

A RESTRICTED USE APPRAISAL REPORT FOR AN INSURANCE RECONSTRUCTION COST ESTIMATE OF THE IMPROVEMENTS

DARLINGTON ARMS
A MID RISE APARTMENT CONDOMINIUM
317 - 14 AVENUE S.W.
CALGARY, ALBERTA

prepared for

CONDOMINIUM CORPORATION No.9811439
C/O GATEWAY PROPERTY MANAGEMENT (CALGARY)
360, 4311 - 12TH STREET NE
CALGARY, ALBERTA
MARCH 2013



Reliance
Asset Consulting Inc.

prepared by

RELIANCE ASSET CONSULTING INC.

220, 1829 Ranchlands Boulevard NW Calgary, AB T3G 3A7
P 403.241.2535 | F 403.241.1120 | info@relianceconsulting.ca

March 22,2013

Condominium Corporation No.9811439
C/O Gateway Property Management (Calgary)
360, 4311 - 12th Street NE
Calgary, Alberta T2E 4P9

Attention: Anna Olsinska

Dear: Anna

RE: Darlington Arms
317 - 14 Avenue S.W.
Calgary, Alberta
Our File No. 5091

The purpose of this restricted use appraisal report is to provide an estimate, as defined in this report, of the property specified herein for the intended use of insurance coverage. The effective date of the appraisal, which is also the date which the property specified herein was inspected, is March 14, 2013. Information was gathered and analyzed in order to complete an Insurance Reconstruction Cost Estimate and is subject to the Statement of Assignment, Scope of the Assignment, Underlying Assumptions and Limiting Conditions as well as the Appraiser Certificate herein.

This report contains and is subject to specific terminology descriptions, conditions, and special limitations which affect the stated opinion of Reconstruction Cost, the use and the intended user of the report. The reader should note the following special limitations within the report that will affect the outcome: Unit Betterments have been excluded from the analysis unless otherwise specified herein. The reader is also referred to "Assignment Inclusions & Exclusions" on page 2 as well as the "Other Insurable Items Not Included" section of the report on page 16.

This report should be reviewed and updated as market conditions dictate and/or annually for the next two years, after which time a new full Reconstruction Cost Assignment should be carried out to account for any changes related to legal statute or physical characteristics affecting the insurance of the property. Please note that if you choose not to order the required updates that insurance and liability matters will tend to increase, and the aforementioned cost estimates and opinions will no longer be valid.

It is my opinion that the estimate of insurable items for the corporation described herein as of March 14, 2013 is:

Ten Million Two Hundred Fifty Thousand Dollars

(\$10,250,000.00)

Yours truly,

Reliance Asset Consulting Inc.

Appraiser:

Signature on Original Document

Pete West, DAC

TABLE OF CONTENTS

Summary Of Salient Facts & Conclusions	1
Statement Of Assignment	2
Scope of the Assignment	5
Property Rights Appraised	2
Underlying Assumptions And Limiting Conditions	6
Property Description	8
Land Use Classification.....	11
Highest and Best Use	11
Valuation	12
Summary Of Insurable Items	17
Appraisers Certification	18

SUMMARY OF SALIENT FACTS & CONCLUSIONS



Darlington Arms

Address:	317 - 14 Avenue S.W. Calgary Alberta
Condominium Plan No.:	9811439
Number of Units:	86 Total 40 Residential *Titled Parkade
Type of Development:	Mid Rise Apartment
Inspection date:	March 14, 2013
Effective date:	March 14, 2013
Report Date:	March 22,2013

Reconstruction Cost Estimate

Building Improvements:	\$ 9,500,000
Site Improvements:	\$ 150,000
Demolition:	\$ 600,000
Unit Improvements and Betterments:	Not Included
Total Insurable of Above Noted Items ¹ :	\$ 10,250,000

¹ Exclusions: Please refer to “Assignment Inclusions & Exclusions” on page 2 as well as the “Other Insurable Items Not Included” section of the report.

