

WESTSEA CONSTRUCTION LTD.

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May 1, 2026

By E-mail (geraldrotering@gmail.com)

Gerald Rotering
805 – 647 Michigan Street
Victoria, B.C., V8V 1S9

Dear Gerald:

Re: Orchard House, Suite 807 – 647 Michigan Street, Victoria, B.C. (the "Suite")

As you are aware, we are the owner and manager of the Orchard House apartment building ("**Orchard House**") in which you are the registered leaseholder of the above Suite. We received your e-mail dated April 30, 2026 about Suite 805, operating expenses and remediation projects at Orchard House.

As you are aware, Orchard House is a leasehold property and not a strata. Therefore, the parties' obligations are governed by the Orchard House Lease (the "**Lease**"). One of Westsea's obligations under the Lease is to maintain and repair the Orchard House building which is approximately 50 years old. Our obligation to repair and maintain this 99-year lease property includes regular repair and maintenance, which requires different engineering assessments and remediation requirements.

The Lease states that any costs incurred for remediation projects are paid for by Westsea and then charged to leaseholders as "operating expenses". Westsea fulfills our contractual obligations under the Lease, including exercising our discretion to incur operating expenses prudently and reasonably. This includes our obligation to maintain, repair and remediate key systems and components of the Orchard House building.

Orchard House is an aging residential building and will require, over time, remediation of many building systems and/or components. Key building systems and/or components at Orchard House have expected service lives of anywhere between 10 to 25 years. Some of these systems and/or components are original, dating back to when the building was built. Consequently, during the term of the Lease many building systems will require replacement a number of times and it should be expected that repairs will be commonplace as the buildings continue to age. Remediation of these systems and/or components are required to maintain the Orchard House building consistent with the condition required under the Lease. Unless this is done, Orchard House's condition would deteriorate to the point that the building could become unsafe or uninhabitable, as it could be left without, among other things, functioning water, plumbing and sewage systems.

In order to address the maintenance, repair and remediation of key building systems and/or components, we rely upon the advice of experienced, reputable engineering firms. Upon receiving reports from consultants about recommended remediation, we take steps to communicate this to Orchard House leaseholders, inform them that special assessments will be required to pay for the repairs and also update

leaseholders about the status, progress and cost of remediation projects. Remediation work is then conducted according to current construction practices, building codes and Bylaws and the cost of the repair work is charged to Orchard House leaseholders in accordance with the Lease.

As has been discussed in recent correspondence to leaseholders, including in our letters dated October 23 and November 27, 2025 and March 25, 2026, copies of which you have received, our consultants and professional advisors have recommended, among other things, that the fire alarm system must be replaced and the domestic water supply and sanitary drainage systems must be re-piped. These are key components of the building's plumbing and fire safety systems and our consultants have recommended repairs/replacement in accordance with our obligations under the Lease.

Westsea provides information to leaseholders about operating expense costs for Orchard House pursuant to our obligations under the Lease. We regularly inform leaseholders in correspondence about budgets, as well as send copies of audited statements regarding the operating expenses incurred under the Lease. This is a cost effective way to inform leaseholders about matters relating to Orchard House. Responding to specific questions from leaseholders is neither required under the Lease nor would it be a cost-effective use of Westsea's administrative resources.

There is no obligation under the Lease for Westsea to do more than inform leaseholders about actual operating expenses for the previous year and estimated operating expenses for the following year, all of which you have received. There is no provision in the Lease for leaseholders to approve of, question the costs of or to obtain detailed disclosure about any specific category of operating expenses.

Regarding yearly maintenance fees, such amounts are based on the previous year's operating expenses at Westsea Towers and are estimated in order to meet the projected administration, maintenance and repair costs of the buildings into the following year. Similarly, increases or decreases in budgeted items are based on previous year's operating expenses and the estimated costs for the following year. Further, many operating expense items, such as property taxes, insurance and construction costs, are subject to year over year cost increases due to market and/or governmental factors that Westsea has no control over.

Lastly and in response to your question about copies of engineering reports, while Westsea has provided you with information about the Fire System Project, including about the tender award, the estimated contract costs and project commencement date and duration in accordance with the Lease, it is Westsea's policy that engineering reports about Orchard House are not disclosed to leaseholders or tenants. Many of the reports from our professional consultants or contractors contain confidential information and specific terms that require that such confidentiality be observed. As such, Westsea has sent you all the information they are obligated to provide to Orchard House leaseholders under the Lease.

Yours very truly,

WESTSEA CONSTRUCTION LTD.

Per: _____
