

**DISCLOSURE STATEMENT**  
**REFORMATTED AND AMENDED**

**Koret Lofts**  
**55 East Cordova Street**  
**Vancouver, BC**

**DATE OF ORIGINAL DISCLOSURE STATEMENT:** March 30, 2004  
**DATE OF FIRST AMENDMENT:** May 28, 2004  
**DATE OF SECOND AMENDMENT:** October 26, 2004  
**DATE of this Reformatted and Amended Disclosure Statement:** March 18, 2005

**Developer:** Koret Lofts Inc.

**Address for Service and**  
**Mailing Address:** c/o Lew and Lee  
108 – 329 Main Street  
Vancouver, BC V6A 2S9

Attention: Derek Lew

**Developer's Real**  
**Estate Agent:**

Sutton Westcoast Realty  
c/o VISION PROJECT MARKETING LTD.  
#301 – 1508 West Broadway  
Vancouver, BC V6J 1W8

Attention: Liana Yap, Alan Au, Gerald Kelly, Bo Choi and Ann Lok

The Developer reserves the right to appoint additional  
or replacement agents or subagents.

**This Disclosure Statement has been filed with the Superintendent of Real Estate, but neither the Superintendent, nor any other authority of the government of the Province of British Columbia, has determined the merits of any statement contained in the Disclosure Statement, or whether the Disclosure Statement contains a misrepresentation or otherwise fails to comply with the requirements of the Real Estate Development Marketing Act. It is the responsibility of the developer to disclose plainly all material facts, without misrepresentation.**

The right of rescission information set out below, in relation to section 21 of the *Real Estate Development Marketing Act*, applies **ONLY** to new purchasers who have not previously received a disclosure statement in respect of this development property. Purchasers who have previously received a prospectus or disclosure statement in respect of this development property accrued a right to rescind at that time and, pursuant to section 21(1)(b) of the *Real Estate Development Marketing Act*, do **NOT** have a further right to rescind. This notice does not affect any rights a purchaser may have under the purchaser's purchase agreement or at common law.

### **RIGHT OF RESCISSION**

**Under section 21 of the *Real Estate Development Marketing Act*, the purchaser or lessee of a development unit may rescind (cancel) the contract of purchase and sale or contract to lease by serving written notice on the developer or the developer's brokerage, within 7 days after the later of the date the contract was entered into or the date the purchaser or lessee received a copy of this Disclosure Statement.**

**A purchaser may serve a notice of rescission by delivering a signed copy of the notice in person or by registered mail to**

- (a) the developer at the address shown in the disclosure statement received by the purchaser,**
- (b) the developer at the address shown in the purchaser's purchase agreement,**
- (c) the developer's brokerage, if any, at the address shown in the disclosure statement received by the purchaser, or**
- (d) the developer's brokerage, if any, at the address shown in the purchaser's purchase agreement.**

**The developer must promptly place purchasers' deposits with a brokerage, lawyer or notary public who must place the deposits in a trust account in a savings institution in British Columbia. If a purchaser rescinds their purchase agreement in accordance with the Act and regulations, the developer or the developer's trustee must promptly return the deposit to the purchaser.**

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## 1 THE DEVELOPER

### 1.1 Jurisdiction, Date of Incorporation, and incorporation number of the developer

Koret Lofts Inc. (the "Developer") is a British Columbia corporation incorporated under the *Company Act* of British Columbia effective November 19, 2003, under incorporation number 681452.

### 1.2 Purpose of Incorporation

The Developer was incorporated specifically for the purpose of developing the Strata Lots and has no assets other than the development property itself, and assets ancillary to the development of the Strata Lots.

### 1.3 Address of the Developer's Registered and Records Office

The Developer's registered and records office address is:

108 – 329 Main Street  
Vancouver, BC V6A 2S9

Attention: Derek Lew

### 1.4 Directors

The directors of the Developer are Marc Williams and Dan White.

## 2 LEGAL DESCRIPTION OF THE DEVELOPMENT

### 2.1 General Description of the Development

The development as described below (the "Development") is a heritage building currently undergoing a substantial renovation which is situated on lands located in the City of Vancouver which is legally described as:

Parcel Identifier: 026-081-113

Lot W Block 7  
District Lot 196 Group 1  
New Westminster District Plan BCP13893

(the "Lands").

The Lands will be subdivided by way of the Draft Strata Plan (the "Draft Strata Plan") attached as Schedule "A". The proposed legal description for the Strata Lots will be strata lots 1 through 118 inclusive and these shall be located as set out in Schedule "A"

The Draft Strata Plan is attached as Schedule "A" to this Disclosure Statement. The Final Strata Plan will be prepared upon completion of construction of the Development. The dimensions, lot

lines and locations of the Strata Lots may vary from those shown on the Draft Strata Plan when construction is completed.

The street address of the Development is 55 East Cordova Street, Vancouver, British Columbia.

The Development will consist of 118 commercial live/work strata lots (the "Strata Lots") as shown on the Draft Strata Plan. All of the Strata Lots will be located within the existing heritage building located on the Lands, together with 1 level of basement parking.

Subject to the encumbrances referred to in Sections 4.3 and 4.4, each of the owners of the Strata Lots will also be entitled to a proportionate share of the common property of the Development, including the common facilities and other assets of the strata corporation (the "Strata Corporation") to be created upon the deposit of the final strata plan (the "Final Strata Plan"), which the owners of the Strata Lots will own as tenants in common.

The Strata Lots will consist of the following, all of which are being marketed by the Developer:

Unit Type	No. of Units
Commercial Live/Work	118
<b>TOTAL</b>	<b>118</b>

The approximate dimensions, lot lines and locations of the proposed Strata Lots are shown on Schedule A. The final as built dimensions, lot lines and locations of the Strata Lots may differ from those shown in Schedule A.

**The Developer reserves the right to amend the size, number and type of units for the Development prior to filing the Final Strata Plan. All Strata Lots in the Development will be for commercial live/work use.**

## 2.2 Permitted Use

The Development is within the HA-2 District of the City of Vancouver *Zoning and Development By-law*. Permitted use for the Strata Lots is commercial live/work. As such, the Strata Lots may be used for residential purposes, and for commercial or other purposes not ancillary to residential purposes. There are no restrictions on the use of a Strata Lot except as imposed under the proposed bylaws of the Strata Corporation (which are attached as Schedule "G"), the City of Vancouver's zoning and other bylaws applicable to the Development, and the development permit to be issued by the City of Vancouver for the Development.

## 2.3 Phasing

The Development will not be constructed in phases.

### 3 STRATA INFORMATION

#### 3.1 Unit Entitlement

The proposed Form V – Schedule of Unit Entitlement, showing unit entitlement, is set forth in Schedule “B” to this Disclosure Statement. Unit Entitlement is a figure indicating a Strata Lot’s share in the common property and assets of the Strata Corporation and from which its contribution to the expenses of the common property is determined. Actual Unit Entitlement may vary from that set forth in Schedule “B” following final survey after completion of the Development. Pursuant to the *Strata Property Act*, the Unit Entitlement of a Strata Lot shall be one of the following:

- (i) the habitable area in square meters, rounded to the nearest whole number;
- (ii) a whole number that is equal for all Strata Lots; or
- (iii) a number approved by the Superintendent of Real Estate, which represents an equitable allocation of common expenses to each Strata Lot.

Habitable area is defined as the area of the residential Strata Lot which can be lived in, but does not include outdoor patios, terraces and balconies, garages, parking stalls or storage lockers. The Unit Entitlement for the Development has been calculated for the purposes of Schedule “B” based on the habitable area of the Strata Lots.

#### 3.2 Voting Rights

Pursuant to Section 247 of the *Strata Property Act*, a Schedule of Voting Rights in the prescribed Form W is attached hereto as Schedule “C”. The Schedule of Voting Rights sets out one vote per Strata Lot.

#### 3.3 Common Property and Facilities

The Development will include those areas designated as common property in Schedule “A” and shall also include, for the use by all Strata Lot owners, the landscaped areas, walkways, elevators, stairways, corridors in the basement floor and the first floor, and electrical, mechanical and communications rooms which will be located generally as described in Schedule “A”.

There are no recreation facilities. The Development does not include any amenities for the use of the Strata Lots. There will be no caretaker’s suite in the Development.

The estimated cost of operating and maintaining those portions of the Common Property available for use by the owners of Strata Lots will be shared by the owners of the Strata Lots and included in their monthly assessments, and is reflected in the Schedule “F” to this Disclosure Statement.

#### 3.4 Limited Common Property

Limited common property is an area within the common property that is designated for the exclusive use of one or more Strata Lots (the “Limited Common Property”). The *Strata Property Act* provides that Limited Common Property may be designated by the Developer on the strata plan or on a plan amendment under Section 258 of the *Strata Property Act*, by an amendment under Section 257 of the *Strata Property Act* or by a resolution passed by a 3/4 vote at an annual or special general meeting of the Strata Corporation. A plan amendment under Section 258 of the *Strata Property Act* to designate parking stalls as Limited Common Property may be made by the owner developer at any time prior

to the first annual general meeting of the Strata Corporation. A plan amendment under Section 257 of the *Strata Property Act* requires a unanimous resolution of the Strata Corporation. The allocation of all or some of such Limited Common Property to each Strata Lot will be as determined by the Developer. If Limited Common Property was designated on the strata plan by a developer under Section 258 or under Section 257 by unanimous resolution of the Strata Corporation, then such designation may only be removed by amending the strata plan pursuant to Section 257 of the *Strata Property Act* (which requires a unanimous resolution). If the Limited Common Property was designated by a 3/4 vote, it may be removed by a resolution passed by a 3/4 vote at an annual or special general meeting.

The owner of the Strata Lot that has the exclusive use of such Limited Common Property must, pursuant to Bylaw 2(2) of the Schedule of Standard Bylaws, repair and maintain it except to the extent that the Strata Corporation has the obligation to maintain and repair such Limited Common Property pursuant to Bylaw 8(c) of the Schedule of Standard Bylaws. In accordance with Bylaw 8(c), the Strata Corporation is obliged to repair and maintain:

- (i) such portions of the Limited Common Property that in the ordinary course of events require repair and maintenance less than once a year;
- (ii) the structure of the Development;
- (iii) the exterior of the Development;
- (iv) chimneys, stairs, balconies and other things attached to the exterior of the Development;
- (v) doors, windows or skylights on the exterior of the Development or that front on common property; and
- (vi) fences, railings and similar structures that enclose patios, balconies and yards.

The Developer will designate as Limited Common Property on the Final Strata Plan for the benefit of particular Strata Lot owners, those areas and facilities designated as Limited Common Property on the attached Draft Strata Plan. The Developer reserves the right to amend the size, location and facilities designated as Limited Common Property on the Draft Strata Plan.

### 3.5 Bylaws

The bylaws of the Strata Corporation will be the bylaws set out in the Schedule of Standard Bylaws under the *Strata Property Act*, as amended by the amendments (Form Y) set forth in Schedule "G". At the time the Final Strata Plan is registered in the Land Title Office the Developer will concurrently register a Form Y, under the *Strata Property Act*, generally in the form attached as Schedule "G".

### 3.6 Parking

The Development will include a parking facility with not less than 65 stalls which will be located in the basement level of the Development. The right to exclusive use of a parking stall will be allocated by the Developer to certain Strata Lots at the Developer's discretion. The allocation will be achieved by designating the parking stall as Limited Common Property for the benefit of the particular Strata Lot, as allocated by the Developer, prior to the filing of the Final Strata Plan, or, if all parking stalls have not been allocated prior to the filing of the Final Strata Plan, prior to the first Annual General Meeting of the Strata Corporation. The Developer also reserves the right to allocate

parking stalls with an alternative legal mechanism which provides Strata Lot owners with substantially the same rights as the foregoing method. No owner or occupant of a Strata Lot shall have the right to exclusive use of any parking stall unless the parking stall is allocated in such manner for that Strata Lot. If any Strata Lot has not been sold by the Developer at the time of the First Annual General Meeting of the Strata Corporation, the Developer reserves the right to allocate any unallocated parking stalls to such Strata Lot as the Developer deems appropriate.

### 3.7 Furnishings and Equipment

The following equipment will be included in the purchase of each Residential Strata Lot:

- (i) 1 refrigerator;
- (ii) 1 gas range
- (iii) 1 electric oven;
- (iv) 1 range hood;
- (v) 1 dishwasher; and
- (vi) washer/dryer.