STATEMENT OF ASSIGNMENT

Darlington Arms
317 - 14 Avenue S.W.
Calgary, Alberta
Condominium Corporation No.9811439

Purpose Of Assignment

The purpose of this appraisal report is to estimate the cost to rebuild the common property and all real property of the Condominium Corporation in accordance with the Condominium Property Act (R.S.A. 2000, C-22, S-47 (1), (a) and (b)), and all amendments thereto in the event of a total loss.

Effective Date Of Assignment

The effective date of this assignment which is also the inspection date is March 14, 2013.

Property Rights Appraised

The property rights appraised pertain to a condominium corporation which is a form of fee ownership of whole units or separate portions by statute, which provides the ability for recording a divided interest in real property. The property rights appraised provide for fee ownership of the units described in the legal plan and joint ownership of the common area. The fee simple interest is defined as the greatest interest an individual can own in land or complete ownership in law, subject only to the governmental powers of taxation, expropriation, escheat and police powers. The rights give the owner the choice of use and the right to enjoy or profit from ownership of the freehold estate.

Intended Use Of The Assignment

The intended use is for placing of insurance on the common property and real property referred to herein.

Assignment Inclusions & Exclusions

Land Value

The value of the underlying land is excluded.

Interior Unit Finishes

The individual unit's interior was included to a level of finish and quality described herein.

Unit Betterments are affixed upgrades made to the interior of the units by the owner and which were not common standard components or items included by the original builder. These upgrades may have been made at the time of the initial construction and/or subsequently by the owner(s).

Unit Betterments are not described in this report and are excluded from the analysis unless otherwise specified. It is the responsibility of the Corporation to exclude or include these Unit Betterments based on the interpretation of the By Laws.

Common Site Works & Improvements

The common site improvements above grade are included as specified herein. Below grade utility services such as underground plumbing, piping, including services, drains or water mains, as well as cabling and conduits located beyond the outside bearing walls or foundations of buildings are which are not commonly included in an insurance policy are excluded. Please refer to the Other Insurable Items Not Included section of the report located on page 16 if inclusion of these below grade services is required.

Additional Exclusions

- Foundations, pilings or other structural support below lowest floor slab
- Architectural or engineering fees associated with these previously mentioned items including below grade utility services
- Emergency service fees chargeable to the Corporation
- Relocation and temporary living expenses of displaced unit occupants
- All corporation common chattels, unless noted herein, are excluded including artefacts of any kind, supplies, furniture and equipment
- Owners Personal Contents

Pertinent Terminology

Property

The corporation's individual policy will deal with those items which are capable of being insured. It should be noted that wear and tear, gradual deterioration, latent defects, inherent vice or improper or faulty workmanship are not commonly covered under insurance policies and more likely dealt with under repairs and replacements as they relate to Reserve Fund requirements of the corporation.

Perils

Peril or exposure to the risk of being insured is typically dealt with as inclusions or exclusions in the general policy. Examples of perils, which can be caused directly or indirectly, typically include earthquake, flood by any body of water whether natural or manmade but not excluding damages resulting from fire or related fire protective equipment; snow and landslides subsidence or earth movement, seepage, leakage or influx of water from natural sources, explosions, settling, expansion, contraction, moving, shifting or cracking unless concurrently and directly caused by a peril. Other perils which must be addressed and are commonly found in insurance policies relate to war and nuclear incidents, released or escaped pollution, fungi and spores, and terrorism.

Note : The appraiser has not reviewed the insurance policy for the property. Various extensions, endorsements or riders covering perils and property should be reviewed by the corporation, their legal counsel and/or insurance provider as it relates to their specific policy and by-law requirements. As well the reader is directed to the "Other Insurable Items Not Included" section of the report on page 16 which may also be considered in the analysis if applicable to the corporation's requirements.

Improvements

Improvements as applied in the analysis herein refers to property of the corporation including fixed structures pertaining to the building(s) on the land as well as common site works, additions and extensions communicating and in contact with the building(s).

This term applies to any chattels or personal items not belonging to or common to the corporation and which the owner is under obligation to keep insured. Furniture, window coverings, and jewelry are examples of owners personal contents not included in the corporation insurance appraisal.

