Hugh Trenchard
Orchard House
647 Michigan Street
Victoria, BC V8V 1S9

July 15, 2026

BY EMAIL

Westsea Construction Ltd.
2108 - 1330 Harwood Street
Vancouver, BC V6E 1S8
info@westsea.ca
cc. Mark Stacey, Singleton Urquhart Reynolds

Attention: Stan Andrews, Property Manager

Dear Mr. Andrews:

Re: Orchard House Fire Alarm System Replacement and Domestic Water Supply and Sanitary Drainage Re-Piping Projects - Disclosure, Concurrent Payment Demands, and Proposed Voluntary Sale

I write in further response to Westsea Construction Ltd.'s letters dated March 25, 2026 concerning the Fire Alarm System Replacement Project (the "Fire System Project"), and in response to Westsea's July 8, 2026 letter concerning the Domestic Water Supply and Sanitary Drainage Re-Piping Project (the "Re-Piping Project").

Westsea states that the estimated cost of the Fire System Project is $2,439,084, to be collected in 12 monthly instalments from May 1, 2026 through April 1, 2027, and that the estimated cost of the Re-Piping Project is $5,043,270, to be collected in 18 monthly instalments from September 1, 2026 through February 1, 2028. The two estimated project costs therefore total $7,482,354.

For my leasehold interest in Suite 805, Westsea's schedules require monthly payments of $1,360.40 for the Fire System Project and $1,875.26 for the Re-Piping Project. From September 2026 through April 2027, those demands overlap and total $3,235.66 per month, in addition to regular operating-expense payments. The combined estimated amount demanded from me for the two projects is $50,079.48.

1. **Disclosure of engineering and related reports**

Please provide complete copies of the engineering, consulting, inspection, testing, code-compliance, condition-assessment, and other reports on which Westsea relied in deciding to undertake each project, determine its scope, and establish its timing. This request includes all appendices, photographs, testing data, deficiency lists, recommendations, and supplemental or updated reports.

Please also provide the related project records, including:

- any City of Victoria, fire authority, insurer, or other regulatory correspondence, notices, orders, or requirements concerning either project;
- the project specifications, drawings, tender packages, bid summaries, bid-evaluation materials, and the basis on which the successful contractor was selected;
- the detailed cost estimates, contingency calculations, engineering and permitting allowances, and any available allocation of costs among the principal components of each project;
- any assessment of urgency, remaining useful life, risk of failure, or consequences of deferring all or part of either project;
- any analysis of alternatives, including repair rather than replacement, partial or staged work, sequencing the projects, extending the payment period, or arranging financing so that leaseholders are not required to fund both projects concurrently; and
- all change orders, revised cost estimates, updated schedules, and additional consultant recommendations as they are received.

These materials are directly relevant to whether the scope, urgency, timing, and expense of the projects have been determined through the prudent and reasonable exercise of Westsea's discretion. A general statement that a professional consultant recommended replacement is not an adequate substitute for disclosure of the report and supporting information.

2. <u>Concurrent project costs and Westsea's duty to exercise prudent and reasonable discretion</u>

Article 7.01 of the Lease expressly requires Westsea to exercise prudent and reasonable discretion in incurring operating expenses, consistent with its duties under the Lease. That obligation concerns not only whether particular maintenance work may ultimately be necessary, but also the scope, timing, sequencing, procurement, financing, and manner in which the resulting costs are imposed on leaseholders.

I do not suggest that necessary life-safety or plumbing work should be delayed contrary to reliable engineering advice or applicable code requirements. The problem is that Westsea has not disclosed the reports needed to establish the urgency of the work or to explain why these two exceptionally large projects must be undertaken and charged to leaseholders on overlapping schedules.

The overlap is substantial, not incidental. Westsea has demanded 12 post-dated cheques for the Fire System Project and a further 18 post-dated cheques for the Re-Piping Project. For eight months, the two payment schedules run concurrently. In my case, this produces a combined project charge of $3,235.66 per month, apart from ordinary operating expenses. The foreseeable result is severe financial hardship and, for some leaseholders, the potential necessity of selling their leasehold interests.

On the information presently disclosed, Westsea appears to have proceeded without meaningful consideration of less burdensome alternatives, including sequencing the projects, deferring the Re-Piping payment schedule until the Fire System payment schedule has ended, staging the work, extending the amortization period, or obtaining financing. By incurring and demanding payment of the two major project costs concurrently, without first disclosing the basis for their urgency and without demonstrating that reasonable alternatives were considered, Westsea has failed to account for the cumulative effect of its decisions on leaseholders. In my view, this amounts to a breach of Westsea's obligation to exercise prudent and reasonable discretion in incurring operating expenses.

Accordingly, please:

- explain why the two projects must proceed, and be funded by leaseholders, concurrently rather than sequentially;
- identify the alternative scopes, schedules, financing arrangements, and payment structures that Westsea considered, and explain why each was rejected; and
- propose a revised payment arrangement that eliminates or materially reduces the overlap between the two project schedules.

3. <u>Westsea's position concerning a voluntary sale and the disputed litigation-cost claim</u>

Westsea continues to allege that I owe litigation costs that are the subject of the proceeding heard by Justice Gaul in November 2025. The parties continue to await his decision, and either side may consider an appeal after judgment is rendered. The alleged amount therefore remains disputed and has not been finally determined.

In light of the extraordinary and overlapping project-cost demands, please state Westsea's position concerning a voluntary sale and assignment of my leasehold interest in Suite 805. In particular, please confirm:

- whether Westsea will consent to and process a voluntary sale and assignment while Justice Gaul's decision remains outstanding;
- whether Westsea will continue to do so if either party appeals the decision;
- whether Westsea would refuse or delay its consent, execution of assignment documents, or recognition of a purchaser because of the alleged litigation-cost debt, and, if so, the precise provision of the Lease and legal basis on which it would rely; and
- whether Westsea will agree that the disputed litigation-cost claim will not be treated as a finally established debt or default for purposes of a voluntary sale until the proceeding, including any appeal, has been finally determined.

A clear answer is required so that I can assess whether a voluntary sale is available as a means of responding to the exceptional financial pressure created by Westsea's concurrent demands.

Please provide the requested documents and Westsea's complete written response by July 29, 2026. If Westsea cannot provide all requested records by that date, please identify the outstanding records, explain the reason for the delay, and provide a firm date for production.

Nothing in this letter is an admission that either project cost, the proposed payment schedules, or the alleged litigation-cost debt is properly payable under the Lease. I reserve all rights and remedies, including the right to challenge the projects' costs, timing, allocation, payment demands, and Westsea's conduct under the Lease.

Best regards,

Hugh Trenchard

c.f. HT letters to Westsea, May 8, 2026, and April 20, 2026