### 3.8 Budget

- (i) Each Strata Lot owner will be responsible for real property taxes for his or her Strata Lot from the date of closing. Property taxes are levied by and payable to the City of Vancouver;
- (ii) Electricity for each of the Strata Lots will be separately metered and assessed to each Strata Lot owner and will be the responsibility of each Strata Lot owner;
- (iii) Other utilities (including, without limitation, gas) are paid by the Strata Corporation and the costs will be prorated to the owners of the Strata Lots and included in the monthly assessment

The estimated interim budget for the operation of the Strata Corporation for the first 12 months of operation and the monthly assessment based on the Unit Entitlement of each Strata Lot is as set out in Schedule "F" attached hereto. Pursuant to Section 12 of the *Strata Property Act*, the Developer will make a contribution to the contingency reserve fund, at the time of the first conveyance of a Strata Lot to a purchaser, in an amount equal to the lesser of:

- (i) 5% (as shown in the interim operating budget attached as Schedule "F") of the estimated interim budget multiplied by the number of years and partial years since the deposit of the Final Strata Plan; and
- (ii) 25% of the Strata Corporation's interim budget.

### 3.9 Utilities and Services

Not Applicable.



### 3.10 Strata Management Contracts

The Developer intends to cause the Strata Corporation to enter into a management agreement with Gateway Property Management Corporation, an arm's length property management company, on terms to be agreed between the Developer and the management company. The management agreement may be terminated prior to the end of the term in accordance with the provisions of the *Strata Property Act*.

### 3.11 Insurance

#### 3.11.1 Developer

The Developer will place all risk insurance for the full insurable value of the Development together with third party liability insurance as is deemed necessary by the Developer.

#### 3.11.2 Strata Corporation

Upon the filing of the Final Strata Plan, the Developer will arrange insurance coverage as required under Sections 149 and 150 of the *Strata Property Act*. Pursuant to Section 149 of the *Strata Property Act*, the Strata Corporation must obtain and maintain, on a full replacement value basis, insurance on:

- A. common property;
- B. common assets;
- C. buildings shown on the Final Strata Plan; and
- D. fixtures built or installed in a Strata Lot by the Developer as part of the original construction of the Strata Lot.

As used herein, "fixtures" mean items attached to a building, including floor and wall coverings and electrical and plumbing fixtures, but does not include, if they can be removed without damage to the building, refrigerators, stoves, dishwashers, microwaves, washers, dryers and other items.

The above described insurance shall insure against "major perils" which shall mean the perils of fire, lightning, smoke, windstorm, hail, explosion, water escape, strikes, riots or civil commotion, impact by aircraft and vehicles, vandalism and malicious acts. As required pursuant to the HRA, the Heritage Building will be insured for damage or destruction by earthquake.

The Developer will also arrange comprehensive liability coverage to insure the Strata Corporation against liability for property damage and bodily injury, as required under Section 150 of the *Strata Property Act*, in an amount of no less than \$2,000,000 per occurrence.

Purchasers should obtain their own liability insurance coverage for their Strata Lots and insurance with respect to the contents of their Strata Lots and any improvements made to their Strata Lots to the extent that such improvements do not constitute "fixtures" as described above.

### 3.12 Rental Disclosure Statement

Under Section 139 of the *Strata Property Act*, a developer must disclose to any purchaser the number of strata lots rented out by the owner developer and particulars of any additional strata lots the owner developer intends to rent out, and the text of any bylaw limiting the number of residential strata lots in the strata plan that may be rented out by the owners. A rental disclosure statement

containing this information will be filed with the Superintendent of Real Estate in the form (Form J) attached as Schedule "E".

#### 4 TITLE AND LEGAL MATTERS

##### 4.1 Legal Description

Parcel Identifier: 026-081-113

Lot W Block 7  
District Lot 196 Group 1  
New Westminster District Plan BCP13893

##### 4.2 Ownership

The registered owner of the Lands is Koret Lofts Inc.

##### 4.3 Existing Encumbrances and Legal Notations

The legal notations and encumbrances currently registered against title to the Lands are described in Schedule "D" to the Disclosure Statement.

##### 4.4 Proposed Encumbrances

The following additional encumbrances may be registered against the title to the Lands:

- (i) any covenants, statutory rights of way, easements or other charges required by the City of Vancouver or any other governmental authority or public utility (including British Columbia Hydro and Power Authority, BC Gas Inc., Telus Communications (B.C.) Inc., and cable system providers for the provision of utilities, including electricity, natural gas, telephone, cable television, internet and other communication services); and
- (ii) any encumbrances in respect of construction financing for the Development;

##### 4.5 Outstanding or Contingent Litigation or Liabilities

There are no outstanding or contingent liabilities or litigation affecting the Development of which the Developer is aware.

#### 4.6 Environmental Matters

To the best of the Developer's knowledge, the land on which the Development is being constructed does not lie within an area which may be subject to flooding. The Developer is not aware of any dangers or any requirements imposed by the City of Vancouver or other governmental authority in respect of the condition of the soil or subsoil or other environmental matters affecting the Development.

### 5 CONSTRUCTION AND WARRANTIES

#### 5.1 Construction Dates

The Development is being fully renovated by construction work which the Developer expects to commence June 2004. The estimated date of completion of construction for the Development is November 2005.

#### 5.2 Warranties

##### 5.2.1 *Construction Warranty*

The Developer will arrange for the registration of the Strata Lots under a warranty program with St. Paul Guarantee Insurance Company. The warranty will be offered pursuant to the requirements of the *Homeowner Protection Act* and will cover major structural defects for a period of 10 years, defects in the building envelope, including defects resulting in water penetration, for a period of 5 years, and defects in labour and material for a period of 2 years. This warranty will be offered pursuant to the requirements of the *Homeowners Protection Act*.

##### 5.2.2 *Equipment Warranties*

Any manufacturers' warranties for appliances and equipment will be passed on to the purchasers or the Strata Corporation, as the case may be, if and to the extent permitted by such warranties.

#### 5.3 Previously Occupied Building

The Development consists of a pre-existing heritage building, originally constructed in 1901. Most recently, the building has been used for manufacturing purposes. To the best of the Developer's knowledge, the building has never been used for residential purposes.

Section 242 of the *Strata Property Act* requires that in the case of a previously occupied building the Final Strata Plan must be endorsed by, in the case of the Development, the City of Vancouver (the "Approving Authority"). Section 242 provides that the Approving Authority must not approve the Final Strata Plan unless the Development substantially complies with the applicable bylaws of the City of Vancouver and with the British Columbia Building Code referred to in the Building Regulations of British Columbia.

On September 20, 2004, the City of Vancouver issued Development Permit DE408005 with respect to the Development, permitting the change of use of the building to commercial live/work.

The Development does substantially comply with the applicable bylaws of the City of Vancouver and with the British Columbia Building Code referred to in the Building Regulations of British Columbia.

The requirements of Section 242 of the *Strata Property Act* have, or at the time of completion of the Development will be, met and the Developer has no reason to believe that the Approving Authority will not endorse the Final Strata Plan.

The reconstruction work undertaken by the Developer will include a complete renovation of the building while maintaining the heritage aspects of the structure by the renovation of the perimeter walls, the floors and the façade of the building. The renovation program will cover all of the building including the Common Property. The renovation program includes the following work:

- a complete seismic upgrade of the Building
- new perimeter and roof drainage systems
- new vertical circulation system including new stairways and elevators
- rebuild windows
- new roof
- new heating system
- new electrical system
- new plumbing and sprinkler systems.

A report on the renovation program certified by the project engineer is attached as Schedule "H" to this Disclosure Statement."

## 6 APPROVALS AND FINANCES

### 6.1 Development Approval

By letter dated March 1, 2004, the City approved the Developer's development application relating to the Development subject to certain conditions, all of which are within the control of the Developer. Development Permit DE408005 for the Development was given by the City of Vancouver on September 20, 2004.

Building Permit BU 429468 for the Development was given by the City of Vancouver on October 22, 2004.

### 6.2 Construction Financing

The Developer has obtained financing for the construction of the Development from Peoples Trust Company and Bancorp Investments (Fund 2) Ltd./Bancorp Financial Services Inc. Mortgages, registered under Nos. BW440643 and BW226354, and assignments of rents, registered under Nos. BW440644 and BW226355, (collectively, the "Financial Charges") in

respect of this financing are presently registered against title to the Lands. The Financial Charges will be discharged from the title to each Strata Lot upon the transfer of title of that Strata Lot to the Purchaser.

## 7 MISCELLANEOUS

### 7.1 Deposits

All monies received from purchasers will be held by the Developer's solicitors, Lew and Lee, in trust in the manner required by the *Real Estate Development Marketing Act* until the Final Strata Plan is deposited in the Vancouver/New Westminster Land Title Office and the premises purchased are capable of being occupied and an instrument evidencing the interest of the purchaser in the Strata Lot has been registered in the Land Title Office.

### 7.2 Purchase Agreement

The Developer will offer the Strata Lots for sale on the basis set out in this Disclosure Statement and upon the terms and conditions set out in the standard form Agreement of Purchase and Sale, as may be amended between the Developer and a purchaser.

### 7.3 Developer's Commitments

The Developer has not made any commitments that will be met by the Developer after the completion of the sale of the Strata Lots.

### 7.4 Other Material Facts

#### 7.4.1 *Other Contracts Affecting the Development*

The Developer may enter into or cause the Strata Corporation to enter into or assume contracts with arms-length contractors on industry standard terms, for the following equipment and services affecting the Development:

- (i) garbage collection and compaction;
- (ii) security system;
- (iii) elevator servicing and maintenance;
- (iv) mechanical systems maintenance;
- (v) window washing;
- (vi) cable television and high speed internet connections;
- (vii) such other servicing and maintenance contracts as may be required which relate to the facilities and equipment which form part of the Development.

If at the time of entering into such contracts the Strata Corporation is in existence, the Developer will enter into such contracts on behalf of the Strata Corporation. If at the time of entering into such contracts the Strata Corporation does not exist, the Developer will assign such contracts to, and the obligations of the Developer thereunder will be assumed by, the Strata Corporation upon its formation.

#### 7.4.2 *Cancellation of Strata Plan and Winding Up of Strata Corporation*

Upon a voluntary winding up of the Strata Corporation, the interest of each owner in the proceeds of distribution of the assets of the Strata Corporation shall be determined in accordance with the relevant provisions of the *Strata Property Act*. Pursuant to Section 273 (in the case of a voluntary winding up without a liquidator) and Section 278 (in the case of a voluntary winding up with a liquidator), each owner's share of the proceeds of distribution will be determined on the basis of the then municipally assessed values of the Strata Lots or, if there is no assessed value, upon appraised values determined by an independent appraiser which appraisal is approved by a resolution passed with a 3/4 vote at an annual or special general meeting of the Strata Corporation.

#### 7.4.3 *Fines for Not Holding First Annual Meeting within Time*

The Developer will hold the first annual general meeting of the Strata Corporation within 6 weeks of the earlier of:

- (i) the date on which 50% plus one of the Strata Lots have been conveyed to purchasers; and
- (ii) the date that is 9 months after the first conveyance of a Strata Lot to a purchaser.

If the first annual general meeting is not held within such time period, the Developer is required, pursuant to Section 3.1(2) of the *Strata Property Regulation*, to pay a fine to the Strata Corporation in the amount of \$1,000 for any delay of up to 30 days from the date upon which the first annual general meeting was to be held and a further \$1,000 for each additional delay of 7 days.

#### 7.4.4 *Documents to be Delivered to the Strata Corporation*

Pursuant to Section 20(2) of the *Strata Property Act*, the Developer will provide the following documents to the Strata Corporation at the time of the first annual general meeting:

- (i) all plans that were required to obtain a building permit and any amendments to the building plans that were filed with the City of Vancouver in respect to the building permit;
- (ii) any document in the Developer's possession that indicates the actual location of a pipe, wire, cable, chute, duct or other facility for the passage or provision of systems or services, if the Developer has reason to believe that the pipe, wire, cable, chute, duct or other facility is not located or shown on the plan or plan amendment filed with the City of Vancouver in connection with the issuance of the building permit;
- (iii) all contracts entered into on behalf of the Strata Corporation;
- (iv) all disclosure statements and amendments thereto filed under the *Real Estate Act* and any rental disclosure statements;
- (v) a copy of the Final Strata Plan as registered in the New Westminster/Vancouver Land Title Office;
- (vi) the names and addresses of all contractors or subcontractors primarily responsible for the supply of labour or materials to each of the major components of the Development;
- (vii) the names and addresses of all technical consultants, including the building envelope specialist, if any;
- (viii) the name and address of the project manager;

- (ix) all warranties, manuals, schematic drawings, operating instructions, service guides, manufacturer's documentation and other similar information respecting the construction, installation, operation, maintenance, repair and servicing of any common property or common assets of the Strata Corporation, including any warranty information provided to the Developer by a person described in subsection 6.20(f);
- (x) the records required to be prepared and retained by the Strata Corporation under Section 35 of the *Strata Property Act*; and
- (xi) an annual budget for the Strata Corporation for the 12 month period beginning on the first day of the month following the date of the first annual general meeting.