Unit

Unit means the unit as defined in the provincial legislation and identified on the corporations legal plan(s).

Exclusive Use Area

This is the common property area of the condominium corporation which by consent of the corporation through their bylaws permits use of this specified area to the unit owner(s). Commonly these areas are required to be maintained and repaired by the owner enjoying use of these areas. Unless any exclusive use improvements are specified herein they are assumed to be a “Betterment” and must be dealt with according to the bylaws. An example of this would be the inclusion of apartment balconies which are covered as common area but not the glass enclosures added by specific owners for their exclusive use. Another example would be a townhouse deck located on common area which has been extended by the unit owner for their own enjoyment.

SCOPE OF THE ASSIGNMENT

The scope of the research and analysis in preparing the Reconstruction Cost Analysis is as follows:

1. The inspection of the subject common improvements described herein was conducted on March 14, 2013.
2. Having regard to the nature of this assignment, which is to provide an estimate of the reconstruction cost of the corporation's property for insurance coverage, it is not practical or economically prudent to inspect each unit. Access to a unit with typical finishes was required but could not be provided and the information included in a previous report completed by our office as 2800 was reviewed and the benchmarks provided therein were applied. Should access be provided and/or should the board require different benchmarks the appraiser reserved the right to review and change the costing estimate noted herein.
3. The Architectural Building Plans were not provided. Where applicable, additional information including improvement area calculations upon which the cost for the building improvements is based upon was derived from one or more of the following sources:
4. (1) legal registered plans; (2) developers marketing information material; (3) real estate board listings; (4) onsite measurements (5) computerized measuring systems utilized by Reliance Asset Consulting Inc. (6) assessment data.
5. Note: Where architectural building plans were not provided and significant variances are found the reconstruction cost estimate herein may vary significantly and require adjustment. Assumptions may also have to be made regarding unforeseen construction components based on properties similar to the subject.
6. Pertinent costing information was obtained in part from office files and costing information provided by Marshall & Swift/Boeckh and verified by local contractors where deemed necessary.
7. In order to develop an opinion of value, a complete appraisal was performed which is set forth under Rules 1 and 2 of the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Canadian National Association of Real Estate Appraisers. The value estimate contained herein is communicated through a written Restricted Appraisal Report in compliance with reporting requirements set forth under Standard 2 of USPAP. The report has been applied based on the level of reporting required. No Income or Direct Comparison Approach was applied. As well no valuation of the land value was estimated. No assets, leasehold improvements, or personal property owned by any present or past lessee/tenant or owner have been included in this valuation unless noted herein. Supporting documentation pertaining to data and analysis that is not provided in the report has been retained on the appraiser's office files. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in the report.

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

The certification that appears in this assignment is subject to the following assumptions and/or conditions:

