.28	5,278	474	0
01/01/2032	49,341	26,629	53.97	5,384	561	1,542
01/01/2033	54,017	31,033	57.45	5,492	681	0
01/01/2034	60,146	37,207	61.86	5,601	807	0
01/01/2035	66,275	43,616	65.81	5,714	906	1,636
01/01/2036	70,893	48,599	68.55	5,828	546	25,508
01/01/2037	60,643	29,465	48.59	5,944	654	0
01/01/2038	67,116	36,065	53.74	6,063	755	1,737
01/01/2039	71,985	41,147	57.16	6,185	892	0
01/01/2040	78,492	48,224	61.44	6,308	1,036	0
01/01/2041	84,998	55,570	65.38	6,435	1,150	1,843
01/01/2042	89,803	61,312	68.27	6,563	1,303	0
01/01/2043	96,345	69,180	71.80	6,694	1,463	0
01/01/2044	102,887	77,338	75.17	6,828	1,591	1,956
01/01/2045	107,624	83,803	77.87	6,965	1,761	0
01/01/2046	114,203	92,530	81.02	7,104	1,210	37,690
01/01/2047	101,225	63,154	62.39	7,246	525	135,808
01/01/2048	17,608	-64,882	0.00	7,391	0	0
01/01/2049	26,856	-57,490	0.00	7,539	0	0
01/01/2050	36,105	-49,951	0.00	7,690	0	2,203
01/01/2051	43,320	-44,464	0.00	7,844	0	3,121
01/01/2052	50,345	-39,740	0.00	8,001	0	0
01/01/2053	59,689	-31,739	0.00	8,161	0	2,337

NES2947 - 300 and 400 block - Forest Crowne Close

Analysis Date - January 1, 2014

Inflation:2.00% Investment:2.00% Contribution Factor:2.00% Calc:Future

Cash Flow - Annual

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/14 - 12/14	$ 26,041.00	$ 3,000.00	$ 555.79	$ 0.00	$ 29,596.79
01/15 - 12/15	29,596.79	3,060.00	628.18	0.00	33,284.97
01/16 - 12/16	33,284.97	3,121.20	703.22	0.00	37,109.39
01/17 - 12/17	37,109.39	3,183.60	758.90	1,146.10	39,905.79
01/18 - 12/18	39,905.79	3,247.32	838.14	0.00	43,991.25
01/19 - 12/19	43,991.25	3,312.24	921.26	0.00	48,224.75
01/20 - 12/20	48,224.75	3,378.48	983.85	1,216.26	51,370.82
01/21 - 12/21	51,370.82	3,446.04	1,038.22	1,723.03	54,132.05
01/22 - 12/22	54,132.05	3,514.92	1,127.96	0.00	58,774.93
01/23 - 12/23	58,774.93	3,585.24	1,197.46	1,290.70	62,266.93
	$ 26,041.00	$ 32,849.04	$ 8,752.98	$ 5,376.09	$ 62,266.93

Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/24 - 12/24	62,266.93	3,657.00	1,293.60	0.00	67,217.53
01/25 - 12/25	67,217.53	3,730.20	1,394.27	0.00	72,342.00
01/26 - 12/26	72,342.00	3,804.84	1,471.98	1,369.70	76,249.12
01/27 - 12/27	76,249.12	3,880.92	700.40	89,998.39	-9,167.95
01/28 - 12/28	-9,167.95	3,958.56	0.00	0.00	-5,209.39
01/29 - 12/29	-5,209.39	4,037.76	0.00	1,453.54	-2,625.17
01/30 - 12/30	-2,625.17	4,118.52	5.39	0.00	1,498.74
01/31 - 12/31	1,498.74	4,200.84	72.51	0.00	5,772.09
01/32 - 12/32	5,772.09	4,284.84	129.78	1,542.51	8,644.20
01/33 - 12/33	8,644.20	4,370.52	218.43	0.00	13,233.15
	$ 62,266.93	$ 40,044.00	$ 5,286.36	$ 94,364.14	$ 13,233.15