#### 7.4.5 *Fines if Accrued Expenses Exceed Interim Budget*

Pursuant to Section 7 of the *Strata Property Act*, the Developer will pay the expenses of the Strata Corporation up to and including the last day of the month in which the first conveyance of a Strata Lot to a purchaser occurs. All expenses of the Strata Corporation accruing during the period commencing on the first day of the month following the month in which the first conveyance of a Strata Lot to a purchaser occurs and ending on the first day of the month following the month in which the first annual general meeting of the Strata Corporation occurs (the "Interim Budget Period") must be paid by the Strata Corporation. If the expenses payable by the Strata Corporation for the Interim Budget Period are greater than the operating expenses estimated in the interim budget for that period, the Developer must pay the difference to the Strata Corporation within 6 weeks after the first annual general meeting. If the actual expenses of the Strata Corporation are 10% or more greater than but less than 20% greater than the estimated expenses in the interim budget, the Developer must include in the payment referred to above, an additional amount equal to 2 times the amount by which the actual expenses of the Strata Corporation exceed those set out in the interim budget. If the actual expenses of the Strata Corporation exceed the amount set out in the interim budget by 20% or more, then in addition to payment to the Strata Corporation of the shortfall, the Developer is required to pay an amount equal to 3 times the amount by which the actual expenses exceed those set out in the interim budget.

#### 7.4.6 *Use of Portions of Development for Marketing Purposes*

Both prior to and after the deposit of the Final Strata Plan, the Developer will carry out, for such period as the Developer determines to be necessary or desirable in connection with marketing the Development, marketing and sales activities within the interior and exterior common property and within any unsold Strata Lots, including display suites and other display areas. The Developer also reserves the right to install signage within such areas.

## DEEMED REILIANCE


**Section 22 of the *Real Estate Development Marketing Act* provides that every purchaser who is entitled to receive this Disclosure Statement is deemed to have relied on any false or misleading statement of a material fact contained in this Disclosure Statement, if any, and any omission to state a material fact. The developer, its directors and any person who has signed or authorized the filing of this Disclosure Statement are liable to compensate the purchaser for any misrepresentation, subject to any defences available under section 22 of the Act.**




DECLARATION

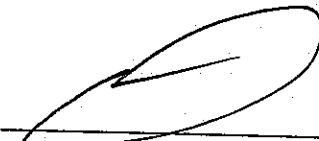
The foregoing statements disclose, without misrepresentation, all material facts relating to the Development referred to above, as required by the *Real Estate Development Marketing Act* of British Columbia, as of March 18, 2005.

Koret Lofts Inc.

Per:   
\_\_\_\_\_  
Authorized Signatory

Directors of Koret Lofts, Inc.

  
\_\_\_\_\_  
Marc Williams

  
\_\_\_\_\_  
Dan White

## SCHEDULES

- Schedule "A" - Draft Strata Plan
- Schedule "B" - Schedule of Unit Entitlement
- Schedule "C" - Schedule of Voting Rights
- Schedule "D" - Summary of Encumbrances
- Schedule "E" - Rental Disclosure Statement
- Schedule "F" - Proposed Budget and Monthly Maintenance Fees
- Schedule "G" - Amendments to Bylaws
- Schedule "H" - Conversion Report

SCHEDULE "A"

**DRAFT STRATA PLAN**

(see attached)

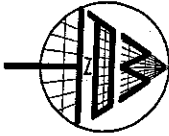
PROPOSED STRATA PLAN OF LOT W  
 BLOCK 7 DISTRICT LOT 196 GROUP 1  
 NEW WESTMINSTER DISTRICT  
 PLAN BCP13893

SHEET 1 OF 9 SHEETS

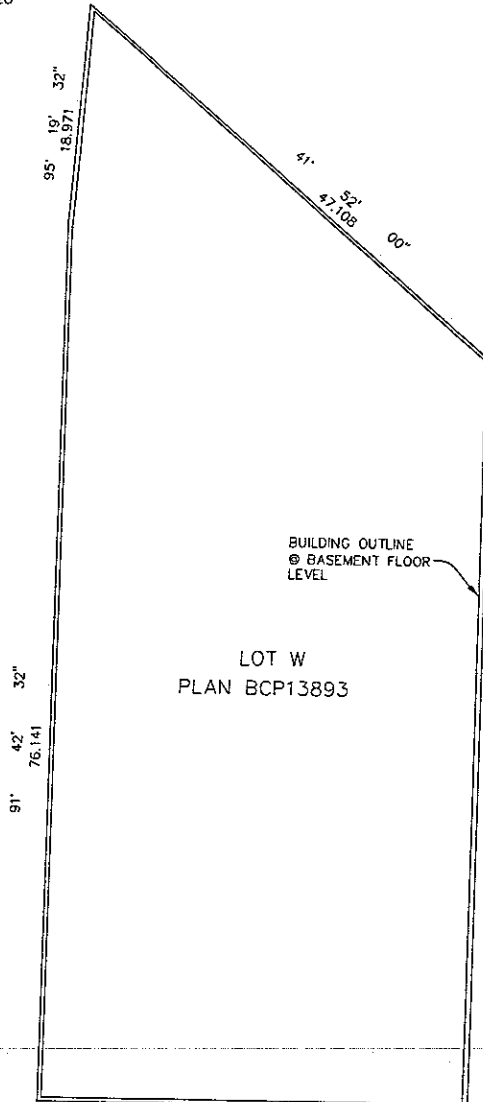
STRATA PLAN BCS \_\_\_\_\_

B.C.G.S. 92G.025  
 CITY OF VANCOUVER

SCALE 1:400



CORDOVA STREET



LANE

COLUMBIA STREET

NAME OF DEVELOPMENT:  
 THE KORET LOFTS

**MATSON PECK & TOPLISS**  
 SURVEYORS & ENGINEERS

#210 - 8171 COOK ROAD  
 RICHMOND, B.C.

V6Y 3T8  
 PH: 604-270-9331  
 FAX: 604-270-4137

CADFILE: 14061-PRELIMINARY-STRATA.DWG

**LEGEND:**

- ALL DIMENSIONS ARE METRIC.
- C.P. INDICATES COMMON PROPERTY
- L.C.P. INDICATES LIMITED COMMON PROPERTY
- PT. INDICATES PART
- S.L. INDICATES STRATA LOT
- m<sup>2</sup> INDICATES SQUARE METRES

GRID BEARINGS AND LOT DIMENSIONS ARE SUBJECT TO FINAL LEGAL FIELD SURVEYS.

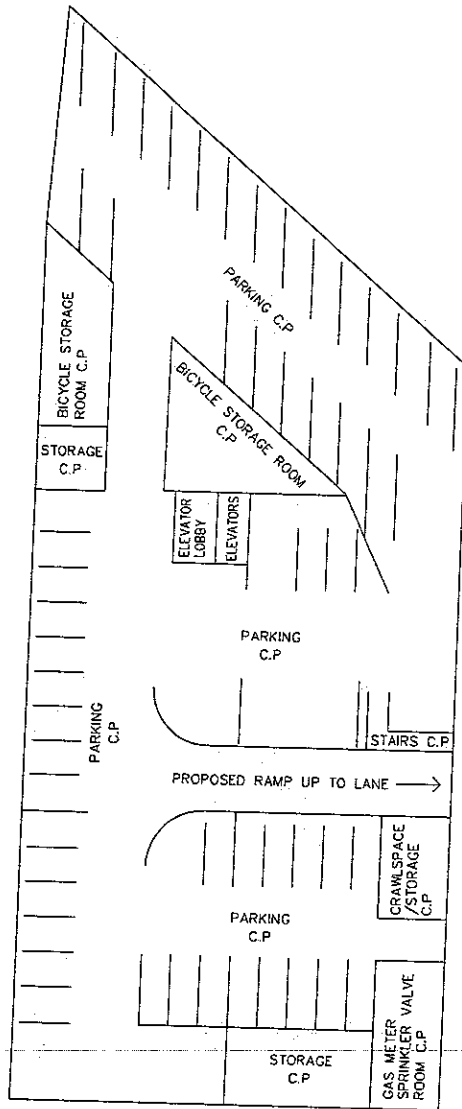
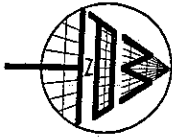
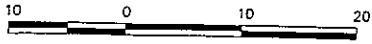
NOTE:  
 STRATA LOT BOUNDARIES SHOWN ON THIS PLAN ARE TAKEN TO THE GLASS LINE OF EXTERIOR WALLS, WHERE APPLICABLE AND TO THE CENTERLINE OF WALLS BETWEEN ADJACENT STRATA LOTS.

**BASEMENT FLOOR**

SHEET 2 OF 9 SHEETS

SCALE 1:400

STRATA PLAN BCS \_\_\_\_\_



**MATSON PECK & TOPLISS**  
SURVEYORS & ENGINEERS

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RICHMOND, B.C.

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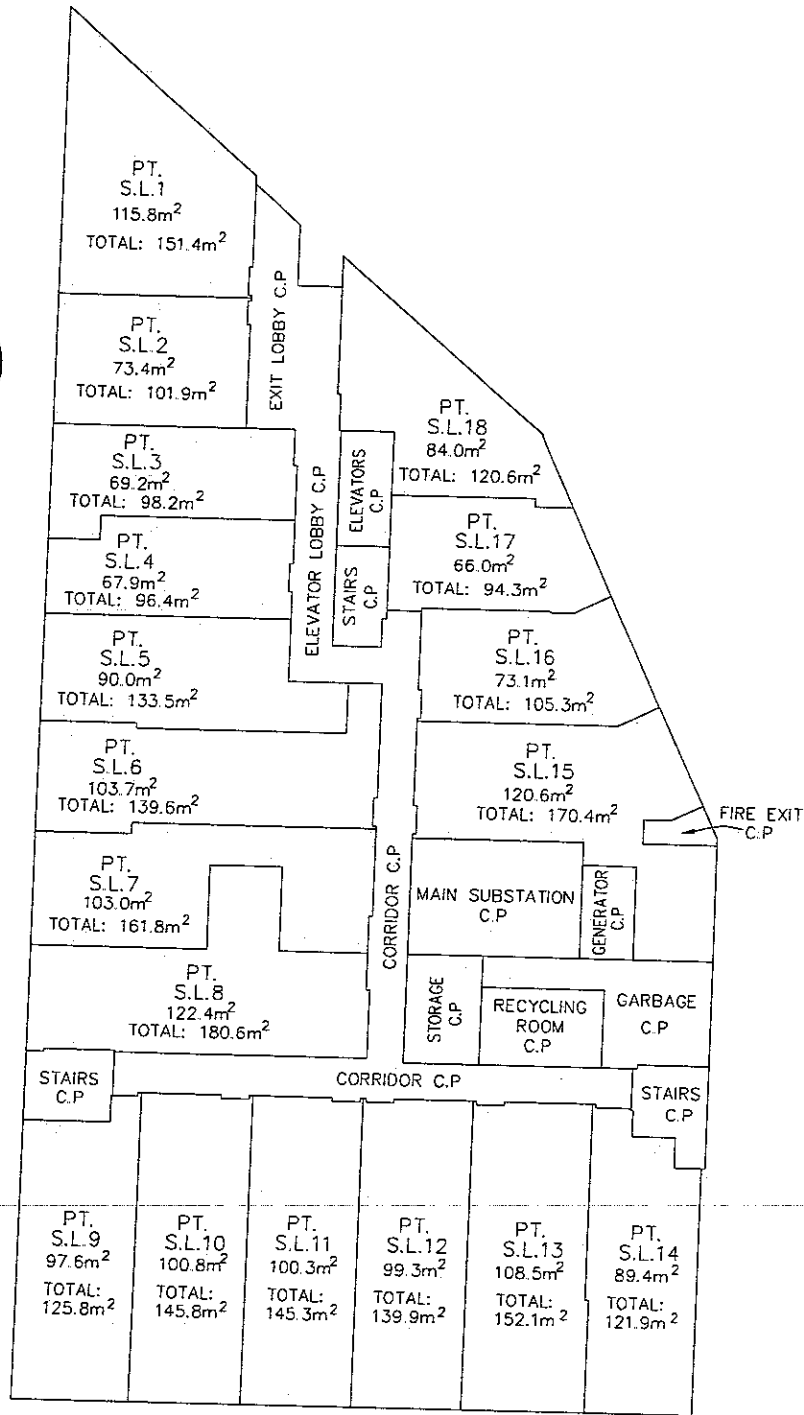
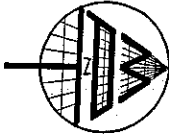
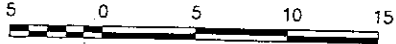
FAX: 604-270-4137

CADFILE: 14051-PRELIMINARY-STRATA.DWG

**GROUND FLOOR**

SCALE 1:250

STRATA PLAN BCS



**MATSON PECK & TOPLISS**

SURVEYORS & ENGINEERS

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RICHMOND, B.C.