1. This appraisal report is prepared for the exclusive and sole use and benefit of Condominium Corporation No. 9811439 (hereinafter referred to as the client). Any use of this report by anyone other than the client or for any purpose or intended use other than the original intent invalidates the findings and voids all results and/or conclusions. There may be qualifications, assumptions or limiting conditions in addition to those set out below relevant to the purpose and that all liability to all such persons is denied. Notwithstanding the foregoing, the client and only the client and/or their agent as noted herein, has permission to direct the report, for the legitimate purpose of providing insurance to an insurance broker or insurance company. The estimate(s) provided herein must not be used in conjunction with any other appraisal report and are invalid if so used.
2. To retain validity, this report will be subject to the board of directors and/or company management obtaining from this appraisal firm as market conditions dictate and/or on an annual basis, reconfirming or if necessary, revising the estimated current insurable value. The privilege to re-inspect the complex and prepare a new insurance report after a two year period of the insurance updating program is reserved.
3. The estimates of Reconstruction Cost as defined in this report apply to a total loss of the entire property, excluding the underlying land. With respect to a portion of the property involved in a partial loss, the amount of loss may be based upon the repair cost which is usually proportionally higher than the cost of reconstruction of the entire property. Any additional reconstruction costs incurred are considered as Unit Betterments which have been excluded in the analysis unless otherwise noted.
4. This report assumes that insurance coverage is available to the corporation.
5. The liability of Reliance Asset Consulting Inc. and associates/employees is limited to the client only. Reliance Asset Consulting Inc. reserves the right, at its sole discretion, at any time to alter statements, analysis, conclusions or any cost estimates contained herein if the consultant becomes aware of the pertinent facts to the process which were unknown to the consultant at the time the report was prepared. Because these assumptions have been made, no investigation, legal or otherwise, has been undertaken which could verify these except as expressly noted herein. Properties described within this report are considered free from liens or encumbrances other than those set forth in the report.
6. The author is not a qualified surveyor (and no legal survey concerning the subject property has been provided). Sketches, drawings, photographs, etc. are presented in this report for the limited purpose of illustration and are not to be relied upon in themselves.
7. The author is not a qualified engineer or environmental consultant. It is assumed that there are no patent or latent defects in the subject improvements, that no objectionable materials or contaminants are present (either apparent or hidden and unapparent), that they are structurally sound, unless expressly noted within this report. No soil tests have been done, nor have tests been done of heating, plumbing, electrical, air-conditioning or other systems and for the purpose of this opinion, they are assumed to be in good working order. The report and conclusions are contingent upon completion of any reconstruction or repairs in a workmanlike manner.
8. No investigation has been undertaken with the local zoning office, the fire department, the buildings' inspector, the health department or any other government regulatory agency unless such investigations are expressly represented to have been made in this report. The subject property must comply with such government regulations and, if it does not comply, its non-compliance may affect the cost estimated herein. To be certain of compliance, further investigation may be necessary by appropriate sources.

9. Neither possession of this report nor a copy of it carries with it the right of publication. All copyright is reserved to the author and is considered confidential by the author and his client. It shall not be disclosed, quoted from or referred to, in whole or in part, or published in any manner, without the express written consent of Reliance Asset Consulting Inc. and then only with proper qualification. This is subject only to confidential review by The Canadian National Association of Real Estate Appraisers as provided in the Uniform Standards of Professional Practice.
10. The compensation for services rendered in this report does not include a fee for court preparation or court appearance, which must be negotiated separately. However, neither this nor any other of these limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body which will decide the use of the report which best serves the administration of justice.
11. Other than the Goods and Services Tax (GST) which is included in the cost estimate provided herein, no other taxes or other payments connected with the construction of the real estate are included. All currency is stated in Canadian Dollars.
12. Unit Betterments not described in this report are excluded from the analysis. It is the responsibility of the corporation to exclude or include these Unit Betterments based on the Corporations By Laws.

PROPERTY DESCRIPTION

LEGAL DESCRIPTION: Condominium Corporation No. 9811439, units 1-86.

GENERAL DESCRIPTION:

The complex is comprised of one free-standing 8 storey apartment building, comprising 86 legal units, 40 of which are residential units, and the balance made up of titled parking and storage units. The building was developed over a full basement section, and also has a single level underground parkade to the rear of the site, along with surface parking stalls.

The parkade consists of individual parking stalls for tenants, an elevator lobby, and the mechanical room. The basement section, which is directly under the building, was developed for the storage units. The ground floor of the building comprises the main front entry and elevator lobby, four residential units, a common laundry room/bike storage room, a second bike storage room, and the garbage room. Levels two to six are similar in structure and comprise six residential units per floor, an elevator lobby and a garbage chute room. The seventh floor features the main floor of four two storey units, along with two single storey units, while the eight floor features the second level of the four two storey units below and two rooftop terraces.

Common to each unit is a kitchen, living room, dining area, main four-piece bathroom, laundry, and a balcony or patio. There are 36 one level units and four two storey units. The two storey units feature an additional two or three-piece ensuite. Units vary in size from 645 sq.ft. to 1,311 sq.ft.

