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OWNER'S COPY

The Bellevue

TOTAL CRN \$8,600,000



Completed by: Normac Appraisals Ltd. Phone 604-221-8258
Dated: January 4, 2012 at Vancouver, BC

Insurance Appraisal - The Bellevue

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Private and Confidential

Mr. Nathen Jansen, Property Manager
Property: The Bellevue
AMG Inc.
320 Victory Bld, 319 W Pender
Vancouver, BC V6B 1T3

Dear Nathen:

Subject: Insurance Appraisal Report

1.0 Purpose and Intended Use

As per your request, we have prepared an estimate of the replacement cost of the applicable assets known as "The Bellevue". The subject property consists of a nine storey concrete high-rise apartment building, located at 2150 Bellevue Avenue in West Vancouver, British Columbia.

It is our understanding that the appraisal will be utilized for the placement of property insurance.

2.0 Date of Report and Effective Date

This report has been prepared on the day of January 4, 2012, and it has an effective date of January 4, 2012.

3.0 Conclusion

Contingent upon the limiting conditions, assumptions, and restrictions noted herein, we estimate that the replacement cost of the applicable assets of the subject property stated in Canadian dollars, is approximately:

\$8,600,000

Eight Million Six Hundred Thousand Dollars

* A copy of this report will be kept on file in our office for a period of at least five years *

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4.0 Identification of Property

The property, which is the subject of this appraisal report, consists of forty (40) suites, concrete underground parkade, laundry room, and various site improvements.

4.1 Photographs



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4.2 Summary of Construction - The Bellevue

Date of construction.....	Circa 1970
Number of floors.....	Nine storey over basement
Total size (including all levels).....	Approximately 54,100 square feet or 5,030 square metres Footprint (main floor) is about 3,940 square feet
Building Class.....	B

Structure Components:

Excavations.....	For lowest level and foundations
Foundations.....	Reinforced concrete footings
Exterior Frame.....	Reinforced concrete
Interior Frame.....	Studs and part concrete
Exterior Cladding.....	Painted concrete and glass
Lowest Floor Structure.....	Reinforced concrete slab
Upper Floor Structure.....	Suspended concrete slab
Roof Structure.....	Suspended concrete slab
Roofing.....	Built-up
Balconies/Decks.....	Balconies and entrance canopy

Interior Finish:

Flooring.....	Carpet, hardwood, ceramic tile and linoleum
Interior Walls.....	Painted, wall paper and mirrored surfaces
Ceilings.....	Painted and stippled surfaces
Appliances.....	Typical set of appliances includes refrigerator and stove
Fireplaces.....	Nil

Mechanical and Electrical Systems:

Elevators.....	One serving all levels
HVAC.....	Hot water baseboard
Electrical Panel.....	Circuit breakers
Plumbing.....	Estimate copper
Security Systems.....	Secure gate for parkade
Fire Protection.....	Sprinklers in boiler room & locker rooms, standpipe system, hard-wired smoke & heat detectors, fire panel, fire extinguishers, fire alarms and pull stations

Landscaping:

Soft Landscaping.....	Grass, shrubs and trees
Hard Landscaping.....	Asphalt roadways, concrete walkways & patios, curbing, fencing and retaining walls

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5.0 Scope of Appraisal

5.1 Value to be Estimated

With reference to the purpose and intended use of the appraisal, the appropriate value to estimate is Cost of Replacement New which is defined as:

The total cost of construction required to replace the subject building with a substitute of like or equal utility using current standards of material and design. These costs include labour, materials, supervision, contractor's profit and overhead, architect's plans and specifications, sales tax and insurance.

5.2 Assets Included

Assets included in this appraisal consist of structures, hard & soft landscaping, and British Columbia Building Code and Municipal bylaw updates.

Structures includes all costs associated with replacement of excavation, site preparation, site services, foundations, exterior & interior framing, exterior & interior finishes, floor structure, floor finishes, roof structure, roof cover, balconies, decks, plumbing, heating, ventilation, cooling, electrical, security systems, fire protection equipment, elevators, fireplaces, indoor pools, jacuzzis, saunas, and steam baths. Unless otherwise noted in Section 4.2, the standard set of appliances are included.

Hard & soft landscaping includes all costs associated with replacement of; site preparation, paving, curbs, sidewalks, handicap ramps, trees, lawns, shrubs, hedges, gazebos, fencing, fountains, street lamps, gates, benches, retaining walls, outdoor pools and outdoor jacuzzis.

British Columbia Building Code and Municipal bylaw updates refer to the estimated additional cost necessary in the event of a replacement to bring the subject structures up to current British Columbia Building Code and Municipal Bylaws with respect to parking spaces, fire protection, and handicapped access. In addition, an estimate for demolition & removal costs is provided in this section.

5.3 Assets Excluded

Assets that are excluded from the appraisal include land, individual betterments & improvements, and personal property.

Land for the purposes of this report is defined as market value of the subject property site.

Individual betterments and improvements are defined as modifications to the structure and/or interior finishes not considered to be for the common use of all property owners.

Personal property is defined as individually owned, identifiable, portable, and tangible objects such as furnishings, artwork, stereos, and antiques.

5.4 Valuation Approaches

Income Approach

The income approach is based on the theory that value is related to the worth of the future income that a property is capable of producing. This approach is used for the determination of market value for revenue producing properties. For the purpose of this report, the income approach is not relevant.

Direct Comparison Approach

The direct comparison approach is based on the principle of substitution, which states that a prudent purchaser will not normally pay more for a property than the price of an equally desirable property available under similar circumstances. This approach is used for the determination of market value, but is not appropriate for this report.

Cost Approach

The cost approach is one of the three approaches commonly used to estimate value. It is based on the principle of substitution, which affirms that where a property is replaceable its value tends to be set by the cost of acquiring one equally desirable substitute.