V6Y 3T8

PH: 604-270-9331

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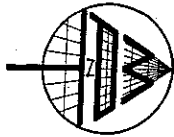
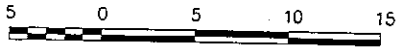
CADFILE: 14061-PRELIMINARY-STRATA.DWG

# MEZZANINE FLOOR

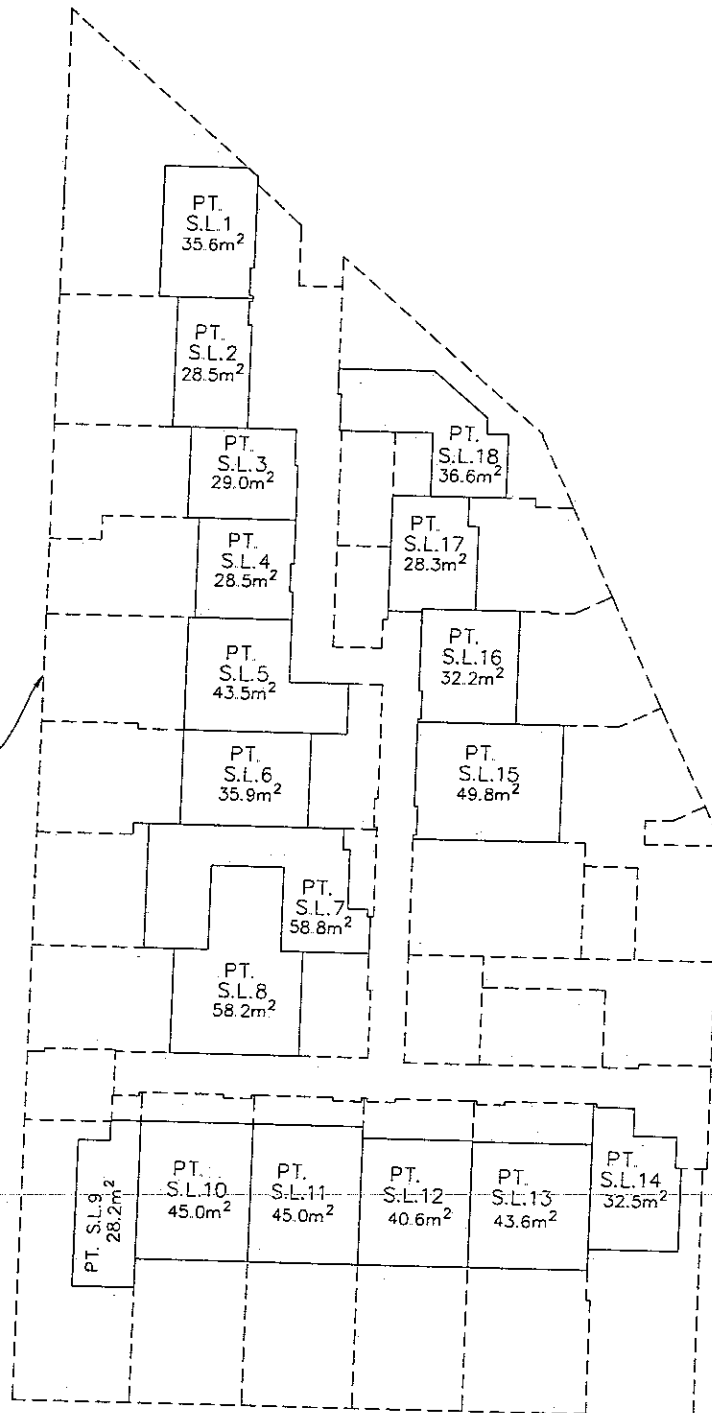
SHEET 4 OF 9 SHEETS

SCALE 1:250

## STRATA PLAN BCS



INDICATES FLOOR BELOW



**MATSON PECK & TOPLISS**

SURVEYORS & ENGINEERS

#210 - 8171 COOK ROAD  
RICHMOND, B.C.

V6Y 3T8

PH: 604-270-9331

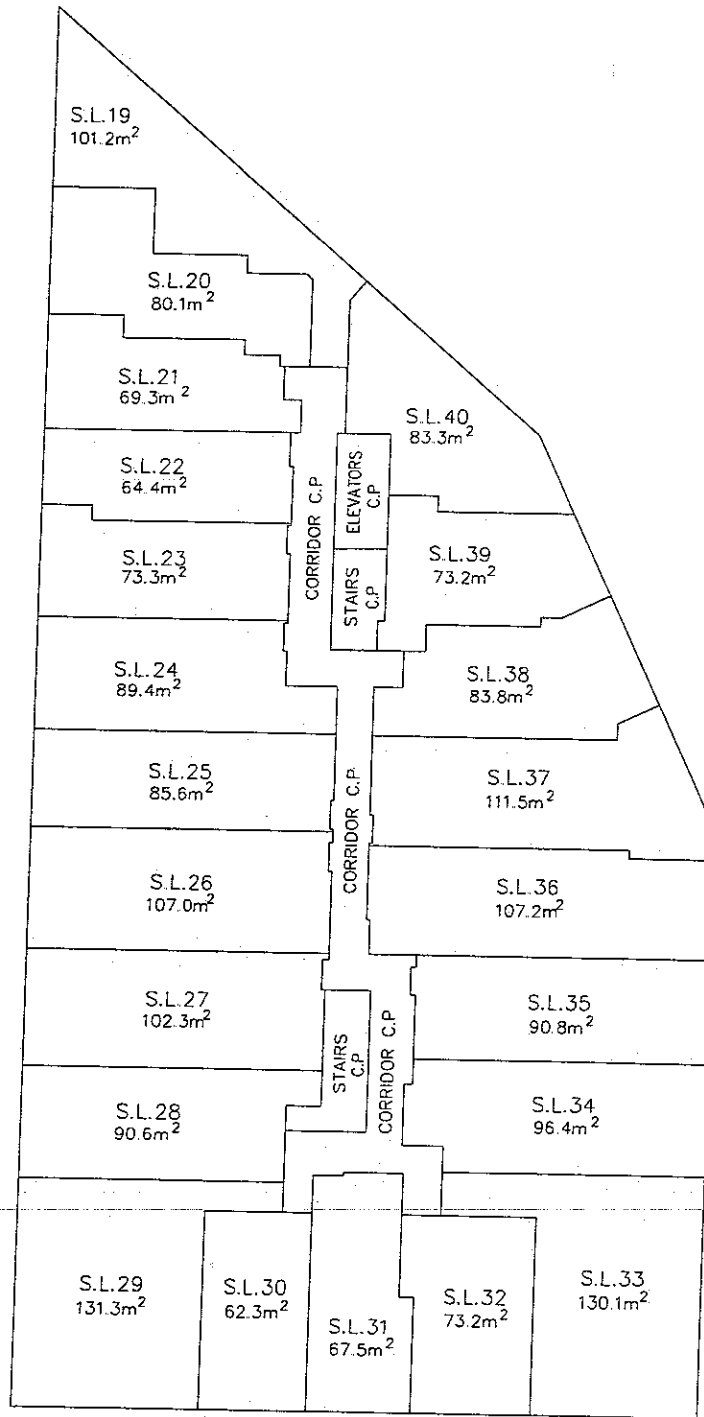
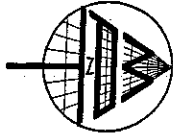
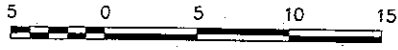
FAX: 604-270-4137

CADFILE: 14061-PRELIMINARY-STRATA.DWG

SECOND FLOOR

SCALE 1:250

STRATA PLAN BCS



MATSON PECK & TOPLISS

SURVEYORS & ENGINEERS

#210 - 8171 COOK ROAD  
RICHMOND, B.C.

V6Y 3T8

PH: 604-270-9331

FAX: 604-270-4137

CADFILE: 14061-PRELIMINARY-STRATA.DWG

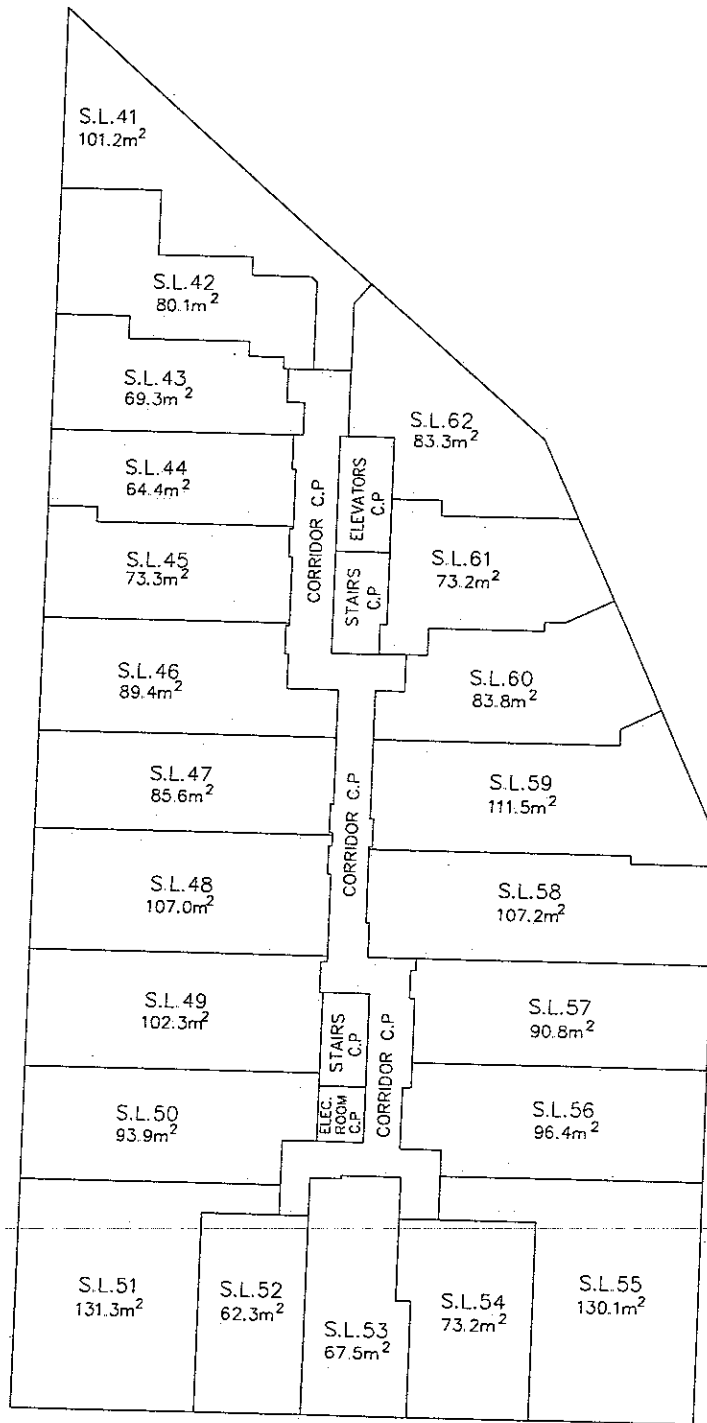
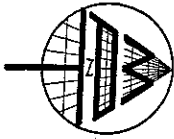
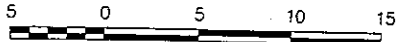


THIRD FLOOR

SHEET 6 OF 9 SHEETS

SCALE 1:250

STRATA PLAN BCS



MATSON PECK & TOPLISS  
SURVEYORS & ENGINEERS

#210 - 8171 COOK ROAD  
RICHMOND, B.C.