SITE CHARACTERISTICS	-Relatively level interior parcel, 0.150 hectares.
DISTANCE TO FIRE HALL	-Less than 5 KM.
DISTANCE TO FIRE HYDRANTS	-Less than 150m.
TOTAL ABOVE GRADE SQ.FT.	-36,677

OFF SITE DISTANCE BETWEEN BUILDINGS

- North > 30 m Roadway, and low rise apartment building beyond
- South > 30 m Single family
- East > 30 m Surface parking lot, and low rise commercial building beyond
- West < 30 m Low rise apartment building

BUILDING INFORMATION

AGE BUILT		-1970
CONSTRUCTION TYPE	-Superstructure	-Reinforced concrete - fire resistant.
	-Roof structure	-Reinforced concrete - fire resistant.
	-Substructure	-Poured reinforced concrete.
DEMISING WALLS	-Above Grade	-Fireguard gyproc.
	-Below Grade	-Poured concrete.
EXTERIOR	-Wall Finish	-Brick veneer siding.
	-Roof Material	-Asphalt shingles.
COMMON INTERIOR	-Partitions	-Painted gyproc.
	-Ceilings	-Painted gyproc.
	-Floors	-Ceramic tile in foyer, otherwise commercial carpet.
UNIT INTERIORS	(TYPICAL FINISHES – EXCLUDE BETTERMENTS)	
	-Ceilings	-Textured gyproc.
	-Partitions	-Painted gyproc.
	-Floors	-Carpet, vinyl sheet and ceramic tile.
	-Millwork	-Wood baseboard trim.
	-Cabinetry	-Melamine cabinetry or equivalent.
		-Laminate countertops or equivalent.
	-Electrical Fixtures	-\$500 allowance.
	-Plumbing Fixtures	-Average quality. Assume Moen Villeta line or equivalent.
ELEVATOR		-1 OTIS elevator 2000 lb – 9 stops.

HVAC

-Baseboard radiation via two Laars model boilers. Other mechanical equipment includes filter, chemical feeder, expansion tank, heat pump, heat controller and low pressure cut off

-Ceiling mounted hydronic heaters for parkade.

-Hallway makeup, parkade makeup and exhaust.

PLUMBING

-Domestic hot water via two 65US gallon tanks.

ELECTRICAL

-800 amp, individual metering.

-Telephone, Cable TV.

LIFE SAFETY

-Simplex Automatic Annunciator Panel.

-Wet sprinkler system in parkade only.

-Exit signs, pull stations, fire hoses in cabinets, bell alarm, emergency lighting, emergency battery packs, smoke detectors.

-Intercom front entry. Keyfob Parkade entry.

-CCTV with four cameras.

COMMON FEATURES

-Basement storage units of wood frame.

-Front loading mail boxes.

-Metal frame canopy with canvas cover.

EXTRAS

-Appliances

Built-In (included in analysis):

-Dishwasher. Include hood fan.

Non-Affixed: (not included in analysis) (See Other Insurable Items on page 16)

-Include stove, fridge, stacked washer and dryer.

OTHER

-Balconies with concrete flooring and prefinished metal railings.

LAND USE CLASSIFICATION

Land Use in Calgary is governed under a combination of Land Use Classifications (permitted uses) and Development Control (discretionary uses) under the Land Use By Law. This system is "permissive", allowing the developer and the municipality (as regulator) to vary the conditions applying to particular districts or developments, within a general policy framework. Under the current land use guidelines the site is designated: CC-MH, Centre City Multi-Residential High Rise District

HIGHEST AND BEST USE

A focal point in the analysis and appraisal of site or land is the determination of the highest and best use. The Canadian National Association Of Real Estate Appraisers Define that:

"... highest and best use is the use of the land which, at the time of the appraisal, is legal and which will yield the highest net return in the foreseeable future. The assumption that the property will be put to its highest and best is the basis for valuation."

It is stated that the highest and best use is:

1. in any location, a most profitable use.
2. a use for which there is a demand.
3. the profitable use for the total property, land and building as a whole.
4. the use or uses are legally permitted.