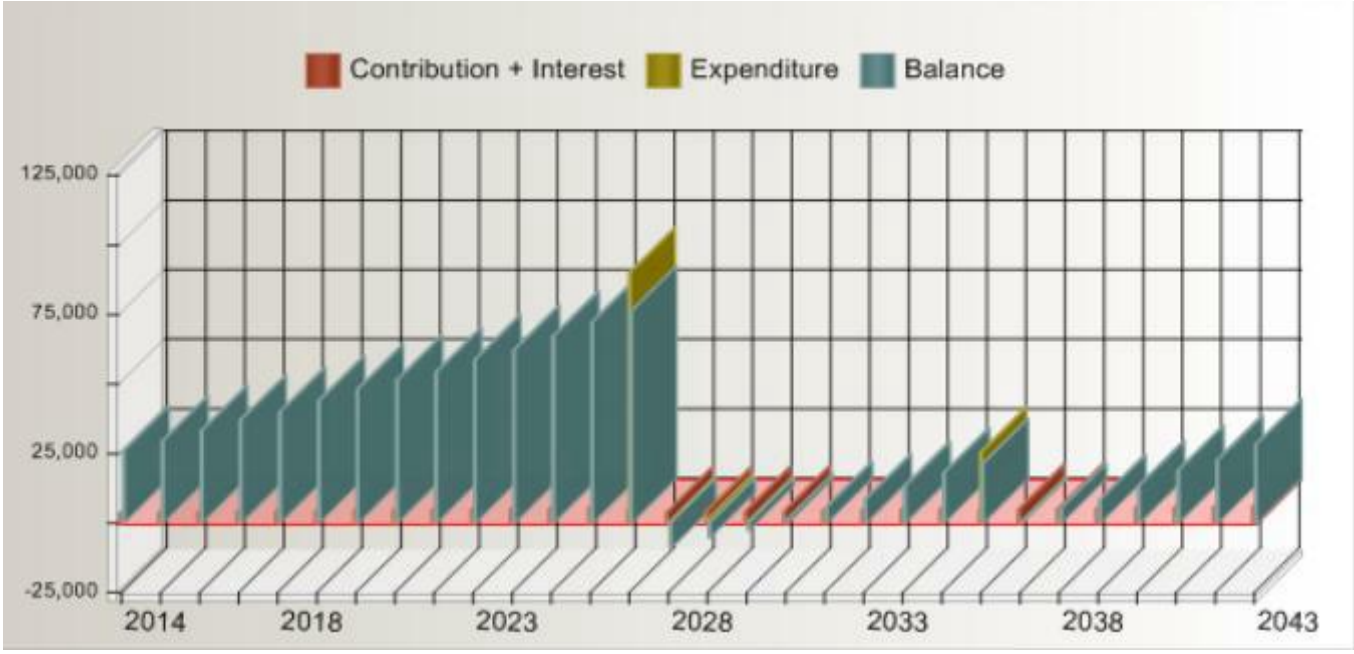
Period	Beginning Balance	Contribution	Interest Earned	Expenditures	Ending Balance
01/34 - 12/34	13,233.15	4,457.88	311.95	0.00	18,002.98
01/35 - 12/35	18,002.98	4,547.04	377.46	1,636.92	21,290.56
01/36 - 12/36	21,290.56	4,638.00	14.95	25,508.67	434.84
01/37 - 12/37	434.84	4,730.76	56.35	0.00	5,221.95
01/38 - 12/38	5,221.95	4,825.32	120.35	1,737.11	8,430.51
01/39 - 12/39	8,430.51	4,921.80	219.67	0.00	13,571.98
01/40 - 12/40	13,571.98	5,020.20	324.44	0.00	18,916.62
01/41 - 12/41	18,916.62	5,120.64	397.66	1,843.44	22,591.48
01/42 - 12/42	22,591.48	5,223.00	508.52	0.00	28,323.00
01/43 - 12/43	28,323.00	5,327.52	625.26	0.00	34,275.78
	$ 13,233.15	$ 48,812.16	$ 2,956.61	$ 30,726.14	$ 34,275.78

NES2947 - 300 and 400 block - Forest Crowne Close

Analysis Date - January 1, 2014

Inflation:2.00% Investment:2.00% Contribution Factor:2.00% Calc:Future

Cash Flow - Chart



Item Parameters - Full Detail

Asphalt Drives

Item Number	1	Measurement Basis	sq m
Type	Common Area	Estimated Useful Life	20:00
Category	Site Improvements	Basis Cost	24.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0001	06/01/2007	06/01/2027	13:05	20:00	2875.00	$ 69,000.00	$ 89,998.39
						$ 69,000.00	$ 89,998.39

Comments

SITE IMPROVEMENTS - Asphalt Paving

Reserve Description:

This reserve component includes the main road into the development that provides access to most of the sites. There is also a cul-de-sac that provides access to nine of the sites situated closer to the southeast boundaries of Forest Crowne Close. There is approximately 2,875 square meters of asphalt paved roads. It is assumed that the roads were installed in 2007 which coincides with the inception of Forest Crowne Close.

Financial Analysis:

There is no known history of major expenses taken from the contingency reserve fund for road maintenance. According to information provided by the strata council/property manager, the roadways are original with no immediate plans to replace any of the material.