V6Y 3T8

PH: 604-270-9331

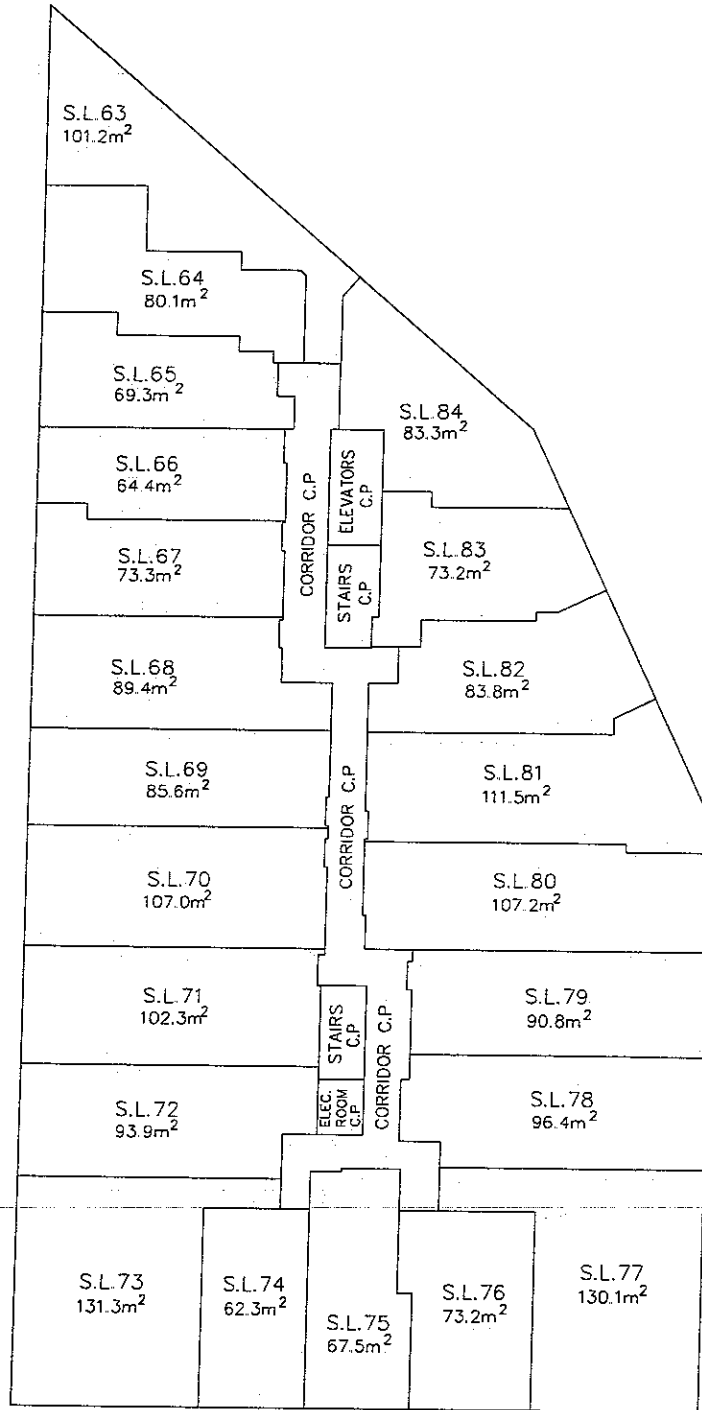
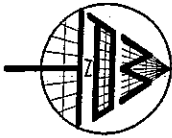
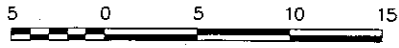
FAX: 604-270-4137

CADFILE: 14061--PRELIMINARY--STRATA.DWG

FOURTH FLOOR

STRATA PLAN BCS

SCALE 1:250



**MATSON PECK & TOPLISS**  
SURVEYORS & ENGINEERS

#210 - 8171 COOK ROAD  
RICHMOND, B.C.

V6Y 3T8

PH: 604-270-9331

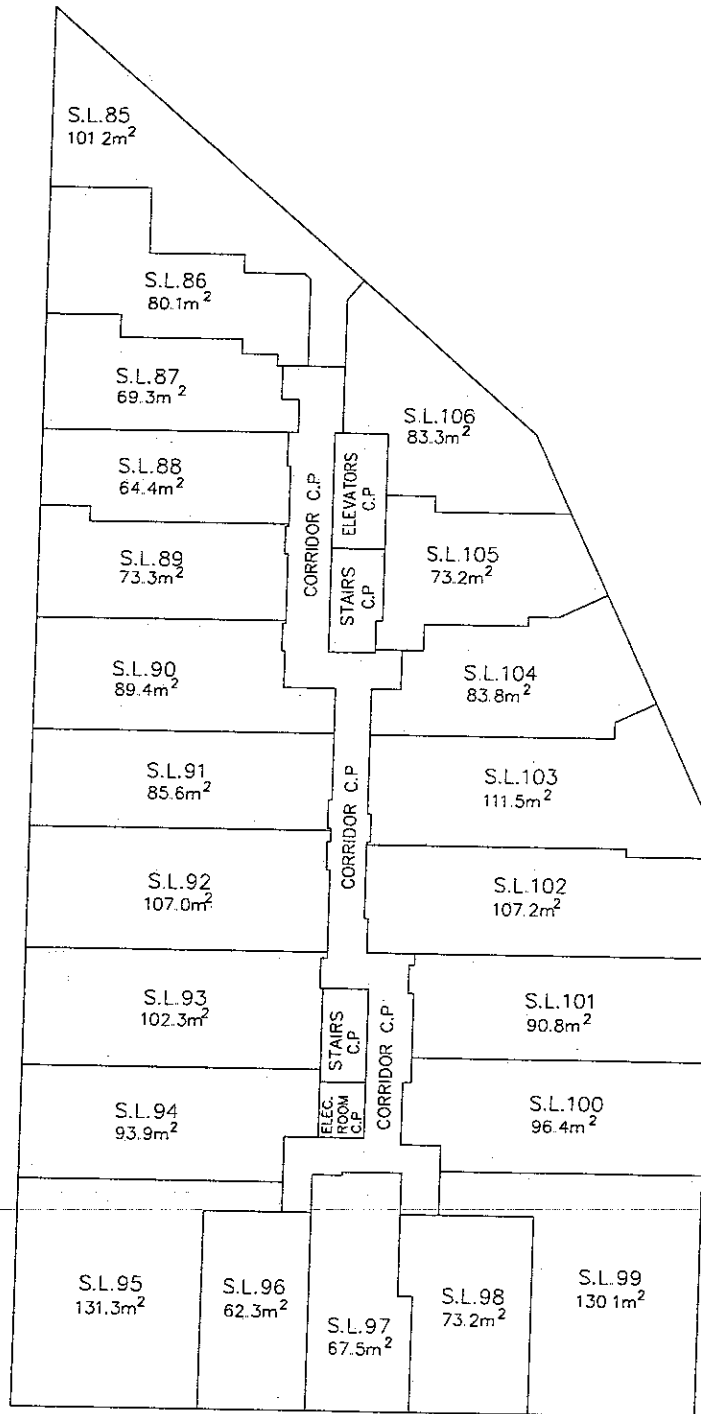
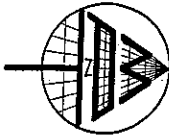
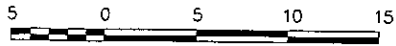
FAX: 604-270-4137

CADFILE: 14061-PRELIMINARY-STRATA.DWG

FIFTH FLOOR

SCALE 1:250

STRATA PLAN BCS



MATSON PECK & TOPLISS

SURVEYORS & ENGINEERS

#210 -- 8171 COOK ROAD  
RICHMOND, B.C.

V6Y 3T8

PH: 604-270-9331

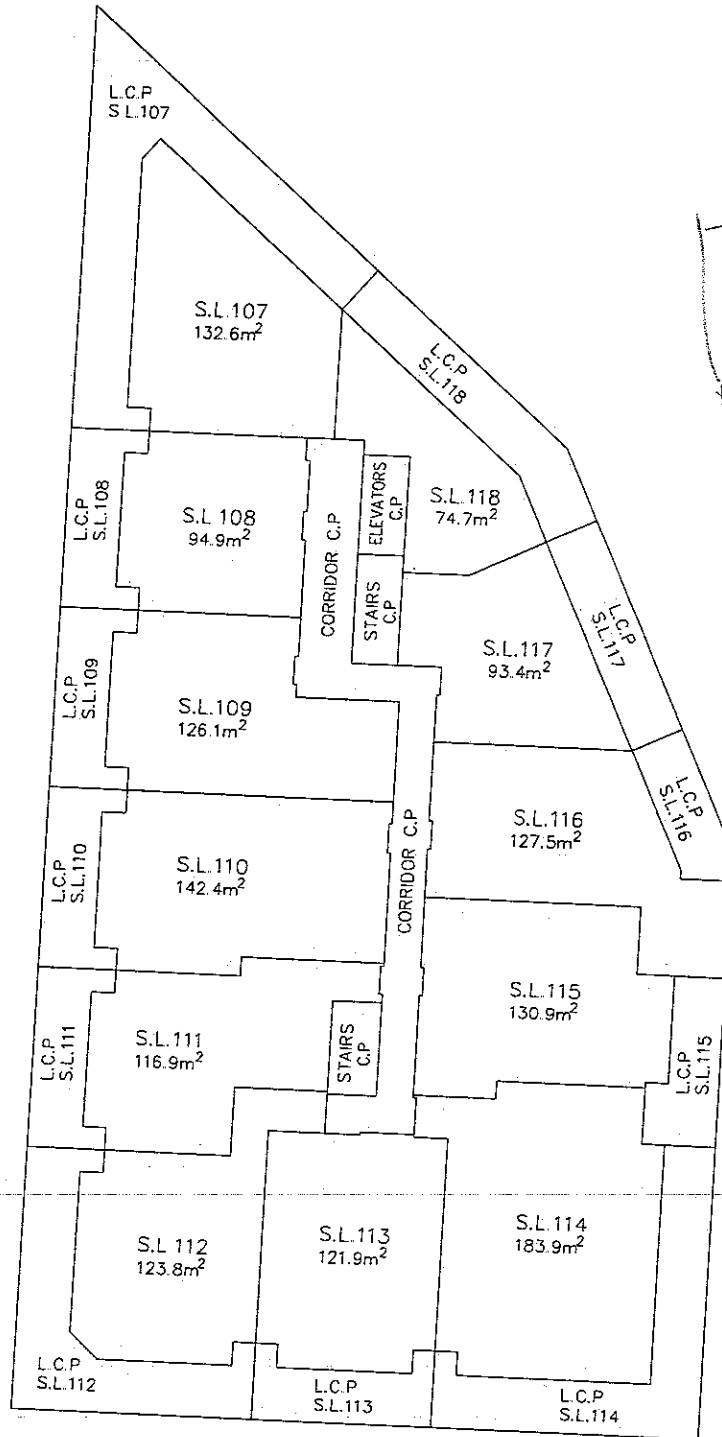
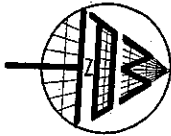
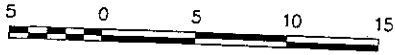
FAX: 604-270-4137

CADFILE: 14061-PRELIMINARY-STRATA.DWG

SIXTH FLOOR

SCALE 1:250

STRATA PLAN BCS



**MATSON PECK & TOPLISS**  
SURVEYORS & ENGINEERS

#210 - 8171 COOK ROAD  
RICHMOND, B.C.

V6Y 3T8

PH: 604-270-9331

FAX: 604-270-4137

CADFILE: 14061-PRELIMINARY-STRATA.DWG

SCHEDULE "B"

**SCHEDULE OF UNIT ENTITLEMENT**

(see attached)

**Strata Property Act  
Proposed Form V  
SCHEDULE OF UNIT ENTITLEMENT**

*(Section 245 (a), 246, 264)*

Re: **Proposed Strata Plan**

Being a Strata Plan of Lot W Block 7 District Lot 196 Group 1 NWD Plan BCP13893

P.I.D. 026-081-113

**STRATA PLAN CONSISTING ENTIRELY OF RESIDENTIAL STRATA LOTS**

The unit entitlement for each residential strata lot is one of the following (check appropriate box), as set out in the following table:

(a) the habitable area of the strata lot, in square metres, rounded to the nearest whole number as determined by a British Columbia land surveyor as set out in section 246 (3) (a) (i) of the *Strata Property Act*.

OR

(b) a whole number that is the same for all of the residential strata lots as set out in section 246 (3) (a) (ii) of the *Strata Property Act*.

OR

(c) a number that is approved by the Superintendent of Real Estate in accordance with section 246 (3) (a) (iii) of the *Strata Property Act*.