In the event a total loss occurs the reconstruction of the improvements would be subject to the development permit process by the local planning authority. If a rebuild was permitted, based on the same number of units as the original development permit, and the planning statute had any revisions from the issuance of the original development permit the following site requirements may have to be considered: parking requirements, environmental issues, garbage containment, landscaping and building code requirements including fire protection and handicapped access, if applicable.

In the event that planning bylaws, by virtue of a change in density requirements due to statute changes, subsequently dictate a reduced number of units from the existing unit count then several possibilities exist. (1) The unit count may be sustained by virtue of grandfathering the original development but this would necessitate reapplying for a development permit and the requisite of density relaxations. This would also entail possibly having to consider the site requirements as noted in the above paragraph. This is strictly a political decision of the local municipal authority and may be based on legal precedent of other sites in a similar situation. (2) Failing the possibility of rebuilding with a similar density and/or site requirements the insurance policy may make provisions for the reconstruction of the project on an "adjacent site" which is like and not superior in character to the existing site.

Given the unpredictability of possible changes to the land use planning requirements no comment is made as to Highest and Best Use of the land between the current and future uses. This is outside the scope of this analysis and for the purpose of this report, it is assumed that the development would be replaced with a similar development and/or density as currently exists within a reasonable period of time from the date of loss.

VALUATION

Preamble

Due to the purpose of this restricted use appraisal report and the client's requirements the Cost Approach has been utilized to determine the estimated cost of the specified property. The market and economic approaches to value have been not tested.

The Cost Approach is a process that establishes a land value, cost of improvements, depreciation from all forms, and then arrives at an estimated value. As the purpose of this appraisal report is to estimate the cost to rebuild the common property and all real property described herein only the cost estimate of the building and site improvements are included in the analysis. Contributory value of the land is also excluded. Further as required by the Condominium Act, no deductions for depreciation have been made. Costs related to Demolition, and Debris Removal is included under separate sections within the Valuation.

Premise of Costing Methodology Applied in the Analysis

The cost estimate outlined within this report reflects a summary of a more detailed schedule of calculations retained in our office files. A detailed quantity survey has not been carried out, which would not be justified for the purpose of this assignment. Costing information available was provided by the Marshall and Swift/Boeckh computerized Building Valuation Systems (BVS) and/or Residential Component Technology (RCT). Where considered appropriate RS Means Reed Construction Costing as well as general information from local sources was taken into consideration as supplementary sources.

There are three types of costing typically considered for generating building cost estimates:

Reproduction Cost New

Reproduction cost is the estimated cost to construct, at current prices as of the effective appraisal date, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout and quality of workmanship, and embodying all the deficiencies and, super adequacies, of the subject improvements.

Replacement Cost New

An appraisal term for the total cost to replace an improvement at current costs with modern materials, using the same quality and current design standards. The result is the estimated current cost of improvements with similar utility as those being appraised. Replacement Cost includes materials, labour, manufactured equipment, and contractor's profit and fees. Replacement Cost does not include any provision for overtime, bonuses for labour, or premium materials.

With newer structures, the term "reproduction" or "replacement" will be somewhat synonymous.

Reconstruction Cost

Reconstruction cost is the cost to replicate, at current prices, using the like kind and quality materials, construction standards, design/layout, and quality of workmanship which is similar to Replacement Cost New. However Reconstruction Cost also includes a number of site-specific and process-related costs that are experienced when rebuilding after a loss. These additional expenses are related to repair/restoration contractors, alterations in sequencing of the construction process, time urgency, limited site mobility, any issues related to adjoining non-construction areas, and economies of scale related to purchasing power.

The two former types are applicable for new buildings whereas the Reconstruction Cost is applicable to insurance rebuild circumstances. For the purposes of this report, Reconstruction Cost has been applied. The analysis herein for the building applies component based estimating which is the most current means of costing.

Unit Interior Analysis Benchmarks - Betterments

Having regard to the nature of this assignment, which is to provide an estimate of the reconstruction cost of the corporation's property for insurance coverage, it is not practical or economically prudent to inspect each unit. For the purposes of this report the cost estimate took into consideration the following: The individual unit's interior was included to a level of finish and quality described herein.