The cost approach is best suited to estimate Cost of Replacement New, and it will be used to satisfy the purpose and intended use of this appraisal.

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5.5 Process

In order to determine an estimate of cost of replacement new, we have relied upon various information sources including: published valuation services (Marshall & Swift, RS Means), local developers, architects, and construction associations.

These information sources provide; costs per square foot for typical building construction for the major sections of each building (basements, parking garages, detached garages, finished residential areas, commercial areas, etc.); or costs per square foot of the major building components (foundations, frame, floor structure, floor cover, roof structure, roofing, millwork, sprinklers, heating systems, lawns, curbing, etc.).

In all cases, the costs are applied according to the apparent quality of each section: low cost, average, good, and excellent. Adjustments are then made for other specific components installed (sprinklers, appliances, fireplaces, HVAC, site services, balconies, canopies, water features, gazebos, etc). The amounts are then added to create a cost composite for the property.

According to the Marshall & Swift classification system, the subject property is considered to be a **Class B** building. The primary feature of Class B buildings is the fire-resistant reinforced concrete frame. Floors and roofs in Class B structures are formed or pre-cast concrete slabs. The walls will generally be masonry or reinforced concrete curtain walls.

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6.0 Conclusion and Certification

After careful consideration, Normac Appraisals Ltd., a company incorporated and based in the Province of British Columbia, estimates the Cost of Replacement New of the applicable assets in Canadian dollars to be approximately:

Building	\$7,853,000
Landscaping (Hard and Soft plus misc. site improvements)	\$ 151,000
Building Codes, Bylaws, Demolition, & Removal	<u>\$ 596,000</u>
Total Valuation	\$8,600,000

Certification:

We certify that, to the best of our 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, and is our personal, unbiased professional analyses, opinions, and conclusions.

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

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

The content of this report is governed by the Bylaws of the Real Estate Institute of British Columbia.

A visual search of the property title has not been conducted.

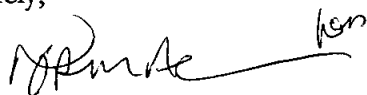
We have made a personal inspection of the property that is the subject of this report.

The inspection of the property was conducted by Janet Au, RI, CRA, MUrb, Appraiser or Aaron Wittstock, BBA, Appraisal Inspector.

The appraiser is a fully qualified insurance appraiser who has been involved in the valuation and/or review of many similar properties. This education and experience satisfies the requirements for accredited designation by the Real Estate Institute of British Columbia.

This report was prepared by Cameron Carter, B.Comm., RI of this office.

Sincerely,



Normac Appraisals Ltd.

Dated January 4, 2012 in Vancouver, British Columbia.

7.0 Limiting Conditions

We have assumed that the subject property is structurally sound, complies with all environmental standards, and is void of any condition that may affect this appraisal. We have assumed that the property is free of all liens and is not encumbered. No research of reporting of the title, legal description, interests, benefits, and rights inherent in the ownership of real estate has been performed, since this type of research is not warranted.

This report is considered a Restricted Appraisal Report. The use of this document is restricted to The Bellevue ("Client") for the placement of property insurance. Possession of this report, or a copy thereof, does not carry with it the right of publication. The Client agrees that Normac Appraisals Ltd. ("Normac") will not assume any responsibility or liability for any losses suffered by you or any other parties as a result of any use of this report contrary to the provisions of this paragraph.

We have not provided an opinion of Highest and Best Use of the subject property as this analysis would have no affect on the outcome this appraisal. We have not reported on the zoning of the subject property as this information would have no affect on the outcome of this appraisal.

We have not considered the market value of the land because it is not applicable to the purpose and intended use of the report. Accordingly, the numbers presented represent a Fractional Interest in the property.

We reserve the right, but will be under no obligation, to review our calculations referred to in this report and, if we consider it necessary, to revise our conclusions in the light of any information existing at the date of this report which becomes known to us after the date of this report.

The Client agrees that any and all claims, whether such claims sound in contract or tort, which the Client has or hereafter may have against Normac (including all staff), in any way arising out of or related to Normac's duties and responsibilities pursuant to this Contract, shall be limited to three times the fee charged under this Contract.

Unless prior arrangements have been made, the appraiser, by reason of this report, is not required to give further consultation or testimony, or be attendance in court with reference to the property that is the subject of this report.

This report estimates the replacement cost as of the effective date of the appraisal. Should a complete loss occur subsequent to this date we reserve the right, but will be under no obligation, to review our calculations referred to in this report, and if we consider it necessary, to revise our conclusions in the light of potential changes to construction costs and changes to local bylaws or building codes.

Information used in the creation of this report furnished by others such as explanations, surveys, building plans, and strata plans are assumed to be correct. However, Normac assumes no liability for the accuracy of such information. Therefore, reference to a sketch, blueprint, or strata plan appearing in the report is only for the purpose of assisting the reader to visualize the property.

This appraisal applies only to a total loss of property, it can in no way be assumed to be applicable to partial losses of the property.

This appraisal estimates the replacement cost for the property as it stands, and cannot be considered a redevelopment study. In calculating our estimate of the replacement cost for the Building Codes & Bylaws ("Bylaws") section of the report, we have looked at the current standards for parking spaces, sprinkler systems, standpipe systems, & handicapped access, and applied them to the current building. It is possible that the building cannot be re-built due to changes in zoning or other municipal regulations. A full redevelopment study would be needed to determine whether any of these discrepancies exist.

The Client agrees to pay in full, on or before the due date, the fees listed on the invoice that will accompany the report. The Client further agrees to pay late fees calculated at a rate of 2% per month of the total fee. The implementation of late fee charges will be done solely at the discretion of Normac.