Strata Lot No.	Sheet No.	Habitable Area in m <sup>2</sup>	Unit Entitlement	%* of Total Unit Entitlement
1	3, 4	151.4	151	1.28%
2	3, 4	101.9	102	0.87%
3	3, 4	98.2	98	0.83%
4	3, 4	96.4	96	0.82%
5	3, 4	133.5	134	1.14%
6	3, 4	139.6	140	1.19%
7	3, 4	161.8	162	1.38%
8	3, 4	180.6	181	1.54%
9	3, 4	125.8	126	1.07%
10	3, 4	145.8	146	1.24%
11	3, 4	145.3	145	1.23%
12	3, 4	139.9	140	1.19%
13	3, 4	152.1	152	1.29%

Strata Lot No.	Sheet No.	Habitable Area in m <sup>2</sup>	Unit Entitlement	%* of Total Unit Entitlement
14	3, 4	121.9	122	1.04%
15	3, 4	170.4	170	1.45%
16	3, 4	105.3	105	0.89%
17	3, 4	94.3	94	0.80%
18	3, 4	120.6	121	1.03%
19	5	101.2	101	0.86%
20	5	80.1	80	0.68%
21	5	69.3	69	0.59%
22	5	64.4	64	0.54%
23	5	73.3	73	0.62%
24	5	89.4	89	0.76%
25	5	85.6	86	0.73%
26	5	107	107	0.91%
27	5	102.3	102	0.87%
28	5	90.6	91	0.77%
29	5	131.3	131	1.11%
30	5	62.3	62	0.53%
31	5	67.5	68	0.58%
32	5	73.2	73	0.62%
33	5	130.1	130	1.11%
34	5	96.4	96	0.82%
35	5	90.8	91	0.77%
36	5	107.2	107	0.91%
37	5	111.5	112	0.95%
38	5	83.8	84	0.71%
39	5	73.2	73	0.62%
40	5	83.3	83	0.71%
41	6	101.2	101	0.86%
42	6	80.1	80	0.68%
43	6	69.3	69	0.59%
44	6	64.4	64	0.54%
45	6	73.3	73	0.62%
46	6	89.4	89	0.76%
47	6	85.6	86	0.73%
48	6	107	107	0.91%
49	6	102.3	102	0.87%
50	6	93.9	94	0.80%
51	6	131.3	131	1.11%
52	6	62.3	62	0.53%
53	6	67.5	68	0.58%
54	6	73.2	73	0.62%
55	6	130.1	130	1.11%

Strata Lot No.	Sheet No.	Habitable Area in m <sup>2</sup>	Unit Entitlement	%* of Total Unit Entitlement
56	6	96.4	96	0.82%
57	6	90.8	91	0.77%
58	6	107.2	107	0.91%
59	6	111.5	112	0.95%
60	6	83.8	84	0.71%
61	6	73.2	73	0.62%
62	6	83.3	83	0.71%
63	7	101.2	101	0.86%
64	7	80.1	80	0.68%
65	7	69.3	69	0.59%
66	7	64.4	64	0.54%
67	7	73.3	73	0.62%
68	7	89.4	89	0.76%
69	7	85.6	86	0.73%
70	7	107	107	0.91%
71	7	102.3	102	0.87%
72	7	93.9	94	0.80%
73	7	131.3	131	1.11%
74	7	62.3	62	0.53%
75	7	67.5	68	0.58%
76	7	73.2	73	0.62%
77	7	130.1	130	1.11%
78	7	96.4	96	0.82%
79	7	90.8	91	0.77%
80	7	107.2	107	0.91%
81	7	111.5	112	0.95%
82	7	83.8	84	0.71%
83	7	73.2	73	0.62%
84	7	83.3	83	0.71%
85	8	101.2	101	0.86%
86	8	80.1	80	0.68%
87	8	69.3	69	0.59%
88	8	64.4	64	0.54%
89	8	73.3	73	0.62%
90	8	89.4	89	0.76%
91	8	85.6	86	0.73%
92	8	107	107	0.91%
93	8	102.3	102	0.87%
94	8	93.9	94	0.80%
95	8	131.3	131	1.11%
96	8	62.3	62	0.53%
97	8	67.5	68	0.58%



Strata Lot No.	Sheet No.	Habitable Area in m <sup>2</sup>	Unit Entitlement	%* of Total Unit Entitlement
98	8	73.2	73	0.62%
99	8	130.1	130	1.11%
100	8	96.4	96	0.82%
101	8	90.8	91	0.77%
102	8	107.2	107	0.91%
103	8	111.5	112	0.95%
104	8	83.8	84	0.71%
105	8	73.2	73	0.62%
106	8	83.3	83	0.71%
107	9	132.6	133	1.13%
108	9	94.9	95	0.81%
109	9	126.1	126	1.07%
110	9	142.4	142	1.21%
111	9	116.9	117	1.00%
112	9	123.8	124	1.06%
113	9	121.9	122	1.04%
114	9	183.9	184	1.57%
115	9	130.9	131	1.11%
116	9	127.5	128	1.09%
117	9	93.4	93	0.79%
118	9	74.7	75	0.64%
<b>Total number of strata lots: 118</b>		<b>Total Unit Entitlement: 11752</b>		

SCHEDULE "C"

SCHEDULE OF VOTING RIGHTS

*Strata Property Act*

Form W

SCHEDULE OF VOTING RIGHTS

*(Sections 245(b), 247, 248, 264)*

Re: **Proposed Strata Plan**

Being a Strata Plan of Lot W Block 7 District Lot 196 Group 1 Plan BCP13893

P.I.D. 026-081-113

The strata plan is composed of **118 commercial live/work** strata lots.

The number of votes per strata lot is one of the following (check appropriate box), as set out in the following table.

(a) the number of votes per residential strata lot, if any, is 1, and the number of votes per nonresidential strata lot is calculated in accordance with section 247(2)(a)(ii) of the *Strata Property Act*.

OR

(b) the strata plan is composed entirely of nonresidential strata lots, and the number of votes per strata lot is calculated in accordance with section 247(2)(b) of the *Strata Property Act*.

OR

(c) the number of votes per strata lot is approved by the Superintendent of Real Estate in accordance with section 248 of the *Strata Property Act*.

---

Signature of Superintendent of Real Estate

Strata Lot No.	Type of Strata Lot (Residential or Nonresidential)	Sheet No.	Number of Votes
1	commercial live/work	3/4	1
2	commercial live/work	3/4	1
3	commercial live/work	3/4	1
4	commercial live/work	3/4	1
5	commercial live/work	3/4	1
6	commercial live/work	3/4	1
7	commercial live/work	3/4	1
8	commercial live/work	3/4	1
9	commercial live/work	3/4	1
10	commercial live/work	3/4	1
11	commercial live/work	3/4	1
12	commercial live/work	3/4	1
13	commercial live/work	3/4	1
14	commercial live/work	3/4	1
15	commercial live/work	3/4	1
16	commercial live/work	3/4	1
17	commercial live/work	3/4	1
18	commercial live/work	3/4	1
19	commercial live/work	3/4	1
20	commercial live/work	5	1
21	commercial live/work	5	1
22	commercial live/work	5	1
23	commercial live/work	5	1
24	commercial live/work	5	1
25	commercial live/work	5	1
26	commercial live/work	5	1
27	commercial live/work	5	1
28	commercial live/work	5	1
29	commercial live/work	5	1
30	commercial live/work	5	1
31	commercial live/work	5	1
32	commercial live/work	5	1
33	commercial live/work	5	1
34	commercial live/work	5	1
35	commercial live/work	5	1
36	commercial live/work	5	1
37	commercial live/work	5	1
38	commercial live/work	5	1
39	commercial live/work	5	1
40	commercial live/work	5	1
41	commercial live/work	6	1
42	commercial live/work	6	1
43	commercial live/work	6	1
44	commercial live/work	6	1

Strata Lot No.	Type of Strata Lot (Residential or Nonresidential)	Sheet No.	Number of Votes
45	commercial live/work	6	1
46	commercial live/work	6	1
47	commercial live/work	6	1
48	commercial live/work	6	1
49	commercial live/work	6	1
50	commercial live/work	6	1
51	commercial live/work	6	1
52	commercial live/work	6	1
53	commercial live/work	6	1
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58	commercial live/work	6	1
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61	commercial live/work	6	1
62	commercial live/work	6	1
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68	commercial live/work	7	1
69	commercial live/work	7	1
70	commercial live/work	7	1
71	commercial live/work	7	1
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79	commercial live/work	7	1
80	commercial live/work	7	1
81	commercial live/work	7	1
82	commercial live/work	7	1
83	commercial live/work	7	1
84	commercial live/work	7	1
85	commercial live/work	7	1
86	commercial live/work	8	1
87	commercial live/work	8	1
88	commercial live/work	8	1
89	commercial live/work	8	1

Strata Lot No.	Type of Strata Lot (Residential or Nonresidential)	Sheet No.	Number of Votes
90	commercial live/work	8	1
91	commercial live/work	8	1
92	commercial live/work	8	1
93	commercial live/work	8	1
94	commercial live/work	8	1
95	commercial live/work	8	1
96	commercial live/work	8	1
97	commercial live/work	8	1
98	commercial live/work	8	1
99	commercial live/work	8	1
100	commercial live/work	8	1
101	commercial live/work	8	1
102	commercial live/work	8	1
103	commercial live/work	8	1
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106	commercial live/work	8	1
107	commercial live/work	8	1
108	commercial live/work	9	1
109	commercial live/work	9	1
110	commercial live/work	9	1
111	commercial live/work	9	1
112	commercial live/work	9	1
113	commercial live/work	9	1
114	commercial live/work	9	1
115	commercial live/work	9	1
116	commercial live/work	9	1
117	commercial live/work	9	1
118	commercial live/work	9	1
Total number of strata lots: 118			Total number of votes: 118

Date: \_\_\_\_\_ (month, day, year)

Signature of Owner Developer \_\_\_\_\_

## SCHEDULE "D"

### SUMMARY OF ENCUMBRANCES

The following legal notations and encumbrances are registered against title to the Lands and will remain registered against title to the Strata Lots and /or the Common Property, except where indicated below.

#### Legal Notations:

1. Heritage Designation By-Law, Vancouver Charter Section 593, see BJ91210 and BV47125.

The building bearing the civic address of 55-99 E. Cordova Street is designated as a heritage property under Section 593 of the Vancouver Charter.

2. Heritage Revitalization Agreement BW311905 Pursuant to Sections 592 and 601 (Vancouver Charter). **Heritage Revitalization Agreement.** Heritage Revitalization Agreement (the "HRA") with the City of Vancouver (the "City") with respect to the Development. The Developer has been granted additional development rights (the "Additional Density") of 60,000 square feet of floor area which shall not be built out on the Lands as part of the Development but which shall be available for transfer to other development sites.

The Development must be preserved and the exterior of the Development maintained in good appearance and in good repair. The Development is the only building permitted on the Lands.

If the Development is damaged, it must be repaired if lawful and economic. In determining whether or not it is economic to repair, only land economic factors including the cost or repair, the cost of the replacement building to be constructed as required by the HRA, the market value of the replacement building after the completion of such repair and the fact that a heritage bonus density has been granted are to be considered. Any permitted replacement of the Development shall be a building of similar massing, height and proportions as the original Development and the exterior façade of the replacement building must be a reasonable facsimile of the original Development.

**The Additional Density will be retained by the Developer. Purchasers of Strata Lots will not receive any rights to any of the Additional Density with the purchase of a Strata Lot.**

#### Charges, Liens and Interests:

3. Indemnity Agreement C63972 in favour of the City of Vancouver

This easement and indemnity agreement requires the owner to observe and perform

the provisions of the indemnity agreement in return for the encroachment of two overhead bridges above the laneway. The agreement provides for an annual payment to the City of Vancouver, which has been subsequently amended to be a payment pursuant to the Encroachment Bylaw (see BP100790). The owner also agrees to indemnify the City for all claims arising from the City exercising its rights under this agreement or from any negligent acts or default of the owner. The agreement may be cancelled at any time by the City of Vancouver.

4. Easement and Indemnity Agreement L98051 in favour of the City of Vancouver

This easement and indemnity agreement requires the owner to observe and perform the provisions of the Encroachment Bylaw in return for the encroachment of the rough rock facing of the 5 storey brick and concrete building encroaching a maximum of 0.065 metres onto Columbia Street and a maximum of 0.085 metres onto Cordova Street. The owner also agrees to indemnify the City for all claims arising from the City exercising its rights under this agreement or from any negligent acts or default of the owner. The agreement may be cancelled at any time by the City of Vancouver.

5. Indemnity Agreement P98044 in favour of the City of Vancouver

This indemnity agreement extends easement and indemnity agreement L98051, in favour of the City of Vancouver, to Lot C, created upon consolidation. See L98051 above.

6. Easement and Indemnity Agreement BP100790

Modifies Indemnity Agreement C63972, in favour of the City of Vancouver. The two overhead bridges are closed and to be used as storage only. The easterly bridge is the sole responsibility of, and for the sole use of, the owner of the lands across the alley to the North of the Lands and the westerly bridge is for the sole responsibility of, and for the sole use of, the owner of the Lands. The annual fees payable to the City of Vancouver are those as set out in the Encroachment Bylaw.