Potential Deterioration:
Asphalt pavements deteriorate as a result of exposure to oils/fuels and the weight from vehicles, oxidization with exposure to ultraviolet light, poor drainage, erosion from rain, freeze/thaw cycles, as well as exposure to de-icing materials such as salt. Asphalt paving can also fail if the sub-grade materials are inadequate or become excessively wet as a result of poor drainage or failure to seal cracks. Deteriorating pavement can be repaired/maintained with regular crack sealing & patch repair, cleaning, surface treatments, or removing the asphalt and installing new. Regular maintenance is important to lengthen the estimated useful life of paving. Testing to determine the appropriate scope of future repair/replacement of asphalt paving would be required, if significant deterioration is noted. Moisture penetration can cause the compound to crack and deteriorate.

Condition Analysis:
Based on a limited visual observation, the asphalt has no major signs of deferred maintenance as of the inspection date. Seal coating and other preventative maintenance should be considered in order to extend the useful life of the asphalt. to prevent any immediate major deficiencies.

Deficiency Analysis:
Removal and replacement of the asphalt paving is not priority at this time. The subject paved areas are in need of some general maintenance such as seal coating and filling of some minor holes. It is assumed that any seal coating and/or filling costs would be taken from the general operating budget. If properly maintained, the replacement of the asphalt can be deferred at this time however the planner is estimating that resurfacing takes place in 2027. According to the strata's website, plans are in place to resurface the roads in 2026. This will allow the reserves to build up over the next few years however additional contributions may be necessary to accommodate the upgrade of this infrastructure. It should be noted that material costs for asphalt have increased by over 70% in the past seven to eight years.

Item Parameters - Full Detail

Fire Protection & Safety

Item Number	5	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	15:00
Category	Mechanical	Basis Cost	750.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0005	01/01/2006	01/01/2021	7:00	15:00	2.00	$ 1,500.00	$ 1,723.03
						$ 1,500.00	$ 1,723.03

Comments

MECHANICAL - Fire Protection & Safety

Reserve Description:
Fire protection systems for bareland strata developments generally consists of fire hydrants which permit the connection of standard hosing. Forest Crowne Close has two Tiaug Giang landing fire hydrants with standard Storz couplings. The hydrants are built in China and meet current code standards in Canada.

Financial Analysis:
There is no known history of major expenses taken from the contingency reserve fund for repairs, replacements, or modifications to the fire hydrants. It is assumed that any general repairs would be paid from the general operating account.

Potential Deterioration:
There are many legislated requirements to insure fire protection equipment is operational but to increase longevity of equipment life relies on a quality preventative maintenance routine to be followed. As the hydrants age and codes change systems become outdated. Weather conditions, dust, and accumulation of brush, weeds, and invasive vegetation can cause premature deterioration and failure of the hydrants. Deterioration can be caused by corrosion of the piping, hardware, valves, flanges, and other mechanical aspects within the hydrants.

Condition Analysis:
All hydrants appear to be in average condition and are assumed to be inspected on a regular

basis. Fire hydrants need to be maintained in good working order to ensure their performance if needed. The paint is showing minimal signs of wear and tear.

Deficiency Analysis:
Annual inspection and general maintenance (if necessary) is recommended and will likely be covered under the general operating budget. A contingency has been put in place by the planner for eventual replacement of the hydrants.

Item Parameters - Full Detail

Street Lighting

Item Number	16	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	45:00
Category	Site Improvements	Basis Cost	5,000.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Future
						$ 0.00	$ 0.00

Comments

SITE IMPROVEMENTS - Street Lighting

Reserve Description:
The site provides standard mounted and painted galvanized steel lights within various portions of Forest Crowne Close. There are seven light posts in total, all of which are approximately 20 feet in height and held in place by bolts to a concrete block. The light fixtures appear to be a rigid plastic. The lights are serviced by underground electrical wires that are likely located in a protective PVC piping.

Financial Analysis:
There is no known history of major expenses taken from the contingency reserve fund for repairs, maintenance, or modifications to the street lights.

Potential Deterioration:
Lamps can become inoperative and require replacement. Repair or replacement of underground wiring between the poles and in the conduit within the pole may be required. The poles may fade and be susceptible to corrosion if protective finishing is not maintained. As well, impact damage may occur.

Condition Analysis:
The light poles are in an average overall condition based upon their age and life expectancy. Fixtures appear to be original with no signs of deferred maintenance observed. Visual inspection of the wiring is not possible due to the services being located underground.

Deficiency Analysis:

Replacement of inoperative bulbs and general upkeep of the protective finishing is assumed to be part of the general operating budget. Replacement of the light fixtures on the poles and on the rock pillars will be on an as-needed basis and from the general operating budget as the cost to replace will be below the minimum threshold for a contingency item. The economic life of the light poles is estimated at approximately 45 years. Underground services can have a lengthy life span and an allowance has been added for possible maintenance/repair of the underground electrical services.