The typical benchmark finishes are described in the "Building Information" section under the sub heading "Unit Interior Typical Finishes Excluding Betterments" located on page 9 of the report. Any additional reconstruction costs incurred for unit interior improvements are considered "Betterments". Several of these are noted in the "Other Insurable Items Not Included" section of the report on page 16 and should be dealt with in accordance with the current by-laws of the corporation.

As well no unit owner's personal contents as defined in the Pertinent Terminology section on page 3 has been included.

Reconstruction Cost Estimate – Building Improvements

The project is situated in a cold climatic region, with an average level of construction quality inspected. The cost estimate comprises the superstructure and substructure components as well as the exterior finishes. Interior common finishes, where specified on the legal plan, includes flooring, wall and ceiling finishes, and telephone and cable wiring. Where applicable heating/cooling/ventilation and electric systems along with the elevators, life safety components including fire protection systems are also included. Extras as noted in the Property Description section of the report are also included. General contractor overhead and profit as well as architectural fees and applicable federal and provincial sales tax are included. The cost estimate is based on the building codes currently in effect at the time of the appraisal. A breakdown of the Building Improvement Reconstruction analysis herein has been retained on our files.

Building Improvement Reconstruction Cost Summary

Substructure	\$	791,824
Superstructure	\$	8,333,337
Sub Total	\$	9,125,161
Add: Balconies	\$	330,000
Add: Common laundry, Security gate, Front canopy	\$	40,000
Add: Security, Mailboxes, Storage	\$	35,000
Total	\$	9,530,161
ROUNDED	\$	9,500,000

*Typical Average reconstruction cost per unit rounded
 (\$9,500,000 ÷ 40 units) = \$237,500*

Reconstruction Cost Estimate – Site Improvements

Typically the site improvements relate to components within the boundaries of the legal plan of the property notwithstanding exclusions noted below. These can include site improvements attached or communicating and in contact with the building(s). Driveways and roadways attached to or communicating with buildings are examples of this type of coverage.

Site Improvements/Works Excluded In The Analysis

In terms of exclusions the following are examples of items not typically insured as they relate to site improvements and therefore exclusions to the cost analysis herein unless otherwise specified:

Outside communication towers and/or satellite receivers or antennas and accompanying equipment, if any; any street clocks, exterior glass and exterior signs other than entrance signage.

Below grade utility services such as underground plumbing, piping, including services, drains or water mains, as well as cabling and conduits located beyond the outside bearing walls or foundations of buildings are which are not commonly included in an insurance policy are excluded.

Exclusive Use Areas

Where the corporation has granted exclusive use of a common area and a unit owner(s) has improved or modified a component from the original developer's specifications it is considered to be a "Betterment". Unless specified within the Property Description section of the report these items are excluded from the analysis.

Site Improvements/Works Included In The Analysis

Typically insurance policies include landscaping (Growing plants, trees and shrubbery) with an allowance per plant to a maximum aggregate total. Any amount outside this allowance which the corporation deems necessary can be revised based on their specific policy requirements. Should the coverage stated in the insurance policy exceed the allowance stated herein the corporation should increase the amount as provided by the policy. The aggregate total applied herein for landscaping was based on the magnitude and characteristics of this component.

Costing for these components is based on information provided by recognized costing publications such as Marshall Swift Boeckh, RS Means and Hanscomb Yardsticks for Costing as well as general costing information retained on our office files from other projects where similar type of components have been replaced.

The following are then included in the analysis:

Paver stone walkways, concrete driveways, concrete parking aprons, concrete retaining walls, partial prefinished metal perimeter fencing, partial painted wood perimeter fencing, prefinished metal handrailings, prefinished metal security gate, lawns, trees, and shrubs.

Including the landscaping allowance a total insurable cost for the site improvements of \$150,000 was estimated which translated to a rate of \$3,750.00 per unit.