7. Mortgage BW226354 and Assignment of Rents BW226355 in favour of Bancorp Investments (Fund 2) Ltd. and Bancorp Financial Services Inc. relating to the construction financing for the Development. **To be discharged from the Title of each Strata Lot upon transfer of Title to such Strata Lot to the Purchaser.**

8. Covenant BW311906 in favour of the City. **Public Open Space Agreement.** Agreement with the City designating the far westerly portion of the Lands (the "Right of Way Area"), formerly identified as Lot C Block 7 District Lot 196 Plan 21011, as public open space. The Right of Way Area shall not be used or built upon except as permitted by this covenant. The Owner will construct upon the Right of Way Area paved open areas and walkways and install gates with locking devices (together with fences) at the access points to the Right of Way Area. The City may determine at a future date that such gates are to be removed, at the expense of the property owner. It is the Owner's responsibility to maintain the Right of Way Area. The Right of Way Area will be closed to the general public for a period of 2 years from the issuance of the first Occupancy Permit by the City for the Development. Prior to the expiry of this 2 year period, the City will make a determination, in its sole discretion, whether

access to the Right of Way Area will continue to be restricted; in reviewing the matter, the City will consult with the Strata Corporation and consider issues relevant to the security of the occupants of the Development and users of the Right of Way Area.

9. Statutory Right of Way BW311908 in favour of the City. **Public Open Space Access Agreement.** Right of Way granted to the City for the purpose of carrying out to conclusion the obligations of the Owner pursuant to the Public Open Space Agreement and permitting, subject to the restrictions contained in the Public Open Space Agreement, access by the public to the Right of Way Area.
10. Priority Agreement BW311907 and BW311909 in favour of the City. **Public Open Space Agreement Priority.** Agreement granting the Public Open Space Agreement and the Public Open Space Access Agreement, respectively, priority over Mortgages BW226354 and BW226356 and Assignments of Rents BW226355 and BW226357 (Mortgage BW226356 and Assignment of Rents BW226357 are now discharged).
11. Covenant BW311910 in favour of the City. **Restoration Protection Agreement.** The owner covenants to undertake and prosecute to conclusion rehabilitation and restoration of the Development as required under Development Permit DE408005 and pursuant to the Heritage Revitalization Agreement.
12. Priority Agreement BW311911 in favour of the City. **Restoation Protection Agreement Priority.** Agreement granting the Restoration Protection Agreement priority over Mortgages BW226354 and BW226356 and Assignments of Rents BW226355 and BW226357 (Mortgage BW226356 and Assignment of Rents BW226357 are now discharged).
13. Covenant BW311912 in favour of the City. **Façade Agreement.** Agreement concerning the two East Cordova Street facades of the Development (the "Heritage Facades"). Upon the restoration of the Development and the restoration of the Heritage Facades, the Developer will receive a payment from the City, and this agreement will be discharged from title to the Development. **To be discharged from Title prior to the transfer of the first Strata Lot.**
14. Priority Agreement BW311913 in favour of the City. **Façade Agreement Priority.** Agreement granting the Façade Agreement priority over Mortgages BW226354 and BW226356 and Assignments of Rents BW226355 and BW226357 (Mortgage BW226356 and Assignment of Rents BW226357 are now discharged). **To be discharged from Title prior to the transfer of the first Strata Lot.**
15. Modification Agreements BW428474 and BW438475. **Bancorp Mortgage Modification.** Agreement modifying Mortgage BW226354 and Assignment of Rents BW226355 (see paragraph 7 herein).
16. Mortgage BW440643 and Assignment of Rents BW440644 in favour of Peoples Trust Company relating to the construction financing for the Development. **To be discharged from the Title of each Strata Lot upon transfer of Title to such Strata Lot to the Purchaser.**



17. Priority Agreement BW440645 granting BW440643 (see paragraph 16 herein) priority over BW226354 and over BW226355 (see paragraph 7 herein).
18. Priority Agreement BW440646 granting BW440644 (see paragraph 16 herein) priority over BW226354 and over BW226355 (see paragraph 7 herein).
- 19.

SCHEDULE "E"

Strata Property Act

Form J

RENTAL DISCLOSURE STATEMENT  
(Section 139)

Re: **Proposed Strata Plan**  
Being a Strata Plan of Parcel K Block 7 District Lot 196 Group 1 Plan BCP \_\_\_\_\_

P.I.D. \_\_\_\_\_

1 The development described above includes/will include 118 commercial live/work strata lots.

2 The residential strata lots described below are rented out by the owner developer as of the date of this statement and the owner developer intends to rent out each strata lot until the date set out opposite its description.

Description of Strata Lots

Date Rental Period Expires

No strata lots have been rented out by the owner developer as of the date of this statement.

3 In addition to the number of residential strata lots rented out by the owner developer as of the date of this statement, the owner developer reserves the right to rent out a further 118 residential strata lots, as described below, until the date set out opposite each strata lot's description.

Description of Strata Lots

Date Rental Period Expires

Strata Lots 1 through 118

Unlimited - No expiry

4 There is no bylaw of the strata corporation that restricts the rental of strata lots.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

Owner Developer:

Koret Lofts Inc.

Per: \_\_\_\_\_  
Authorized Signatory

SCHEDULE "F"

**PROPOSED BUDGET AND MONTHLY MAINTENANCE FEES**

(see attached)

**KORET LOFTS  
PROPOSED ANNUAL BUDGET**

<b>Revenue</b>	
Assessments	303,353
<b>Total Revenue</b>	<u>303,353</u>
 <b>Operating Expenses</b>	
Insurance	36,000
Management Fees	27,275
Office Services	2,000
Telephone	2,000
Security/Concierge	70,000
Electricity	12,000
Gas	29,500
Sewer	6,500
Water	12,000
Waste Removal	12,000
Recycling	2,000
Elevator	6,500
Pest control	1,500
Emergency Generator	1,500
Fire Service	4,000
Janitorial Contract	26,000
Cleaning and Supplies	6,000
Repairs and Maintenance	12,000
Landscaping	5,000
Miscellaneous	2,000
<b>Total Operating Expenses</b>	<u>275,775</u>
<b>Gross Profit/(loss)</b>	27,578
Contingency Reserve (10%)	<u>27,578</u>
<b>Cash Flow</b>	<u><u>0</u></u>

Strafa Lot No.	Sheet No.	Habitable Area in m <sup>2</sup>	Unit Entitlement	%* of Total Unit Entitlement	Annual	Monthly
1	3,4	151.4	151	1.28%	\$ 3,884.08	\$ 323.67
2	3,4	101.9	102	0.87%	\$ 2,639.96	\$ 220.00
3	3,4	98.2	98	0.83%	\$ 2,518.59	\$ 209.88
4	3,4	96.4	96	0.82%	\$ 2,488.24	\$ 207.35
5	3,4	133.5	134	1.14%	\$ 3,459.26	\$ 288.27
6	3,4	139.6	140	1.19%	\$ 3,610.98	\$ 300.92
7	3,4	161.8	162	1.38%	\$ 4,187.53	\$ 348.96
8	3,4	180.6	181	1.54%	\$ 4,673.04	\$ 389.42
9	3,4	125.8	126	1.07%	\$ 3,246.85	\$ 270.57
10	3,4	145.8	146	1.24%	\$ 3,762.71	\$ 313.56
11	3,4	145.3	145	1.23%	\$ 3,732.36	\$ 311.03
12	3,4	139.9	140	1.19%	\$ 3,610.98	\$ 300.92
13	3,4	152.1	152	1.29%	\$ 3,914.43	\$ 326.20
14	3,4	121.9	122	1.04%	\$ 3,155.82	\$ 262.98
15	3,4	170.4	170	1.45%	\$ 4,399.94	\$ 366.66
16	3,4	105.3	105	0.89%	\$ 2,700.65	\$ 225.05
17	3,4	94.3	94	0.80%	\$ 2,427.55	\$ 202.30
18	3,4	120.6	121	1.03%	\$ 3,125.47	\$ 260.46
19	5	101.2	101	0.86%	\$ 2,609.62	\$ 217.47
20	5	80.1	80	0.68%	\$ 2,063.42	\$ 171.95
21	5	69.3	69	0.59%	\$ 1,790.32	\$ 149.19
22	5	64.4	64	0.54%	\$ 1,638.60	\$ 136.55
23	5	73.3	73	0.62%	\$ 1,881.35	\$ 156.78
24	5	89.4	89	0.76%	\$ 2,306.17	\$ 192.18
25	5	85.6	86	0.73%	\$ 2,215.14	\$ 184.60
26	5	107	107	0.91%	\$ 2,761.34	\$ 230.11
27	5	102.3	102	0.87%	\$ 2,639.96	\$ 220.00
28	5	90.6	91	0.77%	\$ 2,336.52	\$ 194.71
29	5	131.3	131	1.11%	\$ 3,368.23	\$ 280.69
30	5	62.3	62	0.53%	\$ 1,608.25	\$ 134.02
31	5	67.5	68	0.58%	\$ 1,759.98	\$ 146.66
32	5	73.2	73	0.62%	\$ 1,881.35	\$ 156.78
33	5	130.1	130	1.11%	\$ 3,368.23	\$ 280.69
34	5	96.4	96	0.82%	\$ 2,488.24	\$ 207.35
35	5	90.8	91	0.77%	\$ 2,336.52	\$ 194.71
36	5	107.2	107	0.91%	\$ 2,761.34	\$ 230.11
37	5	111.5	112	0.95%	\$ 2,882.72	\$ 240.23
38	5	83.8	84	0.71%	\$ 2,154.45	\$ 179.54
39	5	73.2	73	0.62%	\$ 1,881.35	\$ 156.78
40	5	83.3	83	0.71%	\$ 2,154.45	\$ 179.54
41	6	101.2	101	0.86%	\$ 2,609.62	\$ 217.47
42	6	80.1	80	0.68%	\$ 2,063.42	\$ 171.95
43	6	69.3	69	0.59%	\$ 1,790.32	\$ 149.19
44	6	64.4	64	0.54%	\$ 1,638.60	\$ 136.55
45	6	73.3	73	0.62%	\$ 1,881.35	\$ 156.78
46	6	89.4	89	0.76%	\$ 2,306.17	\$ 192.18
47	6	85.6	86	0.73%	\$ 2,215.14	\$ 184.60

Strata Lot No.	Sheet No.	Habitable Area in m <sup>2</sup>	Unit Entitlement	%* of Total Unit Entitlement	Annual	Monthly
48	6	107	107			
49	6	102.3	102	0.91%	\$ 2,761.34	\$ 230.11
50	6	93.9	94	0.87%	\$ 2,639.96	\$ 220.00
51	6	131.3	131	0.80%	\$ 2,427.55	\$ 202.30
52	6	62.3	62	1.11%	\$ 3,368.23	\$ 280.69
53	6	67.5	68	0.53%	\$ 1,608.25	\$ 134.02
54	6	73.2	73	0.58%	\$ 1,759.98	\$ 146.66
55	6	130.1	130	0.62%	\$ 1,881.35	\$ 156.78
56	6	96.4	96	1.11%	\$ 3,368.23	\$ 280.69
57	6	90.8	91	0.82%	\$ 2,488.24	\$ 207.35
58	6	107.2	107	0.77%	\$ 2,336.52	\$ 194.71
59	6	111.5	112	0.91%	\$ 2,761.34	\$ 230.11
60	6	83.8	84	0.95%	\$ 2,882.72	\$ 240.23
61	6	73.2	73	0.71%	\$ 2,154.45	\$ 179.54
62	6	83.3	83	0.62%	\$ 1,881.35	\$ 156.78
63	7	101.2	101	0.71%	\$ 2,154.45	\$ 179.54
64	7	80.1	80	0.86%	\$ 2,609.62	\$ 217.47
65	7	69.3	69	0.68%	\$ 2,063.42	\$ 171.95
66	7	64.4	64	0.59%	\$ 1,790.32	\$ 149.19
67	7	73.3	73	0.54%	\$ 1,638.60	\$ 136.55
68	7	89.4	89	0.62%	\$ 1,881.35	\$ 156.78
69	7	85.6	86	0.76%	\$ 2,306.17	\$ 192.18
70	7	107	107	0.73%	\$ 2,215.14	\$ 184.60
71	7	102.3	102	0.91%	\$ 2,761.34	\$ 230.11
72	7	93.9	94	0.87%	\$ 2,639.96	\$ 220.00
73	7	131.3	131	0.80%	\$ 2,427.55	\$ 202.30
74	7	62.3	62	1.11%	\$ 3,368.23	\$ 280.69
75	7	67.5	68	0.53%	\$ 1,608.25	\$ 134.02
76	7	73.2	73	0.58%	\$ 1,759.98	\$ 146.66
77	7	130.1	130	0.62%	\$ 1,881.35	\$ 156.78
78	7	96.4	96	1.11%	\$ 3,368.23	\$ 280.69
79	7	90.8	91	0.82%	\$ 2,488.24	\$ 207.35
80	7	107.2	107	0.77%	\$ 2,336.52	\$ 194.71
81	7	111.5	112	0.91%	\$ 2,761.34	\$ 230.11
82	7	83.8	84	0.95%	\$ 2,882.72	\$ 240.23
83	7	73.2	73	0.71%	\$ 2,154.45	\$ 179.54
84	7	83.3	83	0.62%	\$ 1,881.35	\$ 156.78
85	8	101.2	101	0.71%	\$ 2,154.45	\$ 179.54
86	8	80.1	80	0.86%	\$ 2,609.62	\$ 217.47
87	8	69.3	69	0.68%	\$ 2,063.42	\$ 171.95
88	8	64.4	64	0.59%	\$ 1,790.32	\$ 149.19
89	8	73.3	73	0.54%	\$ 1,638.60	\$ 136.55
90	8	89.4	89	0.62%	\$ 1,881.35	\$ 156.78
91	8	85.6	86	0.76%	\$ 2,306.17	\$ 192.18
92	8	107	107	0.73%	\$ 2,215.14	\$ 184.60
93	8	102.3	102	0.91%	\$ 2,761.34	\$ 230.11
94	8	93.9	94	0.87%	\$ 2,639.96	\$ 220.00
				0.80%	\$ 2,427.55	\$ 202.30

