WINDOW REPORT

One Wall Centre Owners' Update November, 2009

At the Annual General Meeting on December 1, 2008, owners at One Wall Centre were informed that many of the building's windows were under-performing and experiencing widespread fogginess and condensation. The Owners authorized the ongoing testing and investigation of the IGUs by RDH Building Engineering Ltd. RDH has completed its report. Owners can access the report on the website. RDH report A general meeting is planned for January 2010, during which you will be asked to vote to replace all our windows as recommended by RDH. If you have any general questions or specific inquiries about this issue before our January meeting, please contact our property manager, Michele Campbell, at Ascent Property Management at (604)431-1800.

WHERE WE ARE NOW

The Situation.

As many owners are already aware, the floor-to-ceiling Insulated Glass Units (IGUs) that are installed in the "curtain wall" at One Wall Centre are experiencing widespread failure. The majority of the IGUs are already affected by corrosion of the interior coating of the glass, as well as streaks, fogginess and visible condensation between the glass panes. Even those IGUs with no visible defects are expected to fail in the future, long before the end of their expected useful life. In addition, many suites have reported overheating problems.

For obvious reasons, this situation is unacceptable to owners and the Strata Corporation. To guide us down the legal and engineering roads ahead, the Strata has partnered with two professional teams: 1) RDH to examine the building and provide various strategies to remedy the issue and 2) the legal team of Jenkins Marzban Logan, LLP to represent the Strata as it seeks to hold the responsible parties accountable and to attempt to recoup the associated costs.

During discussions with our advisors, one point has become clear: The Strata Property Act requires the owners to repair and maintain the common property and common assets which include the IGUs. RDH advises we replace all our IGUs to resolve the condensation problems and visual clarity of the glass. Owners presently unaffected by this issue will find their IGUs failing in time. In addition, maintaining the overall value of the building and the value of the individual suites demands that the problem be promptly and thoroughly remedied. Only then will current and prospective owners be reassured that their homes are of the highest quality, and that One Wall Centre remains one of Vancouver's premier addresses.

The Solution.

After being informed of the window failure, the manufacturer made several attempts to fix the problem. Each effort was unsatisfactory. Since then, our engineering team met with the manufacturer on several occasions, including touring the facility where the IGUs and curtain wall was produced, and has concluded that *replacing the IGUs is the Strata's only viable option*.

The Cost.

- The cost to replace the IGUs is currently estimated at \$6.5 million as set out in the RDH report.
- The Strata Corporation gave notice to the window manufacturer, Visionwall Corporation, the developer, and the warranty insurer. The Strata Corporation has also commenced an action against these parties in order to protect the Strata Corporation from expiring time limits. The action is being held in abeyance while the parties attempt to negotiate a resolution to the matter.
- The defendants have been given a copy of the RDH report and asked to respond by the end of November with a proposal satisfactory to the Strata Corporation, failing which, the owners will have to proceed with the necessary repairs and pursue those parties in litigation.
- The Strata Corporation may be able to assist in arranging loans to those owners wishing to borrow the money to pay their share of the cost of the repairs.

Next Steps.

The Strata's next Annual General Meeting will be held in January 2010. The agenda will include specific information about the engineers' report and conclusion, as well as any legal updates. Provided that all the necessary information is available, several important resolutions will be presented and voted upon by owners at this AGM. We strongly encourage you to attend, and will be in touch with further details.

THE GOOD NEWS

Although replacing our building's exterior IGUs is a significant challenge, the replacement of our IGUs will reduce the overheating problems, especially if the City allows us to consider tinted replacement IGUs similar to the hotel portion of the building.

In addition, the Strata is pleased to report that we have the most skilled, knowledgeable team in place to guide us through, including:

RDH Building Engineering Ltd. Known as having the highest level of local building science and enclosure experience, RDH is often sought out to provide expert investigative reports and testimony in similar situations, and then to manage the appropriate building repairs and rehabilitation.

Tim Peters, Jenkins Marzban Logan, LLP. Timothy Peters practices law in the areas of construction, commercial, insurance and strata corporation litigation, and has represented a spectrum of players in the construction industry, including owners, developers, general contractors, sub-contractors and material suppliers.

FAST FACTS

- **1056**. Total number of IGUs in the strata's part of the building.
- \$2500. Estimated cost per IGU (not including labour to install).
- \$6000. Estimated cost per IGU including installation.
- 180 days. Number of perfect weather days required to replace all IGUs, a process expected to last over 2 years.