

WESTSEA CONSTRUCTION LTD.

Suite 2108 – 1330 Harwood Street Vancouver BC V6E 1S8
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June 24, 2025

All Leaseholders of Orchard House

647 Michigan Street
Victoria, BC
V8V 1S9

Dear Leaseholder(s),

Re: Orchard House Schedule of Operating Costs for the year ending December 31, 2024

Your **2024** Year End Schedule of Operating Costs for Orchard House is enclosed.

The actual operating expenses for the year were more than the estimated expenses. The Schedule of Operating Costs shows there is a deficit of operating expenses in the amount of \$(148,196.00).

Amount to be recovered from the leaseholders for 2024 is as follows:

Normal operating deficit \$(148,196.00)

Extraordinary project – boiler replacement phase 1 \$(297,461.00)

The net amount owing by the leaseholders for 2024 is \$(445,657.00)

Please find in the table below your proportionate share of the total deficit calculated in accordance with each leaseholder's unit share entitlement described in the Orchard House Lease (the "Lease").

The individual suite amounts shown will be charged to your account on August 1, 2025.

For the leaseholder's proportionate share of the deficit, please provide 1 post-dated cheque payable to Westsea Construction Ltd. dated **August 1, 2025** in the following amount. **Please include your File number on your cheques.**

Suites ending in Suite	'01 102	\$ 2,066.51 \$ 2,130.24	Suites - 310, 510, 710, 910 1110 & 1410, 1610	
Suites ending in	'02 & '03	\$ 2,026.40	1810, 2010, 2210	\$ 2,999.27
Suites ending in	'04 & '09	\$ 2,026.40		
Suites ending in	'05	\$ 2,982.78	Suites - 210, 410, 610, 810	
Suites ending in	'06	\$ 1,989.86	1010, 1210, 1510,	
Suites ending in	'07 & '08	\$ 1,521.03	1710, 1910, 2110 & 2310	\$ 2,824.13

Please note we do not offer any other type of payment methods. Each leaseholder is reminded that interest will be charged on all overdue operating expenses in accordance with the Lease.

2024 year-end statement

**Westsea Construction Ltd.
Orchard House
Schedule of Operating Costs**

For the year ended December 31	2024	2023
Operating expenses recoverable	\$ 1,746,539	\$ 1,636,934
Extraordinary expenses recoverable	528,486	-
	<u>2,275,025</u>	<u>1,636,934</u>
Operating expenses		
Accounting and administrative costs	72,640	71,240
Audit	6,741	5,618
Electricity	29,527	33,404
Elevator maintenance	37,024	35,843
Heat	93,680	110,695
Insurance	547,268	489,612
Legal	250,769	292,443
License	1,923	2,064
Operating supplies	2,449	4,334
Pool and sauna	5,336	6,185
Property taxes	263,512	220,196
Repairs and maintenance	273,539	416,880
Salaries and employee benefits	125,206	123,142
Scavenging	74,406	60,424
Telephone and enterphone	4,555	4,744
Water	106,160	112,116
	<u>1,894,735</u>	<u>1,988,940</u>
Expenses before extraordinary expenses		
Extraordinary expenses		
Boiler replacement phase 1 (Note 2)	825,947	-
	<u>2,720,682</u>	<u>1,988,940</u>
Total expenses		
Deficiency of recoveries over expenses	\$ (445,657)	\$ (352,006)
Represented by:		
Normal operating	\$ (148,196)	\$ (352,006)
Extraordinary project - boiler replacement phase 1	(297,461)	-
	<u>\$ (445,657)</u>	<u>\$ (352,006)</u>

Westsea Construction Ltd.
Orchard House
Notes to the Schedule of Operating Costs

December 31, 2024

1. Basis of Presentation

The Schedule of Operating Costs (the Schedule) has been prepared by management based on Article 7 of the lease agreement dated May 1, 1974 between Westsea Construction Ltd. and Capital Construction Supplies Ltd. for Orchard House, 647 Michigan Street, Victoria, British Columbia, using recognition and measurement principles of Canadian accounting standards for private enterprises (ASPE), which is one of the financial reporting frameworks in Canadian generally accepted accounting principles.

2. Special Assessments

Extraordinary Project - Boiler Replacement - Phase 1 Project

The extraordinary boiler replacement project work commenced in 2024. The total contract cost of this work is expected to be \$1,056,971. The work was not finalized as at December 31, 2024.

Extraordinary expenses recoverable	
Collected in 2024	\$ 528,486
Expensed in 2024	<u>(825,947)</u>
Deficiency of recoveries over expenses	<u>\$ (297,461)</u>