Item Parameters - Full Detail

U'grnd/Hydro/Cable/Wiring

Item Number	9	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	40:00
Category	Site Improvements	Basis Cost	20,000.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0009	01/01/2006	01/01/2046	32:00	40:00	1.00	$ 20,000.00	$ 37,690.81
						$ 20,000.00	$ 37,690.81

Comments

SITE IMPROVEMENTS - Underground Services (Hydro/Cable/Wiring)

Reserve Description:
The infrastructure includes the underground hydro and telephone services to the individual lots. These services are located under the pavement and are typically encased in rigid PVC pipe. The total linear feet of these services, including connections to the individual lots, is estimated to be in the range of 500 meters.

Financial Analysis:
There is no known history of major expenses taken from the contingency reserve fund for repairs, maintenance, or modifications to the underground services.

Potential Deterioration:
Piping can settle causing breakage at weak points such as joints. Wires can become brittle and require replacement. However, rigid PVC piping is expected to last the lifetime of the development.

Condition Analysis:
All systems are assumed to be in average working order based upon the age of the components and the estimated life span.

Deficiency Analysis:
Underground site services are typically expected to have a lengthy life expectancy PVC piping can last the lifetime of the development. Rewiring of the cables/wires will not likely require excavating as the wires can likely be "pulled through" the existing pipe. Wires and cables are expected to have a 40+ year life expectancy.

Item Parameters - Full Detail

Underground/Water/Sewer

Item Number	11	Measurement Basis	allowanc
Type	Common Area	Estimated Useful Life	30:00
Category	Site Improvements	Basis Cost	15,000.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0011	01/01/2006	01/01/2036	22:00	30:00	1.00	$ 15,000.00	$ 23,189.70
						$ 15,000.00	$ 23,189.70

Comments

SITE IMPROVEMENTS - Underground Services (Water/Drainage)

Reserve Description:
This component includes the underground sewer, water, and drainage lines to and from the individual lots, catch basins, perimeter drains, storm drains, flush valves, pressure reducing valves, venting, manhole access points, and any other applicable components. Most of these components are located underground and out of view for analysis. The estimated linear footage of the main water line within the development is approximately 265 meters, not including the connections to the individual lots. Underground water and sewer lines are typically made of rigid PVC piping. There are four access points to the sewer system, four water line access points, two vents, two flush valves, and one reducer.

Financial Analysis:
There is no known history of major expenses taken from the contingency reserve fund for repairs, maintenance, or modifications to the water lines.

Potential Deterioration:
Piping can settle causing breakage at weak points such as joints. Piping is susceptible to tree root invasions. The most invasive trees are those with long root systems such as weeping willows. Curb stops can malfunction and require replacement where applicable. Regular maintenance and flushing of the lines will increase the life expectancy of the system.

Condition Analysis:

These items could not be viewed to develop and opinion of their condition so it is assumed they are in a typical average working condition based upon the age and life expectancy of the component.

Deficiency Analysis:
The actual life expectancy of these components is difficult to determine and will depend on many factors such as the piping material employed, the workmanship at the time of installation, and ground conditions. The estimated useful life of the water lines has been sourced from reputable cost manuals. Normally components will last the life of the project without requiring repair. Although the system is expected to have a lengthy life expectancy, and the costs of abnormal repairs and modifications are expected to be borne by individual owners through local taxation and utility authorities, an allowance has been put in place to this component as some preventative maintenance and repairs to the system may be required over time.

Item Parameters - Full Detail

z-Reserve Fund Study Update

Item Number	15	Measurement Basis	Allowanc
Type	Common Area	Estimated Useful Life	3:00
Category	Administration	Basis Cost	1,080.00
Tracking	Logistical	Salvage Value	$ 0.00
Method	Fixed		

Code	Service Date	Replace Date	Rem Life	Adj Life	Quantity	Replacement Cost Current	Replacement Cost Future
910-000-0015	01/01/2014	01/01/2017	3:00	3:00	1.00	$ 1,080.00	$ 1,146.10
						$ 1,080.00	$ 1,146.10

Comments

RESERVE FUND STUDY UPDATE:

This reserve fund study has been included in the current fiscal year budget at $1,700 (plus taxes) and is assumed to be taken from the general operating budget for this year only.

The estimated cost for the updated reserve fund study is $1,000 as of today's date, plus GST.

An update is required every three years and it is recommended to budget for these periodic updates. Items and costs used in this study are estimates only and are based on current costs and materials. Quality of materials, general upkeep, and maintenance over time, as well as changes in replacement costs and technologies will affect the repair and replacement costs over time. Regular updates are not only required by the BC Strata Act, but they will ensure the estimated costs, life expectancies, and materials available stay current over time.

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