Demolition and Debris Removal

In the event of total or severe building damage, out of the insurance funds payable, the first allocation goes to the subject building reconstruction. The cost estimates shown in this report are predicated on the site being cleared and ready for development. To avoid any shortfall of funds for the reconstruction program including demolition and debris removal costs should be added to the total insurable declared amount of the policy. For clarification related to policy coverage this matter should be addressed with the insurance broker.

Information related to demolition was provided by costing sources as well as discussion with demolition companies. The costs are to include demolition including loading and hauling as well as an adjustment made for dumping fees. Costs of removal and demolition can vary greatly depending on size and capacity of the project. The following costs are meant as a general guide only. For a more precise indication of demolition and debris removal, a hypothetical tender should be requested of one or more demolition firms and is outside the scope of this assignment.

The demolition costs do not include the containment or removal of any environmental contaminants. This is outside the expertise and scope of this appraisal given that this requires special hazard material experts to investigate and report on the processes or means of dealing with these matters on an individual project basis.

For properties such as the subject, a typical demolition cost is indicated as in the range of \$569,100 to \$663,950. Therefore a rate of \$ 600,000 was applied.

Other Insurable Items Not Included

The following items are not included in the analysis. At the discretion of the corporation and/or based on the by-laws requirements these can be added to the summary estimate noted below.

Non-Affixed Appliances

Major appliances tend to have an economic life from 8 to 15 years. The cost to replace does not always equate to the annual increase in construction costs. The class of equipment will also vary from unit to unit. For the unit appliances, noted in the Property Description section of the report, a cost in the range of \$3,500 to \$4,500 per unit, or \$140,000 to \$180,000, is estimated.

Below Grade Utility Services

Below grade utility services such as underground plumbing, piping, including services, drains or water mains, as well as cabling and conduits located beyond the outside bearing walls or foundations of buildings are which are not commonly included in an insurance policy are excluded from the analysis. The corporation may decide to allocate an allowance for these components or a full reconstruction cost for these items based on the merits of risk they deem appropriate and/or specific insurance policy requirements. A full reconstruction cost estimate is outside the scope of this report and would require a separate and comprehensive analysis based on specific criteria.

SUMMARY OF INSURABLE ITEMS

Reconstruction Cost Estimate– Building Improvements	\$9,500,000
Reconstruction Cost Estimate – Site Improvements	\$150,000
Demolition & Debris removal	\$600,000
Other Insurable Matters – Unit Improvements	Not included
Total Insurable Estimate	\$10,250,000

APPRAISERS CERTIFICATION

Darlington Arms
317 - 14 Avenue S.W.
Calgary, Alberta
Condominium Corporation No.9811439

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions. These are my personal, impartial, and unbiased professional analyses, opinions and conclusions.

I have no interest, present or prospective, in the property or its management and I have no personal interest with respect to the parties involved. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

Neither the employment to prepare this report nor the compensation are contingent upon the amount of the estimates reported herein. My compensation is not contingent upon an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report. Moreover, I am solely responsible for the estimates reported herein.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with prepared, in conformity with the Uniform Standards Professional Appraisal Practice (USPAP).

I have the knowledge and experience to complete the assignment competently.

I have made a personal inspection of the common property that is the subject of this report. The nature and extent of the property inspection and the examination of plans and documents are set forth within the report.

No one provided significant professional assistance to the undersigned.

The Canadian National Association of Real Estate Appraisers has a Continuing Professional Development Program for designated members. As of the date of this report the requirements of this program have been fulfilled. The undersigned are licensed and have fulfilled all of the requirements imposed by the Real Estate Council of Alberta for real estate appraisers.

If a supervisory appraiser has signed this appraisal report, they certify and agree that "I directly supervised the appraiser who prepared this appraisal report and, having reviewed the report, agree with the statements and conclusions of the appraiser, agree to be bound by the appraiser's certification, and am taking full responsibility for the appraisal and the appraisal report."

It is my opinion the Estimate of insurable items for the Select Item described herein, as at March 14, 2013 and based on the reasons set out in this report, is:

Ten Million Two Hundred Fifty Thousand Dollars
(\$10,250,000.00)

Appraiser:

Signature on Original Document

Pete West, DAC

Report Date: March 21, 2013