Strata Lot No.	Sheet No.	Habitable Area in m <sup>2</sup>	Unit Entitlement	%* of Total Unit Entitlement	Annual	Monthly
95	8	131.3	131			
96	8	62.3	62	1.11%	\$ 3,368.23	\$ 280.69
97	8	67.5	68	0.53%	\$ 1,608.25	\$ 134.02
98	8	73.2	73	0.58%	\$ 1,759.98	\$ 146.66
99	8	130.1	130	0.62%	\$ 1,881.35	\$ 156.78
100	8	96.4	96	1.11%	\$ 3,368.23	\$ 280.69
101	8	90.8	91	0.82%	\$ 2,488.24	\$ 207.35
102	8	107.2	107	0.77%	\$ 2,336.52	\$ 194.71
103	8	111.5	112	0.91%	\$ 2,761.34	\$ 230.11
104	8	83.8	84	0.95%	\$ 2,882.72	\$ 240.23
105	8	73.2	73	0.71%	\$ 2,154.45	\$ 179.54
106	8	83.3	83	0.62%	\$ 1,881.35	\$ 156.78
107	9	132.6	133	0.71%	\$ 2,154.45	\$ 179.54
108	9	94.9	95	1.13%	\$ 3,428.92	\$ 285.74
109	9	126.1	126	0.81%	\$ 2,457.90	\$ 204.82
110	9	142.4	142	1.07%	\$ 3,246.85	\$ 270.57
111	9	116.9	117	1.21%	\$ 3,671.67	\$ 305.97
112	9	123.8	124	1.00%	\$ 3,034.44	\$ 252.87
113	9	121.9	122	1.06%	\$ 3,216.51	\$ 268.04
114	9	183.9	184	1.04%	\$ 3,155.82	\$ 262.98
115	9	130.9	131	1.57%	\$ 4,764.07	\$ 397.01
116	9	127.5	128	1.11%	\$ 3,368.23	\$ 280.69
117	9	93.4	93	1.09%	\$ 3,307.54	\$ 275.63
118	9	74.7	75	0.79%	\$ 2,397.21	\$ 199.77
				0.64%	\$ 1,942.04	\$ 161.84
					\$ 303,352.97	\$ 25,279.41
Total number of strata lots: 118		Total Unit Entitlement: 11752				

SCHEDULE "G"

AMENDMENTS TO BYLAWS

*Strata Property Act*

Form Y

Owner Developers' Notice of Different Bylaws  
(Section 245(d), Regulations section 14.6(2))

Re: **Proposed Strata Plan**  
Being a Strata Plan of Lot W Block 7 District Lot 196 Group 1 Plan BCP13893

P.I.D.: 026-081-113

The following or attached bylaws differ from the Standard Bylaws to the *Strata Property Act*, as permitted by section 120 of the *Act*:

SEE SCHEDULE "A"

Date: \_\_\_\_\_, 2004

\_\_\_\_\_  
Signature of Owner Developer



**SCHEDULE "A"**  
**TO FORM Y**

1. The Bylaws shall be amended by inserting the following to subsection 3(1):
  - "3(1)(f) that is in contravention of any rule, order or bylaw of The City of Vancouver applicable to the Strata Lot or that will result in any unusual or objectionable odour to emanate from the Strata Lot, or that is inconsistent with the intent of these Bylaws."
2. The Bylaws shall be amended by inserting the following to subsection 3(4):
  - "3(4)(e) The owners of pets shall be fully responsible for their behaviour within the common property. If a pet is deemed to be a nuisance by the Strata Council, it shall be removed from the Strata Corporation within 30 days. Visitors shall be informed of the rules concerning pets and residents will be responsible for clean-up or damage repair should their guests bring pets into the common property"
3. The Bylaws shall be amended by adding the following as a new section following section 3(4):
  - "3(5) An owner, tenant or occupant shall not feed nuisance birds such as pigeons, seagulls, crows, starlings and other birds from any Strata Lot or the common property."
4. The Bylaws shall be amended by adding the following as a new section following section 4(2):
  - "4(3) Any owner of a Strata Lot who leases his lot without submitting a Form K in accordance with the Strata Property Act shall be liable to a fine of \$50.00 for every month or part thereof that a tenant is in occupancy of the Strata Lot and the Form K is not submitted."
5. The Bylaws shall be amended by adding the following to section 5(1)
  - "5(1)(h) the painting of the exterior, or the attachment of sunscreens."
6. The Bylaws shall be amended by adding the following to section 7:
  - "(3) Where the Strata Corporation is required to enter a Strata Lot for the purpose of maintaining, repairing, or renewing pipes, wires, cables and ducts for the time being existing in the Strata Lot, which are capable of being used in connection with the enjoyment of any other Strata Lot or the common property, the Strata Corporation and its agents shall in carrying out any work or repairs do so in a proper and workmanlike manner. The Strata Corporation shall make good any damage to the Strata Lot occasioned by such works and restore the Strata Lot to its former condition, leaving the Strata Lot clean and free from debris"

7. The Bylaws shall be amended by adding the following bylaws:

Bylaw 31: Strata Fees (s.10.7) *Strata Property Act*

- (1) Strata fees are due and payable on or before the first day of each month. Strata fees not received by the 10<sup>th</sup> day of the month in which they are due are subject to a 10% per annum interest penalty compounded annually until paid.
- (2) When arrears of strata fees exceed two monthly payments a lien will be placed by the Strata Corporation on the Strata Lot involved at the owner's expense for the total monies due, including all legal and other expenses.

Bylaw 32: Damage to Property

- (1) An owner or resident shall not cause damage to trees, plants, bushes, flowers or lawns and shall not place chairs, tables or other objects on lawns or grounds so as to damage them or prevent growth.

Bylaw 33: Exterior Appearance

- (1) No signs, fences, gates, billboards, placards, advertising or notices of any kind shall be erected or displayed on the common property or the Strata Lot without prior written approval by the Strata Council, such approval not to be unreasonably withheld.
- (2) No awning, shade screen, smoke stack, satellite dish, radio or television antenna shall be hung from or attached to the exterior of the Strata Lot without the prior written consent of the Strata Council, such approval not to be unreasonably withheld.

Bylaw 34: Common Areas

- (1) The Strata Council shall administer all common areas and any rules and regulations formulated by the Strata Council from time to time shall be binding upon all owners, residents and visitors.
- (2) The common facilities are for the use of residents and their invited guests only. A resident must accompany guests when using these facilities.

Bylaw 35: Security

- (1) Strata Lot owners are responsible for anyone they admit onto or about the common property.

Bylaw 36: Moving and Resale

- (1) It will be the express responsibility of the owner to ensure that all moves in or out by the owner or resident conform to the regulations as established by the Strata Council from time to time.

- (2) Except in the case of advertising and marketing of Strata Lots by the Developer, any advertising for the resale or rental of a Strata Lot shall only be permitted within the boundaries of the Strata Corporation on the Directory Board which shall, if any, be located, supplied and maintained by the Strata Council

SCHEDULE "H"

**CONVERSION REPORT**

(see attached)

**Gower , Yeung & Associates Ltd.**  
consulting engineers

# 401-134 ABBOTT STREET, VANCOUVER B.C. V6B 2K4  
ph (604)682-4676 fax (604) 682-4679

**DATE :** May 20- 2004  
**TO:** Superintendent of Real Estate  
**ATTENTION:** Samantha Gayle  
**COPY:** Koret Lofts Inc. c/o Marc Williams  
**PROJECT:** Koret Lofts Inc Building  
55 East Cordova Street, Vancouver , B.C.  
hereinafter called " the Building"  
**LEGAL DESCRIPTION:**  
Lots 12 to 16 , Subsidy Lot 17 , South of R.O.W.  
Block 7 , D.L. 196 , Plan 184  
**SUBJECT:** Engineer's Certificate

In response from Koret Lofts Inc , Owners and Developers of the Koret Lofts' Building , we herewith provide our Engineer's Certificate to the Superintendent of Real Estate , containing the following information :

**Building Age**

The Building was originally constructed circa 1906

**Physical Condition & State of Repair**

The original structure, including the visible portion of the foundations, heavy timber framing and decking, solid brick walls (load-bearing), cast iron columns and header-beams, and roofing are presently in good condition.

The heavy timber members were found to be dry and sound, but with only few temporary supports where main beams were cut to provide floor openings.

Existing exterior concrete rendering (parging) applied over the brick walls at the North sides (rear) side of the Building are in disrepair at various locations requiring remedial work in the very near future.

The existing building is adequate for vertical load conditions but has no measurable provisions for Seismic (horizontal load) resistance.

Following proposed work of restoration, renovation and additions, all of the fore mentioned elements will be left in a good state of repair and in full compliance with all prevailing requirements of Vancouver City Building By-Law no 8057, including a full Seismic upgrade.

### Heating

The existing heating system, consisting of an older vintage gas-fired boiler and hot-water radiant heat distribution is in working condition, but requires maintenance work.

Upon completion of the proposed work, the Building will contain a new Heating and Ventilation System, which will replace the existing system.

### Plumbing

The existing plumbing system is in working condition, but is inadequate to meet the Occupant Load of the Building, and therefore does not meet required Health requirements as defined by the Vancouver City Building Code

Upon completion of the work, the Building will be equipped with new Plumbing, Drainage and Venting Systems that will be fully code-compliant to replace the existing system in its entirety.

### Electrical

The existing Electrical system is in working condition, but does not meet the requirements for life-safety and load-protection as specified by the prevailing electrical code.

Upon completion of the work, the Building will be provided with a new Electrical Service, Transforming Equipment and Distribution Systems, replacing the existing system in its entirety.

### Fixtures and Equipment

The existing electrical fixtures, mainly consisting of industrial fluorescent strip lighting are functional in most areas of the building but do not meet the lighting levels as required by current Code standards due to a combination of insufficient number of fixtures and burned out lamps.

The size of existing service does not appear to be sufficient for the size and use of the building.

Upon completion of the work, the Building will have a new service, transforming equipment, distribution system, fixtures and equipment installed throughout, replacing the old system in their entirety.

### Drainage

The existing storm and sanitary systems are operational and adequate for the limited number of fixtures currently in use.

Several plumbing fixtures are damaged or poorly maintained

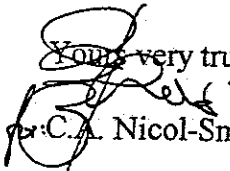
Upon completion of the work the Building will be serviced with new and increased sizes of service connections to service the proposed new sanitary distribution systems and new storm drainage systems as required for footings, sumps, balcony decks and roof drains throughout.

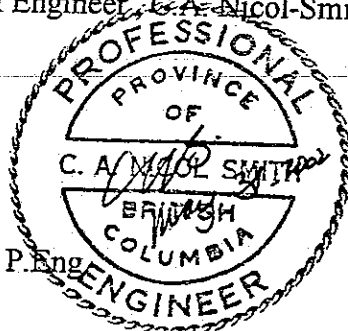
### Foundation

The existing concrete foundations were inspected and found to be in good condition showing there to be no visible signs of erosion, cracks or settlement of the supporting structural elements.

Upon completion of the work, the Building's Foundation will consist of a combination of the original foundations and new reinforced concrete construction to absorb any increased load distribution including seismic foundation bases to be tied to the system's new shearwalls.

This letter of Certification was prepared by Gower Yeung & Assoc Ltd, Consulting Engineers' Chief Engineer, C.A. Nicol-Smith P.Eng. and Simon Bonnettemaker

Yours very truly  
  
C.A. Nicol-Smith P.Eng.



Cc Lew & Lee, Barristers and Solicitors  
Cc Koret Lofts Inc.

Derek Lew  
Marc Williams